

- 2012 Prins Bernhard Cultuurfonds, Grant for research Visit to UC Berkeley.
- 2012 Erasmus Trustfonds, Grant for research Visit to UC Berkeley.
- 2012 C. Willemsstichting, Grant for research Visit to UC Berkeley.

PRESENTATIONS AND CONFERENCES

- 2016 GAMES, the 5th World Congress of the Game Theory Society, Maastricht
SABE/IAREP Conference, "Behavioural Insights in Research and Policy Making", Wageningen
- 2015 Annual conference of the European Economic Association, Mannheim
EITM Europe Summer Institute, Mannheim
Research Semimar in Finance, University of Maastricht
- 2014 Research Semimar in Economic Policy, University of Mannheim
- 2013 XXXVIII Symposium of the Spanish Economic Association 2013 (SAEe), Santander, Spain
- 2012 Microeconomics Theory seminar, UC Berkeley
The EconCS Seminar, UC Berkeley
Discussant EIPE seminar, Rotterdam
- 2011 Annual conference of the European Economic Association, Oslo
Nake Research Day, Utrecht

RESEARCH PAPERS

Public Economics

As Easy as ABC? Multi-dimensional screening in public finance. (with Floris Zoutman)

We characterize the second-best allocation in a Mirrleesian optimal tax model where agents differ in multiple dimensions and the government can tax multiple goods nonlinearly. We solve the model as a multidimensional screening problem through a first-order approach and develop a new method to solve for the incentive compatibility constraints. By solving for the value of the incentive compatibility constraints we can derive an intuitive, general formulation of the optimality conditions. These conditions hold regardless of the dimensionality of the problem and we use them to derive 4 properties of the optimal allocation. First, the optimal tax system can be described by a multidimensional version of Diamond's (1998) and Saez' (2001) ABC-formula. Second, the Atkinson-Stiglitz theorem does not generalize in multidimensional screening. Third, the optimal tax system is interdependent, since the optimal wedge on each good depends on the consumption level of multiple goods. Fourth, a no-distortion at the top/bottom result continues to hold. Each of these findings can be explained intuitively by interpreting the tax system as the multidimensional screening tool of the planner. Our results show how intuitions from multi-dimensional screening and the classical Mirrleesian public finance translate to a multidimensional taxation model and how model relates to the New Dynamic Public Finance. The new methods developed in this paper can readily be adapted to other economic problems.

When a Price is Enough: Implementation in Optimal Tax Design. (with Floris Zoutman)

In this paper we study the market implementation of an incentive-compatible allocation through a tax system. An example shows that the canonical Mirrleesian implementation cannot always implement an incentive-compatible allocation. Hammond's (1979) "principle of taxation" shows that any incentive-compatible allocation can always be implemented through a tax system that is supplemented with rules, but this implementation is restrictive and unrealistic in a market-based economy. We derive necessary and sufficient conditions to verify whether a tax system implements an incentive-compatible allocation. Using these conditions we show that if the allocation is second best to a welfarist planner and there are no externalities and/or the allocation is surjective, the allocation is implementable through all tax systems that equalize the marginal tax rates to the optimal wedges between marginal rates of transformation and substitution for each good and each type. These two classes of models contain most of the literature based on Mirrlees (1971, 1976). Therefore, our results validate most tax systems proposed in the literature. Outside of these two classes of problems, implementation constraints can require more than tax induced changes in

relative prices to implement the second-best allocation. This insight sheds new light on rules used in real-world tax and benefit systems.

Flip a coin or vote: An Experiment on Choosing Group Decision Rules (with Timo Hoffman)

Before a group can take a decision, its members must agree on a mechanism to aggregate individual preferences. In this paper we present the results of an experiment on the influence of private payoff information and the role of the available alternatives on individuals' mechanism choices in such group choice situations. While efficient mechanisms are desirable, we experimentally show that participation constraints can prevent their implementation. We find strong indications that individual preferences for choice rules are sensitive to individual expected payoffs. Our results highlight the importance of considering participation constraints when designing choice institutions.

Balancing the Bids, Solutions for Unit-price Auctions.

Many organizations use procurement tenders to buy large amounts of goods and services. Especially in the public sector the use of these reverse auctions has grown rapidly over the past decades. For the (reverse) unit price auction experience as well as theory has shown that they can attract skewed/unbalanced bids, i.e. bids where the price structure is distorted to take advantage of estimation errors. This paper offers two possible strategies that can make bid skewing less profitable, without resorting to ex-post rejection of bids or altering the nature of the unit-price procedure. I show that by allowing for some secrecy or post tender competition, bid-skewing is discouraged. This reduces the incentive to skew all-together and thus more closely aligns bidders and bid-takers interests in creating a contract profitable for both.

