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CURRICULUM VITAE

DOUGLAS GALE

CURRENT ADDRESS:

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EDUCATION:

B.Sc. Trent University, Economics (1967-70)
M.A. Carleton University, Economics (1970-72)
Ph.D. University of Cambridge, Economics (1972-75)

CURRENT POSITION:

Silver Professor, Professor of Economics, New York University

PREVIOUS POSITIONS:

Junior Research Fellow, Churchill College, Cambridge (1975-78)
Lecturer in Economics, London School of Economics (1978-81)
Reader in Economics, London School of Economics (1981-85)
Visitor in Economics, University of Pennsylvania (1984-85)
Professor of Economics, London School of Economics (1985-86)
Associate Professor of Economics, University of Pennsylvania (1985-87)
Professor of Economics, University of Pennsylvania (1987-88)
Professor of Economics, University of Pittsburgh (1986-90)
Visiting Professor of Economics, Massachusetts Institute of Technology (1989-90)
Professor of Economics, Boston University (1990-96)
Visitor in Economics, University of Pennsylvania (1994)
Co-Director, C.V. Starr Center for Applied Economics, New York University (1998-99)
Chairman, Department of Economics, New York University (1999-2003)

HONORS AND AWARDS:

University Scholar (Trent University)
Canadian Transportation Commission Fellowship (Carleton University)
Commonwealth Scholarship (University of Cambridge)
Fellow of the Econometric Society (1987)
Churchill Lecturer in Economic Theory (1997)
Salomon Brothers, Smith Barney Prize (for "Optimal Financial Crises", ASSA Meetings, Chicago, IL, January 1998)
Distinguished Visitor, Financial Markets Group, London School of Economics (1992-95, 1998).

Senior Fellow, Wharton Financial Institutions Center (1998-)
Econometric Society Fisher-Schultz Lecturer (2002)
Title E (Extraordinary) Fellow, Churchill College, University of Cambridge (2002-2006)
Senior Research Associate, Financial Markets Group, London School of Economics
Fellow, CIREQ, Concordia University, Montreal (2008-)
Banque de France Fellow, Fondation Banque de France (2008-)
John Weatherall Distinguished Fellow, Queen's University, Kingston (May, 2008)
Rosenthal Memorial Lecturer, Boston University, (April, 2010)
Economic Theory Fellow, SAET (2011)
Plenary Speaker, Society for Economic Dynamics Conference, Ghent, Belgium (2011)
Senior Research Associate, Financial Stability Centre, London School of Economics
Fellow, Finance Theory Group (2014)

PROFESSIONAL ACTIVITIES:

Member, Editorial Board, *The Review of Economic Studies* (1979-88)
Assistant Editor, *The Review of Economic Studies* (1980-83)
Research Fellow, Centre for Economic Policy Research (1984-87)
Associate Editor, *The Journal of Economic Theory* (1986-92, 1997- 2001)
Member, NBER Working Group on Financial Markets and Economic Fluctuations (1986-88)
Associate Editor, *The Journal of Mathematical Economics* (1988-92)
Co-Editor, *Economic Theory* (1990-92, 1996-97)
Associate Editor, *Econometrica* (1990-92)
Member, Economics Advisory Panel, National Science Foundation (1991-92, 2003)
Co-Editor, *Econometrica* (1992-96)
Associate Editor, *Economic Theory* (1992-95, 1997-2002)
Chairman, Program Committee, North American Summer Meetings of the Econometric Society
(held at Boston University, June 1993).
Associate Editor, *Research in Economics* (Ricerche Economiche) (1997-2016)
Advisory Editor, *Macroeconomic Dynamics* (1997-)
Associate Editor, *International Journal of Central Banking* (2005-2008)
Consultant, Federal Reserve Bank of New York (2003-)
Associate Editor, *Games and Economic Behavior* (2006-)
Co-Editor, *International Journal of Central Banking* (2008- 12)
Scientific Committee, SNU Institute for Research in Finance and Economics (2010-)
Associate Editor, *Theoretical Economics* (2011-)

RESEARCH INTERESTS:

Economics of finance, money and banking; general equilibrium theory; coordination problems;
bounded rationality in economics.

PUBLICATIONS:

Books

Money in Equilibrium. Cambridge: Cambridge University Press (1982).

Money in Disequilibrium. Cambridge: Cambridge University Press (1983).

Financial Innovation and Risk Sharing. Cambridge, MA: MIT Press (1994) (with F. Allen).

