



Thomas Sargent and Christopher Sims

2011 Nobel Laureates

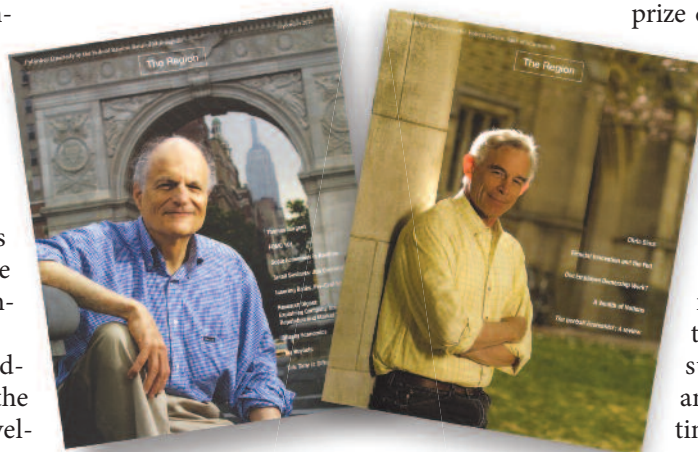
In the early morning of Oct. 10, Thomas Sargent and Christopher Sims each received a phone call from Sweden informing them that they had been selected as joint winners of the 2011 Nobel Memorial Prize in Economic Sciences. They were undoubtedly the only economists who were surprised to hear that news. Their pioneering scholarship has long been recognized as fundamental to the theory and practice of macroeconomics. As the Nobel Committee noted, “Their combined work constitutes a solid foundation for modern macroeconomic analysis. It is hard to envisage today’s research without this foundation.”

Working independently in the 1970s, the two economists devel-

oped methods for answering central questions about the relationship between economic policy and macroeconomic variables such as GDP, inflation, employment and investment. Because policy and the macroeconomy affect one another, it can often be hard to distinguish between cause and effect. Sargent and Sims developed distinct techniques, each with advantages in particular circumstances, for teasing out the direction of causality.

“Almost 40 years later, their thinking informs the making of macroeconomic policy around the world,” said Narayana Kocherlakota, president of the Minneapolis Fed and formerly on the faculty of the University of Minnesota, where Sargent and Sims worked in the 1970s and 1980s. “I’m especially proud that much of the research recognized by the prize committee was done at

the Federal Reserve Bank of Minneapolis and the University of Minnesota. My predecessors at the Federal Reserve Bank of Minneapolis deliberately fostered a research environment that could give rise to such important work, and this tradition continues today.” **R**





Patrick Kehoe, Minneapolis Fed, Princeton, University of Minnesota

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—Nobel Committee



Kei-Mu Yi, Minneapolis Fed



Ellen McGrattan, Minneapolis Fed and University of Minnesota



Nancy Stokey, University of Chicago



Robert Litterman, (1980 Ph. D., U of Minn.), Kepos and HHEI Advisory Boards

For more about Sargent, read the September 2010 *Region* interview http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=4526

For more on Sims, go to the June 2007 *Region* http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=3168

For news and background on their 2011 Nobel Prizes, see http://www.nobelprize.org/nobel_prizes/economics/laureates/2011/#

Photos above are from the Nov. 17 reception in honor of Sargent and Sims, sponsored by the University of Minnesota and the Minneapolis Fed.



Photos by Everett Ayoubzadeh