

My obsession with cafes: a self-interview

Beer and Cheese Event:

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Some of you will no doubt remember me featuring in this event three years ago. That was the most memorable performance of my life. My speech notes were even translated into Chinese and Japanese. I starred in forums. I was invited by the editor of an economic journal to submit the notes as a paper. It was called: “10 Q&A: Experienced advice for “lost” graduate students in Economics” and appeared in the *Journal of Economic Education*, 44 (2013). This is not the only paper of mine with 0 citations (I have another in JET) but on the other hand I am sure that no other paper of mine has been so carefully read by so many people. Yesterday, I even got an e-mail from a student who wants to work with me. It reads as follows:

“Recently, I came across your publication '10 Q&A: Experienced advice for "lost" graduate students in economics' and your research interests align well with my area of research. I am primarily interested in Empirical research in Economics, Labor Migration and Women Unemployment.”

Unfortunately, there's no way I can repeat that success again tonight. Nonetheless, I do have several ideas that I want to talk about. Since most of you are too bashful to ask me personally about the cafés poster u see on my office door, I would like to share with you an exclusive interview I conducted yesterday with myself about my obsession with cafés.

Q: Professor Rubinstein, what is your Affiliation?

A: Well, take a look, for example, at my “marvelous” RES 2008 paper, coauthored with Yuval Salant, “(A,f): Choice with Frames”. Yuval is affiliated in this paper with *Stanford University* and I am affiliated with two great universities. The second is NYU. The first-- the *University of Tel Aviv Cafés*.

Q: Interesting. What are the criteria for becoming a campus of the University of Cafes?

A: Not every café can become part of our university. The criterion for acceptance is complex and will soon be axiomatized by researchers at Princeton U., who tend to axiomatize everything. First of all, it is a matter of lighting; not too dark, but not too bright either. You need to feel a homey down-to-earthness. Ideally, there is a tree outside to shade the windows. A small window should allow a refreshing breeze in. Acoustics are important: The conversations should converge among the conversers. The music must be soft. Most important, the owners should welcome customers even if they only order a cup of coffee.

Q: What about the quality of the food?

A: It should be mediocre or worse. A good Café should not serve good food, otherwise the results will quickly become evident in their customers' waistlines. Bagels, salads or scones- but, not too fresh, please.

Q: What is the motto of the University of Cafes?

A: Freedom and Openness. For us, academic freedom is a reality and not a slogan. We have absolute independence. There is no demand for political correctness. Instead of keeping the office door open when someone of the opposite sex enters, on our campuses it is considered inappropriate to ignore flirtation from the opposite sex.

Q: Is the International University of Cafes such a great academic environment?

A: Yes, our university is the best place to focus on the only activity necessary to produce good research: “thinking”. As for me, I have definitely written my best papers in cafes rather than in an office setting.

Ooops, sorry, one place was even better, the army. Twenty-four hours a day to think, no worries, excellent food, isolation from the rest of the world—an ideal situation in which to think. In fact, I typed the first draft of my 1982 paper on bargaining on the typewriter in the office of the battalion commander on the border between Israel and Lebanon. Academic productivity would certainly improve if every American professor would be sent for 21 days of reserve duty each year in Afghanistan.

Q: Is the research done in your university of any value?

A: In the University of Cafés, no one pretends that research is of value. From the outset, our atmosphere is one of lack of purpose. This is the most suitable approach to research. The system of promotions at our university is based solely on how broadly the waitresses smile. Every young person with a coffee mug gets tenure. We maintain a true interdisciplinary tradition: Only here can there be a genuine encounter between a mathematician, an economist and a professor of gender.

Q: How do you dare call yourself a university when you don't even have a laboratory?

A: On the contrary. We are located in the heart of the laboratory of life. Our researchers directly observe reality and are updated in real time (and not with a 20-year delay). True, we don't pay subjects to participate in our experiments and therefore our papers are usually rejected by experimental economists, but not to worry. Laboratories may be fashionable now but in a few years a paper reporting on experiments with monetary incentives outside the laboratory of life will get a review like the one I got recently (after reporting the results of a web-based experiment with no monetary incentives):

“The paper discusses results achieved in an unnatural stressful environment, a dark basement full with old PCS. The sample is biased: all subjects are students who did not find better ways to earn \$15 for lunch. Subjects were motivated by, monetary consequences, and so participants have no real life incentives to choose the strategy they think is best. Thus, it does not seem right to describe the study as an economics experiment.”

Q: Who is your favorite coffee roaster? Kicking Horse, Death Wish Coffee or Lavazza?

A: I have never heard of those brands. Actually, I hate coffee. The aroma gives me a headache. The bitter tastes make my facial muscles contract. My ideal coffee recipe would be as follows: take a quarter teaspoon of coffee from, add a bit of milk and fill to the brim with boiling water.

