

ענה"ל תש"ע (2009-2010)

“Individual Decision Making: Behavioral Approach” :ועידה בינלאומית בנושא

הועידה נערכה ב- 17-18 ביוני 2009 בבית הספר לכלכלה ע"ש איתן ברגלס, אוניברסיטת תל אביב. הנושאים שנדונו בוועידה: תדמית כתמריץ להתנדבות ותרומה לצדקה, נראות וצריכה, למה ומתי אנשים מרמים או משקרים, הוגנות ומאמץ בכלל ובמקום העבודה בפרט, התוצאות הכלכליות של אפליה מתקנת, הבדלים בין המינים במשא ומתן, מודלים חדשים של קבלת החלטות של הפרט כגון קבלת החלטות רגשית, הקשה מסוג k-level ומודל קבלת החלטות החוקר נאיביות אסטרטגית של הפרט, וכן תפישת סיכון.

מארגנת הועידה: ד"ר ענת ברכה

בוועידה השתתפו אנשי אקדמיה מובילים בתחום מהארץ ומחו"ל.

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ערב העיון בנושא: "המשבר הכלכלי הגלובלי: לקחים ראשוניים" לזכרו של אמנון בן נתן בשיתוף עם "הקתדרה לכלכלה וקרן מלגות ע"ש אמנון בן נתן" נערך ב-1 בינואר 2009. בערב העיון השתתפו: פרופ' ליאו ליידרמן, פרופ' יצחק סוארי, פרופ' חיים פרשטמן.

ניירות דיון שיצאו במסגרת מרכז ספיר

" Exporting Female Labor Content or Substituting it" Hosny Zoabi, Philip Saure, March 2009	1-09
"Corruption and Openness" Zvika Neeman, M. Daniel Paserman, Avi Simhon, March 2009	2-09
"Equity Aversion" Chaim Fershtman, Uri Gneezy, John A List, March 2009	3-09
"The Skill Composition of Migration and the Generosity of the Welfare State" Assaf Razin, Efraim Sadka, Alon Cohen, July 2009	4-09
"Financial Incentives and Fertility" Alma Cohen, Rajeev Dehejia, Dmitri Romanov, September 2009	5-09
"The Determinants of Immigration to Israel" Eran Yashiv, Nir Levy, September 2009	6-09
"Dynamic Female Labor Supply" Zvi Eckstein, Osnat Lifshitz, September 2009	7-09
"The Financial Labor Supply Accelerator" Zvi Hercowitz, Jeffrey R. Campbell, September 2009	8-09
"The Political Economy of Redistribution in the U.S. in the Aftermath of World War II and the Delayed Impacts of the Great Depression – Evidence and Theory" Alex Cukierman, Roel M.W.J. Beetsma, Massimo Giuliadori, October 2009	9-09
The Complexity of the Consumer Problem and Mental Accounting Itzhak Gilboa, Andrew Postlewaite, David Schmeidler, October 2009	10-09

<http://sapir.tau.ac.il> : ניירות הדיון נמצאים באתר האינטרנט של מרכז ספיר שכתובתו :

<p>" Exporting Female Labor Content or Substituting it" Hosny Zoabi, Philip Saure, March 2009</p>	1-09
<p>An expansion or contraction in a sector intensively using female labor must affect female labor force participation. We suggest that, whenever trade and international specialization expand sectors prone to employing females, female labor force participation actually drops, and vice versa. In general, when sectors prone to employing females expand, sectors tending towards male employment must contract. This contraction, in turn, induces male workers to migrate to the expanding sectors, which, in our specification, drives female workers out of formal employment. In this sense, a country that is exporting female labor content is, in fact, substituting male labor for female labor. Finally, we show that our mechanism also applies in a case of technological change that is biased towards female labor.</p> <p>Keywords: Trade, Female labor force participation, Fertility, Technological Change.</p> <p>JEL Classifications: F10, F16, J13, J16.</p>	
<p>"Corruption and Openness" Zvika Neeman, M. Daniel Paserman, Avi Simhon, March 2009</p>	2-09
<p>We report an intriguing empirical observation. The relationship between corruption and output depends on the economy's degree of openness: in open economies, corruption and GNP per capita are strongly negatively correlated, but closed economies display no relationship at all. This stylized fact is robust to a variety of different empirical specifications. In particular, the same basic pattern persists if we use alternative measures of openness, if we focus on different time periods, if we restrict the sample to include only highly corrupt countries, if we restrict attention to specific geographic areas or to poor countries. We find that the degree of financial openness is primarily what determines whether corruption and output are correlated. Moreover, corruption is negatively related to capital accumulation in open economies, but not in closed economies. We present a model, consistent with these findings, in which the main channel through which corruption affects output is capital drain.</p>	

