

CURRICULUM VITAE – July, 2019  
BENGT ROBERT HOLMSTROM

Work: MIT Department of Economics  
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Personal: born 1949; Finnish citizen, US permanent resident;  
married to Anneli; 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.  
Hanken School of Economics:  
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, Initiative on Global Markets, Visiting Professor, Fall 2006  
Hanken School of Economics, Helsinki, Visiting Professor, Spring 2007  
Stanford Institute of Economic Policy Research, Stanford University, Mark and Sheila Wolfson  
Distinguished Visiting Professor, Spring 2010

Academic duties:

NBER, Research Associate (Labor Studies), 1984-1986.  
Review of Economic Studies, Foreign Editor, 1982-85.  
Journal of Economic Theory, Associate Editor, 1983-93.  
RAND Journal of Economics, Associate Editor, 1986-89.  
Econometrica, Associate Editor, 1984-2000

Finnish Economic Papers, Associate Editor, 1988-  
Journal of Law, Economics and Organization, Associate Editor, 1989-  
Journal of Financial Intermediation, Associate Editor, 1989-95  
Journal of Economics and Management Strategy, Associate Editor, 1990-98.  
Journal of Institutional and Theoretical Economics, Advisory Board, 1992-  
Review of Economic Design, Editorial Board, 1993-  
 Alfred P. Sloan Foundation Dissertation Fellowship committee, 1988-94.  
 Institute for Policy Reform, Senior Research Fellow, 1991-95.  
 Econometric Society, Council member, 1994-2000.  
 NBER, Research Associate (corporate finance program), 1996-  
 SSRN, Financial and Economics Network, Advisory Board, 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, 2009-2012  
 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, 2000-2012  
 European Corporate Governance Institute, Executive Board, 2000-2005  
Finnish Economy and Society, Editorial Board, 2001-  
 American Economic Association, Nomination Committee 2001-2002  
 Law, Economics and Financial Institution Center, Copenhagen Business School, Advisory Board, 2001-2006.  
Journal of Economic Perspectives, Advisory Board, 2003-2006  
 New Economic School, International Advisory Board, Moscow, 2006-2009  
 Barcelona Graduate School of Economics, Scientific Council, 2006-  
 Foundation JJ Laffont-Toulouse Sciences Economiques, Scientific Council, 2006-2013  
 Legatum Center, MIT, Advisory board, 2007-2013  
 SNS – Center for Business and Policy Studies, Trustee, 2010-2012  
 European Research Council, Advanced Research grants panel, Chair, 2009-2011  
 Econometric Society, President, 2011 (First Vice President 2010, Second Vice President, 2009)  
 University of Zurich, Department of Economics, Advisory board, 2011-  
 Toulouse School of Economics, Scientific Advisory board, 2017-  
 Luohan Academy, Advisory Board, 2018-

#### 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-lectures, MIT, 1985.  
 Invited lecture, Fifth World Congress of Econometric Society, 1985.  
 Honorary Doctorate, University of Vaasa, Finland, 1988.  
 Finnish Society of Sciences and Letters, Foreign Fellow 1992.  
 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, Econometric Society, 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, Hanken School of Economics, 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, The Finnish Society, 2008  
 Alumni of the Year, Helsinki University, 2009  
 Inauguration lecture, Universitat Politecnica de Catalunya, 2009  
 Lifetime Achievement Award, Financial Intermediation Research Society, 2010  
 Foundation for the Advancement of Research in Financial Economics, elected member, 2010  
 Arrow Lecture, University of Jerusalem, 2011  
 Tinbergen Lectures, Tinbergen Institute, Amsterdam, 2011  
 Presidential Address, Econometric Society, Seoul, Oslo, Santiago, 2011, Chicago, 2012  
 Jaakko Honko Lecture, Aalto University, Helsinki, 2012  
 Financial Theory Group, Elected Fellow, 2012  
 Banque de France-TSE Senior Prize in Monetary Economics and Finance, 2012  
 OP-Pohjola Economics Prize, Helsinki, 2012  
 American Finance Association, Year 2013 Fellow  
 Eithan Berglas Lecture, Tel Aviv University, 2013  
 Froystein Gjesdal Lecture, NHH, Bergen, 2013  
 Stephen A. Ross Prize in Financial Economics, 2013 (with Jean Tirole)  
 Fellow, Society for the Advancement of Economic Theory, 2013  
 CME Group - MSRI Prize in Innovative Quantitative Applications, 2013  
 Yrjö Jahnsson Foundation Science Prize, 2014  
 AEA-AFA Luncheon Talk, ASSA meetings, San Francisco 2016  
 Distinguished CES Fellow, CESifo Group Munich, 2016  
 Louis and Göran Ehrnrooth Prize, 2016  
 Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, 2016  
 Alexandre Lamfalussy Senior Research Fellow, Bank for International Settlements, 2017  
 Grand Cross of the Order of the Lion of Finland, 2017  
 Honorary Doctorate, University of Helsinki, 2019

Boards: Kuusakoski Ltd., Finland (metal recycling), 1989-2008; Prospectus, Finland (investment banking), 1994-95; Nokia Corporation, Finland (telecommunications), 1999-2012; Finnish Business and Policy Forum (EVA), 2005-2018; Research Institute of the Finnish Economy (ETLA), 2005-2018; Aalto University Foundation, Finland, 2008-2017; American-Scandinavian Foundation (Advisory Trustee) 2018-; Mathematical Sciences Research Institute 2017-

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, Prime Minister's Office, Finland.

