

Last time I had to present a similarly distinguished economist I just said "Ladies and Gentlemen, Eric Maskin" but John would not allow such a presentation so what follows is my attempt to say things that, mainly, you already know without being boring or pedantic.

Let me start with a personal memory. One of the first papers I read seriously was the paper by Kalai, Postlewaite and Roberts entitled "Barriers to Trade and Disadvantageous Middlemen: Nonmonotonicity of the Core," JET, 1978 (BUT QUOTED 1979 IN YOUR CV). In this paper they show that the central player in a star network -and, please notice that the word network was already used in 1978- can be worse off at a core allocation than he would be at any core allocation in a complete network.

This paper struck me like very few others because it showed the power of economic theory to make counterintuitive predictions that once understood become intuitive. In other words, it showed how economic theory educates our intuition. In my career I tried to follow the teachings of this paper and look for new, surprising insights that were derived in a natural way.

It is an almost impossible task to summarize Kalai's contributions to economic theory in a short period of time -again John should take the blame for this- but I will try my best.

In the area of BARGAINING Kalai produced two outstanding pieces of work in which he axiomatized by first time what it became to be known as the Kalai-Smorodinsky solution and the Egalitarian Solution.

In the area of LEARNING in a paper with Lehrer, he showed that when playing a Bayesian equilibrium of a repeated game of incomplete information, players will eventually play as if they had complete information provided that a "grain of truth" assumption holds. He came again to this topic in the framework of recurring games where a stage game is played sequentially by different groups of players. He and Matt Jackson showed that in the limit the forecast of future public information matches the true distribution of future public information.

He has several contributions in the area IMPLEMENTATION. From all of them I would like to single out a paper with John Ledyard entitled "Repeated

Implementation," where he showed how the discrepancy between individual and social rates of discount can be used by the planner to implement in dominant strategies thus overcoming well-known impossibility results.

Finally, in the area of INDUSTRIAL ORGANIZATION In a paper with Fershtman and Judd entitled "Observable Contracts: Strategic Delegation and Cooperation," they study a delegation game in which the players can use agents strategically to play on their behalf and the contracts they sign with them are common knowledge. They show that every Pareto optimal outcome of this game can become the unique subgame perfect Nash equilibrium of the delegation game, showing the power of commitment.

This presentation would be incomplete without mentioning that Kalai is the founding director of the Center for Strategic Decision Making, the founding organizer of the Nancy L. Schwartz Memorial Lecture series, founding Editor of Games and Economic Behavior, co-founder and president of the international Game Theory Society. Last but not least he has won repeatedly the Outstanding Teacher awards in Kellogg's Executive Programs.

Ladies and Gentlemen, Ehud Kalai.