

**THE PHILLIPE MONASTER CENTER
FOR ECONOMIC RESEARCH**

Director: Dr. Ori Haimanko

מרכז פיליפ מונסטור למחקר כלכלי

יו"ר המרכז: ד"ר אורי חיימנקו

ACTIVITY REPORT

2009/10

Web address: <http://www.ec.bgu.ac.il/>

**THE PHILLIPE MONASTER CENTER
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I. MEMBERS OF THE MONASTER CENTER FOR ECONOMIC RESEARCH (some members are affiliated with departments other than the Department of Economics)

Director: Dr. Ori Haimanko

Steering committee: Dr. Ori Haimanko, Prof. Leif Danziger, Prof. David Wettstein

Members:

Dr. Suleiman Abu-Bader
 Dr. Aamer Abu-Qarn
 Prof. Arie Arnon
 Dr. Ofer Azar, Department of Business Administration
 Prof. Ezra Bar-Ziv, Unit of Electro-Optical Engineering
 Prof. Gila Benisti
 Prof. Uri Benzion
 Dr. Benyamin Berdugo
 Dr. Tomer Blumkin
 Dr. Danny Cohen-Zada
 Prof. Leif Danziger, Chairman of the Department of Economics
 Prof. Ezra Einy
 Dr. Naomi Feldman
 Dr. Koresh Galil
 Dr. Arieh Gavius, Department of Industrial Engineering and Management
 Dr. Yaacov Gilboa
 Prof. Mark Gradstein
 Dr. Ori Haimanko
 Mr. Gadi Hazak
 Prof. Samuel Hollander
 Prof. Moshe Justman
 Dr. Nahum Karlinsky, Department of Jewish History
 Prof. Israel Luski
 Dr. Oren Rigbi
 Dr. Bradley Ruffle
 Prof. Edna Schechtman, Department of Industrial Engineering and Management
 Dr. Ella Segev, Department of Industrial Engineering and Management
 Prof. Aner Sela,
 Prof. Haim Shalit
 Prof. Zilla Sinuany-Stern, Department of Industrial Engineering and Management
 Prof. Avia Spivak
 Dr. Karine van der Beek
 Prof. Oscar Volij
 Prof. Jimmy Weinblatt
 Prof. David Wettstein

II. OPENING REMARKS

In 2010, following a rotation of responsibilities in the Department of Economics, I was appointed Director of the Monaster Center for Economic Research. I relieve Dr. Bradley Ruffle, whose leadership was of constant benefit to us for the last three years.

The Monaster Center had another productive year in 2009-2010. During this period, around 60 articles were published or accepted for publication, some in leading journals in economics. External funding of individual projects through competitive grants has also grown. To increase the volume of visitors from other institutions, the weekly seminar series of the Center was augmented by another (biweekly) seminar dedicated to empirical economics which is currently organized by Dr. Danny Cohen-Zada. The Center received additional exposure when one of the venues of the 24th Annual International Workshop on the History and Philosophy of Science was held in Ben-Gurion University.

The annual funding of the Center, already meager, underwent additional reduction in 2010 which further tightened our budget. Nonetheless, the Center continued to sponsor membership in academic societies, and cover the costs of submitting articles to journals and conferences. As in the previous year, young (untenured) faculty members additionally benefited from partial reimbursement of their conference registration fees.

In an effort to preserve funds in a worsening budgetary situation, the steering committee of the Center deemed it necessary to reduce the extent of the Center's secretarial help. It is hoped that the inconvenience to the faculty caused by this move will be outweighed by the benefits of guaranteed ability to support academic activities at the present rate.

In 2010, after a term as a Dean of the Faculty of Humanities and Social Sciences, Prof. Moshe Justman returned to the department. The Center welcomes him back. We also send special congratulations to Prof. Jimmy Weinblatt on his appointment as the president of Sapir Academic College. And we thank Prof. Uri Ben-Zion, who is retiring this year, for his dedicated service to the Center both as an active and prolific member of the center in his own research and in guiding numerous students.

As always, we thank the Center's secretary, Ms. Ella Ginzburg, for her reliable year-round service. We moreover gratefully appreciate the work of our English editor Ms. Estelle Schulgasser, who provides invaluable help in our writing activities, and whose efforts are indispensable in compiling and editing this report.

Dr. Ori Haimanko, Director

III. ACTIVITIES IN DETAIL

This year the second of a three-day (December 13-15, 2010) meeting of the Twenty-Fourth Annual International Workshop on the History and Philosophy of Science took place at Ben-Gurion University. The keynote address, entitled “Marx, Sombart, Weber and the Debate about the Genesis of Modern Capitalism” was given by Professor Bertram Schefold (The Goethe-Universität, Frankfurt am Main), winner of the 2010 Thomas Guggenheim Prize in the History of Economic Thought. The other illustrious speakers included David Laidler (University of Western Ontario); Arie Krampf (The Hebrew University of Jerusalem); Arie Arnon (Ben-Gurion University of the Negev); Philip Mirowski (University of Notre Dame); and Maria Christina Marcuzzo (Università La Sapienza di Roma).

1) Guests of the Center and the Department of Economics

This year, owing to the support from the Center, we hosted the following guest lecturers from abroad:

David Weil (Brown University)
 Rani Spiegler (UCL and TAU)
 Yaniv Yedid-Levi (Stanford University)
 Yona Rubinstein (Brown University)
 Ori Heiffetz (Cornell University)
 Itai Ashlagi (Harvard Business School)
 Ran Abramitzky (Stanford University)
 Rachel M. Friedberg (Brown University)
 Moshik Lavie (THEMA, University of Cergy-Pontoise, France)
 Carmit Segal (Universität Pompeu Fabra, Barcelona)
 Alex Levkov (Brown University)
 Felix Kubler (University of Pennsylvania and University of Zurich)
 Ofer Setty (New York University)
 Claude Berrebi (UCLA and RAND Corporation)
 John Friedman (Harvard, Kennedy School of Government)
 Rosemary Nagel (Universität Pompeu Fabra, Barcelona)
 Mark Schankerman (London School of Economics)
 Ron Siegel (Northwestern University)
 Erik Wengstrom (University of Copenhagen)
 Joel Mokyr (Northwestern University)
 Ignacio Palacios (London School of Economics)
 Barry Chiswick (University of Illinois)
 Michele Lombardi (Maastricht University)
 Misha Kaganovich (Indiana University)
 Joachim Voth (Universität Pompeu Fabra, Barcelona)
 Eran Shmaya (Northwestern University)
 Dan Benjamin (Cornell University)
 Nir Vulkan (Oxford University)
 Ronel Elul (Federal Reserve Bank of Philadelphia)
 Ity Shurtz (UC Berkeley)
 Guy Michaels (London School of Economics)
 Daniel Shoag (Harvard University)
 Gil Shapira (University of Pennsylvania)
 Shiran Rachmilevitch (Northwestern University)

2) Seminar Lectures Presented by Department Members and Guests from Israel and Abroad

