

**THE PHILLIPE MONASTER CENTER  
FOR ECONOMIC RESEARCH**

**Director: Prof. Ori Haimanko**

**מרכז פיליפ מונסטור למחקר כלכלי**

**יו"ר המרכז: פרופ' אורי חיימנקו**

**ACTIVITY REPORT**

**2012/2013**

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

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2012/13**

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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:** Prof. Ori Haimanko

Steering committee: Prof. Ori Haimanko, Prof. Aner Sela and Prof. David Wettstein

**Members:**

Dr. Suleiman Abu-Bader  
Dr. Aamer Abu-Qarn  
Prof. Arie Arnon  
Prof. Ofer Azar, Department of Business Administration  
Prof. Gila Benisti  
Dr. Nadav Ben-Zeev  
Dr. Tomer Blumkin  
Dr. Dror Brenner  
Dr. Danny Cohen-Zada  
Prof. Leif Danziger  
Prof. Ezra Einy  
Dr. Koresh Galil  
Prof. Arie Gavious, Department of Industrial Engineering and Management  
Prof. Mark Gradstein  
Prof. Ori Haimanko, Director, Monaster Center for Economic Research  
Prof. Moshe Justman  
Dr. Shirlee Lichtman-Sadot  
Dr. Oren Rigbi  
Prof. 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. Avia Spivak  
Dr. Karine van der Beek  
Prof. Oscar Volij, Chairman, Department of Economics  
Prof. David Wettstein  
Dr. Ro'i Zultan

## II. OPENING REMARKS

The Monaster Center had another productive year in 2012-2013. During this period 52 articles were published or accepted for publication, some in leading economics journals. Many individual research projects were supported through competitive grants, with four members of the center becoming beneficiaries of new ISF grants in 2013. As in the past, our weekly seminar meetings, supplemented by an occasional second weekly seminar, accommodated a steady flow of visitors from other institutions.

The Center continued to cover the submission costs to journals and conferences of the members and their students. As in previous years, junior faculty members additionally benefited from partial reimbursement of their conference registration fees. The secretarial assistance, partly funded by the center, has been maintained at the same level as last year, with the secretary present at the Center during standard work hours four days a week.

To mention a few personnel changes, the center has expanded by welcoming into its ranks three new members of the department of economics: Dr. Nadav Ben-Zeev, a macroeconomist, Dr. Dror Brenner, an applied labor economist, and Dr. Shirlee Lichtman-Sadot, and applied microeconomist. Prof. Haim Shalit has retired this year. Dr. Mridu Goswami, a post-doctoral student that has been associated with the center since 2012 has extended his term for another year, and two more postdocs have joined in 2013.

As always, we thank the Center's secretary, Ms. Ella Ginzburg, for her reliable year-round assistance and gratefully acknowledge 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.

Prof. Ori Haimanko, Director

### III. ACTIVITIES IN DETAIL

#### 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:

Dan Amiram (Columbia University)  
 Yaron Azrieli (Ohio State University)  
 Shirlee Lichtman (Stanford University)  
 Eric Uslaner (University of Maryland)  
 Assaf Patir (Northwestern University)  
 Ben Greiner (University of New South Wales)  
 Matan Tsur (New York University)  
 Erez Yoeli (The Federal Trade Commission)  
 Mehmet Ulubasoglu (Deakin University)  
 David Perez-Castrillo (Universitat Autònoma de Barcelona)  
 Elias Khalil (Monash University)  
 Francisco Martinez Mora (University of Leicester)  
 Amir Shoham (Temple University)  
 Ori Heffetz (Cornell University)  
 Matthew Ellman (CSIC Barcelona)  
 Panu Poutvaara (University of Munich)  
 Itay Saporta (Stanford University)  
 Rania Gihleb (Boston University)  
 Werner Gueth (Max Planck Institute of Economics)  
 Martin Eichenbaum (Northwestern University)  
 Yannay Spitzer (Northwestern University)  
 Yuval Heller (Oxford University)

#### 2) Seminar Lectures Presented by Department Members and Guests from Israel and Abroad (these include those that are presented as part of the regular Thursday seminar program, those that are presented at the bi-weekly empirical workshop, and special seminars).

- 02.01.13 Dan Amiram (Columbia University)  
 “Corporate Tax Avoidance, Shareholder Dividend Tax Policy and Manager-Shareholder Alignment”
- 03.01.13 Yaron Azrieli (Ohio State University)  
 “Incentives in Experiments: a theoretical analysis”
- 09.01.13 Shirlee Lichtman (Stanford University)  
 “Does Banning Carbonated Beverages in Schools Decrease Student Consumption”
- 10.01.13 Eric Uslaner (University of Maryland)  
 “The Roots of Corruption: mass education economic inequality and state building”

- 16.01.13 Assaf Patir (Northwestern University)  
“Securitization, Bank Vigilance, and Bailouts”
- 17.01.13 Ben Greiner (University of New South Wales)  
“Engineering Trust-Feedback, Reciprocity, and Trustworthiness on eBay”
- 17.01.13 Matan Tsur (New York University)  
“Financial Contracts and Bargaining”
- 24.01.13 Mark Gradstein (Ben-Gurion University)  
“Income and Schooling”
- 21.02.13 Erez Yoeli (The Federal Trade Commission)  
“The Benefits of Reducing Fraud”
- 07.03.13 Mehmet Ulubasoglu (Deakin University)  
“What Underlies Weak States? The role of terrain ruggedness”
- 14.03.13 Ido Erev (Technion)  
“Partially Observable States and the Tendency to Rely on Small Samples”
- 04.04.13 Talia Fisher (Tel-Aviv University)  
“Statistical Evidence: the case for sensitivity”
- 11.04.13 Yossi Yakhin (Bank of Israel)  
“A Flow-Accounting Model of the Labor Market: an application to Israel”
- 18.04.13 Alan Miller (Haifa University)  
“Scholarly Influence”
- 25.04.13 David Perez-Castrillo (Universitat Autònoma de Barcelona)  
“Endogenous Matching in University-Industry Collaboration: theory and empirical evidence from the UK”
- 02.05.13 Eitan Bachmat (Ben-Gurion University)  
“Airport Boarding”
- 09.05.13 Elias Khalil (Monash University)  
“The One who Gives Too Early, Gives Twice: cooperation, blood feuds and third-party institutions”
- 16.05.13 Tali Regev (Tel-Aviv University)  
“Gender Ratios at Top PhD Programs in Economics”
- 23.05.13 Francisco Martinez Mora (University of Leicester)  
“The Desegregating Effect of School Tracking”
- 30.05.13 Sergiu Hart (The Hebrew University)  
“Two(!) Good To Be True”

