THE PHILLIPE MONASTER CENTER
FOR ECONOMIC RESEARCH

ACTIVITY REPORT

2019/20
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I. MEMBERS OF THE MONASTER CENTER FOR ECONOMIC RESEARCH

**DIRECTOR:** Prof. Ro’i Zultan

**MEMBERS**

Dr. Suleiman Abu-Bader  
Dr. Aamer Abu-Qarn  
Prof. Ofer Azar, Department of Business Administration  
Dr. Tanya Baron  
Dr. Nadav Ben-Zeev  
Prof. Tomer Blumkin  
Dr. Chen Cohen, Department of Public Policy and Administration  
Prof. Danny Cohen-Zada, Chairman, Department of Economics  
Dr. Ran Eilat  
Prof. Ezra Einy  
Dr. Koresh Galil  
Dr. Naomi Gershoni  
Dr. Ada González-Torres  
Prof. Mark Gradstein,  
Prof. Ori Haimanko  
Dr. David Lagziel  
Dr. Shirlee Lichtman-Sadot  
Dr. Oren Rigbi  
Prof. Edna Schechtman, Department of Industrial Engineering and Management  
Prof. Aner Sela  
Dr. Ity Shurtz  
Dr. Miri Stryjan  
Dr. Karine van der Beek  
Prof. Oscar Volij  
Prof. David Wettstein  
Prof. Ro’i Zultan
II. OPENING REMARKS

The 2019-2020 academic year was dominated by the COVID-19 pandemic, which greatly interfered with research and teaching. Nonetheless, Center members found ways to overcome the obstacles, with the year proving to be another productive period. With the move to online seminars, many top researchers were able to present research at our local seminars, while members of the Center participated in virtual conferences and presented their research at overseas seminars. The publication record of the seminar has not diminished, and even increased compared to previous years, with forty articles accepted or appearing in top international journals.

Many Center members continue to be supported through competitive grants, such as the ISF and the BSF, following our highly successful year in this regard last year, with several members joining our roster of active grant awardees this year. In addition, the working paper series distributed under the auspices of the Center continued to flourish, issuing a high number of articles produced by the department members (as enumerated in this report). All titles are available on the Internet on the site entitled The Monaster Center for Economic Research.

Once again, we thank Ms. Ella Ginzburg and Ms. Estelle Schulgasser for their support in the production of this report.

Prof. Ro’i Zultan, Director
Monaster Center for Economic Research
III. ACTIVITIES IN DETAIL

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 and special seminars).

07.11.19 Dominik Sachs (University of Munich)
“The Indirect Fiscal Benefits of Low-Skilled Immigration”

14.11.19 Eran Hoffmann (Hebrew University of Jerusalem)
“The Cyclical Composition of Startups”

21.11.19 Moti Michaeli (Haifa University)
“The Vanishing Trial: A Dynamic Model”

24.11.19 Luigi Ventura (Sapienza University of Rome)
“Household Risk Sharing Channels”

28.11.19 Viacheslav Savitskiy (Brown University)
“Environmental Roots of Labor-Leisure Preference”

05.12.19 Tali Regev (IDC)
“Those Who Tan and Those Who Don’t: A Natural Experiment on Colorism”

11.12.19 Joel Mokyr (Northwestern University)
“The Holy Land of Industrialism: Rethinking the Industrial Revolution”

19.12.19 Magne Mogstad (University of Chicago)
“Reservation Wages and Workers’ Valuation of Job Flexibility: Evidence from a Natural Field Experiment”

02.01.20 Ram Fishman (Tel-Aviv University)
“Can Agricultural Extension and Input Support be Discontinued: Evidence from a Randomized Phaseout in Uganda”

09.01.20 Elliot Lipnowski (Columbia University)
“Rank Uncertainty in Organizations”

16.01.20 Amir Goren (University of California, Irvine)
“Financial Intermediation and the Lucas Puzzle”

23.01.20 Dan Zeltzer (Tel-Aviv University)
“Drug Diffusion through Peer Networks: The Influence of Industry Payments”

26.03.20 Ada Gonzáles-Torres (Ben-Gurion University)
“Local Media and the Spread of Epidemics: Evidence from Ebola in Guinea”

02.04.20 Chagai Weiss (University of Wisconsin-Madison)
“Reducing Prejudice through Descriptive Representation: Evidence from a “Natural Experiment in Israeli Medical Clinics”
23.04.20  Ro’i Zultan (Ben-Gurion University)
“Value for Biased Information”

30.04.20  Hannah Trachtman (Yale University)
“Intervention Externalities Due to Limited Attention”

07.05.20  Marious van Waijenburg (University of Michigan)
“Financing the African Colonial State: Fiscal Capacity and Forced Labor”

21.05.20  Oscar Volij (Ben-Gurion University)
“Theft in Equilibrium”

04.06.20  Ity Shurtz (Ben-Gurion University)
“Realization of Low Probability Clinical Risks and Physical Behavior: Evidence from Primary Care Physicians”

08.06.20  Moshe Milevsky (York University)
“Swimming with Wealthy Sharks: Longevity, Volatility and the Value of Risk Pooling”

11.06.20  Karnit Flug (The Hebrew University of Jerusalem)

18.06.20  Naomi Gershoni (Ben-Gurion University)

25.06.20  Audinga Baltrunaite (Bank of Italy)
“Trainspotting: Board Appointments in Private Firms”
Research Contracts, Grants, Fellowships, and Awards

Aamer Abu-Qarn (together with Shirlee Liethman-Sadot) is the recipient of the National Insurance Institute Research Grant (138,830 NIS) and a grant from the Maurice Falk Institute for Economic Research in Israel (40,000 NIS), both on the impact of public transportation on work and educational outcomes.

