Press Release
Nobel Prize Professor Thomas Sargent named Honoris Causa Professor

On Thursday, May 30th, HEC Paris was honored to welcome Professor Thomas Sargent, who was awarded in October 2011, together with Chris Sims, the Nobel Memorial Prize in Economic Sciences for his "empirical research on cause and effect in the macro economy". He visited the campus to hold a seminar and conference for HEC Paris students on "Macroeconomic Theory and the Crisis". During the event, Prof. Sargent was named Honoris Causa Professor.

To introduce Prof. Sargent, Bernard Ramanantsoa, Dean of HEC Paris said that: “we rarely have the chance to welcome such a renowned researcher as Professor Thomas Sargent, a truly scientific spirit, one of the leaders of the "rational expectations revolution". Tomasz Michalski, HEC Paris Professor of Economics paid tribute to him by saying: “Thomas Sargent has changed the ways economists and econometricians think and developed numerous tools that they use. He has influenced policymakers like central bankers. He has directly supervised cohorts of talented economists, and many more – including myself – have benefited greatly from his amazing textbooks.”

In a crowded auditorium, Thomas Sargent gave a lecture on some of the causes of the macroeconomic crisis. He chastised those who see in the current crisis proof that economists and their models are useless, since they did not predict the crisis. He discussed two classic models that can help us understand what happened before and after 2008. Both are based on the fact that agents have “rational expectations” – that is make decisions rationally and understand the interactions between economic actors.

At an economic seminar held earlier in the day, Thomas Sargent presented a model that helps to explain the equity premium puzzle. Under very reasonable parameters, if agents are unsure about the models they are using, the market price of risk can be high and costs of business cycles much higher than previous research indicated.

The presence of Thomas Sargent on campus—who is still very active in his research—is the best proof of HEC’s growing interest and expertise in Decision Sciences, one of the star academic fields taught on campus.
About HEC Paris

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