- 29.10.09 Avi Ebenstein (HUJI)
“Winter Heating or Clean Air? Unintended Impacts of China’s Huai River Policy”
- 05.11.09 David Weil (Brown University)
“Post-1500 Population Flows and the Long Run Determinants of Economic Growth and Inequality”
- 12.11.09 Nir Dagan (Tel-Hai Academic College)
“Oligopoly as a Coalitional Game”
- 19.11.09 Rani Spiegler (UCL and TAU)
“Price Competition under Limited Comparability”
- 26.11.09 Eric Gould (HUJI)
“When is ‘Too Much’ Inequality Not Enough? The Selection of Israeli Emigrants”
- 03.12.10 Yaniv Yedid-Levi (Stanford University)
“Why Does Employment in All Major Sectors Move Together over the Business Cycle”
- 10.12.09 Yona Rubinstein (Brown University)
“Pride and Prejudice: Evidence from the ‘Promised Land’”
- 17.12.09 Ori Heiffetz (Cornell University)
“Charitable Donations and Social Status: Evidence from a Lab Experiment”
- 21.12.09 Itai Ashlagi (Harvard Business School)
“Monotonicity and Implementability”
- 24.12.09 Ran Abramitzky (Stanford University)
“Marrying Up: The Role of Sex Ratio in Assortive Matching”
- 24.12.09 Oren Levintal (Hebrew University)
“The Real Effects of Banking Shocks: Evidence from OECD Countries”
- 31.12.09 Rachel M. Friedberg (Brown University)
“Recent Trends in the Earnings of New Immigrants to the United States”
- 31.12.09 Moshik Lavie (THEMA, University of Cergy-Pontoise, France)
“Match Me, If You Can: Wage Secrecy and Matching in a Search Model”
- 14.01.10 Carmit Segal (Universitat Pompeu Fabra, Barcelona)
“How Costly is Diversity? Affirmative Action in Light of Gender Differences in Competitiveness”

- 14.01.10 Alex Levkov (Brown University)
“The Effect of Competition on Unions”
- 21.01.10 Felix Kubler (University of Pennsylvania and University of Zurich)
“Regulating Collateral Requirements when Markets are Incomplete”
- 25.01.10 Ofer Setty (New York University)
“Unemployment Accounts”
- 28.01.10 Claude Berrebi (UCLA and RAND Corporation)
“The Economic Cost of Harboring Terrorism”
- 04.03.10 Benjamin Bental (University of Haifa)
“Toxic Assets in an Overlapping Generations Setting”
- 11.03.10 John Friedman (Harvard, Kennedy School of Government)
“Adjustment Costs, Firm Response, and Labor Supply Elasticities: Evidence from Danish Tax Records”
- 18.03.10 Rosemary Nagel (Universitat Pompeu Fabra, Barcelona)
“Measuring Strategic Uncertainty and Risk with fMRI”
- 08.04.10 Mark Schankerman (London School of Economics)
“Identifying Technology Spillovers and Product Market Rivalry”
- 15.04.10 Ron Siegel (Northwestern University)
“Head Starts in All-Pay Contests”
- 22.04.10 Arie Sherman (Ben-Gurion University)
“On the Potential Effects of Non-pecuniary Aspects of Employment on Work-Leisure Choice”
- 29.04.10 Erik Wengstrom (University of Copenhagen)
“Who Cooperates? Evidence from a Large-Scale Experiment”
- 06.05.10 Joel Mokyr (Northwestern University)
“Old Questions and New Debates on the Industrial Revolution”
- 13.05.10 Hosny Zoabi (Tel-Aviv University)
“Effects of Trade on Female Labor Force Participation”
- 20.05.10 Ignacio Palacios (London School of Economics)
“Psychological Pressure in Competitive Environments: Evidence from a Randomized Natural Experiment”
- 26.05.10 Barry Chiswick (University of Illinois)
“The ‘Negative’ Assimilation of Immigrants: A Special Case”
- 27.05.10 Ilan Cooper (Tel-Aviv University)
“Real Investment and Risk Dynamics”

- 02.06.10 Michele Lombardi (Maastricht University)
“A Full Characterization of Nash Implementation with Strategy Space Reduction”
- 03.06.10 Misha Kaganovich (Indiana University)
“The Quantity and Quality of Teachers: A Dynamic Trade-off”
- 10.06.10 Joachim Voth (Universitat Pompeu Fabra, Barcelona)
“The Three Horsemen of Riches: Plague, War, and Urbanization in Early Modern Europe”
- 14.06.10 Eran Shmaya (Northwestern University)
“Pure Equilibrium in Non-anonymous Games”
- 17.06.10 Eilon Solan (Tel-Aviv University)
“Bounded Memory Equilibrium”
- 17.06.10 Dan Benjamin (Cornell University)
“Religious Identity and Economic Behavior”
- 20.10.10 Esteban Klor (Hebrew University)
“Counter-Suicide-Terrorism: Evidence from House Demolitions”
- 21.10.10 Naomi Feldman (Ben-Gurion University)
“Productivity, Wages, and Marriage: the Case of Major League Baseball”
- 28.10.10 Zvika Neeman (Tel-Aviv University)
“Rise to the Challenge or Not Give a Damn: Differential Performance in High vs. Low Stakes Tests”
- 03.11.10 Avi Ebenstein (Hebrew University)
“Estimating the Impact of Trade and Offshoring on American Workers Using the Current Population Surveys”
- 04.11.10 Nir Vulkan (Oxford University)
“Competitive Personalized Pricing: An Experimental Investigation”
- 11.11.10 Roe Teper (Tel-Aviv University)
“Probabilistic Dominance and Status-Quo Bias”
- 17.11.10 Asaf Zussman (Hebrew University)
“Judicial Ingroup Bias in the Shadow of Terrorism”
- 18.11.10 Ronel Elul (Federal Reserve Bank of Philadelphia)
“Securitization and Mortgage Default”
- 25.11.10 Nathan Zussman (HUJI)
“Taxation Mechanisms and Growth in Medieval Paris”

- 01.12.10 Daniel Levy (Bar-Ilan University)
“Price Points and Price Rigidity”
- 02.12.10 Analia Schlosser (Tel-Aviv University)
“Does Sex-Selective Abortion Improve Girls’ Well Being? Evidence from India”
- 09.12.10 Ayala Arad (Tel-Aviv University)
“The Tennis Coach Problem: A Game-Theoretic and Experimental Study”
- 15.12.10 Itai Ater (Tel-Aviv University)
“The Effect of the Internet on On-time Performance in the Airline Industry”
- 16.12.10 Yuval Heller (Tel-Aviv University)
“Overconfidence and Diversification”
- 21.12.10 Ity Shurtz (UC Berkeley)
“The Impact of Malpractice Litigation on Physician Behavior: The Case of Childbirth” and “The Interaction between Optimal Medical Malpractice Law and Physicians’ Financial Incentives”
- 22.12.10 Sivan Frenkel (Tel-Aviv University)
“Repeated Interaction and Rating Inflation: A Model of Double Reputation”
- 23.12.10 Guy Michaels (London School of Economics)
“Do Oil Windfalls Improve Living Standards? Evidence from Brazil”
- 28.12.10 Daniel Shoag (Harvard University)
“The Impact of Government Spending Shocks: Evidence on the Multiplier from State Pension Plans Returns”
- 29.12.10 Gil Shapira (University of Pennsylvania)
“How Subjective Beliefs about HIV Infection Affect Life-Cycle Fertility: Evidence from Rural Malawi”
- 30.12.10 Shiran Rachmilevitch (Northwestern University)
“Bribing and Signaling in Auctions”

3) Research Contracts, Fellowships and Awards

Suleiman Abu-Bader was the recipient of two grants: one from the Robert H. Arnow Center for Bedouin Studies and Development (\$7,000) and another from the Peres Center for Peace (€5250).