Suleiman Abu-Bader was awarded a grant from the National Institute of Social Insurance in the amount of 600,000 NIS for the project “Socio-economic Survey of the Arab-Bedouin Households in Southern Israel.”

Tanya Baron was awarded an ISF grant in the amount of NIS 293,000 for the proposal “Short- and Long-Term Effects of Preschool Attendance on Cognitive and Non-Cognitive Outcomes of Arab Children” (together with Analia Schlosser from Tel-Aviv University).

Tomer Blumkin together with David Lagziel was awarded a two-year grant from the Israel Science Foundation 2019 entitled “Wage Secrecy in Labor Contracts” for the amount 230,000 NIS, equivalent to 65,714 US$ based on the current exchange rate.

Danny Cohen-Zada was awarded the following grants:

Naomi Gershoni is the recipient of grants from the following sources:
(1) ISF (Israel Science Foundation) - grant no. 1394/17 for a proposal entitled “Individual vs Group Decision-Making: Evidence from a Natural Experiment in Arbitration Proceedings.” The grant is for the period 2017-2020 and is in the amount of~$23,000 per year (~$69,000 in total).

Ada González-Torres was awarded the following grants in 2019/2020:
(1) Israeli Science Foundation (ISF) Personal Research Grant – NIS 305,000 research grant for three years and NIS 25,623 International Cooperation Grant, for “Effects of Whistleblowing at the Workplace: Evidence from Bangladesh’s Garment Sector” (with Laura Boudreau).
(2) Private Enterprise Development in Low-Income Countries (PEDL) – £46,889 for “Whistleblowing Mechanisms for Employer Misbehavior” (with Laura Boudreau and Sylvain Chassang).
3) G2LM|LIC from the Institute for Labor Economics (IZA) – €29,944 for “Whistleblowing Mechanisms and Worker Well-Being” (with Laura Boudreau).
(4) Israeli Ministry of Science and Technology for “An Epidemiological-Economic Model for COVID-19 Intervention Strategies in Israel” – NIS 50,000 (with Shai Pilosof, Rami Puzis, Nadav Davidovitch and Ofer Setty).

David Lagziel holds an ISF Grant in the amount of 230,000 NIS for a proposal entitled “Wage Secrecy in Labor Contracts” (joint with Tomer Blumkin).

Shirlee Lichtman-Sadot was awarded the following grants:
(1) The National Insurance Institute of Israel (Bituach Leumi) (with Aamer Abu-Qarn) in the amount of 138,830 NIS for the project “The Effects of Public Transportation Penetration into Arab Communities in Israel on Labor Market, Education, and Health Outcomes.” This is a two-year grant starting from November 2018.
(2) The Falk Institute for Economic Research in Israel (with Aamer Abu-Qarn) in the amount of 45,000 NIS for the project “The Effects of Public Transportation Penetration into Arab Communities in Israel on Labor Market, Education, and Health Outcomes.” This is a two-year grant starting from August 2018.
(3) The Falk Institute for Economic Research in Israel in the amount of 25,000 NIS for the project “Spouse and Marriage Dynamics in Response to Pension Reforms.” This is a two-year grant starting from August 2018.
(4) Heth Center for Competition and Regulation Research in Israel (with Aamer Abu-Qarn) in the amount of 25,000 NIS for the project “The Effects of Public Transportation Penetration into Arab Communities in Israel on the Female Labor Market and Education Outcomes.”
(5) The National Insurance Institute of Israel (Bituach Leumi) in the amount of 91,000 NIS for the project “Spouse and Marriage Dynamics in Response to Pension Reforms.” This is a two-year grant starting from October 2019.

Oren Rigbi was awarded the following grants:
ISF Grant in the amount of 150,000$ for a proposal entitled “The Economics of the Israeli Food Retail Markets” (together with Itai Ater).
ISF Grant in the amount of 69,000$ for a proposal entitled “The Economics of Rights: Benefits and Costs.”

Miri Stryjan holds the following grants:
(1) BSF (with Erika Deserranno, Kellogg) in the amount of 120,000 USD for the project “Leadership and sustainability of community-based development projects.” This is a two-year regular BSF grant extending from September 2017 through August 2019.
(2) The Israeli Ministry of Science, Technology and Space (with Suleiman Abu-Bader and Nuzha Allassad Alhuzail) in the amount of 300,000 ILS for the project “How does microfinance contribute to female empowerment? The case of the Arab-Bedouin community in Israel.” This is a three-year grant extending from January 2018 through December 30, 2020.
(3) The National Insurance Institute of Israel (Bituach Leumi) in the amount of 80,000 ILS for the project “Microfinance in a Developed Country - The case of the disadvantaged Bedouin population in Israel.” This is a two-year grant extending from October 2017 through September 2019.
(4) The Harry S. Truman Research Institute for the Advancement of Peace in the amount of 10,000 USD for the project “Sustainable Financial Inclusion in East Africa: Leveraging Community Groups” This is a two-year grant extending from October 2017 – September 2019.
Ro’i Zultan received the following grant:
1. Faculty of Social Sciences and Humanities grant for interdisciplinary research, Ben-Gurion University: Feuds: theoretical and experimental models of an historical phenomenon (with Hillay Zmora). $15,000.

Committees, Society Fellowships, Appointments, and Research Collaborations

Suleiman Abu-Bader collaborates with Aamer Abu-Qarn and Miri Stryjan from Ben-Gurion University.

