

Jean Tirole wins the BBVA Foundation Frontiers of Knowledge Award in Economics, Finance and Management

- The French economist is a path breaker in the application of Game Theory and Information Theory in economics
- He has also analyzed the role of inside information in the behavior of economic agents
- This international award comes with a cash prize of 400,000 euros

January 30, 2009.- The Economics, Finance and Management Award in this inaugural edition of the BBVA Foundation Frontiers of Knowledge Awards has gone to French economist Jean Tirole (Troyes, 1953). Tirole is one of the world's economic eminences in the theoretical and practical application of Game Theory and Information Theory. He is also a leader in the analysis of inefficiencies deriving from the possession of inside information among economic agents, and the design of contracts and public policies to mitigate the effects of such asymmetry.

The BBVA Foundation Frontiers of Knowledge Awards seek to recognize and encourage world-class research at international level, and can be considered second only to the Nobel Prize in their monetary amount, an annual 3.2 million euros, and the breadth of the scientific and artistic areas covered.

The awards, organized in partnership with Spain's National Research Council (CSIC), take in eight categories carrying a cash prize of 400,000 euros each. The Information and Communication Technologies award, the fifth to be decided, is to honor contributions which significantly advance the stock of knowledge in this area for reasons of their importance and originality.

An expert in strategy analysis

On receiving the news, Jean Tirole first thanked the jury for the "great honor" done to him: "And not just on my own behalf", he went on, "but on behalf of all the people I have worked with over the years".

Tirole refers to the reputation gained through his research work as "a matter of luck, being in the right place at the right time", because, he explains, he began his career "just as two interesting mathematical theories came to the fore: Game Theory and Information Theory". The former predicts the strategies that will be adopted by distinct players in a given situation and is now among the dominant

theories in economic analysis. The latter describes how these players go about using inside information in a strategic way, and Tirole has successfully applied it to the study of public and private organizations of all sizes and how they interact with markets.

“These theories have allowed me to use a theoretical and applied approach in analyzing specific areas such as competition, finance or financial crises”, Tirole continues. The French economist has also looked at some of the causes behind the current financial context, such as flaws in financial institution regulation and the dearth of market liquidity.

From public policy design to financial crashes

Jean Tirole’s research curiosity has led him to explore such topical phenomena as financial crashes and the bursting of economic bubbles. He has authored more than 150 articles and a number of books that have become international standards among both academia and officialdom.

Tirole first trained as a civil engineer then went on to obtain a Ph.D. in mathematics from the University Paris-Dauphine, and another in economics from the Massachusetts Institute of Technology (MIT). He is currently Director of the Jean-Jacques Laffont Foundation – named for an economist he worked with in the past – at the Toulouse School of Economics, and Scientific Director of the Industrial Economics Institute of the same French city.

In the words of the jury’s certificate, Tirole merits this award “for his economic analysis of optimal contracts and optimal design of public policies in a variety of contexts where asymmetry of information and conflicting incentives play a key role, including regulation, corporate finance and the analysis of economic organizations”.

The jury in the Economics, Finance and Management category was chaired by **José Manuel González-Páramo**, member of the Executive Board of the European Central Bank, and formed by **Timothy J. Besley** (London School of Economics and Political Science, United Kingdom), **Peyton Young** (University of Oxford, United Kingdom), **Guido Tabellini** (Bocconi University, Italy) and **Hervé Moulin** (Rice University, United States).

The Economics, Finance and Management award is the seventh to be decided in this first edition of the BBVA Foundation Frontiers of Knowledge Awards. It follows on from the awards in Climate Change (granted to U.S. scientist **Wallace S. Broecker**, who predicted climate warming due to human activity more than three decades ago); Development Cooperation (**Abdul Latif Jameel Poverty Action Lab** at the Massachusetts Institute of Technology, MIT); Biomedicine (cancer researcher **Joan Massagué**, Spain’s most internationally cited working scientist); the Arts (U.S. architect **Steven Holl**); Information and Communication Technologies (Israeli engineer **Jacob Ziv**, the ‘father’ of data file compression); and Basic Sciences (shared between **Ignacio Cirac**, Spain, and Austrian **Peter Zöller**, leading theoretical physicists in the quantum computation field).

The BBVA Foundation supports knowledge generation, scientific research and the promotion of culture, relaying the results of its work to society at large. This effort materializes in research projects, human capital investment, specialization courses, grants and awards. Among the Foundation's preferred areas of activity are basic sciences, biomedicine, ecology and conservation biology, the social sciences and literary and musical creation.

Fundación **BBVA**

For further information, contact the BBVA Foundation Press Office
(+34 91 537 6615/+34 94 487 4627)