Ofer Azar received a grant from the Sol Leshin Program for Collaboration between UCLA-BGU in Plant Sciences and Social Sciences and Humanities. He also was awarded The Toronto Prize for Research Excellence of Young Researchers. In a recent ranking of economists from all over the world, Dr. Azar ranked 69th among

authors in IDEAS/RePEc whose first publication is within the last 10 years, in a ranking that uses the average of about 30 different rankings.

Ezra Bar-Ziv is the recipient of the following grants:

Ministry of Infrastructure (2007-2010) in the amount of \$250,000 for a project on coal gasification.

BSF (2007-2011) in the amount of \$180,000 for a project on porosity and reactivity of chars.

Danny Cohen-Zada received a grant in the amount of \$17,250 from Yad Hanadiv. The grant is for creating a database for investigating brain drain from Israel.

Leif Danziger is a research fellow at the Center for Economic Studies (CESifo) in Munich, Germany as well as the Institute for the Study of Labor (IZA) in Bonn, Germany.

Naomi Feldman was awarded a Global Development Network Regional Research Competition Grant, (with Peter Katuščák) in the amount of \$11,275, and also an Economic and Social Research Council Small Grant (with Francesca Cornaglia) for £80,000. The title of the project is “Wages, Productivity and Marriage: The Case of Major League Baseball.”

Mark Gradstein is a research fellow at the following institutes: Center for Economic Policy Research (CEPR) (London, UK) since 2001 (Public Policy Program); the Center for Economic Studies (CESifo) (Munich, Germany) since 1999; Institute for the Study of Labor (IZA) (Bonn, Germany) since 2004. He also holds a research fellowship from the Development Research Group at the World Bank.

Oren Rigbi was awarded a EU International Reintegration Grant in the amount of 100,000 Euro (2009-2013) entitled “Insights from Person-to-Person Credit Markets” and also a grant from the Israel Science Foundation in the amount of \$87,861 (2010-2013) entitled “The Economics of Alternative Credit Markets.”

Since 2003 Aner Sela is a Research Fellow of the CEPR.

Ella Segev received a Mark Rich Foundation Award for the Support of Women in Academia in the amount of 2000\$.

Avia Spivak is a Senior Fellow at the Van Leer Institute.

Karine van der Beek is the recipient of The Institute for New Economic Thinking (INET) Inaugural Grant for the project: “Technology-Skill Complementarity on the Eve of the Industrial Revolution: New Evidence from England (1710-1772)” in the Amount of \$22,600 for the period 2011-12.

4) Committees, Appointments and Cooperation with Other Institutions in Israel and Abroad

Many of the members of the Center collaborate on a regular basis with investigators from various research centers and academic institutions in Israel and abroad.

Suleiman Abu-Bader cooperates with a group of Israeli, Palestinian and international economists on research dedicated to the economic aspects of a permanent agreement between Israel and Palestine. This research is done within the framework of the AIX Group.

Aamer Abu-Qarn collaborates with Paul Dunne from the Bristol School, University of West England. Additionally, he is an active member of the fifth research stage of the AIX group dealing with the economic dimensions of the Arab peace initiative. For his part he was awarded 5250 Euros.

Arie Arnon helped to create the Economics and Society Program at the Van Leer Jerusalem Institute, cooperating with some 25 researchers in economics and other disciplines. He also cooperates with a group of Israeli, Palestinian and international economists on research dedicated to the economic aspects of a permanent agreement between Israel and Palestine for which he is coordinator of the Israeli side and head of the research on the Palestinian refugees. This research is done within the AIX Group since 2002. In 2010 and 2011 the Group will work on economic elements associated with the Arab Peace Initiative. A grant from the EC will facilitate the research.

Ofer Azar was elected as President-Elect of the Society for Advance of Behavioral Economics (SABE), in addition to being on its Board. He was also the Honorary Secretary of the International Association for Research in Economic Psychology (IAREP) and part of its Executive Committee. He is the Chairperson of the Executive Committee of the International Confederation for the Advancement of Behavioral Economics and Economic Psychology (ICABEEP). Dr. Azar is also an Associate Editor for the Journal of Economic Psychology, an Editorial Board Member of the Journal of Socio-Economics and is an Advisory Board Member of SSRN Journals in Behavioral & Experimental Economics. He was a Member of the Scientific Committee for the joint IAREP/SABE/ICABEEP Conference, Cologne, held September 5-8, 2010. Dr. Azar recently collaborated with Michael Bar-Eli and David Brock from Ben-Gurion University of the Negev. At Ben-Gurion University of the Negev Dr. Azar serves as the Head of the Multidisciplinary Specialty, and Chairperson of the Teaching Committee in the Department of Business Administration, and as a member of the University Senate.

Uri Benzion collaborates with the following scientists: University of Haifa: Prof. Moshe Kim, Prof. Yossi Yagil; Bar Ilan University: Prof. Uriel Shpigel, Prof. Gil Epshtein; Golan Research Institute: Dr. Gregory Yom Din; Ben Gurion University: Dr. Koresh Galil, Dr. Aaron Rosenfeld, Dr. Yaron Amzaleg, Dr. Haim Levi, Dr. Rami Yosef; Open University: Dr. Zachary Shefer, Dr. Tal Shavit; Bank of Israel: Dr. Yossi Saadon; Academic College of Emek Yezreel: Dr. Tzachi Tavor, Dr. Shosh Shahrabani; Tel-Aviv University: Dr. Dan Weiss; The College of Judea and Samaria: Prof. Haim Falk; Technion: Prof. Ido Erev; Dr. Tomer Toledo; McMaster University: Prof. Amiram Gafni; Holon Institute of Technology: Dr. Gila Albert; Goethe

University of Frankfurt, Germany: Prof. Jan P. Krahnert; and Osaka University, Japan: Prof. Yoshiro Tsutsui.

Benyamin Berdugo works with Prof. Nathan Sussman from Hebrew University (together with his student Jacques Sadik from the Hebrew University).

Tomer Blumkin is a member of the CesIfo Research Institute in Munich and the IZA Institute for labor economics in Bonn. He collaborates with Prof. Volker Grossmann from Fribourg University in Switzerland.

Danny Cohen-Zada collaborates with William Sander from DePaul University and Todd Elder from Michigan State University. He is also a research fellow at the Institute for the Study of Labor (IZA) (Bonn, Germany) since September 2010.

Leif Danziger collaborates with Eyal Baharad from Haifa University and Ruth Ben-Yashar from Bar-Ilan University.

In 2010 Ezra Einy completed his final term of his Visiting Professorship at the Graduate School of Economics, Hitotsubashi University, Japan. On a regular basis, he conducts research on continuity of solution concepts of economies with Ori Haimanko (BGU), games with differential information with Prof. B. Shitovitz from the University of Haifa and Diego Moreno from the Universidad Carlos III de Madrid.

Naomi Feldman collaborates with Joel Slemrod (University of Michigan), Bradley Ruffle (BGU), Francesca Cornaglia (Queen Mary University of London), and Peter Katuscak (CERGE-EI, Prague).

Koresh Galil collaborates with Gil Soffer (Kleinwort Corporation), Uri Ben-Zion (BGU), Mosi Rosenbaum (BGU), Hadas Shabtay (Tel-Aviv University) and Cesario Mateus (Greenwich University).

Yaacob Gilboa serves as Head of the Department of Applied Economics of Sapir Academic College.

