



Award Statement

2012 Prize Winner

Richard Blundell

Institute for the Study of Labor

Institut zur Zukunft der Arbeit

phone: +49 (228) 3894-0

fax: +49 (228) 3894-180

e-mail: prize@iza.org

web: www.iza.org/prize

IZA Prize Committee

Prof. George A. Akerlof, Ph.D.

University of California, Berkeley; IZA

Prof. Dr. Marco Caliendo

University of Potsdam; IZA

Prof. Richard Portes, Ph.D.

London Business School; President CEPR

Prof. Jan Svejnar, Ph.D.

University of Michigan, Ann Arbor; IZA

Prof. Dr. Klaus F. Zimmermann

IZA; University of Bonn

Award Statement of the IZA Prize Committee

The 2012 IZA Prize in Labor Economics is awarded to Richard Blundell (University College London and IFS) for his path-breaking contributions to the econometric analysis of labor markets and public policy reforms. Professor Blundell has played a major role in the development of modern labor and policy analysis. His work is characterized by a focus on pressing questions in economic policy, the development of cutting-edge econometric methods to tackle such questions, and painstaking analysis of micro data. Blundell's contributions laid the foundations for the modern economic analysis of labor supply, consumer behavior, and policy reforms. His work has been enormously influential in the worldwide debates about tax and welfare reforms over the past decades.

Richard Blundell has provided some of the most significant contributions to the econometric analysis of labor supply. Among his early work was a seminal paper with Richard Smith in which they provided a novel test for endogeneity in econometric models (*Econometrica*, 1986). The test signified a crucial advancement in addressing important empirical questions, for instance, regarding the relationship between household income and female labor supply. Richard Blundell's work has greatly enhanced our understanding of how taxation and social policy influence individuals' labor market behavior. Blundell did not only help develop a new theoretical framework for understanding labor supply reactions to policy changes. He also complemented the theoretical analysis by developing the necessary instruments for careful empirical analysis, and he applied these tools to real-world policy questions. His paper with Alan Duncan and Costas Meghir (*Econometrica*, 1998) is exemplary of this approach. The authors developed novel methods to examine how household labor supply responds to tax reforms, and used these methods to estimate the reactions to the UK policy reforms in the 1980s.

Richard Blundell also made fundamental contributions to studying labor supply and consumer demand in an integrated, unifying framework. His approach offered a dynamic perspective, taking into account that consumption smoothing over the life-cycle and labor supply are inherently linked. More recently, Blundell has also been concerned with economic inequality and the changes in income distributions. He made important methodological contributions that have advanced the econometric modeling of such dynamic issues. Furthermore, Blundell was among the first to explicitly take individual-level heterogeneity into account when assessing actual policy problems.

In addition to his academic contributions, Richard Blundell has made a compelling case for more evidence-based research and policy advice. He has taken a leading role in demonstrating the importance of giving researchers enhanced access to micro data for their research. Throughout his career, Blundell has intensely engaged in the policy debate. From 2006 until 2011, he served as co-editor of the influential *Mirrlees Review*. In this role, he provided practical recommendations for improving UK tax policy and helped develop the pillars of an efficient modern tax system. His enduring commitment to research and policy make Blundell a role model for combining academic strength with policy relevance.

Richard Blundell currently holds the David Ricardo Chair of Political Economy at University College London and is Research Director of the Institute for Fiscal Studies, where he is also Director of the ESRC Centre for the Microeconomic Analysis of Public Policy. He is a Commander of the British Empire, Fellow of the Econometric Society and of the British Academy, and Honorary Member of the American Economic Association and the American Academy of Arts and Science. In 1995, he was awarded the Yrjö Jahnsson Prize for his work in microeconometrics, labor supply and consumer behavior; in 2000, he received the Frisch Medal by the Econometric Society for his 1998 *Econometrica* paper with Alan Duncan and Costas Meghir. Blundell has delivered numerous distinguished lectures, and he holds honorary doctoral degrees from the Universities of St. Gallen, Bergen, and Mannheim. He is the current president of the Royal Economic Society, and past president of the Econometric Society, the European Economic Association, and the Society of Labor Economists. He also served as co-editor for journals such as *Econometrica*, the *Journal of Econometrics*, and the *Review of Economic Studies*.

The IZA Prize in Labor Economics 2012 honors the work of an eminent scholar who has greatly shaped our view on labor market analysis and economic policy.

August 2012

George A. Akerlof

Marco Caliendo

Richard Portes

Jan Svejnar

Klaus F. Zimmermann



I Z A

phone: +49 (228) 3894-0
fax: +49 (228) 3894-180
e-mail: iza@iza.org
web: www.iza.org

Institute for the Study of Labor
Institut zur Zukunft der Arbeit

P.O. Box 7240
53072 Bonn, Germany

Director:
Prof. Dr. Klaus F. Zimmermann