TABLE OF CONTENTS

I. MEMBERS OF THE CENTER  3

II. OPENING REMARKS (presented by Aamer Abu-Qarn, Director)  4

III. ACTIVITIES IN DETAIL: Seminars; Research Contracts, Fellowships, and Awards; Committees, Society Fellowships, Appointments, and Research Collaborations  5

IV. PARTICIPATION IN CONFERENCES AND SEMINARS  12

V. PUBLICATIONS  14

VI. WORKING PAPERS: Titles and Recent Abstracts  17

VII. RESEARCH SUMMARIES  23
I. MEMBERS OF THE MONASTER CENTER FOR ECONOMIC RESEARCH

DIRECTOR: Dr. Aamer Abu-Qarn

MEMBERS

Dr. Suleiman Abu-Bader
Dr. Aamer Abu-Qarn, Chairman, Department of Economics
Prof. Ofer Azar, Department of Business Administration
Dr. Tanya Baron
Dr. Dan Ben-Moshe
Dr. Nadav Ben-Zeev
Prof. Tomer Blumkin
Dr. Chen Cohen, Department of Public Policy and Administration
Prof. Danny Cohen-Zada
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. Aner Sela
Dr. Maya Shaton
Dr. Ity Shurtz
Dr. Karine van der Beek
Prof. Oscar Volij
Prof. David Wettstein
Prof. Ro’i Zultan
II. OPENING REMARKS

As most of the restrictions imposed during the Covid19 pandemic were lifted and life is back to normal, the Center continued to provide a stimulating environment to conduct high quality economic research. Members resumed their active in-person participation in local and international conferences and seminars and enormously contributed to our visibility within the academic community. We also benefited from visits of Israeli and international top economists who presented their latest cutting-edge economic research in our weekly seminar and interacted with Center members. Moreover, we hosted, for a full semester, Prof. Arthur Caplan of Utah State University, who is an expert in Environmental Economics.

During the year, Center members continued to maintain our impressive record in scientific publications with many articles accepted or appearing in reputable international journals. As always, the Center supported its members by paying journal submission fees. Several Center members received prestigious competitive grants, such as the ISF and the BSF, contributing to our rising reputation in the discipline. In addition, our working paper series distributed under the auspices of the Center continued to serve as an early outlet for the members to disseminate their works prior to peer review. All working papers are available online through the Center’s website and through the RePEc repository website (http://repec.org/).

This year we are welcoming two promising members. First, Dr. Dan Ben-Moshe, a theoretical econometrician, who holds a Ph.D. in economics from the University of California, Los Angeles and a former lecturer from the Hebrew University of Jerusalem, is joining our newly launched statistics program. Second, is Dr. Maya Shaton who holds a Ph.D. in finance from the University of Chicago. Her empirical research focuses on issues at the intersection of finance and law.

Prof. Ezra Einy, a most admired, beloved, and dominant member of the Center and department retired in September 2022. Luckily, Ezra continues to play his pivotal role in the department, and we hope to benefit from his insights, advice, and endless giving for many years to come.

We extend our most appreciation to Ms. Ella Ginzburg and Ms. Estelle Schulgasser for their priceless role in providing a supportive and vibrant environment in the Center and the department and for their help in the production of this report.

Dr. Aamer Abu-Qarn, 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). Due to Covid-19- some talks were presented via Zoom.

21.10.21 Sylvain Chassang, Princeton University
“Making the Most of Limited Government Capacity: Theory and Experiment”

28.10.21 Victor Lavy, Hebrew University
“Gifted Children Programs’ Short- and Long-Term Impact: Higher Education, Earnings, and the Knowledge-Economy”

04.11.21 David Weiss, Tel-Aviv University
“Women’s Liberation, Household Revolution”

11.11.21 Lucie Gadenne, University of Warwick
“In-Kind Transfers as Insurance”

18.11.21 Aluma Dembo, International Data Corporation
“Ever Since Allais”

25.11.21 Bernard Black, Northwestern University
“The COVID-19 Pandemic, Years of Life Lost, and Life Expectancy: Decomposition Using Individual-Level Mortality Data”

30.12.21 Yonatan Berman, King’s College
“The Long Run Evolution of Absolute Intergenerational Mobility”

13.01.22 Jan Eeckhout, Pompeu Fabra University, UPF
“What Drives Wage Stagnation: Monopsony or Monopoly?”

24.03.22 Ilan Noy, Victoria University of Wellington
“The Cost of Extreme Weather Events Caused by Climate Change”

31.03.22 Analia Schlosser, Tel-Aviv University
“Fostering Soft Skills in Active Labor Market Programs: Evidence from a Large-Scale RCT”