- 06.06.13 Eyal Winter (The Hebrew University)  
“Mental Equilibrium and Mind Reading”
- 13.06.13 Amir Shoham (Temple University)  
“The Grammatical Origins of Gender Roles”
- 20.06.13 Ori Heffetz (Cornell University)  
“Can Marginal Rates of Substitution be Inferred from Happiness Data?  
Evidence from Residency Choices”
- 27.06.13 Moran Ofir (IDC)  
“Investor Sophistication and the Effect of Behavioral Biases in Structured  
Products Investments”
- 14.10.13 Matthew Ellman (CSIC Barcelona)  
“In Google We Trust?”
- 24.10.13 Moshe Justman (Ben-Gurion University)  
“Evidence of a Decline in Men's Intergenerational Income and Earnings  
Mobility in the United States”
- 31.10.13 Ofer Setty (Tel-Aviv University)  
“Who Cares about Unemployment Insurance”
- 07.11.13 Panu Poutvaara (University of Munich)  
“International Migration of Couples”
- 14.11.13 David Leiser (Ben-Gurion University)  
“Public Understanding of Major Economics Events: commonalities and  
differences”
- 21.11.13 Ohad Raveh (The Hebrew University)  
“Capital Imports Composition, Complementarities, and the Skill Premium in  
Developing Countries”
- 28.11.13 Yair Antler (Tel-Aviv University)  
“Two Sided Matching with Intrinsic Preferences over Stated Rankings”
- 05.12.13 Itay Saporta (Stanford University)  
“Job Loss, Consumption and Unemployment Insurance”
- 09.12.13 Rania Gihleb (Boston University)  
“Dynamic Effects of Educational Assortative Mating on Labor Supply”
- 12.12.13 Werner Gueth (Max Planck Institute of Economics)  
“Ultimatum Bargaining and Related Experiments”
- 18.12.13 Martin Eichenbaum (Northwestern University)  
“Unemployment and Business Cycles”

- 19.12.13 Sivan Frenkel (The Hebrew University)  
“Dynamic Asset Sales with Information Externalities”
- 23.12.13 Yannay Spitzer (Northwestern University)  
“Pogroms, Networks, and Migration: the Jewish migration from the Russian Empire to the United States”
- 26.12.13 Yuval Heller (Oxford University)  
“Three Steps Ahead”

### 3) Research Contracts, Fellowships and Awards

Suleiman Abu-Bader was awarded an Israeli National Insurance Institute Grant in the amount of NIS 203,000 (2013-15). The research project is entitled “Socio-Economic Survey of the Arab-Bedouin Community in the Negev.”

Aamer Abu-Qarn received a grant from the Robert H. Arnow Center for Bedouin Studies and Development for his research project “Does it pay to study?”

Arie Arnon is currently working on a new monograph entitled (provisionally) “Keynes(ians) and Hayek(ians) on Cycles, Crises and Economic Policy: Some Major Trends in Macroeconomics Thinking From the Great Depression to the Long Recession.” In the years 2013-2014 this project will be supported by a grant of \$74,000 by INET, The Institute for New Economic Thinking.

Ofer Azar was awarded a prize for the best article published in *Labour Economics* in 2012 entitled “The Effect of the Minimum Wage for Tipped Workers on Firm Strategy, Employees and Social Welfare.” He also received a grant from the Marketing Science Institute to study certain aspects of relative thinking.

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.

Ezra Einy is a fellow of the Society for the Advancement of Economic Theory.

Mark Gradstein was invited keynote speaker at the Annual Meetings of the Asian Law and Economics Association (ASLEA), Hong Kong. He is a Research Fellow at the Collegio Carlo Alberto, Italy.

Ezra. Einy, Ori Haimanko, and Aner Sela have been awarded a grant from the Israel Science Foundation in the amount of 226,000 NIS (2013-2015) for the project entitled “Contests with asymmetric information”.

Moshe Justman is a Senior Research Fellow in the Van Leer Jerusalem Institute, where he currently heads the Institute’s Program on Civil Society. In addition, he was awarded a research grant on: Semi-parametric estimation of the impact of Israeli high schools on access to higher education, by the Rothschild Cesarea Foundation, 2012-15. Prof.

Justman is part of a group at the University of Melbourne that was awarded a research contract to conduct empirical analysis of education in Victoria, Australia, 2011-15.

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.”

Bradley Ruffle continues to hold a grant from the German-Israeli Foundation for Scientific Research and Development (GIF). The research project is entitled “Pricing Strategies in a Dynamic Network Market: An Experimental Analysis,” and is being carried out with A. Weiss and F. Heinemann.

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

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

Karine van der Beek is the recipient of an Israel Science Foundation (ISF) Individual Grant for the project: “The Development in Human Capital on the Eve of the Industrial Revolution (1710-1772).” The grant is in the amount of \$66,500 for the period 2011-2013. She also received a U.S.-Israel Binational Science Foundation (BSF) Regular Grant (together with Joel Mokyr from Northwestern University, IL), for the project “Technology-skill Complementarity during the Industrial Revolution: 1710-1810” in the amount of \$84,000 for the period 2011-2013.

David Wettstein was awarded a grant from the Israel Science Foundation in the amount of \$50,000 (2012-2014) for the project “Innovation Contests - Characterization of Equilibria and the Design of Optimal Contests.”

Ro'i Zultan (PI) was awarded a grant from the Israel Science Foundation (no. 214/13) titled entitled “Group reciprocity: changing attitudes towards groups.” The grant is for the period 2013-2015 and is in the amount of ~\$40,000 p.a., ~\$80,000 in total.

#### **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 collaborates with Israel Waichman from University of Kiel, Germany and Uri Ben-Zion from the Open University and Western Galilee College. He is coordinator of economic studies at the Eilat Campus of Ben-Gurion University.

Aamer Abu-Qarn serves as the academic coordinator of Economics at Achva Academic College and is a member of the Master’s Degree Committee of the Faculty of Humanities and Social Sciences at Ben-Gurion University. He collaborates with Paul Dunne from the University of Cape Town, South Africa, with Miki Malul from Ben-Gurion University, Salem Abo Zaid from Texas Tech University, and Muhammad Asali from Tbilisi State University.

