

**Updated: 1 November 2011**

## **The Nobel Prize in Economics**

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel[1] (Swedish: Sveriges Riksbanks pris i ekonomisk vetenskap till Alfred Nobels minne), also unofficially and commonly known as the Nobel Prize in Economics,[2] is a prize awarded each year for outstanding intellectual contributions in the field of economics. The award was instituted by the Sveriges Riksbank (the world's oldest central bank) at its 300th anniversary in 1968. The prize is awarded by the Royal Swedish Academy of Sciences in accordance with the same principles as those for the original five Nobel Prizes.[3] Although it was not one of the awards established in the will of Alfred Nobel, the economics laureates receive their diploma and gold medal from the Swedish monarch at the same December 10 ceremony in Stockholm as the Nobel laureates in physics, chemistry, physiology or medicine, and literature. (The Nobel Peace Prize is awarded in Oslo, Norway.) The amount of money awarded to the economics laureates is also equal to that of the other prizes.

### **Award process**

The economics laureates, as with the laureates in chemistry and physics, are chosen by the Royal Swedish Academy of Sciences. Nominations of about one hundred living persons are made each year by qualified nominators and are received by a five to eight member committee, which then submits its choice of winners to the Nobel Assembly for its final approval. As with the other prizes, no more than three people can share the prize for a given year and they must be living at the time the prize is awarded. The final award is made in Stockholm and is accompanied by a prize (as of 2006, 10 million Kronor; roughly 1 million euro).

In February 1995, it was decided that the economics prize be essentially defined as a prize in social sciences, opening the economics prize to great contributions in fields like political science, psychology, and sociology. Also, the Economics Prize Committee was changed to require two non-economists to decide the prize each year, whereas previously the prize committee had consisted of five economists.

### **Controversy**

The prestige of the prize derives in part from its association with the awards created by Alfred Nobel's will, an association which has often been a source of controversy. Among the most vocal critics of the economics prize is Peter Nobel who is a great grand-nephew of Alfred Nobel — his paternal grandfather's grandmother was one of the daughters of Alfred Nobel's elder brother, Ludvig.[4][5][6][7][8]

Swedish economist Gunnar Myrdal and former Swedish minister of finance Kjell-Olof Feldt have also advocated that the prize should be abolished. Friedrich Hayek stated he would "have decidedly advised against it" if he had been asked about the establishment of the prize.[9]

### **Winners**

#### **1960s**

Year	Name	Topics
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1969	Norway: Ragnar Anton Kittil Frisch, Flag of Netherlands Jan Tinbergen	
-	for having developed and applied dynamic models for the analysis of economic processes	

#### **1970s**

Year	Name	Topics
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1970	United States: Paul Samuelson	
-	for the scientific work through which he has developed static and dynamic economic theory and actively contributed to raising the level of analysis in economic science	

1971	United States and Ukraine: Simon Kuznets	
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- for his empirically founded interpretation of economic growth which has led to new and deepened insight into the economic and social structure and process of development

1972 United Kingdom: John Hicks, United States: Kenneth Arrow  
- for their pioneering contributions to general economic equilibrium theory and welfare theory

1973 Soviet Union: Wassily Leontief  
- for the development of the input-output method and for its application to important economic problems.

1974 Sweden: Gunnar Myrdal, Austria: Friedrich Hayek  
- for their pioneering work in the theory of money and economic fluctuations and for their penetrating analysis of the interdependence of economic, social and institutional phenomena

1975 Soviet Union: Leonid Kantorovich; Netherlands: Tjalling Koopmans  
- for their contributions to the theory of optimum allocation of resources

1976 United States: Milton Friedman  
- for his achievements in the fields of consumption analysis, monetary history and theory and for his demonstration of the complexity of stabilization policy

1977 Sweden: Bertil Ohlin, United Kingdom: James Meade  
- for their pathbreaking contribution to the theory of international trade and international capital movements

1978 United States: Herbert Simon  
- for his pioneering research into the decision-making process within economic organizations

1979 United States: Theodore Schultz, Saint Lucia: Arthur Lewis  
- for their pioneering research into economic development research with particular consideration of the problems of developing countries

## **1980s**

Year Name Topics

1980 United States: Lawrence Klein  
- for the creation of econometric models and the application to the analysis of economic fluctuations and economic policies

1981 United States: James Tobin  
- for his analysis of financial markets and their relations to expenditure decisions, employment, production and prices

1982 United States: George Stigler  
- for his seminal studies of industrial structures, functioning of markets and causes and effects of public regulation

1983 France: Gérard Debreu  
- for having incorporated new analytical methods into economic theory and for his rigorous reformulation of the theory of general equilibrium

1984 United Kingdom: Richard Stone  
- for having made fundamental contributions to the development of systems of national accounts and hence greatly improved the basis for empirical economic analysis

