



Media release

Nobel Laureate Professor Thomas J. Sargent joins SMU as Distinguished Term Professor of Economics

Singapore, 28 May 2014 (Wednesday) – The Singapore Management University (SMU) is pleased to announce the appointment of Professor Thomas J. Sargent as Distinguished Term Professor of Economics at SMU's School of Economics (SOE) for a three-year term from 1 January 2015.

Professor Sargent was awarded the 2011 Nobel Prize in Economic Sciences with Professor Christopher Sims for their empirical research on cause and effect in the macroeconomy. They developed methods to analyse the causal relationship between economic policy and key macroeconomic variables such as GDP, inflation, employment and investment. Today, these methods are essential tools in macroeconomic analysis.

The 'rational expectations' theory of the cause-and-effect relationship between the economy and policy instruments propounds that the influences between expectations and outcomes flow both ways. In forming their expectations, people try to forecast what will actually occur. They have strong incentives to use forecasting rules that work well because greater benefits accrue to someone who acts on the basis of better forecasts. The concept of rational expectations asserts that outcomes do not differ systematically (i.e., regularly or predictably) from what people expected them to be. Economists have used the concept to understand a variety of situations in which speculation about the future is a crucial factor in determining current action.

Professor Sargent is known for his research on coordinating monetary and fiscal policy, stabilising inflation and fighting unemployment. His research interests also extend to the study of the foundations and limits of rationality, and to economic history, including monetary standards and international episodes of inflation.

His ground-breaking studies are widely recognised as having revolutionised both the field of economics and economic strategy, influencing policy-making of central banks and governments around the world.

Professor Bryce Hool, Dean of SOE, said "Professor Sargent's appointment will give our faculty and students an exceptional opportunity to interact with and learn from one of today's most influential economists. He is a pioneer of the rational expectations school of macroeconomics and continues to investigate the foundations of expectations formation and its implications for macroeconomic policy."

Professor Sargent is no stranger to SMU. In May 2013 he gave a public lecture on 'Model Uncertainty in Macroeconomics' hosted by the Sim Kee Boon Institute for Financial Economics, and he delivered the keynote address on 'Guidance about Central Bank Forward Guidance' at the 4th Annual Sovereign Wealth Fund Conference held at SMU in December 2013.

Professor Sargent graduated with a Bachelor of Arts from the University of California at Berkeley in 1964, and completed his PhD in Economics from Harvard University in 1968. He is currently the William R. Berkley Professor of Economics and Business at New York University, and a senior fellow at the Hoover Institution. Prior to this, Professor Sargent was a professor of economics at the University of Minnesota from 1975 to 1987, the David Rockefeller Professor at the University of Chicago from 1992 to 1998 and the Donald Lucas Professor of Economics at Stanford University from 1998 to 2002.

Professor Sargent was elected a fellow of the National Academy of Sciences and a fellow of the American Academy of Arts and Sciences, both in 1983, and has been accorded numerous other honours. He is past president of the Econometric Society, the American Economic Association, and the Society for Economic Dynamics and Control.

He is the author of many significant books and articles, including two leading economics textbooks, *Macroeconomic Theory* and *Dynamic Macroeconomic Theory*.

-END-

For more information, please contact

Teo Chang Ching (Mr)
Assistant Director, Corporate Communications
Office of Corporate Communications & Marketing
DID: 6828 0451/ 94318353
Fax: 6828 0456
Email: ccte@smu.edu.sg

About the Singapore Management University

A premier university in Asia, the Singapore Management University (SMU) is internationally recognised for its world class research and distinguished teaching. Established in 2000, SMU's mission is to generate leading edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. It is known for its interactive and technologically-enabled pedagogy of seminar-style teaching in small class sizes.

Home to over 8,300 undergraduate and postgraduate students, SMU comprises six schools: School of Accountancy, Lee Kong Chian School of Business, School of

Economics, School of Information Systems, School of Law and School of Social Sciences, offering a wide range of bachelor's, master's and PhD degree programmes in various disciplines.

With an emphasis on generating rigorous, high impact multi-disciplinary research that addresses Asian issues of global relevance, SMU faculty collaborate with leading international researchers and universities from USA, Europe, China and India as well as with partners in the business community and public sector through its research institutes and centres. SMU's city campus is a state-of-the-art facility located in the heart of downtown Singapore, fostering strategic linkages with the business and wider community. www.smu.edu.sg