Other Research

CEOs, CFOs and Non-Executives: Roles, Risk-perceptions and Attitudes. (with Bert de Groot, Rene Segers and Philip Hans Franses)

We use a dynamic web-based survey to study risk perceptions and risk assessment of executive and non-executive directors (NEDs). Our setup allows us to disentangle the effect of a director's professional role on his or her risk assessment from the effects of personal and investment-specific characteristics. We find that CEOs are generally perceived to be more risk tolerant than CFOs and NEDs. In contrast, when we ask all directors to assess realistic tailor-made investment scenarios, we find that the real divide in terms of risk tolerance tends to be between executives on the one hand and NEDs on the other hand. We contribute this effect to the professional roles played by the individuals. It suggests that the role of the NED, to ensure adherence to good practice, forces NEDs to be more careful than executives. We corroborate earlier findings that age and experience tend to decrease an individuals' risk tolerance. We also confirm that (over-)confidence has a consistent effect on risk taking. While generally the CEO is perceived to be most prone to overconfidence, we find overconfidence amongst all roles.

Career Concerns of Experts: An Experimental Analysis (with Bauke Visser)

We designed a series of experiments to test the predicted behavior of a committee of experts in the face of endogenous reputational concerns. The reputation was generated by having other lab subjects assess the quality of decision makers in the lab. The decision makers formed investment committees whose pay-off depended both on their reputation and their investment decision. In line with existing theory, we show that such reputational concern causes committees to communicate with a single voice, exaggerate their confidence in the decision and create costly distortions in their investment to signal to the reputational market. The reputational market, however, uses the publicly available information efficiently to determine individual reputations.

Designing the debate, the legal system as a consistent set of choices

This paper presents a model of legal systems as a set of optimal choices that follow from an initial choice of judgment function. Several prominent differences between civil and common law traditions, like the use of binding precedent, the activity level of the judge, and the relative levels of conflict intensity in the two traditions, are shown to be logical consequences of the different judgment functions chosen in these systems. This analysis highlights the co-evolution of material and procedural law. Furthermore, it is shown that both judgment functions, and thus the different forms of the legal systems, can be optimal solutions to a social maximization problem, and the solutions found are implementable. The winner-takes-all decision function that is characteristic of the Common law systems maximizes the power of incentives in the procedure and minimizes the amount of judicial interventions, thus maximizing individual freedom and responsibility for the outcomes. While the principle-based decision function of the Civil law system minimizes the amount of injustice in any individual case by allowing the judge to moderate the outcomes. The choices made in different countries can be attributed to differences in perception of justice and the differences between societal values that separate the Anglo-American and the Continental European nations more generally, while both are locally efficient and neither one is the one-size-fits-all optimum.

Fairness Views and Political Preferences - A Representative Online Experiment (with Daniel Müller)

We elicit distributional fairness ideals of impartial spectators using an incentivized economic experiment in a representative sample of the German population. Our dataset allows us to relate our experimental data on fairness ideals to a large range of socio-demographic characteristics, political preferences and revealed charitable behavior. We document several empirical facts: i) egalitarians are the predominant type, even though egalitarian allocations are Pareto-dominated by maxi-min allocations, ii) females are more egalitarian than men, iii) men are more efficiency-minded, iv) maxi-max preferences are empirically irrelevant, v) left-leaning voters are more likely to be egalitarians whereas right-leaning voters are more likely to be efficiency-minded and vi) young, and highly educated participants hold different fairness ideals than the rest of the population. Moreover, we show that the experimentally elicited fairness types predict preferences for redistribution and social spending. We also find that egalitarians are more likely to donate to charity than efficiency-minded people, even after controlling for a range of covariates. Hence, our paper also contributes to the emerging literature that connects experimental measures to real world behavior and tests the external validity of experiments on fairness preferences.

Bid Skewing in the EU, A Comparative Analysis. (thesis written to obtain the LL.M. degree)

I compare the US Federal Acquisition Regulation with the two big procurement directives in the EU. The FAR allows the bid-takers more freedom in rejecting skewed bids and therefore better protects bid-takers against this kind of gaming. I conclude that the EU should develop their own approach to deal with skewed bids, since differences in procedural law make simply copying the rules of the FAR impossible. Material legal provisions in the FAR could serve as a basis for future EU rules on skewed bids.

RESEARCH IN PROGRESS

Cheating the Tax-Payer, The Effects of Legal Reform on Turkish Procurement (with Esra Gurakar)

Poisson equations in economic problems (with Floris Zoutman)

Giving to charity, measures of prosocial behavior in the German population. (With Daniel Müller)