Aamer Abu-Qarn serves as the head of Eilat Campus Economics Program, and is a member of the Faculty of Humanities and Social Sciences Ph.D. committee. He collaborates with Muhammad Asali from Tbilisi State University, Michael Beenstock from the Hebrew University, Christos Kollias from University of Thessaly, Greece, and Luigi Ventura from Sapienza Università di Roma.

Ofer Azar continued to serve as Editor to the Journal of Behavioral and Experimental Economics. This journal is ranked among the top three in behavioral economics and socio-economics, and its impact factor has increased to 1.15 (2-year) and 1.43 (5-year). Prof. Azar is also an Associate Editor of the Journal of Economic Psychology and Head of the Multidisciplinary Specialty in the Department of Business Administration. Prof. Azar’s recent research collaborations include Yaron Lahav, Alisa Voslinsky and Michael Bar-Eli from Ben-Gurion University; Simcha Avugos from the Wingate Institute; Eran Sher from the Technion; and Mark Applebaum and Elia Morgulev from Kaye Academic College of Education.

Ofer Azar continued to serve as Editor to the Journal of Behavioral and Experimental Economics. This journal is ranked among the top three in behavioral economics and socio-economics, and its impact factor has increased to 1.14. Prof. Azar is also an Associate Editor of the Journal of Economic Psychology and Head of the Multidisciplinary Specialty in the Department of Business Administration. Prof. Azar’s recent research collaborations include Ronnie Lidor (the President of The Academic College at Wingate, Wingate Institute); Yaron Lahav, Alisa Voslinsky and Michael Bar-Eli from Ben-Gurion University; Simcha Avugos from the Wingate Institute; Eran Sher from the Technion; and Mark Applebaum and Elia Morgulev from Kaye Academic College of Education.

Tanya Baron collaborates with Noriko Amano-Patino (Cambridge), Pengpeng Xiao (Yale), and Analia Schlosser (Tel-Aviv University)

Tomer Blumkin 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. Tomer collaborates with Leif Danziger, Ro’i Zultan, and David Lagziel from Ben-Gurion University; Efraim Sadka, Eran Yashiv, and Yoram Margalioth from Tel-Aviv University; Michel Strawczynski from the Hebrew University; Luca Micheletto from Bocconi University; Spencer Bastani from Linnaeus University; Kaisa Kotakorpi and Tuomas Kosonen from the VATT Institute in Helsinki, Finland, and Amihai Glazer from UC Irvine.
Danny Cohen-Zada is a Research Fellow at the Institute for the Study of Labor (IZA) in Bonn, Germany) since September 2010. He collaborates with Todd Elder from Michigan State University, Alex Krumer from University of St. Gallen, and Naomi Gershoni from Ben-Gurion University.

Ran Eilat collaborates with Kfir Eliaz (Tel-Aviv University); Ady Pauzner (Tel-Aviv University); Xiaosheng Mu (Yale University); Marina Agranov (Caltech); Konstantin Sonin (University of Chicago), Alexander Frug (UPF, Barcelona), and Zvika Neeman (Tel-Aviv University).

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

Koresh Galil collaborates with Zvika Afik and Mosi Rosenboim (Ben-Gurion University); Lior David-Pur (Ben-Gurion University); Thomas Lindner (Vienna University of Economics and Business), Margalit Samuel (Tel-Aviv University), Offer Shapir (NYU-Shanghai); Rodrigo Zeidan (NYU-Shanghai).

Naomi Gershoni collaborates with Corinne Low, the Wharton School, University of Pennsylvania; Analia Schlosser, Tel-Aviv University; Itay Saporta, Tel-Aviv University; Miri Stryjan, Ben-Gurion University; Danny Cohen-Zada, Ben Gurion University.

Ada González-Torres collaborates on several research projects with Laura Boudreau (Columbia Business School, Columbia University, New York City, USA); Sylvain Chassang (University of Princeton, New Jersey, USA, and NBER); Elena Esposito (HEC - Université de Lausanne, Switzerland). She was selected to review papers for the upcoming 2020 Spring Young Economists Meeting (EAYE) at Università di Bologna, Italy. She is a catalyst at the Berkeley Initiative for Transparency in the Social Sciences (BITSS) and organizes workshops on research transparency in this framework. She taught several workshops at the European University Institute in Florence, Italy, together with Prof. Michèle Belot (EUI), Dr. Julia Schulte-Cloos (LMU Munich), and others.

Mark Gradstein is a fellow at CEPR (London), CESifo (Munich), and IZA (Bonn). He was a Visiting Scholar at the Australian National University during April 2019.

Ori Haimanko continues to serve on the editorial board of the Journal of Mathematical Economics as an associate editor. He collaborates with Atsushi Kajii from Kyoto Institute of Economic Research, University of Kyoto and Ezra Einy from BGU.

David Lagziel collaborates with Prof. Tomer Blumkin, Prof. Aner Sela, Prof. Ori Haimanko, Dr. Chen Cohen, and Prof. Ezra Einy all from BGU, as well as with Prof. Ehud Lehrer from Tel-Aviv University.

Shirlee Lichtman-Sadot collaborates on projects with Edith Sand from the Bank of Israel; Yona Rubinstein from the Interdisciplinary Center Herzliya and the London School of Economics. She has ongoing projects with Oren Rigbi and Aamer Abu-Qarn, from Ben-Gurion University.

