



Nobel Prize for Economics 2024

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Why in News?

The [Nobel Prize for Economics](#) 2024 is awarded to **Daron Acemoglu, Simon Johnson, and James A. Robinson** “for their **studies of how institutions are formed and affect prosperity**”.

- The modern-day significance of **their work in understanding why some countries are wealthy while others remain poor.**
- The **prize of 11 million krona (USD 1.1 million)** will be shared between the recipients in recognition of their contributions.



What are the Key Focus Areas of the Study?

- The research by the three economists **explored how different institutional structures**, particularly in countries colonised by Europeans, **influenced the path to prosperity.**
 - In **regions where Europeans faced high mortality rates**, they were **less likely to settle and more likely to establish extractive institutions**, which often persisted into the modern era.
- The study highlighted that **institutional differences**, rather than geography or culture, **play a decisive role in economic outcomes.**
 - The **example of the divided city of Nogales**, where the US side has greater economic opportunities and political rights compared to the Mexican side, illustrated how institutions impact prosperity.
 - **Nogales** is Arizona, on the **US-Mexico border**. It is directly adjacent to Heroica Nogales, its **twin city located in Mexico.**
 - The two cities are **separated by International Avenue**, which serves as the **border between the two nations.**

What are the Key Facts About Winners?

- **Simon Johnson:**
 - He is best known for his time at the [International Monetary Fund \(IMF\)](#) (2007-2008), and currently a **professor at the Massachusetts Institute of Technology (MIT)**.
 - **Co-authored** the book **Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity (2023)** with Daron Acemoglu.
 - Emphasised that **poverty** in many countries stems from **entrenched political and economic institutional arrangements**, making solutions complex and long-term.
- **Daron Acemoglu:**
 - **Professor at MIT** and a frequent collaborator with Simon Johnson.
 - Noted that their work broadly supports democracy, stating that **countries transitioning from non-democratic regimes** typically see significant economic growth within 8-9 years, but cautioned that **democracy is not an easy solution**.
 - **Co-authored Why Nations Fail: The Origins of Power, Prosperity, and Poverty (2012)** with James A. Robinson.
- **James A. Robinson:**
 - **Professor at the University of Chicago** and co-author of Why Nations Fail with Daron Acemoglu.
 - Based on their work, he **expressed scepticism about China's ability to maintain economic prosperity** under its repressive political system, citing historical examples like the Soviet Union.
 - Highlighted that many societies, including the United States, have transitioned into inclusive societies, overcoming past systems of oppression and privilege.

What is the Nobel Prize in Economic Sciences?

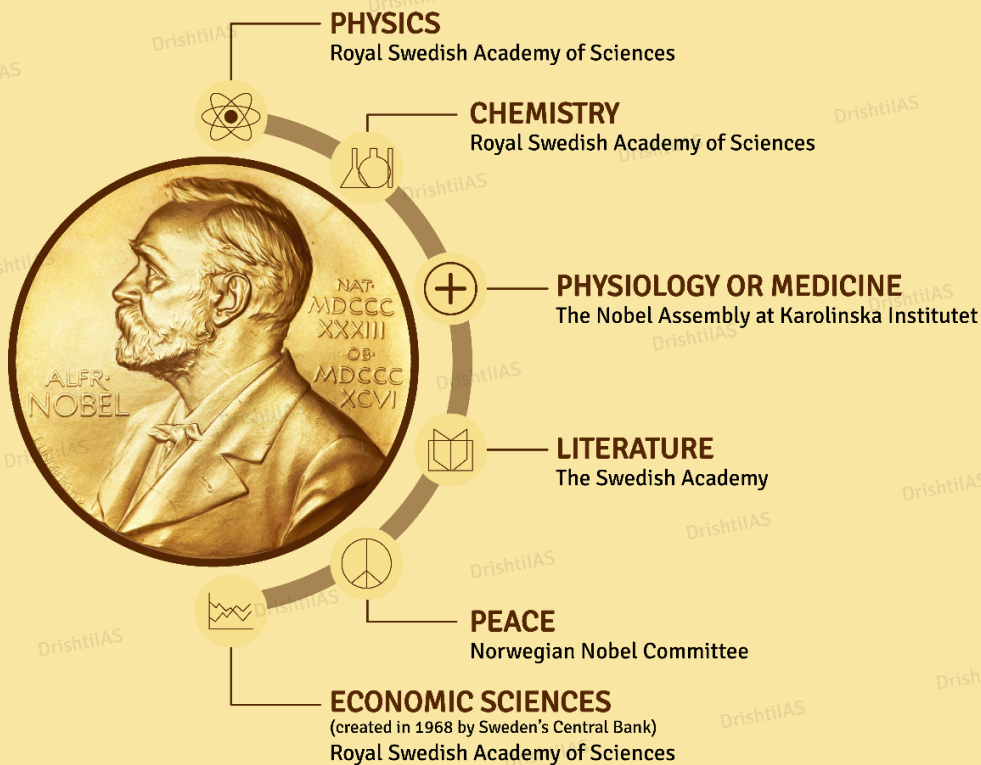
- **About:**
 - The prize, formally known as the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, was **established in 1968 by the Swedish central bank**.
 - It **complements the annual Nobel Prizes in physics, chemistry, medicine, literature, and peace**, which were set up according to Alfred Nobel's will.
- **Other Economics Notable Laureates:**
 - In **2023, Claudia Goldin** received the award for her **research on gender pay gaps**.
 - In **2022, Ben Bernanke, Douglas Diamond, and Philip Dybvig** won for their **work on banks and financial crises**.
 - Other notable laureates include **Friedrich Hayek for economic theory**, William Nordhaus for climate change analysis, and **Paul Krugman for trade theory**.
 - In **2019, Abhijit Banerjee, Esther Duflo, and Michael Kremer** were recognized for their **work on poverty alleviation**.
- **Gender disparity in Nobel Prizes:**
 - The economics prize is the **second most male-dominated after physics, with only three female recipients**.
 - This reflects the historical underrepresentation of women in scientific and economic fields.

Other Nobel Prize 2024

- **Literature:** [South Korean author Han Kang](#)
- **Physics:** [John J. Hopfield and Geoffrey E. Hinton](#)
- **Physiology or Medicine:** [Victor Ambros and Gary Ruvkun](#)
- **Chemistry:** [David Baker, Demis Hassabis and John M. Jumper](#)

Nobel Prize

- ✦ Established by the will of Alfred Nobel (inventor of Dynamite)
- ✦ Awarded to those who have conferred the greatest benefit to humankind, during the preceding year
- ✦ First awards were handed out in 1901



- ✦ The Prize Ceremony is held in Stockholm, Sweden, in December every year
 - ▲ The Peace Prize is not awarded at Stockholm ceremony but presented annually in Oslo, Norway, on the same day
- ✦ Each Nobel laureate receives a gold medal, a diploma, and a monetary award
- ✦ Nobel Prize cannot be given posthumously (after death). Also, up to 3 people can share a Nobel Prize award between them

✦ **First Indian Nobel Laureate: Rabindranath Tagore for Literature, 1913**

▲ **First Indian Woman Nobel Laureate: Mother Teresa for Peace, 1979**



UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. Nobel Prize winning scientist James D. Watson is known for his work in which area? (2008)

- (a) Metallurgy
- (b) Meteorology
- (c) Environmental protection
- (d) Genetics

Ans: (d)

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