CURRICULUM VITAE – May 2008
BENGT ROBERT HOLMSTROM

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Personal: born April 18, 1949; Finnish citizen, US permanent resident;
married to Anneli (maiden name, Kuusakoski) with son Sam (1974)

Education:

B.S., University of Helsinki, 1972. Mathematics, physics,
theoretical physics, statistics
M.Sc., Stanford, 1975, Operations research
Ph.D., Stanford, 1978, Graduate School of Business

Employment:

A. Ahlstrom Ltd., Finland: corporate planner, 1972-74.
Swedish School of Economics and Business Administration:
Assistant Professor of Systems and Operations Research, 1978-79.
Northwestern University:
Assistant Professor of Managerial Economics, 1979-80.
Associate Professor of Managerial Economics, 1980-83.
Yale University:
Professor of Economics (Department of Economics), 1983-94.
Professor of Economics and Organization (SOM), 1983-85.
Edwin J. Beinecke Professor of Management Studies (SOM), 1985-94.
M.I.T.:
Professor of Economics and Management, Department of Economics
(joint appointment with Sloan School of Management), 1994-.
Paul A. Samuelson Professor of Economics,1997-
Chairman, Department of Economics, 2003-2006

Visiting positions:

CORE, Universite Catholique de Louvaine; Visiting Research Fellow, 1977-78.
University of Chicago; Visiting Associate Professor of Economics, Spring 1982.
Stanford University, Visiting Professor of Research, 1985-86.
Helsinki School of Economics, Visiting Professor of Management, 1991-92.
Stockholm School of Economics, Visiting Professor (recurring), 1996-1999.
University of Helsinki, Visiting Professor, Spring 1999.
University of Chicago, Global Financial Markets Visitor, Fall 2006

Academic duties:

NBER, Research Associate (Labor Studies), 1984-1986.
Foreign Editor, Review of Economic Studies, 1982-85.
Associate Editor, Journal of Economic Theory, 1983-93.
Associate Editor, Rand Journal of Economics, 1986-89.
Associate Editor, Econometrica, 1984-2000
Associate Editor, Finnish Economic Papers, 1988-
Associate Editor, Journal of Law, Economics and Organization, 1989-
Associate Editor, Journal of Financial Intermediation, 1989-95
Associate Editor, Journal of Economics and Management Strategy, 1990-98.
Advisory Board, Journal of Institutional and Theoretical Economics, 1992-
Editorial Board, Review of Economic Design, 1993-
Alfred P. Sloan Foundation Dissertation Fellowship committee, 1988-94.
Senior Research Fellow, Institute for Policy Reform, 1991-95.
Econometric Society, Council, 1994-2000.
NBER, Research Associate (corporate finance program), 1996-
Advisory Board, Financial and Economics Network, 1995-
Finnish National Foundation for Research and Development, research council, 1996-99
MIT Press, Editorial Board, 1996-97
CIRANO, Advisory Board, 1997-98
Econometric Society, Executive Committee, 1998-2000.
SITE, Stockholm School of Economics, Advisory Board, 1998-
Tsinghua University, School of Economics and Management, Advisory Board, 1999-2002.
Center for Economic Policy Research, Executive Committee, 2000-
European Corporate Governance Institute, Executive Board, 2000-2005
The Finnish Economy and Society, Editorial Board, 2001-
American Economic Association, Nomination Committee 2001-2002.
Law, Economics and Financial Institution Center (LEFIC), Copenhagen Business School, Advisory Board, 2001-
Journal of Economic Perspectives, Advisory Board, 2003-
New Economic School, International Advisory Board, Moscow, 2006-
Barcelona Graduate School of Economics, Scientific Council, 2006-
Foundation JJ Laffont-Toulouse Sciences Economiques, Scientific Council, 2006-
European Research Council, Section SH1, chair of evaluation panel, 2008 –
Legatum Center, MIT, Advisory board, 2007-

Academic honors:

J.L. Kellogg Research Professorship, Northwestern University, 1980-81.
National Science Foundation Grant, "Dynamic Models of Employment", 1981-83.
IBM Research Professorship, Northwestern University, 1982-83.
Beta Gamma Sigma, 1982.
Econometric Society, fellow (since 1983).
NSF Grant, "Dynamic Models of Employment", 1984-87.
IAP-lecturer, MIT, 1985.
Invited lecturer, Fifth World Congress of Econometric Society, 1985.
Honorary Doctorate, University of Vaasa, Finland, 1988.
Finnish Society of Sciences and Letters, Foreign Fellow 1992.