Oren Rigbi is a Research Fellow at the Center for Economic Studies (CESifo) in Munich, Germany. He collaborates with Itai Ater from Tel-Aviv University; Yehonatan
Givati from the Hebrew University; Jonathan Meer from Texas A&M University; Danny Cohen-Zada and Shirlee Lichtman-Sadot from Ben-Gurion University; Yotam Margalit from Columbia University; and Yona Rubinstein from LSE.

Edna Schechtman is a statistician (emeritus) from the Department of Industrial Engineering and Management. She does joint research with Hillel Bar Gera (Ben-Gurion University of the Negev); Gideon Schechtman (the Weizmann Institute of Science); Diamanta Benson and Ofir Levi (Open University); and Amit Shelef (Sapir College). She serves as an associate editor for Metron. In addition, she is a member of the Israel Council for Higher Education (“Malag”) Committee for the Appointment of Professors.

Aner Sela serves as a co-editor for the Journal of Economics and Management Strategy and since 2003 is a Research Fellow of the CEPR.

Miri Stryjan is a member of the Tamar Golan Africa Centre at Ben-Gurion University and a fellow of The Harry S. Truman Research Institute for the Advancement of Peace, HUJI for the period during which she holds a grant from them (Oct 2017-Sept 2019). She is also a member of Africounters, an annual workshop on Africa, supported by the Truman Institute at HUJI. Dr. Stryjan currently collaborates with Suleiman Abu-Bader (BGU); Nuzha Allasad Alhuzail (Sapir College); Evelina Bonnier (Stockholm School of Economics); Erika Deserranno (Kellogg, Northwestern University); Selim Gulesci (Bocconi); Francesco Loiacono and Andreas Madestam (both from Stockholm University); Vesall Nourani (MIT); Jonas Poulsen (Uppsala University); Thorsten Rogall (University of British Columbia); Munshi Suleiman (BRAC International and Makerere University); and Lame Ungwang (Friedrich Schiller University).

Karine van der Beek collaborates with Prof Joel Mokyr (Northwestern University) and with Assaf Sarid (University of Haifa) on a joint project on the geographical origins of mechanical skills and technological change in England; with Nadav Ben-Zeev (Ben-Gurion University); with Hodaya Lampert (Technion); with Lior Farbman (Ben-Gurion University, PhD); with Moshe Justman (Ben-Gurion University); and with Naomi Feldman (Federal Reserve Board). She is a Research Affiliate at the Centre of Economic Policy Research (CEPR), serves as Trustee of the European Historical Economics Society and is on the steering committee of the Israeli Economic History Association.

Oscar Volij collaborates with Casilda Lasso (University of the Basque Country) and Federico Weischelbaum (Universidad Di Tella). He serves as associate editor for the Journal of Public Economic Theory.

David Wettstein works on the following joint research projects: “The Design of Multi-Stage Contests” with Todd R. Kaplan (University of Haifa); “Values for Environments with Externalities” with Inés Macho-Stadler and David Pérez-Castrillo (Universitat Autonoma de Barcelona) and “Patents and Pools in Pyramidal Innovation Structures” with Hodaya Lampert (Technion, Israel Institute of Technology).

Prof. Wettstein is the Vice Dean of the Kreitman School of Advanced Graduate Studies and serves as Head of the Interdisciplinary Ph.D. Program at Ben-Gurion University. He is a member of the Faculty of the Natural Sciences Appointments Committee. He serves as associate editor for the Journal of Mechanism and Institution Design.

Ro’i Zultan serves on the following committees:
BGU Senate Follow-up Committee
Faculty of Social Sciences and Humanities M.A. Committee
He collaborates with Kobi Gal, Tomer Blumkin, Shlomo Cohen, Yoella Bereby-Meyer, and Hillay Zmora (all from Ben-Gurion University); Ori Weisel and Yaniv Shani (Tel-Aviv University); Todd Kaplan (Haifa University); Lawrence Choo (University of Erlangen-Nuremberg); Aniol Llorente-Saguer (Queen Mary, University of London); Santiago Oliveros (University of Essex); David Hugh-Jones (University of East Anglia); Zvika Neeman (Tel-Aviv University); Penelope Hernandez (University of Valencia); and Philipp Külpmann (Vienna University).

IV. PARTICIPATION IN CONFERENCES AND SEMINARS

Suleiman Abu-Bader

Aamer Abu-Qarn

Ofer Azar
ESA European Meetings 2019, Dijon, France
IAREP-SABE 2019 Conference, Dublin, Ireland
SPUDM 2019, Amsterdam, The Netherlands

Tanya Baron
9th Annual Search and Matching Conference (Oslo) – May 2019
Frontiers of Macroeconomics (Tel Aviv), discussant – June 2019
Midwest Macroeconomic Meetings (Athens, Georgia) – May 2019 – presentation by co-authors
Oxford Applied Microeconomics Workshop (UK) – May 2019 – presentation by co-authors

Nadav Ben Zeev
Asset Meeting, Athens, October 2019.

Tomer Blumkin
(with D. Lagziel) “Pay Secrecy in Labor Markets with Matching Frictions.” Cesisfo Area Conference on Applied Microeconomics, Munich, Germany (March 2019); at the Linnaeus University, Department of Economics, Vaxjo, Sweden (May 2019), and at the Tel-Aviv University, Department of Economics (May 2019).

Danny Cohen-Zada

Ezra Einy

Naomi Gershoni
Law and Economics Workshop, Tel-Aviv University; Econometric Society Annual Meeting 2020, Milan (virtual).

