University of Maryland economist Thomas C. Schelling has won the 2005 Nobel Memorial Prize in Economics for his work in game theory analysis. He shares the award with Robert J. Aumann of Hebrew University in Jerusalem.

The Royal Swedish Academy of Sciences awarded the prize today to Schelling and Aumann "for having enhanced our understanding of conflict and cooperation through game-theory analysis."

Schelling, emeritus distinguished university professor in the Department of Economics and the School of Public Policy, has published highly influential works in a number of areas including nuclear proliferation and arms control, terrorism, organized crime, energy and environmental policy, climate change and racial segregation. His work on nuclear deterrence helped shape Cold War strategies. He joined the University of Maryland faculty in 1990.

"I'm deeply honored by this recognition," Schelling says. "I've been doing this for over 50 years and it's hard to find a shorthand way to describe my interests. But in my mind it all comes together, and what links this work is my fascination with how people react to and influence others - as individuals and as nations."

Schelling began his career in 1945, working for the U.S. Bureau of the Budget, and later served as an advisor in the Truman administration. He taught for many years at Yale and Harvard, and has been honored with membership in the National Academy of Sciences, the Institute of Medicine and as a fellow in the American Academy of Arts and Sciences.

"There is no higher recognition than the Nobel Prize, and there is no greater distinction for the university than to have Nobel Laureates on the faculty," says University of Maryland President C.D. Mote Jr. "All of us in the university community salute and celebrate his achievement." This is the third Nobel Prize awarded to a member of the University of Maryland faculty.

Schelling's Research

A major part of Schelling's work has focused on arms control and nuclear deterrence. In 1993, the National Academies honored him "for his pioneering work in the logic of military strategy, nuclear war, and arms races which has profoundly influenced our understanding of this crucial subject."

Schelling says he remains optimistic that an unwritten taboo against the use of nuclear weapons may continue to hold, even amid the pressures of nuclear proliferation, just as it has for 60 years. "My main source of optimism is that the Soviet Union faced some of its gravest challenges without ever resorting to nuclear weapons," he says. "It was not a foregone conclusion they would honor this nuclear taboo with their backs to the wall." Schelling has applied these same principles in other contexts as well, for example, looking at the strategy and tactics of bargaining and negotiation involved in industrial and labor conflict. "Some people have described me as a game theorist, but this is wrong. I'm simply a user of game theory," Schelling says.

Another strand of his research has involved the interactive behavior of crowds, ethnic groups, neighborhoods and entire populations, applied to such topics as segregation and integration. "For his entire career, Tom Schelling has been at the forefront in advancing our understanding of risk and uncertainty in topics ranging from climate change to arms control," says Edward Montgomery, dean of the University of Maryland School of Behavioral and Social Sciences. "His work has..."