To students of corporate finance, M & M are not chocolate beads they munch in between meals. The initials stand for the well-known MM theorems, proposed by Franco Modigliani and Merton H. MILLER. The theorems exposed the irrelevance of financial structure in the valuation of firms. Professor Merton H. Miller, whom we honour today, first formulated the basic model for the MM theorems in 1958 with his colleague Modigliani at Carnegie. Since then, the two Ms have both become Nobel laureates in economics, Modigliani in 1985 and Miller in 1990.

Professor Miller, born in Boston, Massachusetts, followed in his father’s footsteps, entering Harvard University in 1940 and graduating with an AB magna cum laude. Unlike his father, who was an attorney, Merton Miller’s main interest was in economics. One of his contemporaries at Harvard was Robert M. Solow, the Nobel laureate in economics for 1987. The Second World War interrupted Miller’s studies. During the war years, he served as an economist, first in the Division of Tax Research of the US Treasury Department and subsequently in the Division of Research and Statistics of the Board of Governors of the Federal Reserve System. In 1949, Miller decided to return to graduate school and chose Johns Hopkins University to pursue his studies. He received his doctorate in 1952.

After a brief visiting appointment at the London School of Economics, he went to the Carnegie Institute of Technology (now Carnegie Mellon University), whose Graduate School of Industrial Administration was the first and most influential of the new wave of research-oriented US business schools. Among his colleagues at Carnegie were Herbert Simon (economics laureate for 1978) and Franco Modigliani. The first M & M paper, entitled “The Cost of Capital, Corporation Finance and the Theory of Investment”, emerged in 1958 and was followed by two other important papers in 1963 and 1966. Three years after the publication of the first seminal M & M paper, Miller left Carnegie for the Graduate School of Business at the University of Chicago, where he has been ever since, except for a one-year visiting professorship at the University of Louvain in Belgium from 1966 to 1967. Using their basic model in the M & M papers, Miller and Modigliani derived two so-called invariance theorems, now known as the ‘MM Theorems’.

Miller教授生於美國麻省波士頓市。他在1940年隨父親當年的步伐，進入哈佛大學，並取得傑出文學學士學位。但他不喜歡從事父親的行業——律師，他的最大興趣是經濟學；他當年的同窗包括1987年諾貝爾經濟學獎得主Robert M. Solow。在第二次世界大戰期間，Miller教授被迫停止學業。他先後在美國財政部的稅務分析處和聯邦儲備體系理事會的研究所及統計處從事經濟學家。在1949年，Miller教授決定重返校園，繼續進修研究生課程，並選擇到約翰斯·霍普金斯大學深造。他在1952年取得博士學位。

在倫敦經濟學院工作了一段短時間後，他到卡內基技術學院(卡內基梅倫大學的前身)任教，該學院的工業行政研究院是美國第一所研究型商學院，對推動其後相繼成立的研究型商學院具佔影響力。他在卡內基的同事包括1978年諾貝爾經濟學獎得主Herbert Simon和Franco Modigliani。第一篇有關M&M定理的論文是在1958年發表，題為「資本成本，企業財務與投資理論」，接著在1963和1966年，他們又發表了兩篇重要的論文。在發表了上述的第一篇論文後三年，Miller教授離開卡內基，轉到芝加哥大學商學研究院任教，除了在1966-67年...
Both of the invariance theorems were originally derived from highly simplified assumptions. Subsequent research has to a large extent dealt with the consequences of various deviations from the conditions on which the MM theorems were based. At Chicago, this research continued from the 1960s into the 1980s, with Professor Miller as its leading figure. Miller thus showed how the design of different tax structures affects the relation between a company's capital asset structure and market value, after taking into account the indirect market effects of taxes through equilibrium price formation on financial markets. Similarly, he analyzed the importance of bankruptcy costs for the relation between a firm's financial asset structure and dividend policy on the one hand and its stock-market value on the other.

Perhaps a highly simplified way of summing up the MM theorems for the layman is to say that "if the asset structure and dividend policy affects a firm's market value, then this reflects the consequences of taxes or other explicitly identified market imperfections". The MM theorems have therefore become the natural basis or norm of comparison for theoretical and empirical analysis in corporate finance. Professor Merton Miller is the researcher who has dominated this analysis for two decades from the 1960s to the 1980s. He has thus made a unique contribution to modern theory of corporate finance.

In the early 1980s, Professor Miller became a public director of the Chicago Board of Trade. Since then, his research interests have shifted strongly towards the economic and regulatory problems of the financial services industry, and especially of the securities and options exchanges, a topic that is highly relevant to Hong Kong, particularly in these days of economic uncertainty. Professor Miller currently serves as a public director of the Chicago Mercantile Exchange, where he had served earlier as chairman of its special academic panel to conduct the post-mortem on the market crash of October 19-20, 1987. He is the Robert R. McCormick Distinguished Service Professor Emeritus of Finance at the Graduate School of Business of the University of Chicago, a school that boasts eight Nobel laureates in economics. He continues to be an active supporter of free-market solutions to economic problems, very much in the tradition of his fellow Chicago laureates, Milton Friedman (1976), Theodore Schultz (1979) and George Stigler (1982).

Professor Miller has received honorary doctorates from the University of Louvain (Belgium) and the University of Karlsruhe (Germany). He was elected fellow of the Econometric Society in 1975, became president of the American

The untimely death in 1969 of his first wife, Eleanor, the mother of his three young daughters, was a heavy personal blow to Professor Miller. He has since remarried. Together with his wife Katherine, he divides his time between a Hyde Park townhouse during the week, and a country retreat on a working farm in Woodstock, Illinois, on the weekends. Professor Miller is a fervent supporter of the infamous Chicago Bears as much as he is of the free-market economy. He has been a season-ticket holder for 17 years now, taking his seat in the south endzone of frigid Soldier Field whenever he can.

Mr Chancellor, I have the honour to present, on behalf of the University, Professor Merton H. Miller, Robert R. McCormick Distinguished Service Professor Emeritus of Finance, and Nobel Laureate in Economics, for the degree of Doctor of Social Sciences honoris causa.


他和第一任妻子Eleanor結婚後生了三名女兒。她在1969年病逝，這對Miller教授來說是一次沉重的打擊。他後來與Katherine結婚，他們週末住在芝加哥Hyde Park的一座府邸，到了週末便會到伊利洛州的東方托的一個農場裡享受田園生活。Miller教授是臭名遠播的Chicago Bears美式足球隊的球迷，其狂熱程度與他對自由經濟的支持不逕多讓，他已經連續17年買了該隊球賽的季票，並且盡可能要坐在寒冷的Soldier Field球場南端尾段的位置。

監督先生，本人謹恭敬聞下，頒授榮譽社會科學博士學位予芝加哥大學商學研究院財務學Robert R. McCormick傑出服務榮休教授及諾貝爾經濟學獎得主Merton H. Miller教授。