Arie Arnon cooperates with a group of Israeli, Palestinian and international economists on research devoted to the economic aspects of a permanent agreement between Israel and Palestine. He serves as coordinator of the Israeli side and is head of the research group. This research is done within the framework of the Aix Group since 2002. From 2012 to 2014 the Group will work on the economic costs associated with the status quo for the Israeli and Palestinian economies and compare various scenarios for possible permanent status agreements. Several grants facilitate the research.

In December 2012 Ofer Azar began to serve as the Editor of the Journal of Socio-Economics, whose title will change to the Journal of Behavioral Economics in January 2014. This journal is ranked among the top three in behavioral economics and socio-economics. Prof. Azar is also an Associate Editor for two other top journals in this field: the Journal of Economic Behavior & Organization and the Journal of Economic Psychology. He also serves as an Advisory Board Member in the SSRN Journals in Behavioral & Experimental Economics. In addition, Prof. Azar is the Chairperson of the Executive Committee of the International Confederation for the Advancement of Behavioral Economics and Economic Psychology (ICABEEP) and is also President of the Society for the Advancement of Behavioral Economics (SABE). In addition, he is the Head of the Multidisciplinary Specialty in the Department of Business Administration and the Teaching Committee Chairperson of the Guilford Glazer Faculty of Business and Management at Ben-Gurion University of the Negev. Prof. Azar's recent research collaborations include Ronnie Lidor, the Head of the Zinman College of the Wingate Institute, with Michael Bar-Eli from the Department of Business Administration at BGU, as well as several graduate students.

Tomer Blumkin is a member of the CesIfo Research Institute in Munich and the IZA Institute for labor economics in Bonn. Tomer collaborates with Oren Rigbi and Bradley Ruffle from BGU, with Efraim Sadka, Yotam Shem Tov and Yoram Margalioth from Tel Aviv University and with Volker Grossmann from Fribourg University in Switzerland.

Danny Cohen-Zada collaborates with Todd Elder from Michigan State University and Yotam Margalit from Columbia 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 and Ruth Ben-Yashar both from Bar-Ilan University and with Eran Yashiv from Tel-Aviv University.

Koresh Galil collaborates with Zvika Afik (BGU), Dan Amiram (Columbia University), Ohad Arad (BGU), Uri Ben-Zion (BGU), Avigail Konikov (Bar-Ilan University), Eyal Lahav (Academic College), Ariel Levy (Technion), Cesario Mateus (Greenwich University), Offer Shapir (BGU), Neta Sher (BGU).

Prof. Ori Haimanko has been chosen to serve on the editorial board of the Journal of Mathematical Economics as an associate editor.

He does collaborative research on the following projects:

Games with Incomplete Information – joint with Atsushi Kajii (University of Kyoto);  
Contests with asymmetric information – joint with Ezra Einy and Aner Sela from

BGU, Benyamin Shitovitz from the University of Haifa, and Ram Orzach from Oakland University.

Moshe Justman collaborates with Brendan Houg at the Melbourne Institute for Applied Economic and Social Research; and with Anna Krush and Karine van Der Beek (BGU). He served on the steering committee of the Israel Academy of Sciences' Initiative for Applied Research on Education and on the Rothschild Fellowship selection committee in 2012-13. He is President of the Israel Economic Association, 2012-14.

Oren Rigbi collaborates with Itai Ater from Tel-Aviv University, Yehonatan Givati from the Hebrew University, Jonathan Meer from Texas A&M University, Danny Cohen Zada from BGU and Yotam Margalit from Columbia University.

Bradley Ruffle serves as an Associate Editor at the International Journal of Industrial Organization (IJIO) (since 2006). He collaborates with Naomi Feldman (Federal Reserve) Todd Kaplan (Haifa University) and Oscar Volij (BGU).

Edna Schechtman is head of the Department of Industrial Engineering and Management. She does joint research with Hillel Bar Gera and Yisrael Parmet (BGU), Zvi Livneh and Tamar Paz-Elizur (Weizmann Institute). She serves as an associate editor for Metron.

Ella Segev collaborates with Ron Lavi (Technion), Paul Schweiner (York University), Gal Hochman (Rutgers University), Qiang Fu (National University, Singapore) Gabrielle Gaye (Bar-Ilan University) and Aner Sela (BGU).

Aner Sela does joint research with Ori Haimanko, Ezra Einy and Ram Orzach (Oakland University). He serves as a co-editor for the Journal of Economics and Management Strategy.

Haim Shalit does joint research with Sergio Ortobelli (University of Bergamo, Italy), Frank Fabozzi (*EDHEC Business School*) and Shlomo Yitzhaki (Hebrew University of Jerusalem).

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.

Karine van der Beek collaborates with Prof Joel Mokyr (Northwestern University, IL) on a joint project: "Technology-skill Complementarity during the Industrial Revolution: 1710-1810"

Oscar Volij collaborates with Ana Urrutia and Casilda Lasso (University of the Basque Country). He serves as associate editor for the Journal of Public Economic Theory.

David Wettstein works on the following joint research projects: "Rational Bargaining in Games with Coalitional Externalities" 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). Prof. Wettstein is also a member of the University Higher Appointments Committee.

#### **IV. PARTICIPATION IN CONFERENCES AND SEMINARS**

##### **Aamer Abu-Qarn**

Seminars presented at Helmut Schmidt University, Hamburg, Germany  
University of Hamburg, Hamburg, Germany  
Institute of Middle East Studies, GIGA, Hamburg, Germany

##### **Suleiman Abu-Bader**

EEA - European Economic Association 28th Annual Congress, Guttenberg, Sweden, August 2013.

##### **Arie Arnon**

June 2012, History of Economics Society Annual Meeting, Brocks University, Canada, “A Re-Examination of Keynes’s and Hayek’s Disputes and Agreements Concerning “Interventions” in the Economy, 1924 to 1946.”

**May 2013, ESHET – European Society for the History of Economic Thought**, “*Monetary Theory and Policy from Hume and Smith to Wicksell: Money, Credit and the Economy*,” Cambridge: Cambridge University Press, and was nominated for the **Best Book Award 2012** by ESHET. In association with the award, he delivered the Blanqui Lecture to the ESHET annual conference, entitled: “Back to Henry Thornton and Some of his Famous Readers: The Role of Gold in Classical Monetary Doctrine.” (see <http://www.eshet.net/index.php?a=41>)  
September 2013, The Ricardo Society, Tokyo, Japan, a) “Ricardo’s ‘Plan for a National Bank’ (1824): The Break from Competitive Banking to a New Paradigm” and b) “The Financial Crisis of 1797: Thornton’s Innovative Thinking, His Disappearance and Return to Fame – With Some Lessons for Today.”