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.

Reprinted in The Theory of the Firm: Critical Perspectives, N. Foss (ed.), Routledge, 2000, pp. 89-109.

Reprinted in The Economics of Contracts, Vol. 1, edited by P. Bolton. London: Edward Elgar Publishing Company, 2008, pp. 232-49.

"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 The Theory of the Firm: Critical Perspectives, N. Foss (ed.), Routledge, 2000, pp. 110-132.

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 Economics of Contracts, Vol. 2 edited by P. Bolton. London: Edward Elgar Publishing Company, 2008, pp. 3-19.

"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.

"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.

Reprinted in The Economics of Contracts, Vol. 2 edited by P. Bolton. London: Edward Elgar Publishing Company, 2008, pp. 213-38.

"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.

Reprinted in The Theory of the Firm: Critical Perspectives, N. Foss (ed.), Routledge, 2000, pp. 3-80.

"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.

Reprinted in The Theory of the Firm: Critical Perspectives, N. Foss (ed.), Routledge, 2000, pp. 148-222.

"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.

"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 The Theory of the Firm: Critical Perspectives, N. Foss (ed.), Routledge, 2000, pp. 133-162.

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.

Reprinted in The Economics of Contracts, Vol. 1, edited by P. Bolton. London: Edward Elgar Publishing Company, 2008, pp. 289-317.

"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, pp. 163-189.
- 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.
- "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
- Awarded the Steven A. Ross Prize in Financial Economics 2012.
- "The Boundaries of the Firm Revisited," (with John Roberts), Journal of Economic Perspectives, November, 1998.
- Reprinted in *A Microeconomics Reader*. (Ed. Tran Huu Dung). Routledge, forthcoming 2010.

Reprinted in The Economics of Organization and Bureaucracy. (Ed. Peter M. Jackson) E. Elgar Publishing, forthcoming.

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

Reprinted in The Economics of Contracts, Vol. 2, edited by P. Bolton. London: Edward Elgar Publishing Company, 2008, pp. 296-309.

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

"The 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.

*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 Högfeltd 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 (3), Spring 2003.

"Pay Without Performance and the Managerial Power Hypothesis: A Comment," Journal of Corporation Law, 30 (4): 703-715, 2005.

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

"A Theory of Firm Scope," (with O. Hart), Quarterly Journal of Economics, Vol. 125 (2): 483-513, 2010.

*Nordics in Global Crisis: Vulnerability and Resilience* (with T.Gylfason, S.Korkman, H.Tson Söderström and V.Vihriälä). Research Institute of the Finnish Economy. Helsinki: Taloustieto, 2010.



*Inside and Outside Liquidity*, (with Jean Tirole), Cambridge, MA: MIT Press, 2011.

“Banks as Secret Keepers,” (with Tri Vi Dang, Gary Gorton and Guillermo Ordoñez), *American Economic Review*, Vol. 107 (4): 1005-29, 2017.

“Pay for Performance and Beyond,” *American Economic Review*, 107 (7): 1753-77, 2017.

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.

On “The Panic of 2007,” by Gary Gorton, in *Maintaining Stability in a Changing Financial System, Symposium Proceedings*, Kansas City, MO: Federal Reserve Bank of Kansas City, 2009, pp. 263-273.

On “The Credit Rating Crisis,” by E. Benmelech and J.Dlugosz, in *NBER Macroeconomics Annual 2009* (eds. D. Acemoglu, K. Rogoff and M. Woodford). Chicago: National Bureau of Economic Research, 2010, p. 215 – 222.

On “Grossman-Hart (1986) as a Theory of Markets,” in *The Impact of Incomplete Contracts on Economics* (eds. P. Aghion, M. Dewatripont, P. Legros and L. Zingales). New York; Oxford: Oxford University Press, 2016, pp. 17-20.

Working papers and manuscripts:

- “Common Agency and Exclusive Dealing,” (with P. Milgrom), mimeo, April 1988.
- “An Economic Theory of Promises,” (with D. Kreps), mimeo, September 1998.
- “Corporate Governance in Context,” manuscript, September 2007.
- “Repo, Haircuts and Liquidity,” (with T.V. Dang and G. Gorton), mimeo, August 2011.
- “Information Acquisition Sensitivity,” (with T.V. Dang and G. Gorton), mimeo, February 2012 (first version, November 2010).
- “Ignorance, Debt and Financial Crises,” (with T.V. Dang and G. Gorton), mimeo, May 2013 (first version, April 2009, under the title “Opacity and the Optimality of Debt for Liquidity Provision”).
- “Understanding the Role of Debt in Financial Markets,” Bank for International Settlements Working Paper No. 479, January 2015.
- “The Information View of Financial Crises,” (with T.V. Dang and G. Gorton), July 2019; NBER Working Paper No. 26074.
- “Digital Technology and Inclusive Growth: Executive Summary” (Academic Committee of Luohan Academy) Luohan Academy Report 2019.