Ori Haimanko does collaborative research on the following projects:
Economies with Incomplete Information – joint with Ezra Einy (BGU), Benyamin Shitovitz (University of Haifa), Diego Moreno (Universidad Carlos III de Madrid).
Competitive Contracts with Heterogeneous and Other-regarding Agents – joint with John Geanakoplos (Yale) and Pradeep Dubey (SUNY and Yale).
Values of Cooperative games – joint with Pradeep Dubey (SUNY and Yale).

Oren Rigbi collaborates with Itai Ater from Tel Aviv University, Jonathan Meer from Texas A&M University, and Tomer Blumkin from BGU.

Bradley Ruffle serves as an Associate Editor at the International Journal of Industrial Organization (IJIO) (since 2006). He is also guest editor of an issue of the IJIO on “Experiments in Industrial Organization” to appear in early 2011. He collaborates with Naomi Feldman (BGU), Todd Kaplan (Haifa University), Richard Sosis (University of Connecticut) and Oscar Volij (BGU).

Edna Schechtman does joint research with Shlomo Yitzhaki (Central Bureau of Statistics), Mike Sherman (Texas A&M University), David Shinar (BGU) and Yisrael Parmet (BGU). She currently serves as president of the Israel Statistical Association.

Ella Segev collaborates with Ron Lavi (Technion), Paul Schweinzer (York University) and Gabrielle Gayer (Haifa University).

Aner Sela does joint research with Ella Segev (Ben-Gurion University).

Haim Shalit does joint research with Sergio Ortobelli (University of Bergamo, Italy), Svetlozar T. Rachev (University of Karlsruhe), Frank J. Fabozzi (Yale University), Shlomo Yitzhaki (Central Bureau of Statistics), Frank Hespeler (UC San Diego), Doron Greenberg (Ariel University Center), and Thierry Post (Kos University, Istanbul).

Zilla Sinuany-Stern is a member of the EURO Distinguished Service Medal Jury.

Avia Spivak collaborates on research with Nathan Sussman (Hebrew University), Rami Yosef (BGU) and Oded Palmon in the US. Since 2007 he is a member of the Shochat sub-committee for tuition in higher education and for the Israel Prize for Economics.

Oscar Volij collaborates with David Frankel (Iowa State University), Ignacio Palacios-Huerta (London School of Economics), and Ana Urrutia and Casilda Lasso (University of the Basque Country). Prof. Volij serves as associate editor for the Journal of Public Economic Theory.

David Wettstein works on the following joint research projects: “Cooperative Games with Asymmetric Information” with Geoffroy de Clippel (Brown University) and David Perez Castrillo (Universitat Autònoma de Barcelona); “Coalitional Externalities, Strategic Bargaining and Efficient Values” with Peter Borm (Tilburg University) and Yuan Ju (York University); “The Optimal Design of Rewards in Contests” with Todd R. Kaplan (University of Haifa) and “Innovation Contests” with David Perez-Castrillo (Universitat Autònoma de Barcelona).

IV. PARTICIPATION OF MEMBERS OF THE CENTER IN CONFERENCES AND OTHER EVENTS

Aamer Abu-Qarn

“The Defense-Growth Nexus Revisited: Evidence from the Israeli-Arab Conflict,” Israel Economic Association Conference, Jerusalem, June 2, 2010.

“Determinants of Economic Growth in the MENA Region: A Panel Data Inquiry,” International Conference of the Middle East Economic Association, Istanbul, Turkey, June 24-26, 2010.

Suleiman Abu-Bader

Workshop on Multidimensional Poverty and ‘Pro-poor’ Growth in the MENA Countries. Centre d’Études en Macroéconomie et Finance Internationale Université de Nice Sophia

Antipolis, Nice, 11-12 June 2009. Paper Title: “Poverty, Education, and Employment in Arab-Bedouin Society: A Comparative Retrospective” (with Daniel Gottlieb).

Arie Arnon

March 2009 - Paris, Aix Group, “The ‘Big Picture’” and “Complementary Ideas on the Permanent Agreement Concerning the Refugees.”

June 2009 - History of Economics Society Annual Meeting, Denver, CO, “Reexamining the Difficult Path to a Theory of Monetary Policy between Thornton, Bagehot and Wicksell.”

July 2009 - The International Guggenheim Symposium “Perspectives on Keynesian Economics,” BGU, Beer Sheva, “Keynes Wicksell and Active Monetary Policy.”

Ofer Azar

Conference presentations

2009 - Asia-Pacific Regional Meeting of the Economic Science Association, Haifa, Israel; IAREP/SABE, Halifax, Nova Scotia, Canada; European Regional Meeting of the Economic Science Association, Innsbruck, Austria

2010 - 6th International Meeting on Experimental & Behavioral Economics (IMEBE), Bilbao, Spain; International Meeting of the Economic Science Association, Copenhagen, Denmark; IAREP/SABE/ICABEEP, Cologne, Germany.

Seminar presentations

2009 - UCLA, Tel-Aviv University.

2010 - University of Valencia, THEMA - Université de Cergy-Pontoise / ESSEC Business School, Ben-Gurion University of the Negev.

Binyamin Berdugo

Paper presentation at the 14th DEGIT Conference, UCLA Los-Angeles, June 2009. “How does Investors’ Legal Protection Affect Productivity and Growth.”

Tomer Blumkin

2009

- 1) IZA, Conference on Flexicurity, Bonn, Germany
- 2) Cesifo Summer Workshop in Behavioral Public Economics, Venice Italy
- 3) Cesifo Area Conference on Public Sector Economics, Munich, Germany

Danny Cohen-Zada

“Religious Participation versus Shopping: What Makes People Happier?” 2010 Annual Meeting of the Association for the Study of Religion, Economics, and Culture, Portland, Oregon, July 2010 (with W. Sander).

Leif Danziger

Departmental seminar at Haifa University, March 2010.

CESifo Area Conference on Public Sector Economics, Munich, Germany, April 2010.

IZA Workshop: Legal and Illegal Immigration: Theory, Empirics and Policy, Bonn, Germany, July 2010

Ezra Einy

The First Conference of the Chinese Game Theory and Experimental Economics Association, Beijing, August 2010.

International Conference on Game Theory and Economic Theory, SUNY at Stony Brook, July 2010.

Naomi Feldman

Venice Summer Institute, Workshop on Behavioral Public Economics, San Servolo, 2009.

Koresh Galil

Mutination Financial Association Meeting, Crete, 2009.

Yaacov Gilboa

“Achievement Gaps in the Israeli Education System,” presented at the 12th Annual International Conference on Education, Athens, and the Israeli Economic Association, Maale Hachamisha, 2010.

Mark Gradstein

CESifo Workshop in Public Economics, 2010.

Ori Haimanko

The First Conference of the Chinese Game Theory and Experimental Economics Association, Beijing, August 2010.

International Conference on Game Theory and Economic Theory, SUNY at Stony Brook, July 2010.

Samuel Hollander

“Engels and Marx on Economic Organization, Distribution, and the Price Mechanism,” Halsworth Foundation Lecture, University of Manchester (UK History of Economic Thought Society), 2 September 2009.

Oren Rigbi

European Association for Research in Industrial Economics Annual Meeting - Ljubljana, Slovenia, September 2009 and Istanbul, Turkey, September 2010.

International Industrial Organization Conference - Vancouver, Canada, May 2010, Quantitative Analysis in Competition Assessments, ZEW Center for European Economic Research, Mannheim, Germany, October 2010

Bradley Ruffle

“Are Good-Looking People More Employable?” Universite Montpellier I, Guelph University (September 2009), Hebrew University-Jerusalem (April 2010), IMEBE meetings, Bilbao (April 2010).

