

## PREFACE: BACKGROUND OF THE AVERY ARTICLE

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In *The Sun Also Rises*, Hemingway included a dialogue with the question, “How did you go bankrupt?” and the response, “Two ways, gradually and then suddenly.” I hope that this essay makes clear that Bob Wilson rescued my graduate career in both of those ways.

Strange as this may sound, when I began graduate school in 1989, it was unusual for Stanford GSB students to work with Bob as a primary advisor. In fact, when I asked Bob to be my advisor early in my third year at Stanford, he responded with the question, “Are you sure that you wouldn’t be better off with Kreps or one of the other young guys?” Looking back, I find that comment both touching and revealing. One of Bob’s many wonderful attributes as an advisor is that he doesn’t realize just how lucky his students are.

Bob would do almost anything to ensure the happiness and success of his advisees. On one occasion, he crawled around on the floor in his office to search through long unopened boxes to find an unpublished dissertation that was critical to my research. Outside the office, he participated in student life like no other senior faculty member, from inviting students to his house for a croquet party to playing with gusto in a student-faculty softball game, where he was easily the star player.

But perhaps what stands out most about Bob is his generosity of spirit and positive attitude that allowed him to encourage students so effectively. I looked forward to every meeting because I knew that Bob would help me with each mathematical question that was perplexing me, regardless of how minute the problem, or how long it might take to resolve it.

When I was deep into my research and needed a lot of time to work through details with Bob, he gave up his Saturday mornings so that we would have more time together uninterrupted. The only difficulty was that the Littlefield building was locked on the weekends, and there were no campus phones nearby. He kept his window open and I walked over to the edge of the building where he could hear me call out. Every week, I had the impulse to yell “Rapunzel” to him, but I always restrained myself.

Bob’s contributions to my job market paper, “Strategic Jump Bidding in English Auctions,” both implicit and explicit, exemplify my intellectual relationship with him. One of the things that I learned quickly about auction theory is that Bob was directly involved in most of the formative work in the

area. In fact, my memories of the development of “Strategic Jump Bidding,” all center on papers by Bob’s previous advisees that he and I worked through together. I counted the references in “Strategic Jump Bidding,” and discovered that it cites nine separate papers by Bob’s students!

I wish I could tell a story about some highly erudite origin for my paper. But the opposite is true. The essence of the model was inspired by an episode of “The Cosby Show” that I saw in November or December of 1991. Bill Cosby’s character was eager to purchase a rare Miles Davis album, but he could not attend the auction where it would be sold. So he made bids by phone, always raising the price by a large amount and telling the auctioneer to give all the other bidders “the evil eye” in order to discourage them from bidding further.

I don’t suppose that Bob ever watched “The Cosby Show.” Still, he seemed to enjoy the story of that episode as much as I did. “The Cosby Show” made me think about a setting where an initially high bid could serve to inhibit further bidding by one’s rivals. Bob and I had been talking in earnest for a month about reputations in auctions at that point, and the television episode provided a natural context for modelling reputation. So Bill Cosby does not deserve all of the credit for the paper. Once Bob taught me the details of Paul Milgrom’s work on asymmetric equilibria in common-value auctions, the details of the jump-bidding model fell nicely in place.

After I had developed the model, Bob helped me to remain optimistic at times when I was most disheartened about the prospects for this paper and the rest of my dissertation. Three moments of panic from the spring and summer of 1992 stand out in my mind.

In March of 1992, I became desperately worried that I would never write anything worthwhile. I complained to Bob, “I think that 95% of economics research is uninteresting. The other 5% is pretty exciting, but I’m worried that it’s too hard for me.” Bob, though a great game theorist, never acts strategically with his students. His enthusiastic response jerked me back on track: “You’re really catching on!” To my amazement, I left his office even more excited about microeconomics and game theory than ever before.

About two months later, Jeremy Bulow directed me to look at the finance literature on bidding in corporate takeovers. To my surprise and momentary horror, there were several papers with much the same spirit of my model, though I ultimately discovered that my model was distinct because it extended beyond the private value case. Bob’s response was typically supportive — he found it upsetting that there were so many strains of literature that you couldn’t just pursue your own topic without worrying that someone else had already written the same paper in a different theoretical subfield.

Finally, once the paper was almost completed, I discovered an implication that made me think that I would have to scrap the whole thing. But it ultimately led to my proud announcement to all of my friends that Bob had saved my dissertation in a single one-hour meeting.

It occurred to me one day that my model took an odd view of adverse selection: in equilibrium, when one bidder expresses a particular interest in a common-value item, other bidders reduce rather than increase their bids on that

item. I thought about trembling-hand perfection and became convinced that it completely overturned all of my results. I went to Bob in quite an emotional state. By the end of our meeting, he had pushed me to realize that I had been thinking about the problem too simplistically, and guided me to produce Proposition 5.3 of the paper, which makes clear that my results survive the equilibrium refinements that had me so worried.

When I interviewed at other departments on the economics job market, I found that everyone was unusually attentive to me, and I gradually realized that it was because there was such universal admiration for Bob. How gratifying to find that the profession shares my deep affection for him. It is a real honor to contribute to this volume and to declare that “Bob Wilson was my advisor.”