

PREFACE

. . .

John H. Cochrane and Tobias J. Moskowitz

In October 2014, colleagues, students, and friends joined to celebrate Gene Fama's 50 years at the University of Chicago and his record of scholarship, teaching, service, and leadership. In December 2013, Gene received the Nobel Prize in Economics. These events inspired us to create this volume.

This volume provides an introduction to Gene's work for a new generation of readers who did not study all of Fama's papers as they came along. It provides an entry point and a collection of some of his most influential work.

Putting together the list of papers to include was not an easy task. Which Fama papers should one read? Well, all of them! But one must select, and we did our best.

Of course we included the initial, most famous papers in each area. But for Gene Fama, as for the rest of us, ideas often get clearer and simpler over time. Also, early papers in any science have to spend a lot of time on robustness checks, exploring other ways of doing things, and so forth. Later papers can take that for granted, focus on the main point, and branch out to wider and more interesting applications. Therefore, in many cases, we have also included papers later in a series. Though these papers are not as famous or highly cited, they often are a better place for readers to start.

This volume intertwines essays written by ourselves and many of our colleagues. Gene's work is notable of course for its influence, how it changed ideas, and how others took Gene's ideas and used them in many other areas and investigations. Many of Gene's ideas seem commonplace and obvious in retrospect, but they were not so at the time. So we asked our essayists to explain some of the background of each series of papers, to tie together some of the larger literature in each area—both Gene's papers that we left out and contemporaneous work of others—and to explain a bit how we now understand issues after further rounds of digestion and simplification.

However, we have not tried, and we have not asked the other authors to try, to write a history of thought. Like all great ideas, modern financial economics has many parents. Gene is the first to acknowledge all the giants on whose

shoulders he stood and the fundamentally collaborative and conversational process by which ideas develop. Many of Gene's papers are synthetic, bringing together a vast array of facts discovered by others and weaving them together in a big picture. Nor have we spent a lot of time tracing all the subsequent literature and how it was influenced by Gene's work, which would be an even larger task. Doing a bad job of attribution is worse than doing no job at all, so with apologies to all our hundreds of colleagues whose work deserves to be mentioned as antecedents, contemporaneous contributions, or important followers, we do not attempt to trace anyone else's contributions. Our essays have essentially no references, even to ourselves. This volume is about Gene.

Each of us has learned a tremendous amount from Gene, not only from reading his papers but from our decades of personal interactions. Gene is not just a profoundly influential researcher, he is also an outstanding teacher and colleague. He read our papers and offered essential comments and often trenchant criticism. He came to our workshops and pointed out important avenues for improvement and new ways of thinking, as well as fatal flaws. He has been generous toward us with the one commodity he guards most closely: his time. And he has shown by example how to be a great member of our academic community: how one should referee papers, evaluate candidates, run workshops, and contribute to a school and a profession. So, with our deep gratitude, we dedicate this volume to Gene, representing ourselves, our colleagues, and so many in our field who feel likewise.