Edna Schechtman

“Identifying Monotonic and Non-Monotonic Relationships” (with S. Yitzhaki). ISI 57th Session Meeting Proceedings: Developments and Progress in Applied Statistical Modeling for the Economic Sciences Using Non-parametric Regression Methods, Durban, South Africa, 2009.

Ella Segev

Invited talk – ORSIS conference “The Optimal Prize Structure of Symmetric Tullock Contests,” 2009.

Aner Sela

Inequality in Contests, Oslo, Norway, October 2009.

10th SAET Conference, Singapore, August 2010.

Haim Shalit

“Portfolio Risk Management with the Lorenz Curve” presented at 1) the 46th Meeting of the Euro Working Group on Financial Modeling held on May 20-22, 2010 in Istanbul, Turkey; 2) the 17th Annual Meeting of the Multinational Finance Society held in Barcelona, Spain, June 27 - June 30, 2010; 3) the Portuguese Finance Network 2010 Conference held at the University of the Azores, Ponta Delgada, Azores Portugal, July 1-3, 2010; and 4) the 18th PBFEM Conference held in Beijing, July 23 to 25.

“Mean-Extended Gini Portfolios: The Ultimate Frontier,” presented at 47th Meeting of the Euro Working Group on Financial Modeling held in Prague, Czech Republic, October 28-30, 2010.

Zilla Sinuany-Stern

“Operations Research in the Public Sector,” International Conference on Industrial Logistics, Rio de Janeiro, 2010, invited, plenary session.

“Evaluating the Efficiency of Police Stations in Israel via DEA”, the 16th Conference of Industrial Engineering and Management, Tel-Aviv, Israel, 2010

“Evaluating Israeli Police Station Performance using DEA”, ORSIS Conference2, Nir Etzion, Israel, 2010, Recipient of the ORSIS prize

“Evaluating Israeli Police Station Performance using DEA”, EURO conference, Lisbon, Portugal, 2010 and the 7th International Conference on Computational Management Science, Vienna, Austria, 2010

“Hospitals' Efficiency by Size and Ownership,” invited plenary lecture, for the Health Group of the Austrian OR Society.

Karine van der Beek

December 2009: The Oxford FRESH Meeting.

September 2010: The Economic History Association 2010 Annual Meeting, Evanston, Ill.

June 2010: The Israeli Economic Association Meeting, Jerusalem (session chair).

May 2010: The 2010 Cliometrics Conference, La Crosse.

May 2010: Lecture at the Economic History Seminar at Oxford University.

April 2010: European Social Science History Conference, Ghent.

Oscar Volij

“An Axiomatic Characterization of the Theil Index of Income Inequality,” presented at PET10, Istanbul, June 2010, and at the Brazilian Workshop of Game Theory, Sao Paulo, July 2010.

David Wettstein

“Egalitarian Equivalence under Asymmetric Information” (with G. de Clippel and D. P. Castrillo), departmental seminar in York University, York, U.K., June 2010 and Maastricht University, Maastricht, The Netherlands, September 2010.

“Coalitional Externalities, Strategic Bargaining and Efficient Values” (with P. Borm

and Y. Ju) departmental seminar in the Technion, Haifa, Israel, December 2010 and Tel-Aviv University, Tel-Aviv, Israel, December 2010.
 “Coalitional Externalities, Strategic Bargaining and Efficient Values” (with P. Borm and Y. Ju), 2010 World Congress of the Econometric Society, Shanghai, China, 2010, and the Inaugural Conference of the Chinese Game Theory and Experimental Economics Association, Beijing, China, 2010

V. PUBLICATIONS 2009-10 (names of Center members appear in capital letters)

ABU-QARN, A.S. (2010) “The Defense-Growth Nexus: An Application for the Israeli-Arab Conflict,” *Defence and Peace Economics* 21(4):291-300.

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ABU-BADER, S. and ABU-QARN, A. S. (2010) “Trade Liberalization or Oil Shocks: Which Better Explains Structural Breaks in International Trade Ratios?” *Review of International Economics* 18(2):250–264.

ARNON, A. (2009) “Reexamination of Thornton’s Innovative Monetary Analysis: The Bullion Debate during the Restriction Once Again,” *History of Political Economy* 41:545-574.

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AZAR, O.H. “Do Consumers Make Too Much Effort to Save on Cheap Items and Too Little to Save on Expensive Items? Experimental Results and Implications for Business Strategy,” *American Behavioral Scientist* (forthcoming).

AZAR, O.H. and Bar-Eli, M. “Do Soccer Players Play the Mixed-Strategy Nash Equilibrium?” *Applied Economics* (forthcoming).

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AZAR, O.H. (2010) “Does Relative Thinking Exist in Real-World Situations? A Field Experiment with Bagels and Cream Cheese,” *Economic Inquiry* no. doi: 10.1111/j.1465-7295.2009.00285.x.

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- BENZION, U., Shafran, S. and Shavit, T. (2009) "Investors' Decision to Trade Stocks – an experimental study," *Journal of Behavioral Finance* 10(2):81-88.
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- BLUMKIN, T. and Grossmann, V. "May Increased Partisanship Lead to Convergence of Parties' Policy Platforms," *Public Choice* (forthcoming).
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- Sander, W. and COHEN-ZADA, D. "Religiosity and Parochial School Choice: Cause or effect?" *Education Economics* (forthcoming).
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- DANZIGER, L. (2010) "Endogenous Monopsony and the Perverse Effect of the Minimum Wage in Small Firms," *Labour Economics* 17:224-229.
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- RUFFLE, B.J. (2009) "Buyer Countervailing Power: A Survey of the Theory and Experimental Evidence," in *Experiments and Antitrust Policy*, J. Hinloopen and H.-T. Normann (eds.), Cambridge, U.K.: Cambridge University Press, pp. 160-182.
- Kaplan, T. R. and RUFFLE, B.J. (2009) "In Search of Welfare-improving Gifts," *European Economic Review*, 53:445-460.

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Ben-Hur, D., Frantskeciech, L., SCHECHTMAN, E. and Yitzhaki, S. “Tracing the Curvature of a Regression Curve,” *Advances and Applications in Statistical Sciences* (forthcoming).

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Groh, C. Moldovanu, B. SELA, A. and Sunde, U. “Optimal Seeding in Elimination Tournaments,” *Economic Theory* (forthcoming).

Kaplan, T. and SELA, A. (2010) “Effective Contests,” *Economics Letters* 106:38-41.

Hoppe, H., Moldovanu, B. and SELA, A. (2009) “The Theory of Assortative Marching Based on Costly Signals,” *Review of Economic Studies* 76(1):253-281.

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N. Davidovitch, SINUANY-STERN, Z and Soen, D., (2009) "Immigration and Absorption of Scientists in Israeli Academia (1989-2009)" pp. 1-76 Alpha Publishing, 2009 (in Hebrew and Russian).

