

# Five Economists Who Deserve Nobels



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By [Noah Smith](#)

Tomorrow, Jean Tirole will officially receive his Nobel Prize in economics. He was a pretty [obvious](#) candidate for the prize, given the amazing breadth, influence and skill of his body of work. But who might win in the future? There are many perennial top [candidates](#), but a few seem to stand out clearly in my mind.

Of course, this short list is heavily weighted toward the fields I know most about -- finance, behavioral economics and macroeconomics -- so I'm neglecting most of the top candidates in other fields such as labor, tax, trade and growth. For that bias I apologize. And with that apology out of the way, here is my mental list, in no particular order:

## No. 1 [Paul Milgrom](#)

It might be a couple of years before the Committee is ready to give another theory prize, but when it does, Paul Milgrom has got to be at or near the top of their list. The Stanford professor has contributed hugely to auction theory -- one of the most empirically successful branches of theory -- and to the kind of industrial organization theory for which Tirole won the prize. With Lawrence Glosten, he [helped found](#) the theory of market microstructure, which deals with how traders trade. But my favorite [paper](#) of his is the famous "No Trade Theorem," with Nancy Stokey, which essentially founded the field of behavioral finance by pointing out that in a truly rational market, we wouldn't see nearly as much trading as we do.

## No. 2 [Nobuhiro Kiyotaki](#)

It is hard to think of a more influential living macroeconomist who has *not* won a Nobel than Princeton's Nobuhiro Kiyotaki. New Keynesian theory, the dominant modern

macro model used by central banks, owes its existence to a [paper](#) Kiyotaki wrote with Olivier Blanchard. His 1997 [theory](#) of “credit cycles,” written with John Moore, eerily foreshadowed the 2008 housing bubble and financial crisis, and the recession that followed. Kiyotaki has also done influential [work](#) with Randy Wright on the question of why economies use money in the first place.

### No. 3 [Richard Thaler](#)

Behavioral economics owes much of its existence to the University of Chicago’s Richard Thaler. If there is a psychological phenomenon that might be causing humans to behave in some way not suggested in Econ 101, you can bet Thaler has studied it. That list would include things like fairness, self-control, overconfidence, limited attention, loss aversion, myopia, mental accounting and more. He has also done important work in finance, finding anomalies that poke holes in the Efficient Market Hypothesis. The most famous of these is his [finding](#) that stocks that do well for a few years tend to do badly for the next few (and vice versa).

### No. 4 [John Geanakoplos](#)

Since the 2008 crisis, macroeconomists have shifted their efforts to studying how leverage, collateral and credit can cause financial sector disturbances to spill over into the real economy. Yale’s John Geanakoplos has been at the forefront of this effort, [creating](#) the notion of a “leverage cycle.” But Geanakoplos was hugely influential long before the crisis -- in fact, he is one of the people who shaped modern macroeconomics, by [developing](#) the theory of incomplete markets along with Herakles Polemarchakis. In the 1980s, he did path-breaking [work](#) in game theory with Jeremy Bulow. It’s hard to imagine that Geanakoplos won’t collect a Nobel at some point.

### No. 5 [David Card](#)

If Berkeley’s David Card doesn’t win the Nobel, something is very odd in the world. Even though his work isn’t in the fields I know the most about, his influence is impossible to miss. Card’s most famous work, of course, is his [finding](#), with Alan Krueger, that minimum-wage increases don’t have a large negative impact on employment. He has also famously [showed](#) that immigrants don’t have much of a negative impact on the economic situation of native workers. There’s much more, of course. If Card wins the prize, look for him to share it with his co-author Krueger.

This is by no means an exhaustive list, even of the names in my own mind -- others like [Michael Woodford](#), [David Laibson](#), [N. Gregory Mankiw](#), [James Stock](#), and [John Campbell](#) are surely right up there. Then there are all the top economists in the fields I don't know that well -- a number of growth economists and economic historians, for example, are routinely short-listed for the prize.

Unfortunately, my mental list is devoid of women, although there are a number of younger, up-and-coming female economists that I expect to reach this list in the not-too-distant future.

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