07.04.22 Tomer Ifergane, Ben-Gurion University/LSE-CFM
“Time to Say Goodbye: The Macroeconomic Implications of Termination Notice”

28.04.22 Oscar Volij, Ben-Gurion University
“Theft is Taxation”

19.05.22 YishayYafeh, HUJI Business School
“The Rise of Scientific Research in Corporate America”

26.05.22 Itay Ater, Tel-Aviv University
“Price Saliency and Fairness: Evidence from Regulatory Shaming”

02.06.22 Seema Jayachandran, Northwestern University
“Money (Not) to Burn: Payments for Ecosystem Services to Reduce Crop Residue Burning”

09.06.22 Ekaterina Zhuravskaya, Paris School of Economics
“Reading Twitter in the Newsroom: Web 2.0 and Traditional-Media Reporting of Conflicts”

13.06.22 Shoshana Grossbard, San Diego State University
“Adding Grossbard to Grossman: A Model of Demand for Health with Household Production and Marriage Markets”

23.06.22 Moshe Justman, Ben-Gurion University
“Randomized Controlled Trials Informing Public Policy: Lessons from Project STAR and Class Size Reduction”

30.6.22 Erika Deserrano, Northwestern University
“The Allocation of Incentives in Multi-Layered Organizations”

**Research Contracts, Grants, Fellowships, and Awards**

Aamer Abu-Qarn (together with Shirlee Licthman-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 of which focus 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 continues to serve as the chair of the university library committee. Prof. 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 Uppsala University; Kaisa Kotakorpi and Tuomas Kosonen from the VATT Institute in Helsinki, Finland, and Amihai Glazer from UC Irvine.

Chen Cohen was awarded the following grants: 2021, Ministry of Welfare for research on the socio-economic impact of implementing solar systems in public housing, 60,000 ILS.
2022: Ministry of Energy for research on a practical model for the establishment of energy storage systems: Ultra-orthodox communities as a test case for establishment of microgrids in Israel, 138,550 ILS.

Danny Cohen-Zada was awarded the following grants:

Naomi Gershoni holds the following active grants:

Ada González-Torres was awarded the following grants in 2020/2021:
(1) Robert Wood Johnson Foundation $225,484, for “Whistleblowing and Worker Well-being: Evidence from Bangladesh’s Garments Sector” (with Laura Boudreau and Sylvain Chassang).
(2) J-PAL Gender and Economic Agency Initiative $120,871 “Whistleblowing and Worker Well-being: Evidence from Bangladesh’s Garments Sector” (with Laura Boudreau and Sylvain Chassang);

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:
(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.”

Ity Shurtz received an Israel Science Foundation grant for the years 2021-2024 in the amount of 397,500 NIS entitled “Realization of Low Probability Clinical Risks and Physician Behavior: Evidence from Primary Care Physicians.”
Karine van der Beek received an Israel Science Foundation grant (no. 374/21) for the years 2021-2024 in the amount of 387,000 NIS entitled “The Collateral Channel of Britain’s Industrial Revolution: The Financial Side of Land Enclosures.”

Ro’i Zultan holds or was awarded the following grants:
(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.
(2) Bi-National Science Foundation (BSF): “Judging Responsibility Under Uncertainty” (with Tobias Gerstenberg) ~$101,600.
(3) Israel Science Foundation (ISF): “Managerial Decisions and the Efficient Market Hypothesis” (with Todd Kaplan). ~$220,000.

He was awarded the Vice President and Dean of Research award for interdisciplinary research in the Humanities and Social Sciences and the Vice Rector award for innovation in teaching.

Committees, Society Fellowships, Appointments, and Research Collaborations

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

Aamer Abu-Qarn 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 Associate Editor of the Journal of Economic Psychology and Director of the MBA Program for Executives. 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.

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

Nadav Ben Zeev serves on the budget committee and the Current Research Information System (CRIS) committee. He also serves as associate editor for Macroeconomic Dynamics.