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**VI. WORKING PAPER SERIES 08/09/10 AND
ABSTRACTS OF RECENT WORKING PAPERS
(issued from the Monaster Center for Economic Research)**

Discussion Paper Series 2008

- 08-01 T. Blumkin, B.J. Ruffle and Y. Ganun, “Are Income and Consumption Taxes Ever Really Equivalent? Evidence from a Real-Effort Experiment with Real Goods.”
- 08-02 B. Moldovanu, A. Sela and X. Shi, “Carrots and Sticks: Prizes and Punishments in Contests.”
- 08-03 A. Sela, “Sequential Two-Prize Contests.”
- 08-04 T.R. Kaplan and A. Sela, “Effective Political Contests.”
- 08-05 S. Hollander, “Samuel Bailey and the Question of his “Influence”: a Skeptical View.”
- 08-06 T. Blumkin, Y. Margalioth and E. Sadka, “The Role of Stigma in the Design of Welfare Programs.”
- 08-07.1 Blumkin and E. Sadka, “Rising UI Benefits over Time.”
- 08-08 W. Sander and D. Cohen-Zada, “Religiosity and Parochial School Choice: Cause or Effect?”
- 08-09 A. Abu-Qarn and S. Abu-Bader, “On the Dynamics of the Israeli-Arab Arms Race.”
- 08-10 D. Cohen-Zada and Y. Gilboa, “Selecting Candidates for Admission to an Economics Degree Program.”
- 08-11 Y. Yakhin, “Financial Integration and Cyclical Policy in Small Open Economies.”
- 08-12 B. Berdugo and S. Hadad, “How do Firing Costs Affect Innovation and Growth when Workers’ Ability is Unknown? – Employment as a Burden on a Firm’s Screening Process.”
- 08-13 H. Shalit and S. Yitzhaki, “How Does Beta Explain Stochastic Dominance Efficiency.”
- 08-14 D.M. Frankel and O. Volij, “Scale-Invariant Measures of Segregation.”

Discussion Paper Series 2009

- 09-01 A. Sela, "Best-of-Three All-Pay Auctions."
- 09-02 U. Ben-Zion, K. Galil, M. Rosenboim, and H. Shabtay, "A Re-examination of Value-Creation through Strategic Alliances."
- 09-03 O. Hochman, "Efficient Agglomeration of Spatial Clubs."
- 09-04 G. Hochman, O. Hochman, E. Hochman, A. Heiman and P.-S. Leung, "Advertising Versus Sales in Demand Creation."
- 09-05 E. Einy, O. Haimanko, and B. Tumendemberel, "Continuity of the Value and Optimal Strategies when Common Priors Change."
- 09-06 I. Macho-Stadler, D. Perez-Castrillo and D. Wettstein, "Dividends and Weighted Values in Games with Externalities."
- 09-07 O. Azar, "Does Relative Thinking Exist in Real-World Situations? A Field Experiment with Bagels and Cream Cheese."
- 09-08 B. Berdugo and S. Hadad, "How Does Investors' Legal Protection Affect Productivity and Growth?"
- 09-09 S. Shahrabani, U. Benzion and T. Shavit, "Recalled Emotions and Risk Judgments: Field Study of the 2006 Israel-Lebanon War."
- 09-10 B. Ruffle, "When Do Large Buyers Pay Less? Experimental Evidence."
- 09-11 D. Greenberg and H. Shalit, "Hedging with Stock Index Options: A Mean-Extended Gini Approach."
- 09-12 H. Shalit, "Using OLS to Test for Normality."
- 09-13 B. Berdugo and U. Meir, "Education, Rent Seeking and Growth."

Discussion Paper Series 2010

- 10-01 B.J. Ruffle, A. Weiss and A. Etziony, "Coordination and Critical Mass in Network Market: An Experimental Investigation."
- 10-02 B.J. Ruffle and R. Sosis, "Do Religious Contexts Elicit More Trust and Altruism? An Experiment on Facebook."
- 10-03 A. S. Abu-Qarn, "The Defence-Growth Nexus Revisited: Evidence from the Israeli-Arab Conflict."
- 10-04 E. Einy and O. Haimanko, "Characterization of the Shapley-Shubik Power Index Without the Efficiency Axiom."

- 10-05 O. Hochman, “Efficient Agglomeration of Spatial Clubs.”
- 10-06 B. Ruffle and Z. Shtudiner, “Are Good-Looking People More Employable?”
- 10-07 R. Megidish and A. Sela, “Caps in Sequential Contests.”
- 10-08 R. Megidish and A. Sela, “Allocation of Prizes in Contests with Participation Constraints.”
- 10-09 E. Erez and A. Sela, “Round-Robin Tournaments with Effort Constraints.”
- 10-10 M. Malul, M. Rosenboim, and T. Shavit, “The Role of Employment Protection During an Exogenous Shock to an Economy.”
- 10-11 H. Shalit, “Portfolio Risk Management Using the Lorenz Curve.”

ABSTRACTS OF DISCUSSION PAPERS (issued since the previous report)

**COORDINATION AND CRITICAL MASS IN A NETWORK MARKET:
AN EXPERIMENTAL INVESTIGATION***

Bradley J. Ruffle, Avi Weiss, and Amir Etziony
Discussion Paper No. 10-01

A network market is a market in which the benefit each consumer derives from a good is an increasing function of the number of consumers who own the same or similar goods. A major obstacle that plagues the introduction of a network good is the ability to reach critical mass, namely, the minimum number of buyers required to render purchase worthwhile. This can be likened to a coordination game with multiple Pareto-ranked equilibria. We introduce an experimental paradigm to study consumers' ability to coordinate on purchasing the network good. Our results highlight the central importance of the *level* of the critical mass.

**DO RELIGIOUS CONTEXTS ELICIT MORE TRUST AND ALTRUISM?
AN EXPERIMENT ON FACEBOOK**

Bradley J. Ruffle and Richard Sosis
Discussion Paper No. 10-02

We design a decision-making scenario experiment on Facebook to measure subjects' altruism and trust toward attendees of a religious service, a fitness class and a local music performance. Secular and religious subjects alike display significantly more altruism and trust toward the synagogue attendees than participants at the other two venues. By all measures of religiosity, even the most secular subjects behave more prosocially in the religious venue than in the comparable non-religious settings. We also find that secular subjects are just as altruistic toward synagogue and prayer group members as religious subjects are. These findings support recent theories that emphasize the pivotal role of religious context in arousing high levels of prosociality among those who are religious. Finally, our results offer startlingly little evidence for the widely documented religious-secular divide in Israel.

THE DEFENCE-GROWTH NEXUS REVISITED: EVIDENCE FROM THE ISRAELI-ARAB CONFLICT

Aamer S. Abu-Qarn
Discussion Paper No. 10-03

This paper revisits the defence-growth nexus for the rivals of the Israeli-Arab conflict over the last four decades. To this end, we utilize the Toda and Yamamoto (1995) causality test and the generalized variance decomposition. Contrary to the conventional wisdom and many earlier studies, we fail to detect any persistent adverse impact of military expenditures on economic growth. Our conclusions are kept intact even when we account for the possibility of endogenous structural breaks and during the post-1979 peace treaty period. Our findings imply insignificant peace dividends once the conflict is resolved and the military spending is cut to internationally acceptable standards.

CHARACTERIZATION OF THE SHAPLEY-SHUBIK POWER INDEX WITHOUT THE EFFICIENCY AXIOM

Ezra Einy and Ori Haimanko
Discussion Paper No. 10-04

We show that the Shapley-Shubik power index on the domain of simple (voting) games can be uniquely characterized without the efficiency axiom. In our axiomatization, the efficiency is replaced by the following weaker requirement that we term the gain-loss axiom: any gain in power by a player implies a loss for someone else (the axiom does not specify the extent of the loss). The rest of our axioms are standard: transfer (which is the version of additivity adapted for simple games), symmetry or equal treatment, and dummy.

