

CONTRIBUTORS

GEORGE A. AKERLOF is the Koshland Professor of Economics at the University of California, Berkeley. He received his Ph.D. from MIT in 1966, at which time he joined the faculty at Berkeley. In 2001 he was corecipient of the Nobel Prize in Economics for his work on the role of asymmetric information in markets. He has also pioneered the application of sociology and psychology to the workings of the macroeconomy. He has proposed efficiency wage explanations for unemployment. According to these explanations, employers, because of concerns about worker morale, may not wish to reduce wages to market clearing. He has also explored reasons why firms might be slow to change wages and prices, thereby explaining the business cycle and the effectiveness of monetary policy. Akerlof has been vice president and member of the executive committee of the American Economics Association.

LINDA BABCOCK is the James Mellon Walton Professor of Economics at the Heinz School of Public Policy and Management at Carnegie Mellon University. Babcock earned a Ph.D. in economics from the University of Wisconsin and has received numerous research grants from the National Science Foundation. She teaches negotiation and has won the school's highest teaching award twice. She has investigated how cognitive biases in negotiator beliefs cause conflict in negotiations, as well as the effect of various tort reforms on negotiation impasses, and the role of social comparisons in affecting negotiated outcomes. Her research has appeared in the most prestigious economics, industrial relations, and law journals. Her most recent research examines the situational factors that affect gender differences in negotiation and is summarized in her recent book, *Women Don't Ask: Negotiation and the Gender Divide* (Princeton, 2003).

SHLOMO BENARTZI is an associate professor at UCLA's Anderson Graduate School of Management. Benartzi received his Ph.D. from Cornell University's Johnson Graduate School of Management. His research investigates participant behavior in defined contribution plans. In particular, his current work examines how participants make investment choices in retirement saving plans and how employee saving rates could be increased. Benartzi's work has been published in the *Journal of Political Economy*, *American Economic Review*, *Journal of Finance*, and *Management Science*. His work has been discussed in the *Economist*, *Financial Times*, *Investor's Business Daily*, the *Los Angeles Times*, *Money Magazine*, the *New York Times*, *Plan Sponsor*, *Pensions and Investments*, the *Wall Street Journal*, and CNBC. Benartzi served on the ERISA Advisory Council of the U.S. Department of Labor, and he currently serves on the advisory board of Morningstar and the Investment Advisory Council of the Alaska State Pension.

COLIN F. CAMERER is the Axline Professor of Business Economics at Caltech, in Pasadena, California, where he teaches both psychology and economics. Camerer earned a Ph.D. in behavioral decision theory in 1981 from the University of Chicago,

and worked at Kellogg, Wharton, and Chicago business schools before Caltech. His research in behavioral economics focuses mostly on theories of risky decision making and strategic behavior in games. He has also done experiments on price bubbles and “cascades” in asset markets, creation of organizational culture in the form of “codes,” and is now doing neuroscientific imaging experiments on behavior in games. Camerer has also analyzed field data on hot-hand biases and commitment escalation in NBA basketball, and the labor supply of New York City cab drivers. Besides nearly 100 journal articles and book chapters, he is the coauthor or editor of four books, and the author of *Behavioral Game Theory* (Princeton, 2003). Camerer was the first behavioral economist to become a Fellow of the Econometric Society, in 1999, and was president of the Economic Science Association 2001–03.

VINCENT CRAWFORD earned an A.B. summa cum laude in Economics from Princeton in 1972, and a Ph.D. in economics from the Massachusetts Institute of Technology in 1976. Since 1976 he has worked at the University of California, San Diego, where he is now Professor of Economics. He has held visiting positions at Harvard, Princeton, Australian National University, University of Canterbury, and the Ecole des Hautes Etudes en Sciences Sociales. Honors include election as Fellow of the Econometric Society, a Guggenheim fellowship, election to the Council of the Game Theory Society and to an Overseas Fellowship at Churchill College, Cambridge, and several invited lectures. His work focuses on game theory and its applications, from early work on learning in games, bargaining and arbitration, matching markets, coordination, and strategic communication to recent work interpreting the results of experiments and conducting experiments to study players’ mental models of other players.

PETER DIAMOND is an Institute Professor at the Massachusetts Institute of Technology, where he has taught since 1966. He received his B.A. in Mathematics from Yale University in 1960 and his Ph.D. in Economics from MIT in 1963. He has been president of the Econometric Society and is president of the American Economic Association. He is a founding member of the National Academy of Social Insurance, where he has been president and chair of the board. He is a Fellow of the American Academy of Arts and Sciences and a Member of the National Academy of Sciences. He was the recipient of the 1980 Mahalanobis Memorial Award and the 1994 Nemmers Prize. He has written on behavioral economics, public finance, social insurance, uncertainty and search theories, and macroeconomics. His writings on social security reflect his awareness of the importance of behavioral issues.

