

Application 04: The Nobel Prize in Economic Sciences

“The **Nobel Prize** (...) is a set of annual international awards bestowed in several categories by Swedish and Norwegian institutions in recognition of academic, cultural, or scientific advances. The will of the Swedish chemist, engineer and industrialist Alfred Nobel established the five Nobel prizes in 1895. The prizes in Chemistry, Literature, Peace, Physics, and Physiology or Medicine were first awarded in 1901. The prizes are widely regarded as the most prestigious awards available in their respective fields.

In 1968, Sveriges Riksbank, Sweden's central bank, established the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. The award is based on a donation received by the Nobel Foundation in 1968 from Sveriges Riksbank on the occasion of the bank's 300th anniversary. The first Prize in Economic Sciences was awarded to Ragnar Frisch and Jan Tinbergen 1969. The Prize in Economic Sciences is awarded by the Royal Swedish Academy of Sciences, Stockholm, Sweden, according to the same principles as for the Nobel Prizes that have been awarded since 1901. However, as it is not one of the prizes that Alfred Nobel established in his will in 1895, it is not a Nobel Prize.”

Source:

https://en.wikipedia.org/wiki/Nobel_Prize

Assessed on 15 September 2020.

More information about the Nobel Prizes including a list of all Nobel Prizes in Economic Sciences and laureates is available on the official website of the Nobel Prize:

<https://www.nobelprize.org/>

<https://www.nobelprize.org/prizes/lists/all-prizes-in-economic-sciences/>

Watch out for the **2022 Nobel Prize Announcements in October 2022** and who will be awarded the Prize in Economic Sciences this year.

who got it : Ben Bernake; Douglas Diamond; Philip Dybvig

why : research on banks and financial crisis

essence of banks is to take deposits that convey services (for example, checking accounts) from savers and use the funds to make loans to households and businesses. In other words, both bank assets (the loans) and liabilities (the deposits) are valuable and you can't understand banking without recognizing both functions.