EFFICIENT AGGLOMERATION OF SPATIAL CLUBS

Oded Hochman
Discussion Paper No. 10-05

We investigate here the agglomeration of spatial clubs in an efficient allocation of a club economy. The literature on agglomeration has focused largely on a primary agglomeration caused by direct attraction forces. We concentrate mainly on secondary and tertiary agglomerations caused by a primary agglomeration. Initially, scale economies in the provision of club goods (CGs) lead each CG to agglomerate in facilities of its club. This primary agglomeration causes a secondary concentration of population around these facilities, which in turn brings about a tertiary agglomeration of facilities of different clubs into centers in the midst of population concentration. The agglomeration of facilities occurs only if a secondary concentration of population takes place. We analyze in detail two specific patterns of agglomeration. One is the central location pattern in which the facilities of all clubs agglomerate perfectly in the middle of the complex. The second is a triple-centered complex in which the center in the middle of the complex consists of perfectly agglomerated facilities of different clubs, each with a single facility per complex. The remaining two centers also consist of facilities of different clubs, but clubs in these centers each have two facilities per complex, one in each center. Each of these two centers is located between a boundary and the middle of the complex closer to the middle of the complex than to the boundary. The facilities in these two centers form condensed clusters of facilities that

may contain residential land in between the facilities. We then show that these agglomeration patterns also characterize agglomerations in general. The literature maintains that an efficiently behaving municipality increases its tax-base. This implies that it is in the municipality's interest to achieve efficiency. The best way for a local government to achieve this desired efficiency is by partially intervening in market operations in order to internalize local externalities. We argue that it suffices for such an intervention to be limited to providing the city's infrastructure, to taxing only residential land rents and clubs' profits, to subsidizing the basic industry of the city, and to partially regulating land uses. Consequently, if the local governments of all complexes behave properly the decentralization of the efficient allocation of the club economy should be attained.

ARE GOOD-LOOKING PEOPLE MORE EMPLOYABLE?

Bradley J. Ruffle and Ze'ev Shtudiner
Discussion Paper No. 10-06

Job applicants in Europe and in Israel increasingly imbed a headshot of themselves in the top corner of their CVs. We sent 5312 CVs in pairs to 2656 advertised job openings. In each pair, one CV was without a picture, while the second, otherwise almost identical CV contained a picture of either an attractive male/female or a plain-looking male/female. Employer callbacks to attractive men are significantly higher than to men with no picture and to plain-looking men, nearly doubling the latter group. Strikingly, attractive women do not enjoy the same beauty premium. In fact, women with no picture have a significantly higher rate of callbacks than attractive or plain-looking women. We explore a number of explanations and provide evidence that female jealousy of attractive women in the workplace is a primary reason for the punishment of attractive women.

CAPS IN SEQUENTIAL CONTESTS

Reut Megidish and Aner Sela
Discussion Paper No. 10-07

We study a sequential two-stage all-pay auction with two identical prizes. In each stage, the players compete for one prize and each player may win either one or two prizes. The designer may impose a cap on the players' bids in each of the stages. We analyze the equilibrium in this sequential all-pay auction with bid caps and show that capping the players' bids is profitable for a designer who wishes to maximize the players' expected total bid.

ALLOCATION OF PRIZES IN CONTESTS WITH PARTICIPATION CONSTRAINTS

Reut Megidish and Aner Sela
Discussion Paper No. 10-08

We study all-pay contests with an exogenous minimal effort constraint where a player can participate in a contest only if his effort (output) is equal to or higher than the minimal effort constraint. Contestants are privately informed about a parameter (ability) that affects their cost of effort. The designer decides about the size and the number of prizes. We analyze the optimal prize allocation for the contest designer who wishes to maximize either the total effort or the highest effort. It is shown that if the minimal effort constraint is relatively high, the winner-take-all contest in which

the contestant with the highest effort wins the entire prize sum does not maximize the expected total effort nor the expected highest effort. In that case, the random contest in which the entire prize sum is equally allocated to all the participants yields a higher expected total effort as well as a higher expected highest effort than the winner-take-all contest.

ROUND-ROBIN TOURNAMENTS WITH EFFORT CONSTRAINTS

Eyal Erez and Aner Sela
Discussion Paper No. 10-09

We study a round-robin tournament with n symmetric players where in each of the $n-1$ stages each of the players competes against a different player in the Tullock contest. Each player has a limited budget of effort that decreases within the stages proportionally to the effort he exerted in the previous stages. We show that when the prize for winning (value of winning) is equal between the stages, a player's effort is weakly decreasing over the stages. We also show how the contest designer can influence the players' allocation of effort by changing the distribution of prizes between the stages. In particular, we analyze the distribution of prizes over the stages that balance the effort allocation such that a player exerts the same effort over the different stages. In addition, we analyze the distribution of prizes over the stages that maximizes the players' expected total effort.

THE ROLE OF EMPLOYMENT PROTECTION DURING AN EXOGENOUS SHOCK TO AN ECONOMY

Miki Malul, Mosi Rosenboim and Tal Shavit
Discussion Paper No. 10-10

This paper explores the role of employment protection when powerful external crises reduce demand for products. We first present a theoretical framework that shows that employment protection has a U-shaped effect on abnormal unemployment during a negative exogenous shock to an economy. Using data from the 33 OECD countries, we analyze how the level of employment protection affected the stability of unemployment rates during the recent global economic crisis. The results suggest that countries with an intermediate level of employment protection will have more stable unemployment rates during a world crisis. The policy implication of our paper is that countries should seek a medium level of employment protection that may act as an automatic stabilizer of the economy on the macro level.

PORTFOLIO RISK MANAGEMENT USING THE LORENZ CURVE

Haim Shalit
Discussion Paper No. 10-11

This paper compiles the risk measures associated with the Lorenz curve. The Lorenz curve is the main tool in economics for measuring income distribution and inequality. For the past decades some of the Lorenz curve spin-offs have been used in risk analysis and finance. In particular, the Lorenz curve addresses the concepts of second degree stochastic dominance, Gini's mean difference, Conditional Value-at-Risk, and the extended Gini in portfolio theory and in investment practice. Because the Lorenz curve can be estimated from asset returns, the risk measures are easy to implement and use.

VII. RESEARCH SUMMARIES OF CENTER MEMBERS

Suleiman Abu-Bader

Dr. Abu-Bader's research interests deal with the application of econometric techniques to study macroeconomic relations. He investigates growth-related issues in the Middle East as well as the relationship between economic growth, globalization, income inequality, and poverty in developing countries. His current research is focused on studying factors which explain the differences in income inequality levels and changes over time of the Bedouin in the Negev.

Aamer Abu-Qarn

Dr. Abu-Qarn focuses his research on the determinants of economic growth in general and on the MENA region in particular. To accomplish this, he applies both time series techniques and panel data methods. He also examines various aspects of the Israeli-Arab conflict, including testing for structural breaks in military expenditures, the existence of the arms race, and the relationship between defense and economic growth. Recently, he has focused on the determinants of labor force participation of Arab females.

Arie Arnon

Arie Arnon's research interests primarily deal with macroeconomics, monetary theory and banking, the Israeli economy and in particular the labor market and the history of economic thought. He is currently working on a monograph "*Money, Banking and the Economy: Monetary Theory from Hume and Smith to Wicksell.*"

Prof. Arnon also continues to be actively involved in regional economics and research on economic policies in the Middle East, particularly on the Israeli-Palestinian relations. Since 2002 he has been the Israeli Coordinator of "The Aix Group" – a Working Research Group on the Economic Dimensions of the Israeli Palestinian conflict. In 2005 he initiated the "Program on Economics and Society" at the Van Leer Jerusalem Institute.