ERNST FEHR is a professor in Microeconomics and Experimental Economics at the University of Zürich. He is director of the Institute for Empirical Research in Economics at the University of Zürich and of the Ludwig Boltzmann Institute for the Analysis of Economic Growth in Vienna. Ernst Fehr graduated at the University of Vienna in 1980, where, in 1986, he also earned his doctorate. His research focuses on the proximate patterns and the evolutionary origins of human altruism and the interplay between social preferences, social norms, and strategic interactions. He

has conducted extensive research on the impact of social preferences on competition, cooperation, and on the psychological foundations of incentives. More recently he has worked on the role of bounded rationality in strategic interactions. He is on the editorial board of the *Quarterly Journal of Economics*, the *European Economic Review*, *Games and Economic Behavior*, the *Journal of the European Economic Association*, the *Journal of Public Economics and Experimental Economics*. He won the Gossen Price of the German Economic Association in 1999 and the Hicks-Tinbergen Medal of the European Economic Association in 2000. He has given several keynote lectures, among them the Frank Hahn Lecture at the annual Congress of the Royal Economic Society 2001, the Schumpeter Lecture at the annual Congress of the European Economic Association 2001, and an invited Lecture at the Eighth World Congress of the Econometric Society in 2000. He is president of the Economic Science Association for the years 2003–5.

ROBERT H. FRANK is the H. J. Louis Professor of Economics at Cornell's Johnson Graduate School of Management. He received his B.S. in mathematics from Georgia Tech in 1966, then taught math and science for two years as a Peace Corps Volunteer in rural Nepal. He received his M.A. in statistics from the University of California, Berkeley, in 1971 and his Ph.D. in economics in 1972, also from UC Berkeley. During leaves of absence from Cornell, Frank was chief economist for the Civil Aeronautics Board from 1978 to 1980, a Fellow at the Center for Advanced Study in the Behavioral Sciences in 1992–93, and a professor of American Civilization at the Ecole des Hautes Etudes en Sciences Sociales in Paris in 2000–1. Frank's books, which include *Choosing the Right Pond*, *Passions Within Reason*, *Microeconomics and Behavior*, *Principles of Economics* (with Ben Bernanke), and *Luxury Fever*, have been translated into nine languages. *The Winner-Take-All Society*, coauthored with Philip Cook, received a Critic's Choice Award, was named a Notable Book of the Year by the *New York Times*, and was included in *Business Week's* list of the ten best books of 1995.

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SIMON GÄCHTER is a professor of Economics at the University of St. Gallen. He teaches courses on microeconomics, game theory, organizational and labor economics, experimental economics, and economics and psychology. Gächter received his Ph.D. in Economics in 1994 at the University of Vienna. After postgraduate lecturer positions at the universities of Vienna and Linz, Gächter became an assistant professor at the University of Zürich. In 2000 he became a full professor of Economics at the University of St. Gallen. His main research interests and publications are on behavioral issues of voluntary cooperation and punishment, wage formation, and incentive contracting. Gächter is affiliated with the MacArthur Foundation research network on social norms and preferences and the CESifo research network on Employment and Social Protection.

DAVID GENESOVE is currently an associate professor of Economics at the Hebrew University of Jerusalem. He earned his Ph.D. at Princeton University in 1991, and

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ITZHAK GILBOA is a professor at Eitan Berglas School of Economics and Recanati School of Business, Tel Aviv University, and a fellow of Cowles Foundation for Research in Economics, Yale University. He graduated from Tel Aviv University (in economics) in 1987 and was on the faculty of the Kellogg School of Management, Northwestern University, for ten years before returning to Israel. His main topic of research is decision under uncertainty in situations where there is too little information for the generation of a Bayesian prior. Together with David Schmeidler, Gilboa has developed axiomatic theories of decision making when information is modeled by sets of prior probabilities and by cases. Their joint project may be viewed as providing decision theories and axiomatic foundations for formal models representing information and belief that differ from the Bayesian one. The emphasis of this project is on scarcity of information rather than on irrational behavior of mistakes. Other topics that Gilboa has worked on include game theory, computational complexity, social choice, and consumer behavior.

URI GNEEZY is an associate professor of Behavioral Science at the University of Chicago Graduate School of Business, where he teaches negotiation. Gneezy earned a Ph.D. in economics in 1997 from the Center of Economic Research at Tilburg University, and worked at Haifa University and the Technion in Israel before Chicago. His research in behavioral economics investigates the effect of incentives on behavior in labor markets and its relation to sociological factors such as ethnicity and gender. Other areas of research are behavioral finance and behavioral game theory. The work is based mainly on laboratory experiments and field studies.