Tomer Blumkin continues to serve as the chair of the university library committee. Prof. 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, Naomi Gershoni 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 Uppsala 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 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); Zvika Neeman (Tel-Aviv University); Eilon Solan (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 Saporto, Tel-Aviv University; Mrid Stryjan, Aalto University; Danny Cohen-Zada, Ben-Gurion University; Yannay Shanan, Bar-Ilan University; Hani Mansour, University of Colorado Denver; Rania Gihleb, University of Pittsburgh.

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); Rachel Heath (University of Washington, USA); and Madina Kurnangaliyeva (Tilburg University, Netherlands). She has reviewed papers for the European Journal, the European Review of Economics, the European Journal of Political Economy, the European Association of Young Economists (EAYE). She is a Catalyst at the Berkeley Initiative for Transparency in the Social Sciences (BITSS) and gives workshops in 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 (University of Bonn).

David Lagziel collaborates with Dr. Moran Koren, 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 and Prof. Yoram Margalioth from Tel-Aviv University.

Shirlee Lichtman-Sadot collaborates on projects with Edith Sand from the Bank of Israel and 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. She has also been collaborating with David Slusky from the University of Kansas. Since 2019 she is an IZA Research Fellow.

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;
Karine van der Beek is a Research Affiliate at the CEPR (Centre of Economic Policy Research). She 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 Lior Farbman (Ben-Gurion University, PhD); with Tomer Ifergane (LSE); with Moshe Justman (Ben-Gurion University); and with Naomi Feldman (The Hebrew University).

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.

Prof. Wettstein is the Dean of the Faculty of Humanities and Social Sciences at Ben-Gurion University. He works on the following joint research project: “Values for Environments with Externalities” with Inés Macho-Stadler and David Pérez-Castrillo (Universitat Autonoma de Barcelona). He also serves as associate editor for the Journal of Mechanism and Institution Design.

Ro’i Zultan serves on the following committees:
- BGU Ethics Committee (substitute member).
- BGU Academic Faculty Disciplinary Court.
He currently collaborates with Shlomo Cohen, Yoella Bereby-Meyer, and Hillay Zmora (all from Ben-Gurion University); Ori Weisel and Yaniv Shani (Tel-Aviv University); Todd Kaplan and Moti Michaeli (Haifa University); Yuval Heller (Bar-Ilan University); Lawrence Choo (Southwestern University of Finance and Economics); Aniol Llorente-Saguer (Queen Mary, University of London); Santiago Oliveros (University of Bristol); Sebastian Goerg (Technical University Munich); Erin Krupka (University of Michigan); 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

Aamer Abu-Qarn

Ofer Azar
ESA Asia-Pacific Meetings, March 2022 (online conference).
FUR, July 2022 (2 presentations) (Ghent).
International Social Ontology Society conference, August 2022 (Vienna).

Tanya Baron
Nadav Ben-Zeev
2022: Texas A&M University, University of Cyprus, and Geneva Graduate Institute.
2021: Bank of Israel (Discussant); Inter-American Development Bank (IDB) and the Central Bank of Chile Conference on Financial Frictions: Macroeconomic implications and policy options for emerging economies (Discussant).

Chen Cohen
“Examining the effectiveness of a culture-adapted model for policy advancement among the minority population in Israel: The case of waste recycling in ultra-Orthodox society,” presented at the 50th Annual Conference on Science and the Environment, Tel Aviv, Israel, July 2022 and at the 1st Annual Management Conference of Heads of Local Authorities in Israel, Ben-Gurion University of the Negev, November 2022 (with Kalagy, T. and Halfon, E.)

Ran Eilat
2022 The European Summer Symposium in Economic Theory (ESSET) at Gerzensee, Switzerland.
2021 Joint theory seminar - Kyoto U., Osaka U., National Taîwan U., Academia Sinica and the Hong Kong Baptist U.
2021 Technion.
2021 Bar-Ilan University.

Naomi Gershoni
2021 Helsinki GSE Labor and Public Seminar.

Ada González-Torres
2020/21 UNU-WIDER Conference on Covid-19 and development: effects and new realities for the Global South, Helsinki, Finland; Departmental Seminar, Environmental Economics, Hebrew University.

Ori Haimanko
SAET Conference, July 2022, The Australian National University, Canberra. Title: “Equilibrium Existence in Contests With and Without Continuous Information.”
European Meeting on Game Theory 2021 (SING16), June 2021, Universidad de Granada, Spain. Title: “Bayesian Nash Equilibrium Existence in (Almost Continuous) Contests.”