Comparing Financial Systems. Cambridge, MA: MIT Press (2000) (with F. Allen). Chinese edition from Chinese People's University Press (2002).

Strategic Foundations of General Equilibrium: Dynamic Matching and Bargaining Games. Cambridge and New York: Cambridge University Press (2000).

Understanding Financial Crises. (with F. Allen) Oxford and New York: Oxford University Press (2007).

Edited books

Economic Analysis of Markets and Games: Essays in Honor of Frank Hahn. Cambridge, MA: MIT Press (1992) (with P. Dasgupta, O. Hart and E. Maskin).

Financial Crises. Cheltenham: Edward Elgar (2008) (with F. Allen)

Research Papers

"A Note on Conjectural Equilibria," *Review of Economic Studies* **45** (1978) 33-38.

Reprinted in Jean-Michel Grandmont (ed.) *Temporary equilibrium: Selected readings*. Economic Theory, Econometrics, and Mathematical Economics series, San Diego; London; Sydney and Toronto: Harcourt Brace Jovanovich, Academic Press, 1988.

"The Core of a Monetary Economy without Trust," *Journal of Economic Theory* **19** (1978) 456-491.

"Large Economies with Trading Uncertainty," *Review of Economic Studies* **46** (1979) 319-338.

"Money, Information and Equilibrium," *Journal of Economic Theory* **23** (1980) 28-65.

"Improving Coalitions in a Monetary Economy," *Review of Economic Studies* **48** (1981) 365-384.

"Competitive Models with Keynesian Features," *Economic Journal* **93** (1983) 17-33.

"Incentive-Compatible Debt Contracts: The One-Period Problem," *Review of Economic Studies* **52** (1985) 647-663 (with M. Hellwig).

"Bargaining and Competition, Part I: Characterization," *Econometrica* **54** (1986) 785-806.

"Bargaining and Competition, Part II: Existence," *Econometrica* **54** (1986) 807-818.

"Limit Theorems for Markets with Sequential Bargaining," *Journal of Economic Theory* **43** (1987) 20-54.

"Price Setting and Competition in a Simple Duopoly Model," *Quarterly Journal of Economics* **103** (1988) 729-740.

"Optimal Security Design," *Review of Financial Studies* **1** (1988) 229-263 (with F. Allen).

"Repudiation and Renegotiation: The Case of Sovereign Debt," *International Economic Review* **30** (1989) 3-31 (with M. Hellwig).

"Incomplete Markets and the Incentives to Set up an Options Exchange," *Geneva Papers on Risk and Insurance Theory* **15** (1990) 17-46 (with F. Allen).

"Arbitrage, Short Sales and Financial Innovation," *Econometrica* **59** (1991) 1041-1068 (with F. Allen).

"Incomplete Mechanisms and Efficient Allocation in Labor Markets," *Review of Economic Studies* **58** (1991) 823-851.

"Optimal Risk-Sharing through Renegotiation of Simple Contracts," *Journal of Financial Intermediation* **1** (1991) 283-306.

"Measurement Distortion and Missing Contingencies in Optimal Contracts," *Economic Theory* **2** (1992) 1-26 (with F. Allen).

"A Walrasian Theory of Markets with Adverse Selection," *Review of Economic Studies* **59** (1992) 229-255.

"Standard Securities," *Review of Economic Studies* **59** (1992) 731-755.

"Stock Price Manipulation," *Review of Financial Studies* **5** (1992) 503-529 (with F. Allen).

"Liquidity Preference, Market Participation and Asset Price Volatility," *American Economic Review* **84** (1994) 933-955 (with Franklin Allen).

"Information Revelation and Strategic Delay in a Model of Investment," *Econometrica* **62** (1994) 1065-1085 (with Christophe Chamley).

"Price and Quality Cycles for Experience Goods," *The RAND Journal* **25** (1994) 590-607 (with Robert Rosenthal).

"Dynamic Coordination Games," *Economic Theory* **5** (1995) 1-18.