<p>"Equity Aversion"</p> <p>Chaim Fershtman, Uri Gneezy, John A List, March 2009</p>	<p>3-09</p>
<p>Models of inequity aversion and fairness have dominated the behavioral economics landscape in the last decade. This study gathers data from 240 subjects exposed to variants of two of the major experimental games—dictator and trust—that are employed to provide important empirical content to these models. With a set of simple laboratory treatments that focus on a manipulation of an important feature of real markets, competition over resources, we show that extant behavioral models are unable to explain data drawn from realistic manipulations of either game. Our empirical results highlight that if placed in an environment wherein socially acceptable actions provide one person with a greater portion of the rents, people will put forth extra effort to secure those rents, to the detriment of the other player. In this manner, when one can earn more than the other player through actions deemed customary, people reveal a preference for <i>equity</i> aversion, not inequity aversion. We propose an alternative modeling approach that can explain these data as well as accommodate other major data patterns observed in the experimental literature.</p>	
<p>"The Skill Composition of Migration and the Generosity of the Welfare State"</p> <p>Assaf Razin, Efraim Sadka, Alon Cohen, July 2009</p>	<p>4-09</p>
<p>Skilled migrants typically contribute to the welfare state more than they draw in benefits from it. The opposite holds for unskilled migrants. This suggests that a host country is likely to boost (respectively, curtail) its welfare system when absorbing high-skill (respectively, low-skill) migration. In this paper we first examine this hypothesis in a politico-economic setup. We then confront the prediction of the theory with evidence. In doing so, we reckon with an endogenously problem that arise because the skill composition of migration is itself affected by the generosity of the welfare state.</p> <p>Key words: Migration, Skill Composition, Welfare State JEL Classification: F20, F22, H50</p>	

"Financial Incentives and Fertility"

5-09

Alma Cohen, Rajeev Dehejia, Dmitri Romanov, September 2009

The paper investigates empirically whether and to what extent financial incentives have an effect on individuals' fertility decisions. In particular, the paper investigates the effect that changes in child subsidy levels have on individual's fertility decisions.

The paper uses a non-public large, individual-level panel data set during the period 1999–2005. By merging several non-public data sets maintained by the CBS, we create an individual-level panel data set that contains 1.2 million person-year observations on fertility for married women that includes not only complete fertility histories but also education, religion, immigrant status, and income for the woman and her husband. During the periods we study, there were a number of significant and unanticipated changes in the level of the child subsidy, both increases and decreases, but no changes in eligibility.

The question of whether and to what extent fertility responds to financial incentives is not only of theoretical interest but also has significant policy implications. Facing sharp declines in birthrates in the recent decades, many developed economies have adopted either explicitly pro-natalist policies or implicit subsidies to children through childcare.

Our identification strategy is based on exploiting variation in the child subsidy over the seven-year period we study. Back-timing births to their date of conception we estimate the impact of the subsidy that a mother will receive for her next child on the probability of her becoming pregnant. We consider both the contemporaneous child subsidy (assuming the woman makes a myopic fertility decision) and the present value of the child subsidy over the eighteen-year period in which she will receive it (assuming the mother makes a forward-looking decision). We use the child subsidy for infra-marginal children and income two years before the incremental childbirth as instruments for household income.

We find that a 150 NIS reduction in the monthly subsidy for a marginal child reduces the probability of an incremental child by 0.78 percentage points. We estimate a benefit elasticity of 0.15 and a price elasticity of -0.422 for the population as a whole, and provide estimates for these elasticities for different income and religious groups. The effect on fertility of the subsidy for a marginal child is weakest among households in the upper part of the income distribution – the households for whom the subsidies are least economically meaningful.

