



NEWCOMB'S PROBLEM  
MENAHEM YAARI

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Menahem Yaari is Schonbrunn Professor of Mathematical Economics (Emeritus) at the Hebrew University of Jerusalem. In 2004–10 he served as President of the Israel Academy of Sciences and Humanities, where he has been a member since 1991. Born in Jerusalem in 1935, he received a B.A. in economics and philosophy from the Hebrew University of Jerusalem in 1958. In 1962, he was granted a Ph.D. in economics and statistics by Stanford University in California. Subsequently he served as Assistant Professor and Associate Professor at Yale University, and later he became Professor of Mathematical Economics at the Hebrew University. He is a founding member of the Center for the Study of Rationality at the Hebrew University and served as chair of the Center's Academic Committee from 1991 until 2004. Menahem Yaari's research has been mainly in the areas of the economics of uncertainty, consumer theory, and economic justice. 1985–92, Professor Yaari was the Director of the Institute for Advanced Studies at the Hebrew University of Jerusalem, after which, from 1992 to 1997, he served as President of The Open University of Israel. He is a founding member and co-chair of IPSO (the Israeli-Palestinian Science Organization). In 2000/01 he was a member of the Institute for Advanced Study in Princeton. – Address: Center for the Study of Rationality, The Hebrew University, Givat Ram Campus, Jerusalem 91904, Israel. E-mail: mey@math.huji.ac.il

The Rector and the Board of the Wissenschaftskolleg zu Berlin (Wiko) had kindly invited me to be a short-term Fellow at this splendid institution, and it was decided that I should take up this appointment at the beginning of the academic year 2012/13. Accordingly, my wife Nurit and I took up residence at Wiko from mid-September until early November 2012.

This period, brief though it may have been, turned out to become, for us, a unique combination of access to Berlin's cultural treasures, exposure to Wiko's wonderful atmosphere of friendliness, and an opportunity for uninterrupted contemplation and research.

In 1969, Harvard philosopher Robert Nozick published a paper titled "Newcomb's Problem and Two Principles of Choice". In it, he claimed that standard Decision Theory, which lies at the basis of Economics, Statistics, and other disciplines, contains a major flaw, in that two of its founding principles are actually inconsistent with each other. For more than four decades, Nozick's claim was a matter of heated debate among philosophers, economists, and others, with literally dozens of articles written on the matter and appearing in professional scientific organs. It is fair to say, I think, that this considerable intellectual effort did not seem to produce a conclusive resolution for Nozick's puzzle. During my stay at Wiko, I was able to develop an argument that, I contend, does provide the necessary bridge between Nozick's two conflicting principles. The text of the resulting paper ("Newcomb's Problem: Paradox Lost") is now under review at a professional journal.