Harvard's Susan Athey wins the John Bates Clark Medal

AFTER the Nobel Prize, the John Bates Clark Medal is generally regarded as the most prestigious award in economics. Arguably, it is harder to win: to qualify you must be under 40 and work in America, and the Clark Medal is awarded only every two years. Of the 30 winners (Paul Samuelson was the first in 1947; there was no award in 1953), 11 have gone on to be feted in Stockholm.

This year's medallist is Susan Athey, of Harvard University. She is the first woman to win (so far all the Nobels have gone to men). More important, though, is the breadth of Ms Athey's work. At 36, she has already made a mark in several fields: economic theory; applied economics, from auctions and industrial organisation to macroeconomics; and econometrics. "Susan's work on the foundations of economic theory is of fundamental importance," says Paul Klemperer, a professor at Oxford, "showing economists when they can have confidence in their 'equilibrium' theories and when they can't."

For example, economists frequently make simplifying assumptions about mathematical form. Most commonly, they may suppose a linear relationship between variables: when one thing goes up, another goes up or down by a fixed amount. That makes results easier to get—but at a cost: often there is no good reason to assume linearity. Ms Athey has shown that strong results can still be obtained even if you assume much less.

Ms Athey's less abstract work includes an analysis of how firms in a cartel can maximise joint profits when they do not know each other's costs. Should they set "rigid" prices and split the market equally, or let the firm with the lowest cost supply most? The latter would be more efficient; the snag is that high-cost firms must have no incentive to pretend that their costs are lower than they are in order to sneak an increase in market share. Often, but depending on technical conditions, rigid pricing pays off. You may imagine, correctly, that all this is mathematically daunting. (Mercifully, Ms Athey provides a summary in plainish language on her homepage.)

Typical of modern economics? Not going by recent Clark awards, such as that to Steven Levitt, of "Freakonomics" fame, in 2003. Ms Athey perhaps represents orthodox theory better than any medallist has for some years. Back to basics, then? Yes, and what basics.