<p>We find that the effect of the subsidy is present across all religious groups but is strongest among the ultra-Orthodox, whose norms discourage family planning, and Arab Muslims. We also find an effect among women who are nearing the end of their lifetime fertility and are unlikely to postpone fertility, suggesting that the effect we identify is not wholly due to changes in the timing of births and at least partly from changes in total fertility. We also find that the effect of income on fertility is small and that this effect is negative at low levels of income and positive at higher income levels.</p>	
<p>"The Determinants of Immigration to Israel" Eran Yashiv, Nir Levy, September 2009</p>	6-09
<p>This paper empirically investigates the determinants of immigration to Israel and compares them to those affecting immigration to Europe and to the U.S. The results support the hypothesis whereby immigration to Israel is unique.</p> <p>In particular:</p> <ul style="list-style-type: none"> (i) There is a higher number of immigrants to Israel from countries with relatively high GDP per capita, inconsistent with traditional immigration theory, which assumes an increase in earnings as one of the major drivers of immigration. (ii) More immigrants come to Israel from countries with a low share of young population, contrary to conventional expectations. (iii) In contrast to usual predictions, more immigrants come to Israel from more distant countries; also more trade reduces immigration. <p>The findings for Europe and for the U.S. are broadly consistent with the conventional theory and with its predictions.</p>	
<p>"Dynamic Female Labor Supply" Zvi Eckstein, Osnat Lifshitz, September 2009</p>	7-09
<p>The increase in female employment and participation rates is one of the most dramatic economic changes to have taken place during the last century. However, while the employment rate of married women more than doubled during the last fifty years, that of unmarried women remained almost constant. In order to empirically analyze these trends we divide the paper into two parts: In the first, we empirically estimate a traditional female</p>	

<p>dynamic labor supply model using an extended version of Eckstein and Wolpin (1989) in order to compare the various explanations in the literature for the observed trends. The main finding is that the rise in education levels accounts for about one-third of the increase in female employment while about 40 percent remains unexplained by observed household characteristics. We show that this unexplained portion can be empirically attributed to changes in preferences or the costs of childrearing and household maintenance. In the second part, we formulate and estimate a new framework for the couple intra-family game that is then used to analyze the household dynamic labor supply. We find that female labor supply may have increased significantly due to a change in the form of the household game.</p> <p>Keywords: Dynamic Discrete Choice, Female Employment, Accounting, Household Game JEL: E24, J2, J3</p>	
<p>"The Financial Labor Supply Accelerator" Zvi Hercowitz, Jeffrey R. Campbell, September 2009</p>	8-09
<p>When minimum equity stakes in durable goods constrain a household's debt, a persistent wage increase generates a liquidity shortage. This temporarily limits the income effect, so hours worked grow. This is the financial labor supply accelerator, which links labor supply decision to limits on household borrowing. This paper examines its implications for the comovement of hours worked and household debt by comparing model-generated data with evidence from the PSID. The drastic deregulation of household debt markets in the early 1980s effectively reduced required equity stakes in durable goods. Since then, the estimated regression effect of mortgage debt on hours worked, interpreted as comovement rather than causality, has dropped dramatically. Analogous estimates from model-generated data display a quantitatively comparable fall after a calibrated reduction in equity requirements.</p>	

<p>"The Political Economy of Redistribution in the U.S. in the Aftermath of World War II and the Delayed Impacts of the Great Depression – Evidence and Theory"</p> <p>Alex Cukierman, Roel M.W.J. Beetsma, Massimo Giuliodori, October 2009</p>	<p>9-09</p>
<p>The paper presents evidence of an upward ratchet in transfers and taxes in the U.S. around World-War II. This finding is explained within a political-economy framework involving an executive who sets defense spending and the median voter in the population who interacts with a (richer) agenda setter in Congress in setting redistribution. While the setter managed to cap redistribution in the pre-war period, the War itself pushed up the status-quo tax burden, raising the bargaining power of the median voter as defense spending receded. This raised the equilibrium level of redistribution. The higher share of post-War transfers may thus be interpreted as a delayed fulfillment of a, not fully satisfied, popular demand for redistribution inherited from the Great Depression.</p> <p>Keywords: World-War II, ratchets, transfers, taxes, redistribution, agenda setter.</p> <p>JEL codes: E62, E65, N11, N12.</p>	
<p>"The Complexity of the Consumer Problem and Mental Accounting"</p> <p>Itzhak Gilboa, Andrew Postlewaite, David Schmeidler, October 2009</p>	<p>10-09</p>
<p>A literal interpretation of neo-classical consumer theory suggests that the consumer solves a very complex problem. In the presence of indivisible goods, the consumer problem is NP-Hard, and it appears unlikely that it can be optimally solved by a human. A simple and intuitive heuristic suggests that the consumer adopt a top-down approach, dividing her budget among main categories, further dividing these amounts to sub-categories and so forth. Such a heuristic may give rise to phenomena of mental accounting.</p>	