

**ALEXANDER HENKE**

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**Employment:**

Lecturer, Beijing Normal University - Hong Kong Baptist University United International College;  
September 2014 - present

**Education:**

Ph.D., Economics, University of Washington, Seattle, expected Spring 2016

M.A., Economics, University of Washington, Seattle, 2012

B.A., Major in Economics, Minors in Mathematics and Philosophy, Whitman College, 2009

**Teaching Experience:**

*Instructor*

Games and Economic Decisions, BNU - HKBU United International College (Fall 2015)

International Economics, BNU - HKBU United International College (Fall 2015)

Principles of Macroeconomics, BNU - HKBU United International College (Winter 2014)

Principles of Microeconomics, BNU - HKBU United International College (Fall 2014)

Principles of Microeconomics, University of Washington, Seattle (Spring 2014, Winter 2014, Fall 2013)

*Teaching Assistant*

Principles of Macroeconomics, University of Washington, Seattle (Spring 2013)

Principles of Microeconomics, University of Washington, Seattle (Winter 2013)

Marketing Concepts, University of Washington, Seattle (Fall 2012)

**Other Employment:**

Intern, Microsoft (Summer 2012)

Intern, Yahoo! (Summer 2009 and Summer 2008)

Research Assistant, Whitman College, with Professor Karl Storchmann (Winter 2006 – Spring 2009)

**Job Market Paper:**

*“Honest Agents in a Corrupt Equilibrium”*

I construct a principal – agent – auditor taxation model with adverse selection in which the principal optimally allows bribery to occur due to the potential for extortion. This result mirrors the moral hazard model of Khalil, Lawarrée and Yun (2010). I introduce a probability that the agent is “honest” insofar as she cannot collude with the supervisor. Because the principal cannot distinguish who is honest and who is not a priori, he faces an additional dimension of adverse selection. Honest agents cannot reduce their expected penalties through bribery, and strategic agents can pretend to be honest, so the principal must allow additional rent for all dishonest agents. Or, he may shut down honest, low-income agents, avoiding the new adverse selection issue but losing revenue. In this way, honesty hurts the principal. Furthermore, I find that the principal may wish to audit the more productive, corrupt agent and induce extortion as a screening device to reduce the high-income honest agent’s rent. I also explore how different types of honesty affect the principal’s decision.

### **Working Papers:**

#### *“Commitment to Auditing with a Private Signal”*

The literature on principal – agent auditing models suggests that the principal should visibly commit to an auditing scheme whenever possible. Some auditors, however, forgo committing to audit when they seemingly have the capability of doing so. One explanation is that auditors tend to receive subjective information that may be too late to affect production and transfers but could affect auditing decisions, and contracting upon this information creates additional incentive issues. I construct a principal – agent model with costly auditing occurring after production and transfers, and I find that the principal may optimally forgo commitment to auditing when he observes a strong private signal of the agent’s type prior to auditing. The main advantage of commitment is that the principal can audit with positive probability even when the agent is fully compliant, and hence audit unprofitably ex-post. Even when the principal can commit to auditing at particular probabilities, however, he cannot commit to truthfully revealing his private information without that revelation being incentive-compatible. If the agent is fully compliant, the principal will report whatever signal leads to less auditing, regardless of what he sees. Hence, the principal must be made indifferent between auditing and not auditing via noncompliance to effectively use the information provided by the private signal. For a strong enough signal, the no-commitment contract is the optimal contract, consistent with the revelation principle developed by Bester and Strausz (2001).

#### *“The Impact of Capital Punishment for Repeated Child Rapists on Child Rape Offenses”*

We examine how the death penalty affects the incidence of reported child rape for different types of offenders. In 2008, the Supreme Court ruled capital punishment for child rape unconstitutional. We use this natural experiment to find evidence that the death penalty reduces reported child rapes for strangers and acquaintances. This evidence suggests that capital punishment deters potential offenders from committing child rape.

### **Funding:**

UIC Research Grant, January 2015

### **Languages:**

English: Native

Mandarin: Conversational

### **Computer Skills:**

Proficient: Excel

Basic: STATA, Eviews, MATLAB, Mathematica

### **References:**

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