

## James Dow

Year of Birth: 1961  
Nationality: British  
Languages: English (Native), French (Bilingual), Italian (Good)  
Office Address: London Business School, Sussex Place  
Regent's Park, London NW1 4SA, UK  
Telephone: +44 (0)20 7000 8260  
Fax: +44 (0)20 7000 8201  
E-mail: [jdow@london.edu](mailto:jdow@london.edu)  
Web: [www.london.edu/faculty/jdow](http://www.london.edu/faculty/jdow)

### Present Position

Professor of Finance, London Business School, 1999-.

### Formerly

David Pyott Term Chair, 2008-2013.  
Chair of Finance Subject Area, and Director, Institute of Finance and Accounting, London Business School, 2005-2008.  
Managing Editor, *Review of Economic Studies*, 1999-2003.  
Research Dean, London Business School, 1999-2001.  
Professor of Economics, European University Institute, 1995-1998.  
Head of Economics Department, European University Institute, 1996-97.  
Associate Professor of Finance, London Business School, 1994-5.  
Assistant Professor of Finance, London Business School 1989-94.  
Assistant Professor of Economics, University of Pennsylvania, 1986-88.

### Education

Princeton University PhD 1987, Three Essays on Search and Information.  
Thesis committee: Hugo Sonnenschein (Chair), Albert S Kyle, Barry Nalebuff, Joseph E Stiglitz.  
Alfred P Sloan Doctoral Dissertation Fellow 1985-86.

Cambridge University BA (Double First Class in Economics) 1982, MA 1986.  
Prize scholar, Churchill College, Cambridge University, 1980-83.

### Publications

1. "Contractual incompleteness, limited liability and bubbles," with Jungsuk Han, *Journal of Financial Economics*, forthcoming.
2. "Boards, CEO entrenchment, and the cost of capital," *Journal of Financial Economics*, vol. 110, 680-695, 2013.
3. "Noise Trade," with Gary Gorton, entry in *The New Palgrave Dictionary of Economics*, edited by Steven N. Durlauf and Lawrence E. Blume, Palgrave Macmillan, 2008.
4. "CEO Compensation, Change, and Corporate Strategy," with Clara Raposo, *Journal of Finance*, Vol. 560, no. 6, pp 2701-2727, December 2005.
5. "Equilibrium Investment and Asset Prices under Imperfect Corporate Control," previously entitled "Corporate Finance and Asset Pricing," with Gary Gorton and Arvind Krishnamurthy (Best paper award in corporate finance at the WFA 2003) *American Economic Review* vol.93, no.3, pp 659-681, June 2005.
6. "Is Liquidity self-fulfilling?", previously entitled "Self-sustaining Liquidity in an Asset Market with Asymmetric Information," *Journal of Business*, vol. 77, number 4, pp 895-908, October 2004.

7. "Informed Trading, Investment, and Economic Welfare", with Rohit Rahi, *Journal of Business*, vol. 76, no. 3, pp 430-454, 2003.
8. "What is Systemic Risk? Moral hazard, initial shocks and propagation," *Monetary and Economic Studies*, Vol.18, No.2, December 2000, 1-24.
9. "Should Speculators be Taxed?", with Rohit Rahi, *Journal of Business*, January 2000, vol. 73, no. 1, pp 89-107.
10. "Arbitrage, Hedging, and Financial Innovation", *Review of Financial Studies* vol 11 no 4, 1998, pp 739-755.
11. Comments on "Banks, Markets and the Allocation of Risk in an Economy" by Martin Hellwig, *Journal of Institutional and Theoretical Economics (Zeitschrift für die gesamte Staatswissenschaft)*, Vol. 154, No.1, March 1998, 346-351.
12. "Noise Trading, Delegated Portfolio Management, and Economic Welfare", with Gary Gorton, *Journal of Political Economy*, Vol. 105, No. 5, October 1997, pp 1024-1050.
13. "Stock Market Efficiency and Economic Efficiency: Is There a Connection?", with Gary Gorton, *Journal of Finance*, Vol.52, No.3, July 1997, pp 1087-1129.
14. "Profitable Informed Trading in a Simple General Equilibrium Model of Asset Pricing", with Gary Gorton, *Journal of Economic Theory*, Vol. 67, No.2, November 1995.
15. "Lending Resumption in a Reputational Model of Sovereign Debt", with Harold L Cole and William B English, *International Economic Review*, Vol.36, No.2, May 1995, pp 365-385.
16. "Nash Equilibrium under Knightian Uncertainty: Breaking Down Backward Induction", with Sérgio Ribeiro da Costa Werlang, *Journal of Economic Theory*, Vol. 64, No.2, December 1994, pp 304-324.
17. "Arbitrage Chains," with Gary Gorton, *Journal of Finance*, Vol.49, No. 3, July 1994, pp 819-849. Reprinted in Bruno Biais and Marco Pagano (Eds.), *New Research in Financial Markets*, Oxford University Press and CEPR, 2001.
18. "The Return on the Market and the Social Discount Rate: A Note on Welfare in an Overlapping Generations Model", with Gary Gorton, March 1993, *Economics Letters*, Vol. 43, No.1, November 1993, pp 23-26.
19. "Trading, Communication and the Response of Asset Prices to News", with Gary Gorton, *Economic Journal*, Vol.103, No.418, May 1993, pp 639-646.
20. "Uncertainty Aversion, Risk Aversion and the Optimal Choice of Portfolio", with Sérgio Ribeiro da Costa Werlang, *Econometrica*, Vol. 60, No.1, January 1992, pp 197-204. Reprinted in Itzhak Gilboa (Ed.) *Uncertainty in Economic Theory: Essays in Honor of David Schmeidler's 65th Birthday*, Routledge Frontiers of Political Economy, 63, 2004.
21. "Excess Volatility of Stock Prices and Knightian Uncertainty", with Sérgio Ribeiro da Costa Werlang, *European Economic Review*, Vol.36, 1992, pp 631-638.
22. "The Ex-ante Non-optimality of the Dempster-Shafer Updating Rule for Ambiguous Beliefs", with Sérgio Ribeiro da Costa Werlang, in Yoram Moses (ed) *Proceedings of the Fourth Conference on Theoretical Aspects of Reasoning about Knowledge*, San Mateo, CA: Morgan Kaufman Publishers, 1992, pp 163-166.
23. "Homothetic Preferences", with Sérgio Ribeiro da Costa Werlang, *Journal of Mathematical Economics*, Vol. 21, 1992, pp 389-394.