- 1985 United States: Franco Modigliani  
- for his pioneering analyses of saving and of financial markets
- 1986 United States: James Buchanan Jr.  
- for his development of the contractual and constitutional bases for the theory of economic and political decision-making
- 1987 United States: Robert Solow  
- for his contributions to the theory of economic growth
- 1988 France: Maurice Allais  
- for his pioneering contributions to the theory of markets and efficient utilization of resources
- 1989 Norway: Trygve Haavelmo  
- for his clarification of the probability theory foundations of econometrics and his analyses of simultaneous economic structures

### 1990s

Year Name Topics

- 1990 United States: Harry Markowitz, United States: Merton Miller, United States: William Sharpe  
- for their pioneering work in the theory of financial economics
- 1991 United Kingdom: Ronald Coase  
- for his discovery and clarification of the significance of transaction costs and property rights for the institutional structure and functioning of the economy
- 1992 United States: Gary Becker  
- for having extended the domain of microeconomic analysis to a wide range of human behaviour and interaction, including nonmarket behaviour
- 1993 United States: Robert Fogel, United States: Douglass North  
- for having renewed research in economic history by applying economic theory and quantitative methods in order to explain economic and institutional change
- 1994 United States: John Harsanyi, United States: John Forbes Nash, Germany: Reinhard Selten  
- for their pioneering analysis of equilibria in the theory of non-cooperative games
- 1995 United States: Robert Lucas Jr.  
- for having developed and applied the hypothesis of rational expectations, and thereby having transformed macroeconomic analysis and deepened our understanding of economic policy
- 1996 United Kingdom: James Mirrlees, United States: William Vickrey  
- for their fundamental contributions to the economic theory of incentives under asymmetric information
- 1997 United States: Robert C. Merton, Canada: Myron Scholes  
- for a new method to determine the value of derivatives
- 1998 India: Amartya Sen  
- for his contributions to welfare economics
- 1999 Canada: Robert Mundell  
- for his analysis of monetary and fiscal policy under different exchange rate regimes and his analysis of optimum currency areas

**2000s**

Year	Name	Topics
2000	United States: James Heckman - United States: Daniel McFadden	for his development of theory and methods for analyzing selective samples; for his development of theory and methods for analyzing discrete choice
2001	United States: George A. Akerlof, United States: Michael Spence, United States: Joseph E. Stiglitz -	for their analyses of markets with asymmetric information.
2002	France, Israel, United States: Daniel Kahneman - United States :Vernon L. Smith	for having integrated insights from psychological research into economic science, especially concerning human judgment and decision-making under uncertainty; for having established laboratory experiments as a tool in empirical economic analysis, especially in the study of alternative market mechanisms
2003	United States: Robert F. Engle, United Kingdom: Clive W. J. Granger	for methods of analyzing economic time series with time-varying volatility or common trends
2004	Norway: Finn E. Kydland, United States: Edward C. Prescott -	for their contributions to dynamic macroeconomics: the time consistency of economic policy and the driving forces behind business cycles
2005	Israel: Robert J. Aumann, United States: Thomas Schelling -	for having enhanced our understanding of conflict and cooperation through game-theory analysis
2006	United States: Edmund Phelps -	for his analysis of intertemporal tradeoffs in macroeconomic policy
2007	United States: Leonid Hurwicz, Eric S. Maskin, and Roger B. Myerson -	for having laid the foundations of mechanism design theory
2008	United States: Paul Krugman -	for his analysis of trade patterns and location of economic activity
2009	United States: Elinor Ostrom and Oliver E. Williamson -	for their analysis of economic governance: especially the commons and boundaries of the firm
2010	United States: Peter A. Diamond, Dale T. Mortensen, Great Britain: Christopher A. Pissarides -	for their analysis of markets with search friction
2011	United States: Thomas H. Sargent and Christopher A. Sims -	for their empirical research on cause and effect in the macroeconomy

## Footnotes

1. Until 2006, the prize was officially called the Bank of Sweden Prize in Economics in Memory of Alfred Nobel.

2. While the prize is officially named "The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel", it has been referred to in popular culture, public media, scholarly works and encyclopedias as the "Nobel Prize in Economics", or more rarely as the "Nobel Memorial Prize in Economic Sciences."

3. An Encyclopedia of Macroeconomics by Brian Snowdon, Howard R. Vane, Edward Elgar Publishing (2002); ISBN 1-84064-387-0

4. The Local: Nobel descendant slams Economics prize

5. Abolish the Nobel in Economics, Many Scientists Agree by Hazel Henderson

6. Le Monde diplomatique: The 'Nobel prize' that isn't

7. Cloud hovers over Nobel economics prize

8. Inter Press Service News Agency: The Cuckoo's Egg in the Nobel Prize Nest

9. The Financial Times: The not so noble Nobel Prize