ROBERT M. HUTCHENS is a Professor in the Department of Labor Economics at Cornell's School of Industrial and Labor Relations. His early research dealt with the economics of government transfer programs and his later research has concentrated on long-term implicit contracts and on employer policy toward older workers. Hutchens has served as a policy fellow at the Brookings Institution, associate editor at the *Industrial and Labor Relations Review*, chairman of the Department of Labor Economics at Cornell, visitor at the University of British Columbia, and as a research fellow at the Institute for the Study of Labor (IZA).

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JACK L. KNETSCH is a professor emeritus at Simon Fraser University in British Columbia, where he has taught and conducted research in the areas of behavioral economics, environmental economics, and law and economics for the past thirty years. He holds degrees in Soil Science, Agricultural Economics, Public Administration, as well as a Ph.D. in Economics from Harvard University. He has been with private and public agencies and organizations in the United States and Malaysia, and was at George Washington University before moving to Simon Fraser University. He has accepted visiting appointments at universities in Europe, Asia, Australia, as well as North American. Most of his behavioral economics research has involved tests of the disparity in people's valuations of gains and losses, and the implications of the observed differences in various areas of economic and policy interest. More recent work has included research on time preferences and measures of welfare change.

DAVID LAIBSON holds a B.A. from Harvard University, an M.Sc. from the London School of Economics and a Ph.D. from the Massachusetts Institute of Technology. In 1994 Laibson joined the economics faculty at Harvard University, where he is currently a professor of Economics. Laibson is a member of the National Bureau of Economic Research, where he is a research associate in the Asset Pricing, Economic Fluctuations, and Aging Working Groups. Laibson has received a Marshall Scholarship and grants from the National Science Foundation, the MacArthur Foundation, the National Institute on Health, the Sloan Foundation, and the John M. Olin Foundation. In 1999 he received the Phi Beta Kappa Prize for Excellence in Teaching. Laibson's research focuses on the topic of psychology and economics. He is currently working in the fields of macroeconomics, intertemporal choice, decision and cognitive sciences, behavioral finance, and experimental economics.

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CHRISTOPHER MAYER is an associate professor of Real Estate at Wharton School, University of Pennsylvania. Mayer, a real estate expert, has earned widespread

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TED O'DONOGHUE is an assistant professor of Economics at Cornell University. He earned a Ph.D. in Economics from University of California, Berkeley, in 1996, and spent one year as a postdoctoral fellow in the Center for Mathematical Studies in Economics and Management Sciences at Northwestern University before joining the Economics Department at Cornell. O'Donoghue's research in behavioral economics has been primarily on the topic of intertemporal choice. He has investigated the role that self-control problems might play in procrastination, addiction, (not) planning for retirement, and risky behavior among youths. He has also studied the implications of mispredictions of future utility.

MATTHEW RABIN is a professor of Economics at the University of California, Berkeley. He earned his B.S. in Mathematics and in Economics from the University of Wisconsin-Madison in 1984, and his Ph.D. in Economics from MIT in 1989. His research includes developing formal theoretical models of fairness and risk preferences, biases in predicting preferences, cognitive biases and inferential errors, and procrastination and other forms of self-control problems. He is a fellow of the Econometric Society, the American Academy of Arts and Sciences, and the MacArthur Foundation, and he was awarded the John Bates Clark Medal by the American Economic Association in 2001.

ALDO RUSTICHINI is a professor of Economics at the University of Minnesota. He has degrees in Philosophy, Economics, and Mathematics. His main activity has been in different branches: general equilibrium, growth theory, political theory, auction theory, decision theory, experimental economics and neuroscience. His

contributions include precise estimates of the rate of convergence to truth-telling equilibria in auctions, the importance of indeterminacy in dynamic general equilibrium models, the detrimental effect of social groups in growth, and the existence (and nonexistence) of competitive equilibria in economies with private information. In decision theory, Rustichini has developed a formal theory of unawareness, and an axiomatic theory of preference for flexibility with applications to temptation and self-control. He has done research in experimental economics: he has with Uri Gneezy started the analysis of the paradoxical effects of rewards and punishments. He has determined significant differences in the competitive behavior of women and men. He has analyzed the effects of moods and emotions on cooperative behavior. Rustichini has in the last years focused on the analysis of the brain as a Bayesian, optimizing, decision machine. He is associate editor of the *Journal of Economic Theory*, *Journal of Mathematical Economics*, *Review of Economic Dynamics*, and *Games and Economic Behavior*.