Ada González-Torres
2019/20 Departmental Seminar at ETH Zurich, Switzerland; Working Group in African Political Economy, Cape Town University, South Africa; 2018/19 Israel Economic Association, Hebrew University, Israel; Spring Meeting for Young Economists (EAYE), Université Libre de Bruxelles, Belgium; Interdisciplinary Center (IDC), Israel; Pacific Development Conference, University of Southern California, USA; NCID/Fundacion Ramon Areces, Spain; Africa Center at Ben-Gurion University, Israel.

Ori Haimanko

August 2019 – Summer Workshop on Economic Theory (SWET), Otaru Chamber of Commerce, Otaru, Japan. Title: "Strong Robustness to Incomplete Information and the Uniqueness of a Correlated Equilibrium.”

David Lagziel
The Adam Smith Business School Economics seminar and The Manchester University Economics seminar (November 2019).

Shirlee Lichtman-Sadot
“Gender Disparities in Labor Markets - Tel -Aviv University, Israel (December 2019) and Society of Labor Economists - Berlin, Germany (on-line conference - June 2020).

Oren Rigbi

Aner Sela
19th SAET Conference, Ischia, Italy, July 2019.
The 34th EEA and the 72nd ESEM, Manchester, UK, August 2019.

Karine van der Beek
“The Wheels of Change: Human Capital, Millwrights, and Industrialization in Eighteenth-Century England.” (with Joel Mokyr and Assaf Sarid), presented at a Conference in the Honor of Nicholas Crafts: “Nicholas Crafts @70 Conference” England (March 2019) and at the
Solvay Brussels School of Economics and Management, ULB (Université libre de Bruxelles), Belgium (June 2019).

David Wettstein
“Extensions of the Shapley Value for Environments with Externalities,” (with I. Macho-Stadler and D. Pérez-Castrillo), Seminar at the Department of Environmental Economics and Management, the Hebrew University of Jerusalem (April 2019).

Ro’i Zultan
Invited seminars:
Ben-Gurion University of the Negev, University College London, 2020.
Haifa University, Ruppin Academic Center, 2019.
Conference presentations:
“Group Reciprocity,” Learning, Evolution and Games, Bar-Ilan University, Israel, 2019.
“Manipulation and (Mis)trust in Prediction Markets,” 72nd European Meeting of the Econometric Society, Manchester, UK, 2019.

V. PUBLICATIONS 2019-20 (names of Center members appear in capital letters)


VI. WORKING PAPER SERIES and abstracts for the period of the report (issued from the Monaster Center for Economic Research)

Discussion Paper Series 2019


19-01 E. Einy, O. Haimanko, and D. Lagziel, “Strong Robustness to Incomplete Information and the Uniqueness of a Correlated Equilibrium.”

19-02 T. Blumkin and D. Lagziel, “Relative Ambition and the Role of Wage Secrecy in Labor Contacts.”

19-03 T. Blumkin and D. Lagziel, “Pay Secrecy in Labor Markets with Matching Frictions.”


19-05 D. Lagziel and E. Lehrer, “A Bias of Screening.”

19-06 N. Ben Zeev, “Is there a Single Shock that Drives the Majority of Business Cycle Fluctuations?”

19-07 N. Ben Zeev, “Identification of Sign-Dependency of Impulse Responses.”

19-08 N. Ben Zeev, “Adjustable-Rate Mortgages, Systematic Monetary Policy, and the Root Cause of the Financial Crisis.”


**Discussion Paper Series 2020**


20-03 E. Einy, D. Moreno, and A. Sela, “Continuity and Robustness of Bayesian Equilibria in Tullock Contests.”


20-05 A. Sela, “Two-Stage Matching Contests.”

20-06 O. Haluta and A. Sela, “Effort Maximization in Contests under a Balance Constraint.”

20-07 D. Cohen and A. Sela, “Common-Value Group Contests with Asymmetric Information.”

20-08 A. Abu-Qarn and S. Lichtman, “Connecting Disadvantaged Communities to Work and Higher Education Opportunities: Evidence from Public Transportation Penetration to Arab Towns in Israel.”

20-09 S. Lichtman-Sadot, N. Benshalom-Tirosh, and E. Sheiner, “Conflict, Rockets, and Birth Outcomes: Evidence from Israel’s Operation Protective Edge.”


20-12 L. Choo, T.R. Kaplan, and R. Zultan, “Manipulation and (Mis)trust in Prediction Markets.”


ABSTRACTS OF DISCUSSION PAPERS (issued since the previous report)

THEFT IN EQUILIBRIUM
Casilda Lasso de la Vega, Oscar Volij, and Federico Weinschelbaum
Discussion Paper 20-01

We incorporate theft in a partial equilibrium model.

EQUILIBRIUM EXISTENCE IN GAMES WITH A CONCAVE BAYESIAN POTENTIAL
Ezra Einy and Ori Haimanko
Discussion Paper 20-02

We establish existence of a pure-strategy Bayesian Nash equilibrium in Bayesian games with convex and compact action sets that have an upper semi-continuous and concave potential (or a weighted version thereof) at any state of nature. No assumptions are made on the information structure in these games; in particular, there may be uncountably many states of nature or information types, and in the latter case the common prior need not be absolutely continuous w.r.t. the product of its marginals. As an application, we show that Bayesian Nash equilibrium exists in many well-known games and their generalizations that have semi-quadratic payoffs, including Bertrand and Cournot oligopolies with linear demand.

CONTINUITY AND ROBUSTNESS OF BAYESIAN EQUILIBRIA IN TULLOCK CONTESTS
Ezra Einy, Diego Moreno, and Aner Sela
Discussion Paper 20-03

We show that the Bayesian equilibrium correspondence of a Tullock contest with incomplete information is upper semicontinuous. Further, we show that when equilibrium is unique and players’ costs of effort are either state independent or uniformly bounded, then it is also lower semicontinuous, and it is robust to small perturbations of the players’ information, value for the prize, and cost of effort, as well as of the contest success function.