In Israel, I ask the waiter for “diluted instant coffee” also known as “children’s coffee” or “ugly brown colored water”. Here I have a real problem. No café in New York sells my kind of coffee. For a coffee-phoebe like me, American coffee is unbearably strong. I suffered for years until I discovered the right formula: ask for a large mug filled with one-fourth coffee, three-fourths water and a bit of milk.

Q: How do they react in the cafe?

A: With shock. It goes like this: I explain what I would like and the guy behind the counter does not comprehend. I repeat it once, twice, perhaps three times until he understands. He brings me the brown water and asks for a dollar. I offer to pay the full price, a dollar fifty, though I intend to eventually accept his generous gesture. At this stage, he refuses to take any money at all (and no, I don’t look like a homeless person).

Q: Wow, is that always what happens?

A: No. But as a theoretical economist I trust only hard data. So, I hired an RA (myself 2). In each case, my RA recorded the price on the menu, the price I actually paid and the average income of the population within the zip code of the Café. Then, I ran a binomial regression (don’t ask me what that is) and discovered that the chance of my special coffee costing less than the regular price drops sharply with the average income level in the neighborhood. No café that normally charges \$4.50 ever offers me a discount. But sidewalk vendors, many of them Pakistani immigrants, and young waiters in cafés where coffee costs less than two dollars, insist on taking even less and sometimes nothing.

Q: How does this fit in with standard economic theory?

A: I have no idea. As an “economist”, I have internalized the fact that price is not necessarily related to the cost of production and is affected by demand. But, in my

own case, I would have been willing to pay \$10 for the liquid of life. In fact, my coffee is quite costly to prepare. The savings in coffee grains is infinitesimal compared to the opportunity cost of employees attempting to comprehend my English and my request. Even behavioral economists, who are used to explaining everything, are speechless in the face of my discovery.

Q: What was the profession's reaction to your path-breaking research?

A: You know, some economists have difficulty understanding that the real world goes beyond their narrow horizons. Thus, applied economists with GT background argued that waving the payment is a marketing gimmick aimed at maximizing long-term profits. So I tested this hypothesis: but the same scene repeated itself even when it was clear that I was a one-time customer unlikely ever to return to that café.

Q: Conclusions from this remarkable research?

A: God forbid, I oppose having a conclusion section in an Economics papers. However, I'm willing to make an exception in this case: Apparently, there are many low-income people who are sensitive to the fairness of prices they charge. Those people determine the price of a cup coffee but apparently not interest rates...

Q; Let us move on to your magnificent Café poster. You must be a busy person. How do you have time to deal with people who want to get a copy of the poster?

A: I love them. They brighten up my life. For example, this week I received a request to referee an 85-page short paper submitted as a note to *Econometrica*. I also got wonderful e-mails like:

a. "What do you think, when will you be able to send the poster and when will it arrive? I'm asking because my boyfriend's birthday is in the beginning of May, which is soon."

b. "I'd like to give my girlfriend one of your coffee posters. We are both interested in game theory and - no joke - we met for the first time at a game-theory seminar"

c. "Hi Mr. Rubinstein, My name is Lu. To open a coffee house one day at my hometown, in Southwest of China has been my dream for a long time. I have been trying to visit local coffee houses whenever I get to a new place. May I ask what's special about all these coffee houses in the posters? and why you have different versions for each year? So, I have a bold request. Can I have a hard copy of these posters so, one day I can hang them on the wall of my future cafe."

Q: You are a worldwide champion in "the anti-Spelling Bee contest", where the winner is the one who makes the largest number of typos. How is it that there are no typos in the poster?

A: In fact there are. Every one of my four posters contains a typo. In 2010, the poster included a café in “St Lewis”. This was corrected in 2013. But then I wrote “Tuscon” on the poster. By the way, this is not the worst English mistake of my career. In a 1985 paper with Asher Wolinsky, we wanted to acknowledge that we had done something in the wake of Ken Binmore but in fact we wrote that we did it “at the wake of Ken Binmore”.

Q: What was the peak of your career?

A: A few weeks ago, I got an e-mail from an Harvard graduate who took a photo of my poster hanging on the wall of the Econ dept at Harvard. Can you imagine the honor? I posted the photo immediately on Facebook declaring that “I had made it to Harvard”. Two people told me last week they had heard a rumor that I was moving to Harvard... Let me make this clear - only the poster got in to Harvard.

Q: A final comment, Professor Rubinstein?

A: Yes. And now I am being very serious.

You know, as evening approaches, I sometimes pass by a café in Tel Aviv or NY and observe the regulars, with or without a laptop, alone or in a group, and I am envious. But then I realize that I am one of those regulars and I envy myself. This is a wonderful feeling. We certainly are enjoying the good life in academia.