

PREFACE TO KAMBE ARTICLE

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If a theory does not give a definite prediction, then there must be missing elements in its model and it is the theorists' job to identify them. This is a comment that Bob made in a seminar and has been the most important lesson that I learned from Bob. As is well known, multiple equilibria often appear in the game theoretic analyses. In the study of bargaining, which is my main field of research, this issue is even more prominent. Some economists told me that the study of bargaining is futile and some other told me that the bargaining should be treated as a black box. Given this kind of adverse atmosphere, what motivated me was the above word of wisdom from Bob. Bob said that it is laziness if a theorist simply admits that a theory does not give a prediction for some situation and gives up. As a methodology of science, we have to try every possible formulation and model to know how far a theory can explain. Even though each contribution is small, any finding is an addition to our knowledge. This is how Bob encouraged us to carry on.

The research for my paper in this volume was started when I was a Ph.D. student. I was finishing my thesis and was looking for a new idea in bargaining. One of my chapters in the thesis was about the bargaining but it entailed multiple equilibria. Thus, my interest at that time was what factor could make the set equilibrium small. This, in turn, led me to study the effect of reputation. (Was it not a natural course of action for Bob's student?) I was tinkering with the commitment model in Crawford (1982) and then heard a seminar by Faruk Gul, who was teaching at GSB at that time. (The paper was published in 2000 with Abreu as the co-author.) I realized that I could use some of his findings to get a concrete result for my model. That is how I got the result for this paper and, in this sense, it is a product of the GSB education.

After several years of absence, I took my first sabbatical leave in 1999 and went back to Stanford as a visiting scholar. I was glad to find that Bob was still there and had not changed much: doing research tirelessly and giving advices to many Ph.D. students unselfishly. Though it may sound strange, his presence made me comfortable in doing research. I believe that that is what a teacher is for and what he has been for me.