

---

---

# Bruno Baránek

---

---

[brunobaranek.com](http://brunobaranek.com)  
[bbaranek@princeton.edu](mailto:bbaranek@princeton.edu)  
+1 (609) 423-5441

## PRINCETON UNIVERSITY

Placement Director: Gianluca Violante	VIOLANTE@PRINCETON.EDU	(609) 258-4003
Graduate Administrator: Laura Hedden	LHEDDEN@PRINCETON.EDU	(609) 258-4006

## Office Contact Information

Department of Economics, Princeton University  
Julis Romo Rabinowitz Building  
Princeton, NJ 08544

## Education

---

*Ph.D. in Economics*, Princeton University, expected June 2021  
Thesis title: "Essays on Industrial Organization and Public Procurement"  
*M.A. in Economics*, Princeton University, 2017  
*Graduate Studies*, Mannheim University, 2014-2015  
*M.Sc. in Economics and Finance*, Barcelona Graduate School of Economics, 2014  
*B.A. in Economics*, Charles University, Prague, 2013

## References

---

Professor Jakub Kastl Department of Economics Princeton University (609) 258-4012, <a href="mailto:jkastl@princeton.edu">jkastl@princeton.edu</a>	Professor Kate Ho Department of Economics Princeton University (609) 258-4032, <a href="mailto:kate.ho@princeton.edu">kate.ho@princeton.edu</a>
Professor Nicholas Buchholz Department of Economics Princeton University (609) 258-9514, <a href="mailto:nbuchholz@princeton.edu">nbuchholz@princeton.edu</a>	

## Teaching and Research Fields

---

Primary Field:	Industrial Organization
Secondary Fields:	Applied Microeconomics, Public Finance, Political Economy

## Research Experience

---

2015 -2019	Research Assistant for Professor Jakub Kastl
------------	--

## Teaching Experience

---

2017-2020	Teaching Assistant for Junior Independent Work, With Professors Swati Bhat and Maria Rosales-Rueda
2019-2020	Data and Stata Consultant for Junior Independent Work
2017-2018	Teaching Assistant for Statistics and Data Analysis for Economics With Professor Ulrich Mueller

## **Honors, Scholarships, and Fellowships**

---

2020	Young Czech Economist of the Year
2015 –2020	Princeton University Fellowship
2019	Young Czech Economist of the Year (runner-up)
2016	The Richard S. Simmons '51 Graduate Fellowship
2014	Second best GPA in the Program at Barcelona GSE
2013-2014	Barcelona Graduate School of Economics Full Scholarship
2013	Distinction from the Dean for an Extraordinarily Good Bachelors Diploma Thesis
2013	Summa Cum Laude, Charles University
2010-2012	Charles University Maximum Performance Stipend

## **Skills**

---

Languages:	Czech, English, German
Software:	Stata, Matlab, R, Latex

## **Citizenship**

---

Czech Republic, US F1 Visa

## **Job Market Paper**

---

### **Quality of Governance and the Design of Public Procurement**

The design of public procurement largely consists of choosing the extent of discretion allowed to procurement agencies. Discretion can improve the quality of projects but it can also be misused, leading to rent diversion or outright corruption. Using data from the Czech Republic, a novel measure of quality and quasi-experimental evidence, this study documents that procurement agencies use discretion only partially efficiently. Discretion inflates prices and this is not fully compensated by an increase in quality. I develop a structural model that explains what frictions inhibit the optimal use of discretion. Procurement agencies are corrupt, do not fully internalize quality and do not possess critical information about the quality of vendors. These frictions increase procurement spending by 17%. Switching to rule-based mechanisms is efficient in the Czech environment as it limits the misuse of discretion. Additional oversight is also beneficial as there is evidence that increased monitoring aligns the objectives of procurement agencies and taxpayers. Finally, this study demonstrates that a one-size-fits-all approach to procurement design is not optimal. Policies that enhance efficiency in the Czech setting would decrease efficiency in countries with better governance.

