

In Honor of David Kreps

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David was my Ph.D. advisor—officially during grad school, but in fact starting a little before and certainly extending long after my formal time as a doctoral student. I have learned an enormous amount from him, on many fronts, in ways that have shaped my entire career. To describe some of what I owe David, I start at the institutional level and move towards the personal.

Decades after grad school I heard a law-school dean declare that “Law schools should be the engineering schools of the social sciences.” Thanks to implicit but apparently long-lasting teaching from David, I grimaced on hearing this, immediately thinking “No, *business* schools should be the engineering schools of the social sciences.” In particular, a great business school can collide fundamental research with tough managerial problems, ideally improving both.

In my view, for about the decade of the 1980s, Stanford GSB was more than a great business school: it gave the world one of the two greatest epochs in business-school history (the other being Carnegie, for a decade around 1960). It’s tough to prove that David’s arrival in 1975 caused this spectacular epoch, but he clearly played a huge role—not just by his celebrated contributions to economics, but also by the bridges he helped build from economics to finance, accounting, and other management fields, as well as by the tone he modeled for the school’s teaching and research.

Given the enormous impact of David’s research on economics, it surprises me to realize that, at this institutional level, his contributions to the school’s tone may have been even more important than his academic work. As Herbert Simon put it (*J. Mgmt. Studies*, 1967: 16):

Organizing a professional school ... is very much like mixing oil with water: it is easy to describe the intended product, less easy to produce it. And the task is not finished when the goal has been achieved. Left to themselves, the oil and water will separate again. So also will the disciplines and the professions. Organizing, in these situations, is not a once-and-for-all activity. It is a continuing administrative responsibility, vital for the sustained success of the enterprise.

Long before he became a dean, David understood, cared about, articulated, and acted on this “continuing responsibility.” My guess is that this kind of leadership from faculty who are *not* in administrative positions is crucial to getting the oil and water mixed and especially to keeping them that way.

I distinguish these institutional aspects of business schools from academic questions about what great research in economics looks like and where economics

needs to go—whether in business schools or economics departments. Like other leaders of the technical side of economics, David has insisted that his students take plenty of courses in the math department. What set him apart was his equal if again implicit insistence that there were not only important questions but also important answers to be found both in some non-technical parts of economics (such as transaction-cost economics) and even in some other social sciences (such as sociology).

I have been enormously fortunate to have had not one but two advisors who made it feel safe to explore questions and approaches outside the technical aspects of economics—the other being Ken Arrow when I was an undergrad. On this front, I think it is important to note that scholars as luminous as these two must lead by more than their own example. That is, seeing Ken or David make a startling connection to or borrow a deep insight from another sub-field of economics or field of social science could be chalked up purely to his sheer horsepower, without any implication that doing even a weak imitation was feasible for mere mortals (not to mention advisable for one's own career in economics). I didn't realize how much I valued David's example and support until I floundered as an assistant professor in a mainstream economics department—a period I now regard as my mis-spent youth!

Having touched on institutional and academic questions, I conclude at the personal level, by sketching some of what I learned from David about what a great advisor can do. Of course a prominent advisor can smooth the path (and more) for a student: David helped me connect with a master's program in England before grad school, find a good job after grad school, receive a nice fellowship as an assistant professor, and land a visible presentation opportunity soon after tenure. This kind of help inspires gratitude towards a patron.

At least as important, though, David made me feel seen and appreciated. His door was always open, and he was willing to talk about seemingly anything—including running, wine, and cookware (although I knew even less about these topics than about economics). And almost immediately he seemed to understand me in ways I couldn't articulate even to myself. For example, after just one quarter in my first year, David borrowed kindergarten evaluation forms and checked the box for “over-stimulated by group play” on my assessment—as my family, friends, colleagues, and students have laughingly agreed with ever since!

Over almost forty years, David has transformed my sense of the student's side of the advisor-student relationship from gratitude to a patron to welcoming from a comrade. I keep trying to warrant the welcome and pay it forward.