Academic honors (cont):

Yrjo Jahnsson lectures, November 1992.
American Academy of Arts and Sciences, Fellow 1993.
NSF Grant, "Firm Organization and Financial Intermediation," 1994-97.
The 1997 Economics Prize, Ekonomiska Samfundet, Finland.
Graduate teaching award (by popular vote), MIT, 1997
Fisher-Schultz lecture, Toulouse, 1997.
Bailleres lecture, Mexico City, 1998.
Louise and Goran Ehrnrooth Honorary Lectures, Helsinki, 1998
Honorary Doctorate, Stockholm School of Economics, 1998
Wicksell lectures, Stockholm School of Economics, 1999
European Corporate Governance Institute, Fellow, 2000.
Astra-Ericsson lecture, Institute for Industrial Economics, Stockholm, 2000
Woodward lecture, University of British Columbia, 2000
Royal Swedish Academy of Sciences, Foreign Member, 2001
Rogers Clark Lecture, North Carolina State University, 2001
Karl Borch Lecture, Norwegian School of Business, Bergen, 2002
Nancy L. Schwartz Memorial Lecture, Northwestern University, 2003
Joseph Schumpeter Lecture, EEA Conference, Madrid, 2004
European Economic Association, Fellow, 2004.
Honorary Doctorate, Swedish School of Economics and Business Administration, 2004
Frank Hahn Lecture, Royal Society of Economics, Nottingham, 2005.
Royal Swedish Academy of Engineering, Foreign Member, 2005
Tampere Club, member, Tampere, Finland 2006
Zvi Griliches Distinguished Lectures, New Economic School, Moscow, 2006
John R Raben Fellowship Lecture, Yale Law School, 2007
Finnish Academy of Sciences and Letters, Foreign Member, 2007
W.A. MacKintosh Lecture, Queen's University, 2008
Finnish Expatriate of the Year, Finnish Society, 2008

Boards: Kuusakoski Ltd., Finland (metal recycling), 1989-2008; Prospectus, Finland (investment banking), 1994-95; Nokia Corporation, Finland (telecommunications), 1999-; Finnish Business and Policy Forum (EVA), 2005-; Research Institute of the Finnish Economy (ETLA), 2005-

Consulting: Nokia, Pellervo Group, Finnish Ministry of Finance, Finnish Bureau of Competition, Research Institute for the Finnish Economy, William M. Mercer Corporation, Tapiola Insurance Group, Daimler-Benz, McKinsey & Co., Northwest Airlines, Catalan Ministry of Innovation, Universities and Enterprise.

Publications:

"Moral Hazard and Observability", The Bell Journal of Economics, Spring 1979.

Reprinted in Uncertainty and Information, edited by P. Diamond and M. Rothschild, revised edition, New York: Academic Press, 1989.

Reprinted in The Economics of Information, edited by D. Levine and S. Lippman. London: Edward Elgar Publishing Company, 1995.

"Groves Scheme on Restricted Domains", Econometrica, September 1979.

"The Investment Banking Contract for New Issues Under Asymmetric Information: Delegation and the Incentive Problem" (with D. Baron), Journal of Finance, December 1980.

"Contractual Models of the Labor Market", American Economic Review, May 1981.

"The Design of Incentive Schemes and the New Soviet Incentive Model", European Economic Review, 17, 1982.

"A Theory of Wage Dynamics" (with M. Harris), Review of Economic Studies, July 1982.

"Moral Hazard in Teams", Bell Journal of Economics, Autumn 1982.

Reprinted in Industrial Organization, edited by Oliver Williamson, Volume 9 in the International Library of Critical Writings in Economics, London: Edward Elgar Publishing, 1990.

Reprinted in Labor Economics, edited by Orley Ashenfelter and Kevin Hallock, Volume 12 in the International Library of Critical Writings in Economics, London: Edward Elgar Publishing, 1994

Reprinted in Alternative Theories of the Firm, Vol I, edited by Richard N. Langlois, Fu-Lai T. Yu and Paul L. Robertson, Edward Elgar Publishing, 2002

"Managerial Incentive Problems - A Dynamic Perspective", in Essays in Economics and Management in Honor of Lars Wahlbeck. Helsinki: Swedish School of Economics, 1982. (See also Review of Economic Studies, January 1999.)

"Equilibrium Long-Term Labor Contracts", Quarterly Journal of Economics, Supplement 1983.

"Microeconomic Developments and Macroeconomics" (with M. Harris), American Economic Review, May 1983.

"Efficient and Durable Decision Rules with Incomplete Information" (with R. Myerson), Econometrica, November 1983.