ASSORTATIVE MATCHING CONTESTS
Chen Cohen, Ishay Rabi, and Aner Sela
Discussion Paper 20-04

We study two-sided matching contests with two sets, A and B, each of which includes a finite number of heterogeneous agents with commonly known types. The agents in each set compete in Tullock contests where they simultaneously send their costly efforts, and then are assortatively matched, namely, the winner of set A is matched with the winner of set B and so on until all the agents in the set with the smaller number of agents are matched. We analyze the agents’ equilibrium efforts for which an agent’s match-value is either a multiplicative or an additive function of the types who are matched. We demonstrate that whether or not both sets have the same number of agents might have a critical effect on their equilibrium efforts. In particular, a little change in the size of one of the sets might have a radical effect on the agents’ equilibrium efforts.
TWO-STAGE MATCHING CONTESTS
Aner Sela
Discussion Paper 20-05

We study two-sided matching contests with two sets of agents, each of which includes \( n \) heterogeneous agents with commonly known types. In the first stage, the agents simultaneously send their costly efforts and then the order of choosing a partner from the other set is determined according to the Tullock contest success function. In the second stage, each agent chooses a partner from the other set, and an agent has a positive revenue if there is a matching in which he chooses a partner from the other set and this partner also chooses him. We analyze the agents’ equilibrium efforts in the first stage as well as their choices of partners in the second stage, and demonstrate that if the agents’ values, which are functions of the types of the agents who are matched, are either multiplicative or additive, their efforts are not necessarily monotonically increasing in their types.

EFFORT MAXIMIZATION IN CONTESTS UNDER A BALANCE CONSTRAINT
Omri Haluta and Aner Sela
Discussion Paper 20-06

We study all-pay contests with complete information and two heterogeneous contestants who compete for a single prize. The contest is balanced if the difference between the contestants’ efforts is not larger than a given threshold. We show that for every balanced all-pay contest, there is a maximum effort constraint that increases the contestants’ expected total effort, while it is not necessarily increased by a minimum effort constraint.

COMMON-VALUE GROUP CONTESTS WITH ASYMMETRIC INFORMATION
Din Cohen and Aner Sela
Discussion Paper 20-07

We study contests between two groups where all the players have a common value of winning. In each group one of the players has an information advantage over the other. This player is referred to as the dominant player. We show that a group contest is equivalent to a contest between the dominant players, and, as such, the expected total effort of both groups is always the same, while their probabilities of winning as well their expected total payoff are not.

CONNECTING DISADVANTAGED COMMUNITIES TO WORK AND HIGHER EDUCATION OPPORTUNITIES: EVIDENCE FROM PUBLIC TRANSPORTATION PENETRATION TO ARAB TOWNS IN ISRAEL
Aamer Abu-Qarn and Shirlee Lichtman-Sadot
Discussion Paper 20-08

Disadvantaged communities are often geographically segregated from employment and higher education opportunities. Increasing access can entail substantial welfare gains, but this can also affect the tradeoff faced by young adults between investing in higher education and working for pay. We evaluate the introduction of bus services to Arab towns in Israel, which substantially and differentially increased access either to work only or to work and higher education opportunities among a disadvantaged population. Exploiting the variation that different bus line connections created in the opportunity cost of schooling, we find that young adult responses are
consistent with a tradeoff between investing in higher education and working for pay. For females, under certain circumstances, there is a simultaneous decrease in both labor market and educational attainment outcomes. We argue that this is due to a combination of a household income effect and social stigma that is associated with female labor force participation. Our results demonstrate the importance of accounting for potential reductions in educational attainment when expanding work opportunities to disadvantaged communities and that traditional barriers can play a large role in female integration into the labor market.

CONFLICT, ROCKETS, AND BIRTH OUTCOMES: EVIDENCE FROM ISRAEL’S OPERATION PROTECTIVE EDGE
Shirlee Lichtman-Sadot, Neta Benshalom-Tirosh, and Eyal Sheiner
Discussion Paper 20-09

In summer 2014, southern Israel experienced rocket attacks from the Hamas-ruled Gaza strip on a nearly daily basis for over 50 consecutive days. We exploit this unexpected escalation in the Israeli-Palestinian conflict and variation across localities in Israel in the amount of sirens that warned of rocket attacks to measure the effect of conflict intensity on birth weight and gestation length among mothers who were pregnant during this period. In addition to the common notion that conflict intensity induces stress and anxiety, we also show that conflict intensity is correlated with absences from work and lack of prenatal care. Results on changes in birth outcomes are consistent with a detrimental effect of stress and reduced prenatal care and a beneficial effect of reduced work attendance during pregnancy. Our results demonstrate that multiple factors can impact birth outcomes when evaluating the effect of armed conflict and that the effects can also be qualitatively different.

ALL-PAY AUCTIONS WITH HETEROGENEOUS PRIZES AND PARTIALLY ASYMMETRIC PLAYERS
Chen Cohen, David Lagziel, Ofer Levi, and Aner Sela
Discussion Paper 20-10

We study complete information all-pay contests with n players and two heterogeneous prizes with distinct values. Among the players, n - 1 are symmetric (i.e., they evaluate the prizes in a similar manner), whereas the remaining player has different valuations than his opponents for each of the prizes. Our analysis focuses on the equilibrium profiles and expected payoffs for the case of three players, and we partially extend our analysis for cases with additional players. Our results show that in all-pay auctions with heterogeneous prizes, the ordering of the players according to their expected payoffs in equilibrium might vary significantly, depending on both prizes. In particular, a relatively high first prize does not necessarily entail a high (or even positive) expected payoff compared to a relatively high second prize.

