

Harvard professor wins economics prize

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By Tim Harford in London

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One of the most prestigious awards in academic economics, the John Bates Clark Medal, has been awarded to Susan Athey, a professor at Harvard University.

Ms Athey, 36, is the first woman to win the Clark Medal, which is awarded every two years by the American Economic Association to a leading academic economist under the age of 40. Many previous winners have gone on to receive the Nobel memorial prize in economics, but the Clark Medal is a better guide to the current cutting edge of the discipline.

Ms Athey made her reputation by reinforcing the foundations of traditional game theory, showing how businesses might respond to risk, and applying that insight to auctions, industrial structure and macroeconomics. Her econometrics – the statistical analysis of economic behaviour – was also mentioned in the prize citation.

“Susan’s work on the foundations of economic theory has been of fundamental importance, showing economists when they can have confidence in their ‘equilibrium’ theories and when they can’t.” said Paul Klemperer, Professor of Economics at Oxford. “The sheer range of her work is also impressive.”

This award is something of a return to traditional values for the AEA; recent winners have addressed more esoteric topics. Matthew Rabin (2001) studied the interaction of economics and psychology, Daron Acemoglu (2005) the economic causes of dictatorship and the effects of colonialism, and Steven Levitt’s (2003) research was idiosyncratic enough to form the basis of a best-selling book, “Freakonomics”.

Nevertheless, Ms Athey’s award is not a surprise. “Susan has been a favourite to win this prize since she left graduate school,” Mr Levitt commented.

Mr Klemperer, who first met Athey when they overlapped at Stanford University, agrees. “When she hit the job market she was obviously a star – perhaps the star of that cohort.”

She became famous in the economics profession for having been so in demand – and so unwilling to turn anybody down – that she presented her work to 25 departments.

She was also noted for her work ethic as an untenured professor, which was Stakhanovite even by the standards of her peers. One important breakthrough came on Christmas Eve, when the rest of her family were all asleep.

Ms Athey has complained in the past that female economists lack role-models in a male-dominated profession. This award is a big step towards changing that.

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