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Christopher A. Sims [Ideological Profiles of the Economics Laureates]

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Abstract

Christopher A. Sims is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called "The Ideological Migration of the Economics Laureates," which fills the September 2013 issue of *Econ Journal Watch*.

Keywords

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

JEL classification

A11, A13, B2, B3

Link to this document

http://econjwatch.org/file_download/773/SimsIPEL.pdf

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Christopher A. Sims

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Christopher Sims (1942–) was born in Washington D.C., and, as his father worked for the military, the family moved often before settling in Connecticut for Sims's teenage years. He grew up in a lively intellectual climate, with family members frequently initiating political and economic discussions. Sims's mother ran the Connecticut League of Women Voters and was Democratic mayor of Greenwich, Connecticut (Sims 2011b). At Harvard University, Sims majored in math and took courses in statistics, economics and econometrics. He then studied at the University of California at Berkeley for a year before returning to Harvard to earn his Ph.D. in economics (Sims 2004, 274-276).

After a short time teaching at Harvard, Sims joined the University of Minnesota faculty. After Minnesota, Sims went to Yale University, and then Princeton University. He has also been visiting scholar for a number of U.S. Federal Reserve banks. While in graduate school and again on the Minnesota faculty, Sims got to know Thomas Sargent, the co-winner with Sims of the 2011 Nobel Prize in Economics "for their empirical research on cause and effect in the macroeconomy."

Sims eschews ideological labels and is very reserved in expressing policy judgments, especially outside the area of macroeconomic policy. "There isn't much political coloration in my economic writing," Sims said. "It's not surprising that few people know my political views. They really aren't very important" (quoted in Sommer 2011b). When some commentators pegged Sims as opposing government intervention in the economy, Sims stated that he instead approved of some interventions (Sommer 2011a). Jeff Sommer (2011b) reports in the *New York Times* that Sims is a "lifetime" Democrat and supports "many recent policies of the Obama administration and the Federal Reserve."

When described as a "non-Keynesian," Sims objected, saying that he is, in fact, not "non-Keynesian" at all (Sommer 2011a). Sims (2011b) writes that his work "involved criticizing the statistical underpinnings of the Keynesian econometric models, but I viewed them as flawed but important, not worthless."

Describing his approach to economic analysis, Sims said, "I usually start with a statistical model of the data and then add economic assumptions sparingly until I can begin to get answers" (Sims 2011a). Tyler Cowen (2011) lists "vector autoregression as a macroeconomic method, impulse response functions, and deep examinations of money-income causality" among Sims's contributions. Cowen comments:

> Think of Sims as an economist who found the traditional Keynesian methods "just not good enough" and who worked hard to improve them. He brought a lot more rigor into empirical macro and he helped define a school of thought at the University of Minnesota. His influence will endure. Some of his results raised the status of the "real shocks" approach to business cycles, although I think of Sims's work as more defined by a method than by any set of conclusions. (Cowen 2011)

Monetary policy, Sims holds, "is not as important as many people have thought in *generating* business cycle fluctuations" (Sims 2007, emphasis in original). If, however, monetary policy "were erratic and unpredictable or perverse, [it] could have very significant bad effects on the economy." Fiscal policy, he says, can also cause inflation. "An inflation targeting regime only makes sense when the monetary authority really has control over the price level. And if there's a bad fiscal environment, the monetary authority may not have such control" (ibid.).

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