24. "Search Decisions with Limited Memory", *Review of Economic Studies*, Vol 58, No 1, January 1991, pp 1-14.
25. "The Consistency of Welfare Judgements with a Representative Consumer", with Sérgio Ribeiro da Costa Werlang, *Journal of Economic Theory*, Vol.44, No.2, April 1988, pp 269-280.
26. "Samuelson and Chipman-Moore on Utility-Generated Community Demand", with Hugo Sonnenschein, in Maurice H Peston and Richard E Quandt (eds): *Prices, Competition and Equilibrium: Essays in Honour of William J Baumol*, Oxford: Philip Allan, 1986.

### **Current Research Papers**

1. "Optimal contract duration for CEOs," with Clara Raposo.
2. "Resistance to Change," with Enrico Perotti and Vladimir Vladimirov
3. "Incentives for Information Production in Markets Where Prices Affect Real Investment," with Itay Goldstein and Alexander Guembel (available on SSRN)
4. "Should we commit to bailing out the financial system?" with Jungsuk Han
5. "Betting on rare and common events" with Philip Bond

### **Unpublished Working Papers**

1. "Financing Securities Trading", with Nathalie Rossiensky, November 1999.
2. "Laws of Large Numbers for Non-additive Probabilities", with Sérgio Ribeiro da Costa Werlang, 1994.
3. "Knightian-Rational Expectations, Inflationary Inertia and Money Neutrality", with Mario Henrique Simonsen and Sérgio Ribeiro da Costa Werlang, 1993.
4. "No Trade Theorems and Non-Bayesian Behavior", with Vicente Madrigal and Sérgio Ribeiro da Costa Werlang, London Business School, 1990.
5. "Almost Competitive Price Dispersion", CARESS - University of Pennsylvania, 1987.
6. "A Note on Almost Competitive Price Dispersion", 1987.
7. "Arbitrator and Negotiator Behavior under an Appellate System", with Orley A Ashenfelter and Daniel G Gallagher, 1986.

### **Teaching Experience**

#### At London Business School

- Corporate Finance, Sloan Fellows Programme, 2002-2015
- Corporate Finance and Valuation, Master in Finance Programme, 2010-2014
- Corporate Finance, full-time MBA and Executive MBA, 1990-1994, 1999-2002, 2004-5
- Advanced Corporate Finance, 1994-1996
- PhD course in Financial Economics, 1990-1994, 1999-2001
- Financial Seminar for Senior Managers (Executive Education, short course) 1992-1994
- Supervised six PhD students, including Norvald Instefjord (placed at Birkbeck College), Nathalie Rossiensky (placed at Duke University), Clara Raposo (placed at Said School, Oxford), Jungsuk Han (placed at Stockholm School of Economics).
- Prize for best teacher in programme, Executive MBA class of January 2003
- Runner up for prize for best teacher in programme, Sloan Fellows programme, 2007.
- Prize for best teacher in programme, Sloan Fellows programme 2008

#### At the European University Institute

- PhD course in Corporate Finance, 1998
- PhD course in Financial Markets, 1996-1997
- PhD course in Game Theory, 1995-1996
- Supervised six PhD students, including Alexander Guembel (placed at Said School, Oxford), Issam Hallak (placed at Bocconi).

#### At the University of Pennsylvania

- Undergraduate Microeconomics, 1986-1987
- PhD Microeconomic Theory, 1986-1988

**Miscellaneous**

Erdős number: 4