##### **Ofer Azar**

###### **Seminar presentations**

Max Planck Institute of Economics in Jena (10/2012)  
University Paris 13 (2/2013)  
University of Granada (3/2013)  
Ben-Gurion University of the Negev (11/2013)

###### **Conference presentations**

Industrial Organization, Regulation and Competition Policy in Israel, Tel Aviv University, 12/2012  
The 5<sup>th</sup> Israel Strategy Conference, Tel Aviv University, 12/2012  
ICABEEP/IAREP/SABE, Atlanta, 7/2013

##### **Tomer Blumkin**

###### **Conference presentations**

Cesifo Area Conference on Employment and Social Protection, Munich, Germany, May 2012.

###### **Research visits and invited talks**

University of California, San Diego (UCSD), Economics Department, July 2012 (delivering a summer course on the economics of taxation)

Cesifo, Munich Germany, September 2012 (delivering a short graduate course on taxation)

Uppsala University, Center for Fiscal Studies, Uppsala, Sweden, October 2012

**Danny Cohen-Zada**

T. Alon and D. Cohen-Zada, “The Effect of Religious Schooling on Drug Use,” Annual Meeting of the Israeli Economics Association, May 2012 (session chair).

**Leif Danziger**

CESifo Area Conference on Employment and Social Protection, Munich, Germany, May 2013.

**Ezra Einy**

International Conference on Game Theory and Economic Theory, SUNY at Stony Brook, July 2013.

International Conference on Game Theory, Economic Theory and Mathematics, Udense, Denmark, November 2013.

**Koresh Galil**

Operations Research Society –Israel, Jerusalem, May 2012.

International Finance and Banking Society, Valencia (Spain), June 2012.

**Mark Gradstein**

Mark Gradstein was invited keynote speaker, Annual Meetings of the Asian Law and Economics Association (ASLEA) (2012), Hong Kong.

During 2013 he presented seminars at the University of Haifa, Bar-Ilan University and BGU.

**Ori Haimanko**

Departmental Seminar, Planning Unit, Indian Statistical Institute, New Delhi.

Departmental Seminar, School of Economics, Singapore Management University, Singapore.

**Moshe Justman**

Chair, Annual Meetings of the Israel Economic Society

Organizing committee. Annual Meeting of the Program on Economics and Society, Van Leer Jerusalem Institute, 2011, 2012.

“Student Growth Percentiles”, IWAE meetings, Italy, June 2013.

“The Public Economics of Creativity.” Conference on Economics of Creativity, University of Strasbourg, 2012.

**Oren Rigbi**

Annual Meeting of the American Economic Association, Chicago, IL, January 2012.

Annual Meeting of the European Association for Research in Industrial Economics, Rome, Italy, September 2012.

International Industrial Organization Conference, Boston, MA, May 2013.

**Bradley Ruffle**Conference presentations

“First-Mover Advantage in Two-Sided Competitions: An Experimental Comparison of Role Assignment Rules,” - Economic Science Association, Tuscon, USA (November 2012).

Seminar presentations

2013 - Loyola Marymount, Laurier, U. of Toronto, Western, NYU, Saskatchewan  
2012 - Bar-Ilan, Ben-Gurion (Public Policy), Waterloo, McMaster, Guelph

**Ella Segev**

“Multi-stage Sequential All-Pay Auctions,” presented at the Conference of the Society for Economic Design Lund, Sweden (2013) and at the Asian Meeting of the Econometric Society, Singapore (2013).

**Aner Sela**

Seminars: Cambridge University, University College London, University of Mannheim, University of Zurich.

Conference: 13<sup>th</sup> SAET Conference, Paris, July 2013

**Karine van der Beek**

April 2012: Institute for New Economic Thinking Conference, Berlin, Germany.

May 2012: Seminar at the Department of General History, Ben-Gurion University, Beer Sheva.

May 2012: Seminar at the Economics Department, Hebrew University, Jerusalem.

June 2012: Seminar at the Economics Department, Ben-Gurion University, Beer Sheva.

December 2012: Seminar at the Guilford Glazer Faculty of Business and Management, Ben-Gurion University, Beer Sheva.

**Oscar Volij**

“Segregation, Lorenz dominance and informativeness,” presented at the annual meeting of the Association for Public Economic Theory (PET13), 5-7 July, 2013, Lisbon, Portugal and at the 5<sup>th</sup> meeting of the Society for the Study of Economic inequality- Bari, Italy, July 22-24, 2013.

**David Wettstein**

“Innovation Contests” (with D. Perez-Castrillo), 13th Society for the Advancement of Economic Theory (SAET) Conference, Paris, France, 2013.

“The Optimal Design of Rewards in Contests” (with T. Kaplan) York Annual Symposium on Game Theory, University of York, UK, 2013.

**Ro'i Zultan**Invited lectures at conferences:

“Social Motives in Intergroup Conflict,” Inaugural Essex Lab Workshop, Colchester, UK, 2013.

“Intergroup Conflict in the Lab,” Workshop on Behavioral Decision Making in Memory of Gary Bornstein, Jerusalem, 2013.

“Experiments Talk When Theory Is Silent,” Israel Economic Association Annual Meeting, Tel-Aviv, 2013.

“Timing of Messages and the Aumann Conjecture,” Meeting of the Operation Research Society of Israel, Beer Sheva, 2013.

Conference presentations:

“See No Evil: Information Chains and Reciprocity in Teams,” International Meeting on Experimental and Behavioral Economics, Madrid, Spain, 2013.

Presentations at informal seminars:

“Imperfect Recall and Time Inconsistencies: An experimental test of the absentminded driver ‘paradox’,” Game Theory Seminar, Industrial Engineering and Management, Ben-Gurion University, 2013.

“Auction Mechanisms and Bidder Collusion,” Game Theory Seminar, Industrial Engineering and Management, Ben-Gurion University, 2013.

Seminar presentations:

“Auction Mechanisms and Bidder Collusion,” presented at Max Planck Institute of Economics and Agricultural Economics and Management Department, The Hebrew University of Jerusalem, 2013.

**V. PUBLICATIONS 2012-13** (names of Center members appear in capital letters)

Abdelfattah, Y., ABU-QARN, A.S., Dunne, P. and Zaher, S. “The Demand for Military Spending in Egypt,” forthcoming in *Defence and Peace Economics*.