## **Research Papers**

---

### **The Cost of Favoritism in Public Procurement**

*with Vitezslav Titl*

Are political connections in public procurement harmful or efficiency-gaining for the public sector and what are the costs of favoritism towards politically connected firms? Exploiting detailed data on firm representatives' political affiliations in the Czech Republic, we find that favoritism to politically connected firms increases the price of procurement contracts by 8% of the estimated costs while no gains in terms of quality are generated. Interestingly, these adverse effects of political connections are not present for procurement contracts that get additional oversight from a higher level of the government, because they were co-funded by the European Union. Based on our estimates, the total procurement expenditures increased by 0.48% due to favoritism. Finally, we discuss and document channels of such favoritism and present suggestive evidence that politicians tailor technical specifications of projects to fit the comparative advantage of specific firms.

## **Revisiting Cap-and-Trade in Presence of Publicly Owned Polluters: The Case of Italy 2006-2018**

*with Federico Boffa and Jakub Kastl*

We use the example of the Italian electricity spot market to empirically document that carbon pricing schemes may not work efficiently when the major firms in the market are government-controlled. We show that government-controlled companies do not internalize emission prices implied by the European Union emissions trading system in their bids, which reduces pass-through of emission costs and decreases productive efficiency. A vast majority of electricity generators in the world are government owned and this is especially true for fossil fuel burning ones. We argue that, as a result, contrary to conventional wisdom among economists, carbon pricing is unlikely to be an efficient way to regulate and mitigate emissions in the electricity sector. Command-and-control approach, involving emission standards, might be more suitable, especially since reliable estimates of the production functions of electric generators are readily available.

## **Data Transparency, Public Oversight and Collusion in E-procurement**

*with Leon Musolff and Vitezslav Titl*

In this paper, we study an e-procurement market in Ukraine. We develop a novel structural test to detect collusive behavior, document that bidding patterns in the data are incompatible with a competitive equilibrium, and identify pairs of colluding firms. We validate the soundness of our collusion detection algorithm on a large sample of prosecuted companies. In Ukraine, a broad policy reform created an unprecedented scale of data transparency. Data transparency, in turn, led numerous NGOs and educated volunteers to monitor the market for public procurement. We document that this new supervision is effective in reducing collusion and prices on the market; in particular, prices decrease by 20.6%. Finally, we estimate the deadweight loss and find a possible sizeable overall welfare gain from the additional oversight due to e-procurement of between 0.55% and 2.68% of the total procurement spending.

## **Research Papers in Progress**

---

### **EU Subsidies Shape Governmental Spending: Evidence from Spain**

*with Stefano Baratucho, Jeffrey Sun and Vitezslav Titl*

The European Union spends over 50 Billion Euros each year to subsidize projects in poorer regions of Europe. A large portion of these resources is allocated to public entities. Using a change in the eligibility for subsidies, we show that European subsidies significantly alter the portfolio of projects purchased by the public sector. However, there is only limited evidence that public entities now acquire projects with high externalities, such as investments into green energies or R & D, which are among the main targets of the European policy. We develop a dynamic procurement investment model and show that simpler policies such as a lump-sum subsidy for poorer regions enhance efficiency.

### **Renegotiations of Procurement Contracts**

*with Vitezslav Titl*

Renegotiations of procurement contracts are very common across the world. They constitute a significant share of procurement expenditure. It is, however, not clear whether allowing for ex-post renegotiations is efficient. Using data from the Czech Republic, we show that expanding the renegotiations' scope leads to lower initial costs. The initial saving is more than offset by creating a holdup of procurement agencies by private firms. Ex-post costs increase because of this policy.

## **Informing Politicians and Bureaucrats about Consequences of their Actions**

*with Michal Soltés and Vitezslav Titl*

Bureaucrats and politicians are primary agents in public procurement as they choose the allocation mechanism and control the critical steps of the procurement process. Previous literature discovers possible information frictions mitigating the optimal behavior of procurement agencies. We prepare a randomized controlled trial to test whether informing procurement agents about their actions' average quantitative consequences affects their beliefs and behavior. We estimate the impact of this information treatment on public expenditures.