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Lloyd S. Shapley [Ideological Profiles of the Economics Laureates]

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Abstract

Lloyd S. Shapley is among the 71 individuals who were awarded the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel between 1969 and 2012. This ideological profile is part of the project called “The Ideological Migration of the Economics Laureates,” which fills [the September 2013 issue of *Econ Journal Watch*](#).

Keywords

Classical liberalism, economists, Nobel Prize in economics, ideology, ideological migration, intellectual biography.

JEL classification

A11, A13, B2, B3

Link to this document

http://econjwatch.org/file_download/770/ShapleyIPEL.pdf

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Lloyd S. Shapley

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Lloyd Shapley (1923–) was born in Cambridge, Massachusetts, a son of the distinguished astronomer Harlow Shapley. As a student at Harvard University he was drafted in 1943 to serve in World War II. As a sergeant in the Army Air Corps in China he earned a Bronze Star for helping crack the Japanese weather code (Ferguson 1991, ix). After the war, he went to Harvard University where he earned his bachelor's degree, and then to Princeton University for his Ph.D. in mathematics. Shapley has taught at Princeton University and the University of California at Los Angeles. He also worked at the RAND Corporation, where he met his wife, Marion Ludolph, a fellow mathematician and co-worker (ibid.).

In 2012, Shapley shared the Nobel Prize in Economics with Alvin Roth “for the theory of stable allocations and the practice of market design.” In presenting the Nobel Prize, Torsten Persson (2012) told Shapley: “Your contributions to cooperative game theory are legendary among game theorists and economists. You and David Gale are the founders of matching theory, and the deferred-acceptance algorithm you discovered is the cornerstone on which theory and applications rest.”

Shapley and David Gale wrote a seminal paper on matching theory, in which they laid out a theory of matches in marriages and college admissions (Gale and Shapley 1962). They created an algorithm for optimal, stable matches based on preferences of both sides of potential matches. Alex Tabarrok describes their findings:

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Now what is good about this algorithm? First, Gale and Shapley proved that the algorithm converges to a solution for a very wide range of preferences. Second, the algorithm is stable in the sense that there is no man and no woman who would rather be matched to each other than to their current match. (Tabarrok 2012)

Shapley is also well-known for the “Shapley value,” which defines the social benefits of cooperation over competition. Another innovation, the Shapley-Subik power index, can be used to reveal which decisionmakers in a political body are the most important, often with surprising results (Matthews 2012).

Shapley does not appear to have been open about his political views. Disclosure records show that Shapley’s few political donations went to Democratic Party candidates and organizations (Kiely 2012).

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William F. Sharpe

by Daniel B. Klein, Ryan Daza, and Hannah Mead

Massachusetts-born William Sharpe (1934–) spent most of his formative years in California and has remained a West Coaster ever since. He earned his bachelor’s and master’s from UCLA, and after serving in the U.S. Army, returned