UC SANTA BARBARA

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UC Santa Barbara Economist Finn Kydland Wins 2004 Nobel Prize

Finn E. Kydland, the Henley Professor of Economics at the University of California, Santa Barbara, has been awarded the 2004 Nobel Prize in Economics. The prize, which he shares with Edward C. Prescott of Arizona State University, is "for their contribution to dynamic macroeconomics: the time consistency of economic policy and the driving forces behind business cycles."

Kydland joined the UC Santa Barbara faculty on July 1, 2004. He previously taught at Carnegie Mellon University, where he earned his Ph.D.

UCSB Chancellor Henry T. Yang placed a congratulatory telephone call to Kydland in Bergen, Norway, where he was delivering a lecture at the Norwegian School of Economics and Business Administration.

"I am obviously delighted to be at Santa Barbara and so glad that everyone there is excited about this news," said Kydland. "I'm a little bit of a shy person in public, but I guess I'll have to get used to this attention."

Kydland said he was sorry that he could not be in Santa Barbara when the Nobel Prize announcement was made. However, he participated by telephone in a news conference on the UC Santa Barbara campus on Tuesday, October 12. Other speakers included Chancellor Yang, Dean of Social Sciences Melvin Oliver, and Jeff Henley, who, with his wife, Judy, established the professorship in economics now

held by Kydland. Jeff Henley, who graduated from UCSB in 1966, is chairman of the board of Oracle Corporation.

Prescott, who also earned his Ph.D. at Carnegie Mellon, was a visiting professor at UC Santa Barbara last year. He is the W.P. Carey Chair of Economics at Arizona State's W.P. Carey School of Business and a senior monetary adviser at the Minneapolis Federal Reserve Bank.

Noting that the driving forces behind business cycle fluctuations and the design of economic policy are key areas in macroeconomic research, the Royal Swedish Academy of Sciences said the two scholars have made "fundamental contributions of great significance" to these areas, "not only for macroeconomic analysis, but also for the practice of monetary and fiscal policy in many countries."

The prize is the second Nobel awarded to a UC Santa Barbara faculty member this year. The 2004 Nobel Prize in Physics was awarded to David J. Gross, director of the Kavli Institute for Theoretical Physics at UCSB. The prizes bring to five the number of Nobel Prizes won by UCSB faculty members since 1998.

"All of us here at UC Santa Barbara are overjoyed by the wonderful news of this prize to our distinguished new colleague, Finn Kydland, who has held the Jeff Henley Chair in Economics since July 1, 2004," said Chancellor Yang. "This is a wonderful and fitting recognition of the tremendous impact his research has had on macroeconomics, international economics, and monetary economics. We offer our congratulations to him and to his research colleague, Edward Prescott of Arizona State University, who was a distinguished visiting professor on our campus in winter quarter 2004, when he held the Maxwell and Mary Pellish Chair in Economics."

UC President Robert C. Dynes applauded the news. "The research in the 1970s by Professor Kydland and his colleague Edward Prescott has made a fundamental contribution to the practice of monetary and fiscal policy, which other researchers have used as a foundation for their own work. The work of professors Kydland and Prescott again illustrates the importance of our research universities and I am heartened that our UC students are being taught by economists of such renown."

Said Oliver, the social sciences dean: "We are all delighted that Finn Kydland is a member of our stellar department of economics at UC Santa Barbara. His receipt of the Nobel Prize is a public acknowledgement of both his path-breaking work and the growing visibility and achievements of the social sciences at UC Santa Barbara."

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