Shirlee Lichtman-Sadot
University of Kansas, Department of Economics (September 2022); Reichman University – Herzeliya, Israel (February 2022); Society of Labor Economists – Minneapolis, MN (May 2022); Institute for Research on Poverty Summer Research Workshop – University of Wisconsin-Madison (June 2022).
European Urban Economics Association Meeting (May 2021, on-line conference); Society of Economics of the Household (May 2021, on-line conference); European Society of Population Economics (June 2021, on-line conference); American Society for Health Economists (June 2021, on-line conference); EALE (September 2021, on-line conference).

Aner Sela
OLIGO Workshop, Nicosia, Cyprus, June 2022.

Ity Shurtz
“Realization of Low Probability Clinical Risks and Physician Behavior: Evidence from Primary Care Physicians,” presented at (1) Coller School of Management Tel-Aviv University (2020); (2) 20th Journées Louis-André Gérard-Varet, 2021; and (3) Barcelona GSE Summer Forum, Policy Evaluation in Health, 2021.

Karine van der Beek
Seminar at the Department of General History, Ben-Gurion University, Beer Sheva.

Oscar Volij
“Theft is Taxation,” PET 2022. June 8 to 10 at the Palais du Pharo, Marseille, France.

Ro’i Zultan
“Information, Beliefs and Decisions,” Game Theory Seminar, Bar-Ilan University, and at the Department of Industrial Engineering, Ben-Gurion University of the Negev.
“Wage Subsidies and Fair Wages,” at the Department of Public Policy, Ben-Gurion University of the Negev.
“Managerial Ownership, Moral Hazard and Excess Returns,” Department of Economics and Finance, Brunel University.
“Social Image and Social Distance,” Helsinki GSE Behavioral Economics Seminar,
Conference presentations:
“Perceptions of Conflict and Unethical Behavior,” International Conference on Social Dilemmas, Copenhagen, Denmark, 2022.
“Group Reciprocity,” Social Ontology and Collective Intentionality, Vienna, Austria (hybrid), 2022.
“Goodhart’s Law in the Labor Market: Quality and Quantity,” 5th Coller Conference on Behavioral Economics, Tel Aviv University, Israel.
“Group Reciprocity,” RExCon21: Social Norms and Social Preferences. Moscow, Russia (online), 2021.

V. PUBLICATIONS 2020-21 (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)

**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.”

20-10 C. Cohen, D. Lagziel, O. Levi, and A. Sela, “All-Pay Auctions with Heterogeneous
Prizes and Partially Asymmetric Players.”


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


20-15 M. Mahajne and O. Volij, “The Individually Acceptable Choice Correspondence.”

20-16 M. Mahajne and O. Volij, “Pairwise Consensus and the Borda Rule.”

**Discussion Paper Series 2021**

21-01 D. Lagziel and E. Lehrer, “Dynamic Screening.”

21-02 A. Shelef and E. Schechtman, “A Gini-Based Analysis of the Differences Between Men and Women in the Labor Market Over Time.”

21-03 A. Sela, “Effort Allocations in Elimination Tournaments.”

21-04 Y. Minchuk and A. Sela, “Subsidy and Taxation in All-Pay Auctions Under Incomplete Information.”

21-05 A. Sela, “Resource Allocations in Multi-Stage Contests.”


**Discussion Paper Series 2022**

22-01 H. Shalit, “Weighted Shapley Values of Efficient Portfolios.”

22-02 E. Einy and O. Haimanko, “Pure-Strategy Equilibrium in Bayesian Potential Games with Absolutely Continuous Information.”

22-03 A. Sela and A. Yeshayahu, “Contests with Identity-Dependent Externalities.”

22-04 Y. Minchuk and A. Sela, “Subsidy and Taxation in All-Pay Auctions Under Incomplete Information.”
ABSTRACTS OF DISCUSSION PAPERS (issued since the previous report)

WEIGHTED SHAPLEY VALUES OF EFFICIENT PORTFOLIOS

Haim Shalit
Discussion Paper 22-01

Shapley value theory, which originally emerges from cooperative game theory, was established for the purpose of measuring the exact contribution of agents playing the game. Subsequently, the Shapley value was used in finance to decompose the risk of optimal portfolios, attributing to the various assets their exact contribution to total risk and return. In the present paper, I extend the Shapley values to decompose the risk of optimal portfolios. The weighted concept, as axiomatized by Kalai and Samet (1987), provides a solution to cooperative games when player’s symmetry cannot be justified. I present the weighted Shapley value theory and apply the model to efficient mean-variance portfolios. I then compute the weighted Shapley values for the 13 most traded US stocks in 2020 and compare the results with the standard Shapley values.

