

Remarks by Paul Krugman – Bhagwati Festschrift August 5, 2005

Those of you who missed the conference part earlier, there was a lot of discussion of who in the group was and was not an SOB – student of Bhagwati. And I am, of course, an SOB. And one of the things I came to learn, as I started to have students of my own, is that what your students remember is not what you hoped they would remember. You think they would remember your brilliant exposition of a model or your stunning blackboard technique, and instead they end up remembering the particularly good joke you told at some point.

And I have to say, one of my strongest memories of studying with Jagdish is a joke, which I have used in print – although the first time I was a little cautious, but I think I can attribute it explicitly to Jagdish right now. At one point Jagdish explained to us his personal theory of reincarnation, which was that if you are a good economist, a virtuous economist, you are reborn as a physicist, and if you are an evil, wicked economist, you are reborn as a sociologist. I'm not sure if even Jagdish remembers this. Now it's one of those jokes that took some time, it actually evolved in my mind. Of course, at first I thought that it was really funny, and then, as I began to, as I had broader experiences, I began to think that it was somewhat unfair. I've come to know some sociologists who turned out to be very, very smart and nice people. I've also come to know some physicists.

But, of course, the point is the joke is not about sociologists or physicists. The joke is about economists. It's about people who – economists – who aspire to what they imagine physicists to be, to this rigor and certainty and mathematical complexity. So I'm keying off Bob Solow a little bit here – there is this tendency which Jagdish knew better about all the time, that you do not – that the models are there to enlighten – not to be a show-off of your mathematical technique, which was terribly – I think I might say crucially – important in my own life.

I went to grad school not knowing what I wanted to do, but quite sure of the field I was not interested in doing, which was international trade. But I thought I should learn it, so I took Jagdish's course and fell in love with the field, which was a surprising thing, actually. Some people, when I said I really want to do work in international trade, some people – wiser heads – took me aside and said, "Why would you want to do that?" because for the most part international trade in the mid-1970s was a quite unlovable field. Here's what people said to me, they said, "You can't make any real contribution there, it's this monolithic structure, no change is possible, it's all been worked out, they're not interested in change," which was the way a lot of people would have taught it, with reverence, a kind of stifling reverence. But it's not, of course, the way Jagdish taught it. Jagdish taught it with enthusiasm, not with reverence, and with the sense, always, that the models were there to be used. They were there to help you do something with the world, to help you understand what was going on, not to be worshipped as a kind of, "Look at this model, this marvelous structure," which is something that can always happen with a thoroughly worked out model, but something that is always up for challenge and a way to think about actual problems in the world.

That adds to, that's what convinced me, that it was a field that there were still important and interesting things to work in. And what was really crucial – the second stage in which Jagdish was really crucial in my life – was in the direction in which I ended up going into international trade, which was in the direction of these monopolistic competition increasing returns models, something that was quite different, or *seemed* to be quite different. I think one of the things you discover as the years go by is that what seems to be a

completely radical break actually starts to fit into the grand tradition – and you see where it actually relates to what came before – no longer seems as revolutionary as it did, but that’s fine.

Now, how would somebody who is a great master of an established body of work in a field react to younger people coming along on a different tack? Well, actually, many people – well, we’re not going to name names – but many people do not react well. It was during those early years that I formulated my summary of the reaction of a lot of people in Economics – presumably in any field but certainly in Economics – to any seriously new idea, which is, “It’s trivial, it’s wrong, and, furthermore, I said it in 1962.” At that point, Jagdish had created a marvelous institution, which was the *Journal of International Economics*, which could, very easily, in someone else’s hands, have been the bulwark against change, could have been a monument to the field’s orthodoxy at the time. Instead, it became the ground, the place, in which much of the new stuff was published – and with some difficulties. Twenty-six years later – you can still remember all those lousy referee reports and rejections on the first papers, and Jagdish plowed ahead and published it in the *JIE*, and – not just me, but other people – I remember Jim Brander, that there were some extremely negative reports from other people, but I went to bat for him, and Jagdish did.

So I think that Jagdish deserves a lot of the credit for the now quite old, long in the tooth, new trade theory coming into prominence. He really made a tremendous difference – obviously to my life, but I think also to the field of International Economics. And in the end, what we learned is that the new stuff, of course, enriches rather than contradicts the existing theory. We end up with much more. So it was really a fine experience, I think a testament to Jagdish’s flexibility, openness, and, as everyone says, after-sales service to students, so it was a wonderful thing.

I think, also, that that open-mindedness, that willingness to see things differently, not to be bound by an orthodoxy, has been crucial to Jagdish’s steady evolution ever since, as a public intellectual. What’s remarkable about Jagdish’s contributions there is, while there are obviously certain key ideas – the virtues of comparative advantage, free trade – there is also a remarkable flexibility, a willingness to adapt to new issues. I mean Jagdish’s work has not been simple lectures about “free trade is really good” but there have been sophisticated subtle analyses of things like, what are the relative virtues of regional trade agreements versus multilateral? How does the system work? How are we going to make this political economy function? And that’s much more than simply using public forums to defend the orthodoxy that you developed twenty years earlier – much, much more than that.

So it’s an extraordinary career. I think the thing about Jagdish is that he could have been someone who spent many years – the original work was so early, that Jagdish could have spent forty years defending his great work, work he had done forty years ago, and instead he has kept on moving on, made the world a better place – made International Economics a vastly better place that it would be. I shudder to think: it could have been the field that people told me not to get into, were it not for Jagdish. I really think that he made all the difference in the world. So what else is there to say? – except that I’m sure that, given that record of achievement, progress, open-mindedness, and just sheer human goodness, I am entirely sure that Jagdish will be reborn as a physicist.