THE POWER OF TIME: THE IMPACT OF FREE IVF ON WOMEN’S HUMAN CAPITAL INVESTMENTS
Naomi Gershoni and Corinne Low
Discussion Paper 20-11
Women’s time-limited fertility window, compared to men’s longer period of fecundity, could be a key constraint in shaping the gender gap in career choices and hence outcomes. Israel’s 1994 policy change that made in-vitro fertilization free provides a natural experiment for examining how fertility time horizons impact women’s investment choices. We find that following the policy change women complete more college and graduate education. We then present evidence suggesting that these larger investments contributed to better labor market outcomes, reducing the gender gap in career achievement. This further implies that persistent labor market inequality may be partly rooted in biological asymmetries.

**MANIPULATION AND (MIS)TRUST IN PREDICTION MARKETS**
Lawrence Choo, Todd R. Kaplan, and Ro’i Zultan
Discussion Paper 20-12

Markets are increasingly used as information aggregation mechanisms to predict future events. If policy makers use markets to guide policy and managerial decisions, interested parties may attempt to manipulate the market in order to influence decisions. We experimentally find that, despite successful manipulation of prices, policy makers could still benefit from following the information contained in the market prices. Nonetheless, manipulation is detrimental to the policy decisions in two ways. First, manipulators affect market prices, making them less informative. Second, when there are manipulators, policy makers often ignore—or even act against—the information revealed in market prices. Finally, mere suspicion of manipulation erodes trust in the market, leading to the implementation of suboptimal policies—even without actual manipulation.

**BAYESIAN NASH EQUILIBRIUM EXISTENCE IN (ALMOST CONTINUOUS) CONTESTS**
Ori Haimanko
Discussion Paper No. 20-13

We establish existence of a pure-strategy Bayesian Nash equilibrium in Bayesian games with convex and compact action sets that have an upper semi-continuous and concave potential (or a weighted version thereof) at any state of nature. No assumptions are made on the information structure in these games; in particular, there may be uncountably many states of nature or information types, and in the latter case the common prior need not be absolutely continuous w.r.t. the product of its marginals. As an application, we show that Bayesian Nash equilibrium exists in many well-known games and their generalizations that have semi-quadratic payoffs, including Bertrand and Cournot oligopolies with linear demand positive effort. General type spaces, and in particular a continuum of information types, are allowed. As a corollary, the existence of a pure-strategy Bayesian Nash equilibrium is established in generalized Tullock contests, where the probabilities to win are strictly concave in one’s own effort.
The Covid-19 pandemic highlights fundamental questions about the relation between academic expertise and policy formation. Epidemiologists, who have the most relevant scientific expertise for dealing with pandemics, seem the least sure of their recommendations. Aware of the many unknowns, they respond with caution to an anamorphous situation, drawing on a methodology that combines theoretical hypotheses with weakly discerned parameters, far removed from the medical paradigm of randomized controlled trials (RCTs) that produce definitive answers to clear-cut questions. Academic, policy-oriented, economic research—on health, education, welfare, and related issues—used to be more like epidemiological research, drawing heavily on mathematical models calibrated to “best-guess” parameters, but has gravitated more and more toward the medical paradigm. Increasingly, policy-oriented economic research invests its energies in producing unassailable, causal evidence—through RCTs and other randomization strategies—on narrowly defined empirical hypotheses, preferably without the distraction of theory. These elaborate, expensive studies are strong on internal validity, but seem lost in the dynamic, wildly-changing, policy environment that the Covid-19 crisis has created.

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 the relationship between ethnic/religious polarization, foreign military intervention, and civil conflicts, with special focus on the MENA region. At present, he is conducting the first socio-economic survey among the Arab-Bedouin community in Southern Israel.

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. Additionally, he focuses on the determinants of labor force participation of Arab women and the impact of access to public transportation on labor market, health, and education outcomes.

Ofer Azar
Ofer Azar’s main research areas include behavioral economics, experimental economics, industrial organization, and strategy. His recent research has focused on several particular topics. One is to examine experimentally the bias of relative thinking in the context of how people make decisions between differentiated products and how workers respond to certain types of incentives. Another is to analyze how firm strategy should respond to the consumer bias of relative thinking. Some other recent research studies analyze the behavior and decision-making of sports players and the dishonesty
of children in math competition and of restaurant customers who receive too much change that can either be returned or kept.

**Tanya Baron**
Tanya Baron is a labor economist. Her primary research interests include individual career progression, inequality and the impact of business cycles on the labor market. In one ongoing project she studies the life-cycle gender wage gap and its components (in collaboration with Noriko Amano-Patino and Pengpeng Xiao). Another field of interest is the formation of human capital, and she has an ongoing project (in collaboration with Analia Schlosser) that studies the impact of public preschool attendance on the human capital development of Arab children, both in short- and long-term.

**Nadav Ben Zeev**
Nadav Ben-Zeev’s research interests lie in the areas of macroeconomics and macroeconometrics. His work aims to contribute to our understanding of the sources of business cycles. To accomplish this, he employs suitable macroeconometric methods. Currently, he is mainly studying the role of changes in expectations about future investment-specific technology in the business cycle. He is also engaged in another project that studies the role of changes in expectations about fiscal policy in the economy.