PURE-STRATEGY EQUILIBRIUM IN BAYESIAN POTENTIAL GAMES WITH ABSOLUTELY CONTINUOUS INFORMATION

Ezra Einy and Ori Haimanko
Discussion Paper 22-02

We prove the existence of a pure-strategy Bayesian Nash equilibrium in Bayesian games with absolutely continuous information and a Bayesian potential that is upper semi-continuous in actions for any realization of the player’s types. In particular, all finite Bayesian potential games with absolutely continuous information possess a pure-strategy Bayesian Nash equilibrium.

CONTESTS WITH IDENTITY-DEPENDENT EXTERNALITIES

Aner Sela and Amit Yeshayahu
Discussion Paper 22-03

We study lottery (Tullock) contests with identity-dependent externalities. We consider two types of players where the players of the same type have the same winning value as well as the same identity-dependent loss value. It is assumed that the identity-dependent value affects the player whether or not he participates in the contest. We examine the effects of these externalities on the participation of a player in the contest, and that a negative loss value may only encourage him to participate in the contest and never discourages them. On the other hand, this player’s loss value may only discourage the players of the other type to participate in the contest. Furthermore, independent of the players’ values of winning, there are always identity-dependent loss values that will ensure the participation of all the players in the contest. Similar results hold for positive loss values.

SUBSIDY AND TAXATION IN ALL-PAY AUCTIONS UNDER INCOMPLETE INFORMATION

Yizhaq Minchuk and Aner Sela
Discussion Paper 22-04

We study all-pay auctions under incomplete information with $n$ contestants who have non-linear
cost functions. The designer may award two kinds of subsidy (taxation): one that decreases (increases) each contestant’s marginal cost of effort and another that increases (decreases) each contestant’s value of winning. The designer’s expected payoff is the contestants’ expected total effort minus the cost of subsidy or, alternatively, plus the tax payment. We show that when the resource of subsidy (the marginal taxation rate) is relatively small and the cost function is concave (convex), the designer’s expected payoff in all-pay auctions with both kinds of a subsidy (taxation) is higher than in the same contest without any subsidy (taxation). We then compare both kinds of subsidy and demonstrate that if the resource of subsidy is relatively small and the cost functions are concave (convex), the cost subsidy is better than the prize subsidy for the designer who wishes to maximize his expected payoff.

**INEFFECTIVE PRIZES IN MULTI-DIMENSIONAL CONTESTS**

Aner Sela  
Discussion Paper 22-05

We study $k$-dimensional contests wherein each of the $k$ sub-contests the $n$ agents compete against each other in a Tullock contest. The designer who wishes to maximize the total effort in the $k$ sub-contests chooses the prize allocation which indicates the prize of every agent for any outcome. We show that in our simultaneous two-dimensional contest, if the number of agents is two, a prize for winning in one of the sub-contests is ineffective, namely, it does not (positively) affect the agents’ efforts and therefore these prizes do not have to be awarded. In our sequential two-dimensional contest, if each agent wins in a different sub-contest, with a positive probability, the prizes should not be awarded. On the other hand, in simultaneous as well as in sequential two-dimensional contests, if the number of agents is larger than two, the prizes for winning in one sub-contest positively affect the agents’ efforts. Then, we generalize the above results and find the ineffective prizes for any simultaneous $k$-dimensional contest with $k > 2$ symmetric sub-contests and with any number of agents that are either smaller than, equal to, or larger than the number of sub-contests.

**STATUS CLASSIFICATION BY LOTTERY CONTESTS**

Aner Sela  
Discussion Paper 22-06

We study the optimal design of status classifications in organizational structures under the assumption that agents in a lottery (Tullock) contest care about their relative position. We assume that there are two status categories and a designer who determines their sizes in order to maximize the agents’ total performance. We prove that the optimal partition contains more than one agent in each status category if the number of agents is larger than three, and that the top status category contains more agents than the bottom one. This result demonstrates that in order to maximize the agents’ total output the top status categories should not be exclusive to a small number of agents.

**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 ethico-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, sports, decision making, 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 examine what affects the social norm of tipping. Some other recent research studies analyze the behavior and decision-making of sports players and the dishonesty of children in math competitions.