Publications (cont):

"On the Theory of Delegation", in Bayesian Models in Economic Theory, eds. Marcel Boyer and Richard Kihlstrom, North-Holland Publishing Co., Amsterdam, 1984.

"Managerial Incentives, Investment and Aggregate Implications" (with L. Weiss), Review of Economic Studies, Vol. LII, July 1985.

"The Provision of Services in a Market Economy", in Managing the Service Economy, edited by Robert P. Inman, Cambridge University Press, 1985.

"Managerial Incentives and Capital Management" (with J. Ricart Costa), Quarterly Journal of Economics, November 1986.

Reprinted in The Principal-Agent Model: The Economic Theory of Incentives, edited by J-J Laffont, Cheltenham: Edward Elgar Press.

"Aggregation and Linearity in the Provision of Intertemporal Incentives" (with P. Milgrom), Econometrica, March 1987.

"On the Duration of Agreements" (with M. Harris), International Economic Review, June 1987.

"The Theory of Contracts" (with O. Hart), in Advances in Economic Theory, Fifth World Congress, edited by Truman Bewley. Cambridge: Cambridge University Press, 1987.

"Incentive Compensation: Practical Design from a Theory Point of View" in Incentives, Cooperation and Risk Sharing: Economic and Psychological Perspectives on Employment Contracts, edited by Haig Nalbantian. New York: Rowman and Littlefield Publishers, 1987.

"The Theory of the Firm" (with J. Tirole). Chapter 2 in Handbook of Industrial Economics, Part 1, edited by Richard Schmalensee and Robert Willig. Amsterdam: Elsevier Publishing B.V., 1989.

"Agency Costs and Innovation", Journal of Economic Behavior and Organization, Vol 12, 1989.

"Regulating Trade Among Agents" (with P. Milgrom), Journal of Institutional and Theoretical Economics, Vol 146, 1990.

Reprinted in The New Institutional Economics, edited by Eirik Furubotn and Rudolf Richter. College Station: Texas A&M University Press, 1991.

"Short Term Contracts and Long Term Agency Relationships" (with D. Fudenberg and P. Milgrom), Journal of Economic Theory, June 1990.

"Transfer Pricing and Organizational Form" (with J.Tirole), Journal of Law, Economics and Organization, Vol 7 No 2, 1991.

Publications (cont):

"Multi-Task Principal-Agent Problems: Incentive Contracts, Asset Ownership and Job Design" (with P. Milgrom), Journal of Law, Economics and Organization, Vol 7, Special Issue, 1991.

Reprinted in Transaction Cost Economics, edited by Oliver Williamson and Scott Masten, Volume 1 in the International Library of Critical Writings in Economics, London: Edward Elgar Publishing, 1995.

Reprinted in The Economic Nature of the Firm: A Reader, Second Edition, edited by Louis Putterman. Cambridge: Cambridge University Press, 1996.

Reprinted in Alternative Theories of the Firm, vol I, edited by Richard N. Langlois, Fu-Lai T. Yu and Paul L. Robertson, Edward Elgar Publishing, 2002

Reprinted in The Principal-Agent Model: The Economic Theory of Incentives, edited by J-J Laffont, Cheltenham: Edward Elgar Press, 2003.

Reprinted in The International Library of the New Institutional Economics, edited by Claude Ménard, London, Edward Elgar Publishing, 2005.

"To the Raider Goes the Surplus: A Re-examination of the Free-rider Problem" (with B. Nalebuff), Journal of Economics and Management Strategy, Vol 1, No 1, 1992.

"Hierarchies and Careers: A Case Study" (with G. Baker and M. Gibbs), European Economic Review, 1993.

"Market Liquidity and Performance Measurement" (with J. Tirole), Journal of Political Economy, August 1993.

"The Firm as an Incentive System," (with P. Milgrom), American Economic Review, September, 1994.

Reprinted in The Theory of the Firm: Critical Perspectives, edited by Nicolai Juul Foss, Routledge, 2000.

Reprinted in Readings in the Economics of the Division of Labor, Vol 2: Modern Analyses, edited by Guang-Zhen Sun, World Scientific, 2005.

"The Internal Economics of the Firm: Evidence from Personnel Data," (with G. Baker and M. Gibbs), Quarterly Journal of Economics, Vol 109 (4), November, 1994.

Reprinted in *Personnel Economics*, ed. Edward Lazear & Robert McNabb (a volume of *The International Library of Critical Writings in Economics*), Edward Elgar Press, 2004.