DAVID SCHMEIDLER's research in recent years has dealt mainly with the informational aspects of decisions under uncertainty and belief representations. His other works are in the fields of cooperative and noncooperative games, classical functional analysis, and microeconomics. The latter includes works on topics of general equilibrium, implementation, and equity. He divides his time as professor at Tel Aviv University between Mathematics and Economics: specifically, he is affiliated with the Department of Statistics and Operations Research at the School of Mathematical Sciences, as well as the Faculty of Management. He is also a professor in the Department of Economics at Ohio State University. He wrote his Ph.D. thesis at the Institute of Mathematics of the Hebrew University in Jerusalem, Under the supervision of R. J. Aumann. It dealt with cooperative and noncooperative games and with general equilibrium.

KLAUS M. SCHMIDT has been professor of Economics at the University of Munich since 1995. He studied Economics and Political Science and completed his Ph.D. in Economics in a joint program of the University of Bonn and the London School of Economics in 1991. In 1995, he earned his Habilitation at the University of Bonn. He taught as a visiting professor at MIT and Stanford University. His research focuses on game theory, contract theory, and behavioral economics. In particular, he is interested in the impact of fairness and reciprocity on human behavior and on the optimal design of contracts and institutions. Schmidt serves as editor of the *European Economic Review* and as associate editor of the *Review of Economic Studies* and the *RAND Journal of Economics*. In 2001 he was awarded the Gossen-Prize of the German Economic Association and the Research Prize of the Berlin-Brandenburg Academy of Sciences.

ELDAR SHAFIR is a professor of Psychology and Public Affairs in the Department of Psychology and the Woodrow Wilson School of Public Affairs at Princeton University. He received his Ph.D. in Cognitive Science from the Massachusetts Institute of Technology in 1988, and was a postdoctoral scholar at Stanford University. He has held visiting positions at the University of Chicago Graduate

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HERSH M. SHEFRIN is the Mario L. Belotti Professor of Finance at Santa Clara University. Shefrin earned his Ph.D. at the London School of Economics in 1974. Before joining Santa Clara, he taught at the University of Rochester. His work in behavioral economics and finance focuses on the manner in which self-control, prospect theory, regret, and heuristics impact financial decisions and financial judgments. In the 1980s, he focused on the impact of behavioral concepts on household savings behavior, the disposition effect (a term he coined to describe the disposition of investors to sell winners too early and hold losers too long), and the attractiveness of cash dividends to investors, despite tax disadvantages. In the 1990s he worked to develop behavioral theories of portfolio selection, asset pricing theory, and ethics. His work on behavioral portfolio theory was accorded the William F. Sharpe Award in 2000, and his work in behavioral ethics was accorded a Graham and Dodd Scroll in 1993. Shefrin's book *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing* (Harvard Business School Press, 1999, Oxford University Press, 2002) is the first comprehensive treatment of behavioral finance, written for both business students and financial practitioners. He edited a the three-volume collection, *Behavioral Finance* (Edward Elgar, 2002).

CHRIS STARMER is a professor of Experimental Economics at the University of Nottingham. Starmer was awarded a Ph.D. for an experimental investigation of decision under risk in 1992 from the University of East Anglia (UEA). He worked as a lecturer then senior lecturer at UEA and was visiting associate professor at Caltech before moving to Nottingham in 2000. His research in behavioral economics investigates decision making under risk, equilibrium selection in games, and dynamic decision making. One stream of this work with a public policy focus has involved appraising and developing approaches to the valuation of nonmarketed goods. He has published articles on these topics in *American Economic Review*, *Econometrica*, *Economic Journal*, *Economica*, *Journal of Economic Literature*, *Quarterly Journal of Economics*, and *Review of Economic Studies*. Starmer is currently Director of the Centre for Decision Research and Experimental Economics (CeDEx) at the University of Nottingham.

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The late AMOS TVERSKY earned his Ph.D. in Psychology from the University of Michigan in 1964. At the time of his death in 1996, he was the Davis Brack Professor of Behavioral Sciences in the Department of Psychology at Stanford University. Previously he held professorships at the Hebrew University of Jerusalem and Harvard University. A fellow at the Center for Advanced Study in 1970, he was elected to the American Academy of Arts and Sciences in 1980 and the National Academy of Science in 1985. He also won (with Kahneman) the American Psychological Association's award for distinguished scientific contribution in 1982, and MacArthur and Guggenheim fellowships in 1984. He was awarded honorary doctorates by the University of Chicago, Yale University, the University of Goteborg in Sweden, and the State University of New York at Buffalo.

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