**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 and Elad Demalach) that studies the impact of public preschool attendance on the human capital development of Arab children, both in short- and long-term. Finally, Tanya was involved in the research related to COVID19 pandemics, with two papers (on correct epidemiological modelling in Economics and on cyclical lockdowns) produced in collaboration with Eran Yashiv and Ofer Cornfeld.

**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**

Tomer Blumkin’s main line of research continues to focus on the normative issue of the optimal design of the tax and transfer (welfare) system, aiming to enhance redistribution and alleviate poverty in the backdrop of the inherent dis-incentives entailed by the policy tools available to the government. Tomer’s research aims to address highly relevant policy issues that lie at the core of public discourse, including, inter-alia: the use of racial profiling for law enforcement, the effect of individuals' misperception of taxes/subsidies on labor supply decisions, the role of labor migration in shaping the design of the tax and transfer systems, the effect of adverse selection in the labor market on policy design with special focus on mandatory parental leave rules and their impact on
the gender wage gaps; and, the social desirability of the common practice of rendering preferential
tax treatment to corporate social responsibility initiatives in the form of charitable donations by
businesses.

Over the last year, Tomer has been engaged in a fascinating research agenda (the project has been
funded by a two-year ISF research grant, jointly with D. Lagziel) which explores the positive
foundations of pay secrecy arrangements in labor contracts and the normative justification for
regulation that promotes pay transparency. In addition, Tomer continued pursuing his research
agenda, jointly with S. Bastani and L. Micheletlo, which examines the role of a second layer of
asymmetric information amongst the agents (between consumers and/or between employers and
workers), on top of the traditionally assumed asymmetric information between the government
and the agents, in shaping the redistributive tax-and-transfer system. In particular, the focus was
set on exploring the optimal mix of redistributive channels (wage vs. income, status vs. income)
and the potential role of policy tools such as education mandates, the monitoring of work-hours
and commodity taxation, as means to control the signaling incentives of the agents and thereby
promoting redistributive goals. Tomer continued his ongoing empirical work with two Finish co-
authors [T. Kosonen and K. Kotakorpi], examining the effect of the complexity of the application
process to the municipal homecare allowance in Finland on benefits take-up rate and the target
efficiency of the system. Finally, Tomer has been engaged in a new research agenda, exploring
theoretically the potential role played by social stigma (‘shaming’) via social networks in
enhancing law enforcement, in a joint work with D. Lagziel and Y. Margalioth.

Over the last year, Tomer has been engaged in a fascinating research agenda (the project has
been funded by a two-year ISF research grant, jointly with D. Lagziel) which explores the
positive foundations of pay secrecy arrangements in labor contracts and the normative
justification for regulation that promotes pay transparency. In addition, Tomer continued
pursuing his research agenda, jointly with S. Bastani and L. Micheletlo, which examines the role
of a second layer of asymmetric information amongst the agents (between consumers and/or
between employers and workers), on top of the traditionally assumed asymmetric information
between the government and the agents, in shaping the redistributive tax-and-transfer system. In
particular, the focus was set on exploring the optimal mix of redistributive channels (wage vs.
income, status vs. income) and the potential role of policy tools such as education mandates, the
monitoring of work-hours and commodity taxation, as means to control the signaling incentives
of the agents and thereby promoting redistributive goals. Tomer continued his ongoing empirical
work with two Finish co-authors [T. Kosonen and K. Kotakorpi], examining the effect of the
complexity of the application process to the municipal homecare allowance in Finland on
benefits take-up rate and the target efficiency of the system. Finally, Tomer has been involved in
a new research agenda, exploring theoretically the potential role played by social stigma
(‘shaming’) via social networks in enhancing law enforcement, in a joint work with D. Lagziel
and Y. Margalioth.

Chen Cohen
Chen Cohen’s research deals primarily with game theory applied to green environment,
green building, green energy, and recycling.

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. 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. She is also collaborated in an interdisciplinary research project developing an epidemiological-economic model for COVID19 in Israel. Currently, she is also working on a research agenda on African Political Economy, studying the roots of autocracy vs democracy in Africa, together with Madina Kurmangaliyeva (Tilburg University).

**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.

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

Ity Shurtz
Ity Shurtz’s research generally falls within the fields of health economics and public economics. He works mostly on the issues of physician and patient behavior and the impact of old-age policies on the labor market.

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.