ABU-QARN, A.S. (2013) “On Defense and Growth of Israel and its Neighbors,” *The Economic Quarterly* 59(1/2), 7-20. (in Hebrew)

ABU-BADER, S. and Gottlieb, D. (2012) “Poverty, Education and Employment among the Arab-Bedouin in Israel.” In *Poverty and Social Exclusion around the Mediterranean Sea*, edited by Valerie Bérenger and Florent Bresson, Springer.

ARNON, A. and Bamya, S. (eds.) (2012), [The Aix Group], *The Arab Peace Initiative and Israeli-Palestinian Peace: The Political Economy of a New Period*, (560 pages).

AZAR, O.H. (in press), “The Default Heuristic in Strategic Decision Making: When is it Optimal to Choose the Default without Investing in Information Search?” *Journal of Business Research*.

AZAR, O.H. (in press), “Competitive Strategy when Consumers Are Affected by Reference Prices,” *Journal of Economic Psychology*.

AZAR, O. H. (2013) “Firm Strategy and Biased Decision Making: The Price Dispersion Puzzle,” *Applied Economics*, 45(7):901-910.

AZAR, O.H., Bar-Eli, M. and Yosef, S. (2013) “Do Customers Return Excessive Change in a Restaurant? A Field Experiment on Dishonesty,” *Journal of Economic Behavior and Organization* 93:219-226.

Fetchenhauer, D., AZAR, O.H., Antonides, G., Dunning, D., Frank, R.H., Lea, S. and Ölander, F. (2012) “Monozygotic Twins or Unrelated Stepchildren? On the

Relationship between Economic Psychology and Behavioral Economics,” *Journal of Economic Psychology* 33(3):695-699.

AZAR, O.H. (2012) “What Affects Customer Success When Bargaining for a New Car? Some Empirical Evidence,” *Journal of Socio-Economics* 41(1):26-30.

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**VI. WORKING PAPER SERIES 12/13 AND  
ABSTRACTS OF RECENT WORKING PAPERS  
(issued from the Monaster Center for Economic Research)**

**Discussion Paper Series 2012**

- 12-01 D. Cohen-Zada and T. Elder, “Religious Pluralism, Religions Market Shares and the Demand for Religious Schooling.”
- 12-02 Z. Afik, O. Arad and K. Galil, “Using the Merton Model: an empirical assessment of alternatives.”
- 12-03 R. Abramitzky, L. Einav and O. Rigbi, “Is Hanukkah Responsive to Christmas?”
- 12-04 O. Rigbi, “The Effects of Usury Laws: Evidence from the Online Loan Market.”
- 12-05 J. Meer and O. Rigbi, “Transactions Costs and Social Distance in Philanthropy: Evidence from a Field Experiment.”
- 12-06 I. Ater and O. Rigbi, “Price Control in Franchised Chains: The Case of McDonald’s Dollar Menu.”
- 12-07 N.E. Feldman and B.J. Ruffle, “The Impact of Tax Exclusive and Inclusive Prices on Demand.”
- 12-08 B.J. Ruffle and O. Volij, “First-Mover Advantage in Two-Sided Competitions: An Experimental Comparison of Role-Assignment Rules.”
- 12-09 O. Haimanko, “Approximate Robustness of Equilibrium to Incomplete Information.”
- 12-10 Y.M. Abdelfattah, A.S. Abu-Qarn, J. Paul Dunne and S. Zaher, “The Demand for Military Spending.”
- 12-11 E. Segev and A. Sela, “Multi-Stage Sequential All-Pay Auctions.”
- 12-12 R. Megidish and A. Sela, “Sequential Contests with Synergy and Budget Constraints.”

12-13 O. Hochman, “Welfare Estimation in a General Equilibrium Model with Cities.”

### **Discussion Paper Series 2013**

13-01 B.J. Ruffle and Y. Tobol, “Honest on Mondays: Honesty and the temporal distance between decisions and payoffs.”

13-02 N.E. Feldman and B.J. Ruffle, “The Impact of Tax Exclusive and Inclusive Prices on Demand.”

13-03 E. Einy, O. Haimanko, D. Moreno, A. Sela, and B. Shitovitz, “Tullock Contests with Asymmetric Information.”

13-04 C. Lasso de la Vega and O. Volij, “A Simple Proof of Foster’s (1983) Characterization of the Theil Measure of Inequality.”

13-05 M. Mahajne and O. Volij, “Level  $r$  Consensus.”

13-06 E. Einy, O. Haimanko, R. Orzach, and A. Sela, “Common-Value All-Pay Auctions with Asymmetric Information.”

13-07 A. Zapechelnyuk and R. Zultan, “Job Search Costs and Incentives.”

13-08 O. Weisel and R. Zultan, “Social Motives in Intergroup Conflict.”

13-09 E. Klor, S. Kube, E. Winter and R. Zultan, “Can Higher Rewards Lead to Less Effort? Incentive Reversal in Teams.”

13-10 S. Lichtman, “The Value of Postponing Pregnancy: California's Paid Family Leave and the Timing of Pregnancies.”

13-11 M. P. Goswami, “Non Fixed-Price Trading Rules in Single-Crossing Classical Exchange Economies.”

13-12 C. Lasso de la Vega and O. Volij, “Segregation, Informativeness and Lorenz Dominance.”

13-13 O.H. Azar, “Optimal Strategy of Multi-Product Retailers with Relative Thinking and Reference Prices.”

13-14 T.R. Kaplan, B.J. Ruffle, and Z. Shtudiner, “Willing to Cooperate.”

13-15 M. Justman and A. Krush, “Less Equal *and* Less Mobile: Evidence of a Decline in Intergenerational Income Mobility in the United States.”

13-16 B. Houg and M. Justman, “A Comparison of Two Methods for Estimating School Effects and Tracking Student Progress from Standardized Test Scores.”

13-17 M. Justman and K. van der Beek, “Market Forces Shaping Human Capital in Eighteenth Century London.”

- 13-18 Koresh Galil, Offer Moshe Shapir, Dan Amiram and Uri Ben-Zion, “The Determinants of CDS Spreads.”

**ABSTRACTS OF DISCUSSION PAPERS** (issued since the previous report)

**HONEST ON MONDAYS: HONESTY AND THE TEMPORAL DISTANCE  
BETWEEN DECISIONS AND PAYOFFS**

Bradley J. Ruffle and Yossef Tobol  
Discussion Paper 13-01

We show that temporally distancing the decision task from the payment of the reward increases honest behavior. Each of 427 Israeli soldiers fulfilling their mandatory military service rolled a six-sided die in private and reported the outcome to the unit's cadet coordinator. For every point reported, the soldier received an additional half-hour early release from the army base on Thursday afternoon. Soldiers who participated on Sunday (the first work day of the week) are significantly more honest than those who participated later in the week. We derive practical implications for eliciting honesty.

