

## LETTER TO BOB WILSON

József Sákovics

Dear Bob,

I relish the opportunity to be able to express my gratitude in a way that is both free of embarrassment (for both of us) and public (so that I can share my admiration for you with others). As you can see, I am still fond of the use of parentheses, just as when I was writing my Thesis: in this, your advice has fallen on deaf ears.

Let me turn back the clock by sixteen (already!) years. It was a gray afternoon at the end of Winter, when I answered the phone in my parents' flat in Budapest. To my utmost surprise, on the other end of the line it was "a" Professor from the GSB who was calling to convince me to accept the offer of admission to the Ph.D. program that I had received a few days before. Needless to say, I was impressed. Not by what you said – that I do not even recall — rather by the very act of humanity and humility that a famous Professor from a top US university deigned to personally phone up a Hungarian would-be electrical engineer in the "hope" of attracting him to accept an already tempting offer to study to become an economist. As it happened, partly because of your call I accepted without waiting for the response from Harvard (that turned out to be negative). The following Summer the ESEM took place in Budapest, and you were giving the Fisher-Schultz(?) lecture. This provided us with the opportunity to meet and get to know each other a little before my arrival at Stanford in September. As a result of this early bond it went without question that I would be your research student (you have probably forgotten about it but this was not without cost on my part, since I was officially a Decision Science student, while you had recently moved from that group to Economic Analysis ...).

Our periodic conversations in the following four years were without doubt the most cherished treasure that I took with me from my stay at Stanford. But even before that, you took me to buy my TV; your elder daughter, Jennifer gave me her "old" bike (this is why I had been pedaling around campus with a bike that sported colorful ribbons) you invited me for Thanksgiving to your home and in general you made a non-trivial effort to make me feel at home in Escondido Village. But I am reminiscing too much about "civil" matters, instead of introducing the article reprinted in this volume. The origins of this research go back to our early conversations that took place even before I started

to work on my thesis (which, as you know, was on continuous-time bargaining, and had nothing to do with this article). Time and again, we were coming back to the issue of how to model fooling — deceptive behavior — with the tools of game theory. Our discussions, while interesting, seemed not to bear fruit. We were unable to break free from the trivial and unsatisfactory solutions of mixed strategies (the context we used was the penalty kick in soccer) or pooling equilibria in models of adverse selection. Notwithstanding our setbacks, I have never really given up the quest. If there was one thing that became crystallized in our brainstorming sessions it was that the “standard” tools of game theory fell short of providing the model we sought. The bottom line was that the assumption that priors are common knowledge put us in a box, which stymied all our efforts. At that point we left it and I turned to bargaining theory since I had to write a thesis after all. However, the problem stayed with me and eventually I came up with the framework set out in the accompanying article. It does not answer the original question directly, rather it provides a general approach to problems where beliefs are private information. While we have not collaborated during the actual writing of the manuscript (otherwise, it would be of much higher quality) I still feel that you had greatly contributed to it.

This brings me to a “general appraisal” of your service as my Adviser (or mentor, I should say): I cannot imagine that the job can be done any better (the achievements of the authors of the other chapters provide tangible proof of that). You were always supportive and interested no matter how hare-brained a new idea of mine was. Whatever topic I raised you always knew — by heart — the relevant references and the gist of what they had shown. You encouraged me when it was necessary and cut my wings when I was about to fly off on a crazy tangent. So let me fly off now: I claim that the definite confirmation of the intensity of our conversations is that I have even absorbed some emanations from your brain subconsciously: while we had never talked about auctions (odd, isn’t it?) a few years after my graduation I started working on auction theory — much before it became such a popular topic (following “your” airwaves auction).

Let me finish this letter by thanking you for the most important gift that I have received from you: your amity.

Köszönöm!