- "A Welfare Comparison of Intermediaries and Financial Markets in Germany and the U.S.," *European Economic Review* **39** (1995) 179-209 (with F. Allen).
- "Equilibria and Pareto Optima of Markets with Adverse Selection," *Economic Theory* **7** (1996) 207-235.
- "What Have We Learned from Social Learning?" *European Economic Review*, **40** (1996) 617-628.
- "Delay and Cycles," *Review of Economic Studies* **63** (1996) 169-198.
- "Financial Markets, Financial Intermediaries and Intertemporal Smoothing" *Journal of Political Economy* **105** (1997) 523-546 (with F. Allen).
Reprinted as Chapter 22 in Sudipto Bhattacharya, Arnoud Boot and Anjan Thakor (eds) *Credit, Intermediation and the Macroeconomy*. Oxford: Oxford University Press (2004).
- "Spoiled for Choice: Variety and Efficiency in Markets with Incomplete Information," *Ricerche Economiche* **51** (1997) 41-67.
- "Optimal Financial Crises," *Journal of Finance* **53** (1998) 1245-1284 (with F. Allen).
- "Innovations in Financial Services, Relationships and Risk Sharing," *Management Science* **45** (1999) 1239-1253 (with F. Allen).
- "Experimentation, Imitation, and Strategic Stability," *Journal of Economic Theory* **84** (1999) 1-40 (with R. Rosenthal).
- "Diversity of Opinion and Financing of New Technologies," *Journal of Financial Intermediation* **8** (1999) 68-89 (with F. Allen).
- "Bubbles, Crises, and Policy" *Oxford Review of Economic Policy* **15** (1999) 9-19 (with F. Allen).
- "The Asian Crisis and the Process of Contagion" *Journal of Financial Compliance and Regulation* **7** (1999) 243-249 (with F. Allen).
- "Bubbles and Crises," *The Economic Journal* **110** (2000) 236-256 (with F. Allen).
- "Financial Contagion," *Journal of Political Economy* **108** (2000) 1-33 (with F. Allen).
Reprinted as Chapter 18 in *Financial Crises, Contagion, and the Lender of Last Resort: A Reader* edited by Charles Goodhart and Gerhard Illing. Oxford: Oxford University Press (2002).
- "Signaling in Markets with Two-Sided Adverse Selection" *Economic Theory*, **18** (2001) 391-414.
- "Experimentation, Imitation, and Strategic Stability: Addendum," *Journal of Economic Theory* **97** (2001) 164-174 (with R. Rosenthal).
- "Optimal Currency Crises" *Carnegie-Rochester Conference Series on Public Policy* **53** (2000) 177-230 (with F. Allen).
Reprinted as Chapter 16 in *Financial Crises, Contagion, and the Lender of Last Resort: A Reader* edited by Charles Goodhart and Gerhard Illing. Oxford: Oxford University Press (2002).

- "Monotone Games" *Games and Economic Behavior* **37** (2001) 295-320.
- "Dollarization, Bailouts, and the Stability of the Banking System" (with X. Vives) *Quarterly Journal of Economics*, **117** (2002) 467-502.
- "Bayesian Learning in Social Networks," *Games and Economic Behavior* **45** (2003) 329-346 (with S. Kariv).
- "Competition and Financial Stability," *Journal of Money, Credit, and Banking* **36** (2004) 453-480. (with F. Allen).
- "Financial Intermediaries and Markets," *Econometrica* **72** (2004) 1023-1061. (with F. Allen)
- "Financial Fragility, Liquidity, and Asset Prices" (with F. Allen) *Journal of the European Economic Association* **2** (2004) 1015-1048.
- "From Cash-in-the-Market Pricing to Financial Fragility" (with Franklin Allen) *Journal of the European Economic Association* **3** (2005) 535 - 546.
- "Are Bank Capital Ratios Too High or Too Low: Risk Aversion, Incomplete Markets, and Optimal Capital Structures," (with Onur Özgür) *Journal of the European Economic Association* **3** (2005) 690 - 700.
- "Complexity and Competition" (with H. Sabourian) *Econometrica* **73** (2005) 739-769.
- "Markov Equilibria in Dynamic Matching and Bargaining Games" (with H. Sabourian) *Games and Economic Behavior* **54** (2006) 336-352
- "Financial Networks," (with Shachar Kariv) *American Economic Review, Papers and Proceedings* **97** (2007) 99 – 103.
- "Revealing Preferences Graphically: An Old Method Gets a New Tool Kit," (with Syngjoo Choi, Raymond Fisman, and Shachar Kariv) *American Economic Review, Papers and Proceedings* **97** (2007) 153 – 158.
- "Consistency and Heterogeneity of Individual Behavior under Uncertainty," (with Syngjoo Choi, Raymond Fisman, and Shachar Kariv) *American Economic Review* **97** (2007) 1921 – 1938.
- "Sequential Equilibrium in Monotone Games: A Theory-Based Analysis of Experimental Data," (with Syngjoo Choi and Shachar Kariv) *Journal of Economic Theory* **143** (2008) 302-330.
- "Trading in Networks: A Normal Form Game Experiment," (with Shachar Kariv) *American Economic Journal: Microeconomics* **1** (2009) 114-132.
- "Interbank Liquidity and Central Bank Intervention," (with Franklin Allen and Elena Carletti) *Journal of Monetary Economics* **56** (2009) 639–652.