**THE IMPACT OF TAX EXCLUSIVE AND INCLUSIVE  
PRICES ON DEMAND**

Naomi E. Feldman and Bradley J. Ruffle,  
Discussion Paper 13-02

We test the equivalence of tax-inclusive and tax-exclusive prices through a series of experiments that differ only in their handling of the tax. Subjects receive a cash budget and decide how much to keep and how much to spend on various attractively priced goods. Subjects spend significantly more when faced with tax-exclusive prices. This treatment effect is robust to different price levels, to initial shopping-cart purchases and persists throughout most of the ten rounds. A goods-level analysis, intra-round revisions as well as results from a third tax-deduction treatment all cast doubt on salience as the source of our findings.

**TULLOCK CONTESTS WITH  
ASYMMETRIC INFORMATION**

Ezra Einy and Ori Haimanko,  
Diego Moreno, Aner Sela and  
Benyamin Shitovitz  
Discussion Paper No. 13-03

Under standard assumptions about players' cost functions, we show that a Tullock contest with asymmetric information has a pure strategy equilibrium. Next we study Tullock contests in which players have a common value and a common state-independent linear cost function. A two-player contest in which one player has an information advantage has a unique equilibrium. In equilibrium both players exert the same expected effort, and although the player with an information advantage wins the prize with probability less than one-half, his payoff is greater or equal to that of his opponent. When there are more than two players in the contest, having

information advantage leads to higher payoffs, but the other properties of equilibrium no longer hold.

**A SIMPLE PROOF OF FOSTER'S (1983) CHARACTERIZATION OF THE THEIL MEASURE OF INEQUALITY**

Casilda Lasso de la Vega and Oscar Volij  
Discussion Paper No. 13-04

We provide a simple proof of Foster's (1983) characterization of the Theil inequality index.

**LEVEL  $r$  CONSENSUS**

Muhammad Mahajne and Oscar Volij  
Discussion Paper No. 13-05

We propose a weakening of the unanimity concept, which we refer to as consensus of level  $r$ , and apply it to rationalize social aggregation rules.

**COMMON-VALUE ALL-PAY AUCTIONS WITH ASYMMETRIC INFORMATION**

Ezra Einy, Ori Haimanko,  
Ram Orzach and Aner Sela  
Discussion Paper No. 13-06

We study two-player common-value all-pay auctions in which the players have ex-ante asymmetric information represented by finite partitions of the set of possible values of winning. We consider two families of such auctions: in the first, one of the players has an information advantage (henceforth, IA) over his opponent, and in the second, no player has an IA over his opponent. We show that there exists a unique equilibrium in auctions with IA and explicitly characterize it; for auctions without IA we find a sufficient condition for the existence of equilibrium in monotonic strategies. We further show that, with or without IA, the ex-ante distribution of equilibrium effort is the same for every player (and hence the players' expected efforts are equal), although their expected payoffs are different. In auctions with IA, the players have the same ex-ante probability of winning, which is not the case in auctions without IA.

**JOB SEARCH COSTS AND INCENTIVES**

Andriy Zapechelnyuk and  
Ro'i Zultan  
Discussion Paper No. 13-07

The costs of searching for a job vacancy are typically associated with friction that deters or delays employment of potentially productive individuals. We demonstrate that in a labor market with moral hazard where effort is non-contractible, job search costs play a positive role, whose effect may outweigh the negative implications. As workers are provided incentives to exert effort by the threat of losing their job and having to search for a new vacancy, a reduction in job search costs leads to fewer employees willing to exert effort. The overall lower productivity will make more

individuals and firms opting to stay out of the labor market, resulting in lower employment and decreased welfare. Eventually, a reduction of jobs search costs below a certain level results in collapse of the labor market.

### **SOCIAL MOTIVES IN INTERGROUP CONFLICT**

Ori Weisel and Ro'i Zultan  
Discussion Paper No. 13-08

We experimentally test the social motives behind individual participation in intergroup conflict by manipulating the framing and symmetry of conflict. We find that behavior in conflict depends on whether one is harmed by actions perpetrated by the out-group, but not on one's own influence on the outcome of the out-group. The way in which this harm is presented and perceived dramatically alters participation decisions. When people perceive *their group* to be under threat, they are mobilized to do what is good for the group and contribute to the conflict. On the other hand, if people perceive to be *personally* under threat, they are driven to do what is good for themselves and withhold their contribution. The first phenomenon is attributed to group identity, possibly combined with a concern for social welfare. The second phenomenon is attributed to a novel victim effect. Another social motive—reciprocity—is ruled out by the data.

### **CAN HIGHER REWARDS LEAD TO LESS EFFORT? INCENTIVE REVERSAL IN TEAMS**

Esteban F. Kor, Sebastian Kube, Eyal Winter and Ro'i Zultan  
Discussion Paper No. 13-09

Conventional wisdom suggests that a global increase in monetary rewards should induce agents to exert higher effort. In this paper we demonstrate that this may not hold in team settings. In the context of sequential team production with positive externalities between agents, incentive reversal might occur: an increase in monetary rewards (either because bonuses increase or effort costs decrease) may lead agents to exert lower effort in the completion of a joint task — even if agents are fully rational, self-centered money maximizers. Herein we discuss this seemingly paradoxical phenomenon and report on two experiments that provide supportive evidence.

### **THE VALUE OF POSTPONING PREGNANCY: CALIFORNIA'S PAID FAMILY LEAVE AND THE TIMING OF PREGNANCIES**

Shirlee Lichtman  
Discussion Paper No. 13-10

Conditioning a monetary benefit on individuals' family status can create distortions, even in individuals' seemingly personal decisions, such as the birth of a child. Birth timing and its response to various policies has been studied by economists in several papers. However, pregnancy timing - i.e. the timing of conception - and its response to policy announcements has not been examined. This paper makes use of a 21-month lag between announcing California's introduction of the first paid parental leave program in the United States and its scheduled implementation to evaluate whether women timed their pregnancies in order to be eligible for the expected benefit. Using natality data, documenting all births in the United States, a difference-in-differences approach compares California births to births in states outside of

California before the program's introduction and in 2004, the year California introduced paid parental leave. The results show that the distribution of California births in 2004 significantly shifted from the first half of the year to the second half of the year, immediately after the program's implementation. While the effect is present for all population segments of new mothers, it is largest for disadvantaged mothers - with lower education levels, of Hispanic origin, younger, and not married. These results shed light on the population segments most affected by the introduction of paid parental leave and on the equitable nature of paid parental leave policies.