**Tomer Blumkin**
Prof. Blumkin’s research continues to focus on normative issues related to the design of the tax and transfer system. He examines, inter-alia, the efficiency-enhancing role of mandatory parental leave rules, the desirable role of minimum wage legislation in redistribution towards the class of deserving poor, and the optimal tax treatment of charitable contributions by businesses. He is also engaged in experimental research which examines the incentivizing role of wage subsidies provided to employer and workers in a setting with incomplete labor contracts. Over the last year, Prof. Blumkin has been involved in an empirical project examining the effect of permanent tax reductions on emigration from Israel for the period 2004-2010. Prof. Blumkin is now engaged in a new research agenda that explores the positive foundations of wage secrecy arrangements in labor contracts and the normative justification for regulation aiming at enhancing wage transparency to address equity concerns.

**Danny Cohen-Zada**
Prof. Cohen-Zada’s research deals with the economics of education, the economics of religion, and the economics of sport. Currently, he is studying how school choice affects student educational and behavioral outcomes. In another project he estimates the long-run effects of school entrance age on student performance. His research in sport economics deals with how the efforts of one player in a team affects the efforts of the other players.

**Ran Eilat**
Ran Eilat’s main fields of interest are economic theory, incentives theory, information theory and mechanism design. He currently studies the effects of privacy regulation on mechanism design; the effect of information asymmetry on political trust; and optimal information transmission with limited communication.

**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 quality trends in corporate ratings, the relationship between market power and trade credit and anomalies in fixed-income derivatives markets.

**Naomi Gershoni**
Naomi Gershoni’s main fields of interest are applied labor economics and education. A significant part of her research focuses on the Israeli labor market and aims to examine how policy interventions impact conditions, individuals’ outcomes, and gender equality. Some of this work involves the design and evaluation of various innovative programs carried out in collaboration with Israeli government agencies, such as the Israeli Employment Services, the Ministry of Education and the Institute for Scientific and Technological Training. Some of her recent work focuses on workers’ behavior in groups and teams.

**Ada González-Torres**
Dr. González-Torres main research areas are in development and political economy. Her work focuses on conflict, social norms and the role of information mechanisms in affecting development outcomes. Currently, she is working on different research projects involving a lab-in-the field and a field experiment to study the design and implementation of whistleblowing mechanisms for employer misbehavior in the context of the garment sector in Bangladesh. Her research also focuses on the political economy of disease outbreaks. She has research on the Ebola outbreak in West Africa, studying the link between epidemic disease and civil violence in the region, as well as on the role of media in changing cultural norms and the spread of disease. Currently, she is also collaborating in an inter-disciplinary research project developing an epidemiological-economic model for COVID19 in Israel.

**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 currently studies robustness of equilibria and continuity of equilibrium correspondences in games with incomplete information, axiomatizations of value maps for cooperative games and of power indices for voting games.

**David Lagziel**
Dr. Lagziel’s research lies in the fields of game theory, mechanism design, and economic theory. His studies on game theory and mechanism design focus on contests and auctions (namely, credit auctions, manipulation in contests, and incentive schemes for portfolio managers). A significant part of his current research deals with screening problems, where uninformed decision-makers screen elements based on noisy unbiased assessments. Dr. Lagziel’s research work on economic theory deals with wage secrecy in labor contracts. His research collaboration with Prof. Blumkin aims to study the implications, advantages, and disadvantages of employing a wage-secrecy policy in labor contracts.
Shirlee Lichtman-Sadot
Dr. Lichtman-Sadot is an applied economist whose research emphasizes health, family, and education economics. Her work has focused on school food environments and their effect on various student outcomes. Another direction of her research is California’s Paid Family Leave Program and its effect on birth timing as well as on child health outcomes. Some of her current projects make use of public transportation data from Israel in order to evaluate the effect of public transportation on road accidents and the effect of penetration of public transportation into Arab communities in Israel on the labor market, educational attainment, and health outcomes.

Oren Rigbi
Dr. Rigbi’s main research interests are applied microeconomics, industrial organization, and law and economics. Much of his time is devoted to investigating the economics of the Israeli food markets with emphasis on the effects of price transparency, the nature of vertical relationships, and the evolution of the competition in the online segment. In the past, he studied alternative credit markets including person-to-person markets and online charitable giving markets in developed and developing countries. In addition, he explored how the structure of law enforcement agencies affects their activities and crime. He is currently serving as the head of the research division at the Israel Competition Authority.

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). Another direction is using Gini for time-series data by replacing the variance and its related parameters with the Gini and its related parameters.
In a recent paper, she (together with Dr. A. Shelef) showed that while the Pearson correlation coefficient is sensitive to the time interval used for reporting outcomes in a multiplicative model, the Spearman correlation tends to a limit when the time interval increases and therefore its use is recommended.

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

Miri Stryjan
Dr. Stryjan is a development economist. She relies on applied microeconomics and randomized field experiments to study questions related to financial services and small business activity, group dynamics, and civilian participation in violence in developing countries, primarily East Africa.

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 income segregation, and the economics of theft.
**David Wettstein**
Prof. Wettstein's current research focuses on introduction of new solution concepts for cooperative environments with externalities and asymmetric information; non-cooperative foundations for cooperative solution concepts (the Nash Program); contests and auctions; patent policy; and innovative activity.

**Ro’i Zultan**
Ro’i Zultan is an experimental economist with a background in cognitive and experimental psychology. He is mainly interested in understanding how groups shape cognitions and behavior as well as in more broad issues of cooperation and behavior in teams. He is also interested in some basic game theoretical issues, experimental auctions, and experimental methodology.