“Rollover Risk and Market Freezes,” (with Acharya and Yorulmazer) *Journal of Finance* **66** (2011) 1177–1209.

“Bankruptcy, Finance Constraints and the Value of the Firm,” (with Gottardi) *American Economic Journal: Micro* **3** (2011) 1-31.

“Network Architecture, Salience and Coordination,” (with Choi, Kariv and Palfrey) *Games and Economic Behavior* **73** (2011) 76–90.

“Capital Regulation and Risk Sharing,” *International Journal of Central Banking*, December (2010) 187-204.

“Liquidity Hoarding,” (with Tanju Yorulmazer) *Theoretical Economics* **66** (2011)1177–1209.

“Social Learning in Networks: A Quantal Response Equilibrium Analysis of Experimental Data,”(with Syngjoo Choi and Shachar Kariv) *Review of Economic Design* **16** (2012) 135-157.

“Money, Financial Stability and Efficiency,” (with Franklin Allen and Elena Carletti) *Journal of Economic Theory* **149** (2014) 100–127.

“Estimating Ambiguity Aversion in a Portfolio Choice Experiment,” (with David Ahn, Syngjoo Choi and Shachar Kariv) *Quantitative Economics* **5** (2014) 195–494.

“Capital Structure and Investment with Fire Sales,” (with Piero Gottardi) *Review of Financial Studies* **28** (2015) 2502-2533.

“Regulation and Sausages,” *The Manchester School*, Special Issue: Proceeding of the Money, Macroeconomics and Finance Research Group, **83** (2015) 1–26.

Book Chapters

“Preference Shocks, Liquidity and Central Bank Policy,” in W. Barnett and K. Singleton, eds., *New Approaches to Monetary Economics*. New York: Cambridge University Press (1987) 69-88 (with S. Bhattacharya).

“Underinvestment and the Demand for Liquid Assets,” in L. McKenzie and S. Zamagni, eds., *Value and Capital: 50 Years After*. London: Macmillan (1990).

“The Efficient Design of Public Debt,” in M. Draghi and R. Dornbusch, eds., *Public Debt Management: Theory and History*. Cambridge: Cambridge University Press (1990).

“Informational Efficiency of Search Equilibrium,” in P. Dasgupta, D. Gale, O. Hart and E. Maskin, eds., *Economic Analysis of Markets and Games: Essays in Honor of Frank Hahn*. Cambridge, MA: MIT Press (1992).

“Informational Capacity and Financial Collapse,” in C. Mayer and X. Vives (eds.) *Financial Intermediation in the Reconstruction of Europe*. Cambridge: Cambridge University Press (1993).

“Financial Innovation: An Overview,” Part I (Chapters 1-5) of F. Allen and D. Gale, *Financial Innovation and Risk Sharing*. Cambridge, MA: MIT Press (1994) (with F. Allen).

“Universal Banking, Intertemporal Risk Smoothing, and European Financial Integration” in A. Saunders and I. Walter (eds.) *Universal Banking: Financial System Design Reconsidered*. New York: Irwin (1996) 528-542 (with F. Allen).

“Corporate Governance and Product Market Competition” in Xavier Vives (ed.) *Corporate Governance: Theoretical and Empirical Perspectives*. Cambridge: Cambridge University Press (2000) (with F. Allen).

“Notes on Optimal Capital Regulation,” in Pierre St-Amant and Carolyn Wilkins (eds) *The Evolving Financial System and Public Policy*. Ottawa: Bank of Canada (2004).

“Comparative Financial Systems: A Survey” in Sudipto Bhattacharya, Arnoud Boot and Anjan Thakor (eds) *Credit, Intermediation and the Macroeconomy*. Oxford: Oxford University Press (2004). (with F. Allen)

“Asset Price Bubbles and Stock Market Interlinkages,” in W. Hunter, G. Kaufman, and M. Pomerleano (eds.) *Asset Price Bubbles: The Implications for Monetary, Regulatory, and International Policies*. Cambridge, MA: MIT Press (2003) (with F. Allen).

