Maurice Allais

Maurice Allais, who died on October 9, 2010, at the age of 99, had been a member of the ISI since 1951. He was awarded in 1988 the Nobel Prize in Economics “for his pioneering contributions to the theory of markets and efficient utilization of resources.”

Maurice Allais graduated from Ecole Polytechnique in 1933 to become Ingénieur des Mines, a member of a top-level body of civil servants. He studied, mostly by himself, economics during world war two and later became researcher at CNRS and professor at Ecole des Mines, two positions which he kept for the whole of his scientific career.

Maurice Allais was an outstanding theoretician of economics. As early as 1943, he wrote a first version of his Traité d'Economie Pure, which offered a rigorous analysis of economic equilibrium and the role played by markets and prices to ensure an efficient allocation of resources. He followed on this path for a few years, stating in particular what would later be known as the golden rule of capital accumulation: the optimal saving rate of an economy should lead to long run equalization of the rate of growth and the real interest rate. This reconstruction of economics was developed independently of ongoing research by other economists such as Paul Samuelson, a much earlier winner of the Nobel Prize. Maurice Allais’ contribution was thus long to gain full recognition. He was partly responsible for this, however, as he tended to work in isolation.

Maybe because he was trained as an engineer, Maurice Allais always considered that theory should lead to applications. He therefore maintained a strong interest for statistics and was always careful to treat adequately the time-series he used to prove the relevance of his theoretical results.

The same drive to discard unrealistic models led him, in 1952, to organize in Paris a seminar on the new models of decision under risk. He criticized the axioms of the dominant theory of expected utility, and devised a small experiment which demonstrated that many individuals - including Leonard J. Savage, one of the leading proponents of the new axiomatization! - do not respect the axioms of supposed rational behavior. The Allais Paradox remained for forty years a kind of curiosity but has recently gained a much more prominent status. It now appears as one of the foundation stones of influential new models of behavior towards risk.

In the last part of his life, Maurice Allais took an active part in the debate about the creation and development of the European Union. In opposition to standard theory demonstrating the benefits of free trade, he objected very strongly to laissez-faire policies implemented between countries with different development levels, explaining they could only result in unemployment and reduced production levels. He had not enough words to criticize “the Brussels Organization”.

Maurice Allais was an outstanding but somewhat solitary scientist. We suggested that his influence and recognition have not been what they could have been. They should not be
underestimated, either. Gérard Debreu, Marcel Boiteux and Edmond Malinvaud have all been his students and transmitted his teachings to new generations of French economists.

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