### **NON FIXED-PRICE TRADING RULES IN SINGLE-CROSSING CLASSICAL EXCHANGE ECONOMIES**

Mridu Prabal Goswami  
Discussion Paper No. 13-11

This paper defines the single-crossing property for two-agent, two-good exchange economies for classical (i.e., continuous, strictly monotonic, and strictly convex) individual preferences. Within this framework and on a rich single-crossing domain, the paper characterizes the family of continuous, strategy-proof and individually rational social choice functions whose range belongs to the interior of the set of feasible allocations. This family is shown to be the class of generalized trading rules. This result highlights the importance of the concavification argument in the characterization of fixed-price trading rules provided by Barberà and Jackson (1995), an argument that does not hold under single-crossing. The paper also shows how several features of abstract single-crossing domains, such as the existence of an ordering over the set of preference relations, can be derived endogenously in economic environments by exploiting the additional structure of classical preferences.

### **SEGREGATION, INFORMATIVENESS AND LORENZ DOMINANCE**

Casilda Lasso de la Vega and  
Oscar Volij  
Discussion Paper No. 13-12

It is possible to partially order cities according to the informativeness of neighborhoods about their ethnic groups. It is also possible to partially order cities with two ethnic groups according to the Lorenz criterion. We show that a segregation order satisfies four basic axioms if and only if it is consistent with the informativeness criterion. We then use this result to show that for the two- case, the Lorenz and the informativeness criteria are equivalent.

### **OPTIMAL STRATEGY OF MULTI-PRODUCT RETAILERS WITH RELATIVE THINKING AND REFERENCE PRICES**

Ofer H. Azar  
Discussion Paper No. 13-13

Experimental evidence suggests that consumers are affected by reference prices and by relative price differences ("relative thinking"). A linear-city model of two retailers that sell two goods suggests how this consumer behavior affects firm strategy and market outcomes. A simple model analyzes the case in which all consumers want to buy both goods. An extended version adds consumers who want only one good. Relative thinking leads firms to increase the markup on the good with the higher

reference price and decrease the markup on the other good, possibly to a negative markup. Stronger relative thinking increases the firms' profits.

### **WAITING TO COOPERATE?**

Todd R. Kaplan, Bradley J. Ruffle and Ze'ev Shtudiner  
Discussion Paper No. 13-14

Sometimes cooperation between two parties requires exactly one to cede to the other. If the decisions whether to cede are made simultaneously, then neither or both may acquiesce leading to an inefficient outcome. However, inefficiency may be avoided if a party can wait to see what the other does. We experimentally test whether adding a waiting option to such a two-player cooperation game enhances cooperation. Although subjects cede less overall with the waiting option, we show that they coordinate more and consequently achieve higher profits. Yet, a dark side overhangs waiting: the least cooperative pairs do worse with this option. They wait not to facilitate coordination but to disguise their entry.

### **LESS EQUAL AND LESS MOBILE: EVIDENCE OF A DECLINE IN INTERGENERATIONAL INCOME MOBILITY IN THE UNITED STATES**

Moshe Justman and Anna Krush  
Discussion Paper No. 13-15

We identify a declining trend in the intergenerational mobility of men's family income in the United States for sons aged 36-45 between 1997 and 2011, corresponding to fifteen successive rolling ten-year cohort-groups born between 1952 and 1975. Using PSID data to 2008, we first predict fathers' and sons' income at age forty within each cohort-group, as a proxy for lifetime income, and then regress sons' lifetime income on their fathers' income, in logarithmic form, within each group. This yields fifteen successive estimates of the intergenerational elasticity (IGE) of income, ranging from a low of 0.421 for sons aged 36-45 in 1997 through a high of 0.516 for 2007 to a final value of .483 for 2011, with a statistically significant annual slope of .0037. Intergenerational correlations and rank correlations similarly exhibit a significant rising trend in this period, as does the IGE of men's earnings, all of which indicate declining intergenerational mobility. The Gini coefficient of sons' lifetime income within these fifteen successive cohort-groups also increases, exhibiting a correlation of 0.71 with our IGE estimates and leading us to conclude that as the United States economy has become less equal in recent years it has also become less mobile.

### **A COMPARISON OF TWO METHODS FOR ESTIMATING SCHOOL EFFECTS AND TRACKING STUDENT PROGRESS FROM STANDARDIZED TEST SCORES**

Brendan Houg and Moshe Justman  
Discussion Paper 13-16

This paper compares two leading approaches to analyzing standardized test data: least-squares value-added analysis, used mainly to support accountability by identifying teacher and school effects; and Betebenner's (2009) student growth percentiles method, which focuses on normative tracking of individual student progress. Applying both methods to analyze two-year progress in numeracy and reading in elementary and middle school, as reflected in Australian standardized test scores, we find that they produce similar quantitative indicators of both individual student progress and estimated school

effects. This suggests that with minor modifications either methodology could be used for both purposes.

### **MARKET FORCES SHAPING HUMAN CAPITAL IN EIGHTEENTH CENTURY LONDON**

Moshe Justman and Karine van der Beek

Discussion Paper 13-17

We draw on quantitative and descriptive data from Robert Campbell's widely cited manual for prospective apprentices, *The London Tradesman* (1747), to demonstrate the responsiveness of apprenticeship in mid-eighteenth century London to market forces of supply and demand. We regress apprenticeship premiums on journeymen's wages, set up costs and a selection of employment conditions and requirements across 178 trades, and find a significant elasticity of 0.4 with respect to wages and 0.25 with respect to set-up costs. We interpret this as supporting an economic model that views premiums as bounded from above by the expected benefits of acquiring the skills of the trade (Lane, 1996); bounded from below by the expected net training costs to the master, taking into account the possibility of the apprentice terminating his service prematurely (Wallis, 2008); and reflecting the relative bargaining power of master and parent. This supports the thesis that apprenticeship played an important role in adapting the English workforce to the skill requirements of the Industrial Revolution. Moreover, by demonstrating the internal and external consistency of Campbell's observations, our findings support their further use as a unique, invaluable source of detailed, trade-specific wage data from the early years of the Industrial Revolution.