"The Wage Policy of a Firm," (with G. Baker and M. Gibbs), Quarterly Journal of Economics, Vol 109 (4), November, 1994.

Publications (cont):

"Internal Labor Markets: Too Many Theories, Too Little Evidence," (with G. Baker), American Economic Review, May 1995.

"Modeling Aggregate Liquidity," (with J. Tirole), American Economic Review, May 1996.

"Financing of Investments in Eastern Europe: A Theoretical Perspective," Industrial and Corporate Change, Vol 5, No 2, 1996.

"Financial Intermediation, Loanable Funds and the Real Sector," (with Jean Tirole), Quarterly Journal of Economics, Vol CXII (3), August 1997.

Reprinted in *Credit, Intermediation and the Macroeconomy: Readings and Perspectives in Modern Financial Theory*. (eds. S. Bhattacharya, A. Boot, and A. Thakor). Oxford University Press: Oxford. 2004

"Private and Public Supply of Liquidity," (with Jean Tirole), Journal of Political Economy , February, 1998.

Reprinted in *Credit, Intermediation and the Macroeconomy: Readings and Perspectives in Modern Financial Theory*. (eds. S. Bhattacharya, A. Boot, and A. Thakor). Oxford University Press: Oxford. 2004

“The Boundaries of the Firm Revisited,” (with John Roberts), Journal of Economic Perspectives, November, 1998.

"Managerial Incentive Problems - A Dynamic Perspective", Review of Economic Studies, Vol 66 (1), January 1999.

"The Firm as a Subeconomy," Journal of Law, Economics, and Organization, Vol 15, 1999.

“Future of Cooperatives: A Corporate Perspective,” The Finnish Journal of Business Economics, 4, 1999.

“Liquidity and Risk Management,” (with Jean Tirole), Journal of Money, Credit and Banking, Vol 32 (3), 2000.

"LAPM -- A Liquidity-Based Asset Pricing Model" (with Jean Tirole), Journal of Finance, Vol 56 (5), 2001.

“Corporate Governance and Merger Activity in the U.S.: Making Sense of the 1980s and 1990s,” (with Steven N. Kaplan), Journal of Economic Perspectives, Vol 15 (2), Spring 2001.

“Domestic and International Supply of Liquidity” (with J. Tirole), American Economic Review, May, 2002.

Publications (cont):

Game Theory in the Tradition of Robert Wilson, (eds B. Holmstrom, P. Milgrom, A. Roth), BEPress, 2002.

Ownership Structure in Transition: Contesting the Swedish Ownership Model (with Hans Tson Söderström (ed.), Erik Berglöf, Peter Högfeldt and Eva Meyersson-Milgrom). In Swedish (with abbreviated English translation). SNS Economic Policy Group Report 2003.

"The State of U.S. Corporate Governance: What's Right and What's Wrong?" (with S. Kaplan), Journal of Applied Corporate Finance, Vol 15, Spring 2003.

"Pay Without Performance and the Managerial Power Hypothesis: A Comment," Journal of Corporation Law, Summer 2005.

The Nordic Model (with Torben Andersen, Seppo Honkapohja, Sixten Korkman, Hans Tson Söderström and Juhana Vartiainen), Research Institute of the Finnish Economy. Helsinki: Taloustieto, 2007.

Comments:

On "Economically Optimal Performance Evaluation and Control Systems" by Stan Baiman and Joel Demski, Journal of Accounting Research, Supplement 1981.

On "Differential Information, the Market and Incentive Compatibility" by Jerry Green, in Frontiers of Economics, eds. K. Arrow and S. Honkapohja, Basil Blackwell, Oxford, 1985.

On "Breach of Trust in Hostile Takeovers," by Andrei Shleifer and Lawrence Summers, in Corporate Takeovers, Causes and Consequences, edited by Alan J. Auerbach. Chicago: University of Chicago Press, 1988.

On "Investing in Information: Supply and Demand Forces in the Use of Information in American Firms, 1850-1920" by JoAnne Yates, in Inside the Business Enterprise, edited by Peter Temin. Chicago: University of Chicago Press, 1991.

On "Contracts and the Market for Executives," by Sherwin Rosen, in Main Currents in Contract Economics, edited by L. Werin and H. Wijkander. Oxford: Blackwell, 1992.

Working papers and manuscripts:

"An Economic Theory of Promises" (with D. Kreps), mimeo, September 1998.

"A Theory of Firm Scope" (with O. Hart), mimeo, March 2003.

"Corporate Governance in Context", manuscript, revised September 2007

Inside and Outside Liquidity, Wicksell lectures, (with J. Tirole), book manuscript, May 2008.