Ofer Azar

Ofer Azar's main research areas are industrial organization, strategy, behavioral economics, and experimental economics. Recently, Dr. Azar's research has focused in particular on the following two topics. One was to examine using experiments how people make decisions between differentiated products and how workers respond to certain types of incentives. Another was to analyze how firm strategy should respond to the consumer bias of "relative thinking".

Binyamin Berdugo

Dr. Berdugo's main fields of interest are macroeconomics, household economics and economic growth. Recently, he has also become interested in the field of political economy.

Uri Benzion

Prof. Benzion's current research projects deal with evaluation of mutual funds; interrelationships between international markets and country funds; marketing policy by use of cent-off-coupons; and the use of activity-based costing in medical decision-making.

Tomer Blumkin

Dr. Blumkin's main focus has continued to be public policy issues, including: unemployment insurance, anti-discrimination and affirmative action policy in the context of the general welfare (tax and transfer) system. He has also been working on political economy issues, focusing on the role of ideological polarization and manipulative power of parties to affect 'irrational' voters. In his new work, Dr. Blumkin has examined the role of social stigma on the optimal design of welfare systems, focusing on the difference between universal and selective transfer systems and their implications on social welfare. Joint with Dr. Bradley Ruffle, Dr. Blumkin continued his experimental work on the equivalence between consumption and income taxes focusing on money-illusion explanations for observed individuals' misperception and establishing a novel case for shifting the tax system to a consumption tax base.

Danny Cohen-Zada

Dr. Cohen-Zada's research deals with both the economics of education and the economics of religion. Currently, he is studying how religious pluralism affects the demand for religious schooling. His most recent research project estimates the treatment effect of religious schooling in Israel on student outcomes and drug use.

Leif Danziger

Prof. Danziger's research branches into two directions. The first focuses on understanding the output and welfare effects of the minimum wage rate, and the second with the effects of adjustment costs and inventories on the inflation-output trade-off.

Ezra Einy

Prof. Einy's research concentrates on values of games, large games, voting games, utility theory, inequality measures, and refinement of correlated equilibria. His present focus is on solution concepts of economies with differential information.

Naomi Feldman

Dr. Feldman's research interests include behavioral public finance and taxation. She is particularly interested in the complexity of the U.S. income tax code, tax compliance, avoidance and evasion and violations of the life-cycle hypothesis. Past research topics have also included charitable giving and volunteering.

Koresh Galil

Dr. Galil's research interests focuses on empirical finance and credit risk. His current projects include a re-examination of value creation through strategic alliances, information content of credit ratings, rating shopping, properties of credit spreads and anomalies in credit derivatives markets.

Yaacov Gilboa

Dr. Gilboa's research deals with the economics of education, especially equality of opportunity within the education system. Currently, he is studying achievement gaps in the Israeli education system and the effects of public affirmative action policies on these gaps. In addition, he is working on identifying the effects of purchasable and non-purchasable factors on educational attainment.

Mark Gradstein

Prof. Gradstein's research interests are concerned with private versus public provision of public goods and public growth promoting policies. His current project (jointly

with M. Justman) focuses on growth promoting policies as implied by actual political mechanisms.

Ori Haimanko

Dr. Haimanko's currently studies robustness of equilibria and continuity equilibrium correspondences in games with incomplete information, optimal labor contracts in multi-agent settings with pride and envy among agents, and axiomatizations of monotonic values of cooperative games.

Samuel Hollander

Prof. Hollander is completing Friedrich Engels and Marxian Political Economy for Cambridge University Press. It is a companion to the Economics of Karl Marx.

Moshe Justman

Prof. Justman's activities focus on the political economy of education. He also does work on technology policy and on regional development.

Israel Luski

Prof. Luski's research interests deal with the following areas of industrial organization: R&D and patent policy – optimal strategies for R&D investment; the economics of multinational corporations – the economic impact of multinational corporations on the host country; optimal incentives policy; nonprofit organizations – economic efficiency of nonprofit organizations, and government policy toward nonprofit organizations.

Oren Rigbi

Dr Rigbi's main research interests are applied microeconomics and industrial organization. Much of his time is devoted to investigating the economics of alternative credit markets including person-to-person markets in developed and developing countries. In addition, he studies mechanisms through which a principal can mitigate agency problems in franchised chains and in medical insurance firms.

Bradley Ruffle

Dr. Ruffle is primarily an experimental economist. He uses experimental methods in the laboratory and in the field to test theories and examine phenomena in product and labor markets, industrial organization, negotiations, and the role of cooperation, trust, signaling, emotions, and cognitive biases in interactive and individual decision making. He also uses rational choice theories to understand religiosity and religious institutions.

Edna Schechtman

Prof. Schechtman's research is directed towards the use of Gini in various areas of statistics, starting with the Gini correlation, moving to Gini's simple and multiple regressions and finally analysis of Gini (ANOGI).

Aner Sela

Prof. Sela's research concerns optimal designs of contests and auctions.

Ella Segev

Dr. Segev applies game theoretic tools for the analysis of economic situations such as contests, auctions and bargaining in order to describe equilibrium behaviour in these situations and design optimal mechanisms.

Haim Shalit

Prof. Shalit's research is directed toward the use of the mean-Gini model and Conditional Stochastic Dominance in financial markets. His research with Prof. Shlomo Yitzhaki of the Central Bureau of Statistics on the mean-Gini model has shown how risk aversion affects the essence of capital markets equilibrium. Prof. Shalit's research also focuses on extended Gini measures to construct optimal portfolios. In this endeavor, he works with Dr. Frank Hespeler using Mathematica to choose optimal portfolios for higher risk aversion investors. He also works with Prof. Sergio Ortobelli (University of Bergamo University), Prof. Svetlozar T. Rachev (University of Karlsruhe and University of California Santa Barbara) and Prof. Frank J. Fabozzi (Yale University) on orderings and risk probability functionals applied to optimal portfolios. Furthermore, Prof. Shalit is developing a new test for normality based on regression weights.

Zilla Sinuany-Stern

Prof. Sinuany-Stern's focuses on the following areas: industrial engineering, management science, operations research, data envelopment analysis (DEA), decision analysis, forecasting, operations management, production planning and control, models in academic planning, reliability and maintenance in production control.

Avia Spivak

Prof. Spivak continues his research activities in two main fields of interest: the macro economics of Israel and the economics of pensions and social insurance.

Karine van der Beek

Dr. van der Beek's research interests include economic history, growth and institutions. She mainly focuses on industrialization, technological change and the evolution of human capital in pre-modern Europe. Her current research project explores the skilled labor sector in England during the Industrial Revolution.

Oscar Volij

Prof. Volij does research in economic theory and game theory. His current projects involve the measurement of segregation and income inequality.

Jimmy Weinblatt

Prof. Weinblatt's research efforts are devoted to pursuing various issues within the large scale project on the Economic Aspects of Peace in the Middle East: macroeconomic modeling, Israeli-Jordanian-Palestinian trade and the development of special industrial zones. He recently completed his final term as Rector of the University.

David Wettstein

Prof. Wettstein focuses on the introduction of new solution concepts for cooperative environments with externalities and asymmetric information, as well as on the non-cooperative foundations for old and new cooperative solution concepts and optimal auction design.