### **THE DETERMINANTS OF CDS SPREADS**

Koresh Galil, Offer Moshe Shapir, Dan Amiram and Uri Ben-Zion

Discussion Paper 13-18

This study proposes models that can be used as shorthand analysis tools for CDS spreads and CDS spread changes. For this purpose we examine the determinants of CDS spreads and spread changes on a broad database of 718 US firms during the period from early 2002 to early 2013. Contrary to previous studies, we discover that market variables still have explanatory power after controlling for firm-specific variables inspired by structural models. Three explanatory variables appear to overshadow the other variables examined in this paper: Stock Return,  $\Delta$ Volatility (the change in stock return volatility) and  $\Delta$ MRI (change in the median CDS spread in the rating class). We also discover that models used in the event study literature to explain spread changes can be improved by using additional market variables. Further, we show that ratings explain cross-section variation in CDS spreads even after controlling for structural model variables.

## 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 those factors which explain the differences in income inequality levels and changes over time of the Bedouin in the Negev and of the Palestinians in the West Bank and Gaza Strip.

### **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 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 policy, and the Israeli economy. In recent years the focus of his research was on the history of economic thought, the outcome of which was the publication of a monograph "*Money, Banking and the Economy: Monetary Theory from Hume and Smith to Wicksell*" by Cambridge University Press. Prof. Arnon is currently working on a new monograph entitled (provisionally) "Keynes(ians) and Hayek(ians) on Cycles, Crises and Economic Policy: Some Major Trends in Macroeconomics Thinking From the Great Depression to the Long Recession." In the years 2013-2014 this project will be supported with a grant of \$74,000 by INET, The Institute for New Economic Thinking. Prof. Arnon also continues to be actively involved in regional economics and research on economic policies in the Middle East, particularly on 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 which he headed until 2011.

### **Ofer Azar**

Ofer Azar's main research areas are industrial organization, strategy, behavioral economics, and experimental economics. His recent research has focused on several topics in particular. One was to examine experimentally 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." Some other recent research studies analyzed the behavior and decision making of sports players, and the willingness of restaurant customers to report excessive change.

### **Tomer Blumkin**

Tomer Blumkin's research continued to focus on normative issues related to the design of the tax and transfer system. Two recent articles in particular, that incorporate migration considerations into a tax competition framework and examine

the restraining effect of migration on the extent of re-distribution, demonstrated that marginal tax rates levied on top-earners may be quite low even when invoking a highly egalitarian social objective.

### **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. In another project he estimates the treatment effect of religious schooling in Israel on student outcomes and drug use. He also studies whether religiosity affect political compromise. Recently, he started a new project dealing with whether men or women tennis players choke more under pressure.

### **Leif Danziger**

Prof. Danziger's research concentrates on the following subject areas: (1) the output and welfare effects of a minimum wage; (2) the design and implications of labor contracts; (3) the macroeconomic consequences of adjustment costs; and (4) the properties of voting mechanisms.

### **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.

### **Koresh Galil**

Dr. Galil's research interests focus on empirical finance and credit risk. His current projects include empirical examination of several alternatives for application of Merton's (1974) model for prediction of default, rating shopping, properties of credit spreads, informed trading prior to default events and anomalies in credit derivatives markets.

### **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**

Prof. Haimanko's currently studies robustness of equilibria and continuity of equilibrium correspondences in games with incomplete information; competitive contracts and contests with asymmetric information; and axiomatizations of monotonic values of cooperative games.

### **Moshe Justman**

Prof. Justman's current research focuses on the economics of education, including the analysis of standardized tests, gender and ethnic gaps in educational opportunity and achievement; and intergenerational mobility.

### **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 and online charitable

giving markets in developed and developing countries. In addition, he explores how the structure of law enforcement agencies affects their activities and crime.

### **Bradley Ruffle**

Prof. 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, honesty, 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 (ANOVI). Another direction is using Gini for time series data by replacing the variance and its related parameters by the Gini and its related parameters.

### **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 behavior in these situations and design optimal mechanisms.

### **Aner Sela**

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

### **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 is presently using new riskiness measures to quantify risk in mutual funds and portfolios.

### **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, income inequality, and two-sided competitions.

### **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.

**Ro'i Zultan**

Dr. Zultan studies normative and descriptive issues of individual decision making using the tools of game theory and experimental economics. His primary interests are cooperation in social environments and the effects of communication on behavior.

**VIII. BUDGET SUMMARY**

The financing of the center is based on an endowment fund.

BUDGET (in US Dollars; account no. 83690641)

<b>Sources:</b>	<b>2012/2013</b>
Balance carried over from last year	13,386
Interest on endowment fund	12,000
<b>Total sources</b>	<b>25,386</b>
 <b>Uses</b>	
<b>Expenditures:</b>	
Mail	763
Other office expenditures	0
Submission fees	3,016
Conference participation (junior faculty and students)	2,503
Books and journals	
Secretary's salary	5,250
Overhead (university charges)	510
<b>Total expenditures</b>	<b>12,042</b>
<b>Closing balance</b>	<b>13,344</b>

**הרשות למחקר ולפיתוח**

## **BUDGET ATTACHMENT – נספח תקציבי**

נספח זה מיועד למרכזי מחקר בין-תחומיים, לתרומות אשר מיועדות למחקר, ולמענקים/חוזים שבהסכם עם המממן (או בהצעת הפרויקט) אין חלוקה תקציבית. במהלך התקופה המתוקצבת ניתן יהיה לבצע העברות בין סעיפי התקציב – כל שינוי בסעיף "נסיעות ואשל בחו"ל" מחייב אישורו של סגן-נשיא ודיקן למחקר ולפיתוח.

<b>פרופ' אורי חיימנקו</b>		שם/ות חוקר/ים ראשי/ים
<b>מרכז מונסטר למחקר כלכלי</b>		שם המרכז / נושא המחקר (תיאור קצר)
<b><u>סעיפי התקציב 83690651 (2013-2014)</u></b>		
\$6000	<b>שכר</b>	שכר מזכירת המרכז
		ציוד קבוע
		חומרים וציוד מתכלה
		נסיעות ואשל בארץ
\$2400		שרותים שונים הזמת כתבי עת, משלוח מאמרים לפרסום, תמיכה במחקר, צילום עבודות מחקר, כיסוי הוצאות של אורחי המרכז מחו"ל
		קבלני חוץ - נא לפרט
\$2400		נסיעות ואשל בחו"ל – נא לפרט: מספר נסיעות, יעדים, זהות הנוסעים דמי השתתפות בכנסים של חוקרים צעירים (ללא קביעות) וסטודנטים
\$1200		תקורה
\$12000		סה"כ התקציב
הערות		
<b><u>אישור סגן-נשיא ודיקן למחקר ולפיתוח</u></b>		
<b>תאריך אישור:</b>		