“Financial Regulation in a Changing Environment,” in T. Courchene and E. Neave (eds) *Framing Financial Structure in an Information Environment*. Kingston, Ontario: John Deutsch Institute for the Study of Economic Policy, Queen’s University (2003).

“Asset Price Bubbles and Monetary Policy” in *Financial Crises and Global Governance* edited by Meghnad Desai and Yahia Said. London, New York: Routledge (2003). (with F. Allen)

“Capital Adequacy Regulation: In Search of a Rationale” (with F. Allen) in R. Arnott, B. Greenwald, R. Kanbur and B. Nalebuff (eds). *Economics for an Imperfect World: Essays in Honor of Joseph Stiglitz*. Cambridge, MA: MIT Press (2003).

“Behavioral Aspects of Learning in Social Networks: An Experimental Study” (with Syngjoo Choi and Shachar Kariv) in John Morgan (ed.) *Advances in Experimental and Behavioral Economics*. New York: Elsevier (2005) 25 - 62.

“Systemic Risk and Regulation,” (with F. Allen) in Mark Carey and Rene Stulz (eds) *The Risks of Financial Institutions*, Chicago: Chicago University Press (2006).

“Learning and Information Aggregation in Networks,” in Steven Durlaug and Lawrence Blume (eds) *New Palgrave Dictionary of Economics*. Palgrave Macmillan (2008).

“Money in General Equilibrium,” in Steven Durlaug and Lawrence Blume (eds) *New Palgrave Dictionary of Economics*. Palgrave Macmillan (2008).

“Revealed Preference and Bounded Rationality” Chapter 11 in *Foundations of Positive and Normative Economics*. Edited by A. Caplin and A. Schotter. Oxford University Press (2008).

“Liquidity and Monetary Policy,” in Jagjit S. Chadha and Sean Holly (Eds), *Interest Rates, Prices and Liquidity: Lessons for Monetary Policy from the Financial Crisis*. Cambridge: Cambridge University Press (2012), 32-70.

“Financial Contagion in Networks,” (with A. Cabrales and P. Gottardi) in Bramouille, Galeotti and Rogers (eds) *The Oxford Handbook of The Economics of Networks*, Oxford: OUP. (2016).

OTHER PAPERS:

“Optimal Debt Contracts: A Comparative Static Analysis” CARESS Working Paper 86-06 (1986) (with M. Hellwig).

“A General Equilibrium Model of the Transactions Demand for Money”, CARESS Working Paper 85-07 (1985, revised 1987) (with M. Hellwig).

“Informed Speculation in Large Markets” University of Pittsburgh (1987, revised 1988) mimeo (with M. Hellwig).

“A Simple Characterization of Bargaining Equilibrium in a Large Market without the Assumption of Dispersed Characteristics” CARESS Working Paper 86-05 (1986).

“A Strategic Model of Trade with Money as a Medium of Exchange” CARESS Working Paper 86-0* (1986).

RESEARCH GRANTS:

1. NSF Grant SES-8520224 (two years). “Strategic Models of Markets”. University of Pennsylvania (3-1-86 to 8-31-88) \$50,174
2. NSF Grant SES-8720589 (two years). “Collaborative Studies in the Microstructure of Financial Markets”. University of Pittsburgh (6-1-88 to 11-30-90) \$73,515.
3. NSF Grant SES-9196061 (two years). “Further Studies in the Microstructure of Financial Markets”. Boston University (1-1-91 to 5-31-93) \$76,581.
4. NSF Grant SES-9122102 (two years). “Studies in Intermediation and Financial Markets”. Boston University (9-1-92 to 2-28-94) \$130,788.
5. NSF Grant SBR-9422194 (three years). “Financial Markets and Financial Intermediaries”. Boston University (6-1-95 to 5-31-98) \$222,419.
6. NSF Grant SBR-9810912 (three years). “Financial Theory of the Firm”. New York University (6-15-98 to 6-14-01) \$149,862.

7. NSF Grant SES-0095109 (three years) "Financial Institutions for an Unstable World" (\$225,338)

8. NSF Grant SES-0350302 (three years) "Money, Intermediation, and Financial Markets"

9. NSF Grant SES-0617955 (one year) "Collaborative Research: Substantive and Procedural Rationality in Decisions Under Uncertainty" (\$147,424)

10. NSF Grant SES-0962543 (three years) "Archetypes and Prototypes of Decisions under Uncertainty"