

AS A STAR AT THE UNIVERSITY OF CHICAGO Booth School of Business, Emir Kamenica doesn't stand out in the usual way: He isn't one of Booth's nine Nobel Laureates. Nor will he theorize about the likelihood of a global recession. He's a micro-economist, interested in particular in human behavior.

His own story is one of resilience, and the fruit of that resilience is research relevant to business executives on and off the job. How might pay-level affect your marriage? In any narrative, business or Hollywood, what's the formula for suspense? How to make the loss of money more entertaining for consumers?

Born in Sarajevo, the son of two economists, Dr. Kamenica had a happy childhood until war broke out. He, his mother and sister escaped, landing as refugees in the US. A fan of the show "90210," Emir had a view of America based on images of Beverly Hills privilege. Placed with his family in a run-down Atlanta apartment complex, and enrolled in a public school where gunfire broke out in the halls, he suddenly inhabited the grimmer side of America. Back in Sarajevo, meanwhile, his father was murdered.

Assigned to write an essay for class, and barely able to speak English, Emir plagiarized a passage from his favorite novel, certain he wouldn't be caught because the book was written in Bosnian. A substitute teacher, amazed at the work, helped Emir win an interview at Paideia, an elite private school in Atlanta.

In a 2013 National Public Radio interview with financial writer Michael Lewis (*Liar's Poker*, *The Big*

A survivor of the Bosnian War, University of Chicago Economist **EMIR KAMENICA** now studies the science of suspense.

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Short), Dr. Kamenica confessed to the plagiarism. But when Mr. Lewis and NPR tracked down that substitute teacher, she recalled being impressed by the young student's overall performance, rather than any single essay.

Even more remarkable than that confession is Dr. Kamenica's recollection, in the NPR interview, of how he comported himself as an applicant in his interview at Paideia—with humility and dogged earnestness.

"I'm a Bosnian refugee. My school is really bad. Can I please go here?" he asked the admissions woman interviewing him.

After learning that tuition was beyond his reach and that the aid-application deadline had passed, Emir said again, "I'm a Bosnian refugee. My school is really, really bad. Can I please, please go here?"

The school admitted him. From Paideia he earned a scholarship to Harvard, where he obtained a PhD in economics in 2006. The Booth School hired him the same year. His subsequent work has shown why.

One paper Dr. Kamenica co-authored showed that wives who earn more than their husbands experience greater unhappiness and a 50 percent higher rate of divorce. Which gender typically initiated those breakups—the lower-earning husband or higher-earning wife? In an interview with the *Brunswick Review*, Dr. Kamenica shrugged, saying it didn't matter. "It's nearly impossible to be happier than your spouse," he said.

Perhaps his most publicized work purported to identify the mathematical equation for suspense. In a



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New York Times article on that paper, Dr. Kamenica and his co-authors wrote that in their analysis, "The question of how to maximize entertainment—that is, how to generate the most suspense or the most surprise—becomes a mathematical problem that can be tackled on a whiteboard." The equation they devised: $Suspense_t = \sqrt{E_t[(\hat{\mu}_{t+1} - \mu_t)^2]}$.

One takeaway from that paper is that the ideal number of plot twists is three. Also, maintaining suspense requires a bit of boredom. "In a number of settings—watching basketball games, reading mystery novels, gambling in a casino—people are invested in learning the outcome, but they do not wish to learn the outcome too quickly," Dr. Kamenica and his fellow authors wrote in the *Times*. "In all of these settings, a key aspect of entertainment is the revelation of information over time."

Dr. Kamenica works collaboratively, believing that outcomes benefit from argument and discussion, usually aimed toward identifying the perfect question. "We're taught that there's no such thing

After arriving in the US as a teenaged refugee, Emir Kamenica (above, during his Harvard days) won a faculty position at Chicago's prestigious business school. His story gained national attention partly because of his belief that his success hinged on a high school paper that he plagiarized.

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as a stupid question. But there are stupid questions. That doesn't mean they shouldn't be asked, but until you understand that the first question you asked was a stupid question, you won't gain a better understanding of the world. In economics, your contribution often isn't an answer, it's a question."

One line of questioning that intrigues Dr. Kamenica: "Is a dramatic way of losing \$100 more entertaining than a boring way of winning \$50? What if we had a benchmark for the monetary value of drama?"

Dr. Kamenica believes he could illuminate that topic with data from casinos, but so far no luck. "I've had phone calls with people at various levels of various [gaming] companies about the data needed for such research, but in the end I never got my hands on it."

The research, he says, would examine this scenario: "Two people walk into a casino. One has wild swings of fortune—down \$1,000, up \$800—before ending up with a \$200 loss. The other has a slow tick down to a \$200 loss. What would be the difference in likelihood of these two returning to a casino?" ♦

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