

**Christopher Pissarides, Norman Sosnow Professor of Economics
London School of Economics
Nobel Memorial Prize in Economic Sciences 2010**

I have known Chris since he joined the Economics Department at LSE in 1976 so I have been his colleague, on and off, for many years.

He obtained his Ph.D at LSE in 1974 under the supervision of Michio Morishima and its title “Individual Behaviour in Markets with Imperfect Information” reflects one of his major research interests for the rest of his academic career.

In the early part of his career, Chris focussed on various aspects of the way in which unemployed individuals obtained work including how hard they searched for jobs, what job offers they decided to accept and so on. But he always felt that while the study of individual behaviour in this context was valuable and interesting, the key question was how this framework could be incorporated into a relatively straightforward macroeconomic model. So he was always keen to investigate the general equilibrium consequences of individual search behaviour.

In the early days of search theory, models tended to concentrate on the behaviour of individual job searchers when confronted with a distribution of market wages. Placing such models into a general equilibrium framework proved to be enormously complicated and difficult. So Chris and others changed tack and downplayed the wage distribution aspect of the story, focussing instead on the idea of matching, where unemployed individuals searched at a particular rate until they arrived at a suitable vacancy. This proved to be much simpler to place in a general equilibrium framework and using this structure Chris was able to publish a series of important papers notably his *American Economic Review* piece in 1985, and these culminated in his 1990 book, *Equilibrium Unemployment Theory*.

This search/matching theoretical framework received a significant boost from the empirical work of Davis and Haltwanger which emphasised how important the creation and destruction of jobs could be in the generation and propagation of economic fluctuations. So what was now required was not just a simple model of how unemployed workers found jobs but an equally straightforward model of how employed individuals lost their jobs. In the 1990 book, this was by and large modelled as a simple exogenous process. The breakthrough emerged with the publication of “*Job Creation and Job Destruction in the Theory of Unemployment*” in 1994, authored jointly with Dale Mortensen. The search/matching model of the labour market could now be incorporated into standard macroeconomic models and, since that time, the Mortensen/Pissarides model of the labour market has been a fundamental part of mainstream macroeconomics. This significant achievement was the outcome of twenty years of research and its authors fully deserve their Nobel Prizes.

**Stephen Nickell
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