Princeton University

Honors Faculty Members
Receiving Emeritus Status

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Contents

José A. Scheinkman

José A. Scheinkman is retiring this year after fourteen years on the faculty of the Department of Economics and the Bendheim Center for Finance. A renowned expert on mathematical economics and finance, José has made fundamental contributions to a host of fields ranging from finance and dynamic growth theory to oligopoly theory and the social economics of cities and crime. José was born in Brazil on January 11, 1948. He grew up and was educated in Rio de Janeiro, received his B.A. in economics from the Universidade Federal do Rio de Janeiro in 1969, and his M.A. in mathematics from the Instituto Nacional de Matemática Pura e Aplicada in 1970. Then, he moved to New York to study for his Ph.D. under Lionel McKenzie and William (Buzz) Brock at the University of Rochester, where he obtained his Ph.D. in economics in 1974.

José spent the first part of his career in the Department of Economics at the University of Chicago. After only three years, he received tenure as an associate professor in 1978 and eventually as a full professor in 1981. While at Chicago, he helped build the foundation of mathematical economics at the department. He coedited the *Journal of Political Economy*, one of the top journals in economics, from 1983 to 1994. He also served as chair of the department from 1995 to 1998. He moved to Princeton as the Theodore A. Wells '29 Professor of Economics in 1999. Since arriving in Princeton, he has helped build the Bendheim Center for Finance into a world-leading center for behavioral finance and institutional finance. He is a member of the U.S. National Academy of Sciences, a fellow of the Econometric Society and the American Academy of Arts and Sciences, and a corresponding member of the Brazilian Academy of Sciences.

José is one of the broadest economists of his generation. He leaves lasting marks in a number of fields of economics. In mathematical methods, his early work from 1979 with L. M. Benveniste provides

conditions for the differentiability of the value function in dynamic economic models. In the theory of competition and industrial organization, he developed with David Kreps in 1983 the canonical modern foundation of Cournot equilibrium as the result of capacity pre-commitments. In macroeconomics, his work with Laurence Weiss in 1986 on borrowing constraints and aggregate economic fluctuations remains influential. His insightful work on social interactions, which builds on his interest in the intersection between economics and physics, helped him draw out and test some of the most salient implications of the theory of social interactions, in a series of papers in 1990s with a star student, Edward Glaeser, among others. His 1994 article with Kevin Murphy and Sherwin Rosen that explains cyclical variations is arguably one of his most creative papers. Since joining the faculty at Princeton, his research increasingly turned to finance, pursuing two distinct but related trajectories. In a series of joint papers with Lars Hansen and other coauthors, he developed new tools for solving and testing continuous time models of financial time series. Simultaneously, he collaborated with Wei Xiong and other coauthors in a series of papers to study the causes of behavioral and agency frictions in financial markets and, especially, their consequence for asset bubbles.

José also is known for his outstanding mentorship, having served as principal adviser to thirty students at the University of Chicago and several more at Princeton. His graduate students have studied a wide range of subjects and become prominent in many fields of economics, including finance (Pete Kyle, Tano Santos), macroeconomics (Paul Romer), and social and urban economics (Glaeser, Alberto Bisin). He also made significant contribution to undergraduate teaching at Princeton. Under his guidance, Glen Weyl, who was initially his senior advisee, went on to become the Class of 2007 valedictorian and to obtain his Ph.D. in economics only one year after his B.A. Following the recent world financial crisis, José also designed a popular undergraduate course on financial crises.

Besides his influence in academia, José also made significant contributions to the practice of finance and economics in the real world. He famously pioneered the now-ubiquitous application of

academic financial theory to practical risk management for fixed-income securities during a leave he took as vice president at Goldman, Sachs & Co. in the late 1980s. He continues his involvement in practical finance as a founder and partner of Axiom Investments, a successful hedge fund. José has also been deeply engaged in the public affairs of Brazil through writing and consulting. He led the Agenda Perdida review of Brazilian social policy in 2002, which proposed many measures that were subsequently implemented. He wrote several columns for the top Brazilian newspaper *Folha de São Paulo*. He was also the top economic adviser to the (unsuccessful) presidential campaign of Ciro Gomes.

All in all, José's combined influence as a researcher, collaborator, mentor, and practitioner is unrivalled in the economics community.