

## EXTENDED LIST OF PUBLICATIONS

***Disclaimer:** For all these publications at least one author is part of ESOP's research team. This (these) author(s) are in bold face. Some of the papers below are based on projects with funding from other sources than the Department or ESOP's research grant from the Research Council of Norway.*

### Forthcoming articles in 2011

**Asheim, Geir B. and Tungodden, Bertil;** with Mitra, Tapan (2010): "Sustainable recursive social welfare functions." Forthcoming in *Economic Theory*.

**Abstract:** Koopmans' axiomatization of discounted utilitarianism is based on seemingly compelling conditions, yet this criterion leads to hard-to-justify outcomes. The present analysis considers a class of sustainable recursive social welfare functions within Koopmans' general framework. This class is axiomatized by means of a weak new equity condition ("Hammond Equity for the Future") and general existence is established. Any member of the class satisfies the key axioms of Chichilnisky's "sustainable preferences." The analysis singles out one of Koopmans' original conditions as particularly questionable from an ethical perspective.

**Barth, Erling;** with Dale-Olsen, Harald (2010): "Employer Size or Skill Group Size Effect on Wages?" Forthcoming in *Industrial and Labor Relations Review*.

**Abstract:** It turns out that the employer-size effect on individual wages dwindles away once one control for the number of workers of the same skill-group (educational type) as the observed individual within the establishment. The skill-group size effect on wages is substantial. The main results, a dwindling employer size effect and a significant group size effect, remain after controlling for both individual and establishment specific heterogeneity. This observation rejects most of the proposed explanations for the employer-size effect, while it lends considerable support for the notion that there are frictions in the labor market and that each establishment faces an upward sloping supply curve for each type of labor.

**Beyene, Berhe Mekonnen** (2010): "How sensitive are Poverty Measures to the Choice of Equivalence Scale and Unit of Analysis? Evidence from Urban Ethiopia." Forthcoming in *Proceedings of the Seventh International Annual Conference on the Ethiopian Economy*, Ethiopian Economic Association.

**Abstract:** The paper studies the effect of the choice of equivalence scale and unit of analysis on poverty measures using data from urban Ethiopia. Four types of equivalence scales and three different units of analysis were considered. The three commonly used FGT indices namely  $P_0$ ,  $P_1$  and  $P_2$  were computed for the whole sample and for different sub-samples based on geography and socio-economic characteristics of household heads. We found an important effect of the choice of equivalence scale on the poverty measures for the whole sample and for the sub-samples. The magnitude of the effect varies across sub-samples and in some cases rank reversal was observed. This suggests that maximum care should be done while choosing the appropriate equivalence scale. It is also advisable to consider more than one method of equivalence scale to check the robustness of poverty measures to the choice of equivalence scale. Using households as units of analysis consistently understates the level of

poverty while the choice between individuals and equivalent individuals does not change the result much. Households should not be used as units of analysis as this could give a misleading result.

**Brekke, Kjell Arne;** with Kverndokk, Snorre (2010): “Inadequate Bivariate Measures of Health Inequality: The Impact of Income Distribution.” Forthcoming in *Scandinavian Journal of Economics*.

**Abstract:** Bivariate measures of health inequality are influenced by changes in two variables: health and a socioeconomic variable such as income. For these measures, what is reported as an increase in health inequality may just as well be a reduction in income inequality. In particular, several papers have found that socioeconomic health inequalities in Nordic countries are no less than in other European countries. The correct interpretation may just be that income inequality is no higher in Nordic countries than in the rest of Europe. The problem is especially profound when the causality is running from health to income.

**Brekke, Kjell Arne;** with Solstad, Jan T. (2010): “Do the existence of a public good enhance cooperation among users of common-pool resources?” Forthcoming in *Land Economics*.

**Abstract:** Without resorting to the folk theorem or to altruistic preferences, we demonstrate that the problem of overharvesting among individually rational harvesters in a local commons vanishes if the harvesters share, and voluntarily contribute to, some public good. Formulating the model as a two-stage sequential game, the harvesting of a renewable natural resource takes place at the first stage. The observed harvesting surplus is then used for buying private goods and contributing to public goods at the second stage. In this setting, the model shows that the harvesters share an individual objective of maximizing total harvesting surplus.

**Cappelen, Alexander W., Sørensen, Erik and Tungodden, Bertil;** with Hole, Astri Drange (2010): “The importance of moral reflection and self-reported data in a dictator game with production.” Forthcoming in *Social Choice and Welfare*.

**Abstract:** This paper studies how individual behavior is affected by moral reflection in a dictator game with production, and the informational value of self-reported data on fairness. We find that making individuals reflect on fairness before they play the dictator game has a moderate effect on the weight attached to fairness in distributive choices, and a strong effect on what people consider fair. Furthermore, we find that self-reported data have substantial informational value, but still do not add explanatory power to a random utility model estimated on purely behavioral data. Finally, by studying the behavior of individuals who deviate from their self-reported fairness ideal, we do not find much support for the hypothesis that people are self-serving in their choice of fairness ideal.

**Cappelen, Alexander W. and Tungodden, Bertil** (2010): “Distributive interdependencies in liberal egalitarianism.” Forthcoming in *Social Choice and Welfare*.

**Abstract:** Liberal egalitarian theories of justice share the egalitarian ideal that inequalities due to factors beyond individual control should be eliminated. This justifies that individuals sometimes receive more (or less) than their marginal productivity, which in turn implies that a change in one individual’s effort sometimes will affect the post-tax income of others. What restrictions should we place on such distributive interdependencies? The article provides characterizations of three main classes of redistribution mechanisms on the basis of how this question is answered.

**Christiansen, Vidar;** with Smith, Stephen (2010): “Externality-Correcting Taxes and Regulation.” Forthcoming in *Scandinavian Journal of Economics*.

**Abstract:** Much of the literature on externalities has considered taxes and direct regulation as alternative policy instruments. Both instruments may in practice be imperfect, reflecting informational deficiencies and other limitations. We analyse the use of taxes and regulation in combination, to control externalities arising from individual consumption behaviour. We consider cases where taxes are either imperfectly differentiated to reflect individual differences in externalities, or where some consumption escapes taxation. In both cases we characterise the optimal instrument mix, and show how changing the level of direct regulation alters the optimal externality tax.

**Fiva, Jon H.;** with Kirkebøen, Lars J. (2010): “Information Shocks and the Dynamics of the Housing Market.” Forthcoming in *Scandinavian Journal of Economics*.

**Abstract:** This paper analyzes housing market reactions to the release of previously unpublished information on school quality. Using high quality housing data that precisely bracket the timing of the information shock; we investigate housing price dynamics within school catchment areas. We find a robust short-term housing market reaction to publication of school quality indicators, suggesting that this information was new to the households, and that households are willing to pay for better schools. The publication effect does not seem to be permanent as prices revert to prepublication levels after two to three months.

**Harstad, Bård;** with Svensson, Jakob (2010): “Bribes, Lobbying and Development.” Forthcoming in *American Political Science Review*.

**Abstract:** When faced with a regulatory constraint, firms can either comply, bribe the regulator to get around the rule, or lobby the government to relax it. We analyze this choice, and its consequences, in a simple dynamic model. In equilibrium, when the level of development is low, firms are more inclined to bend the rule through bribing but they tend to switch to lobbying when the level of development is sufficiently high. Bribing, however, is associated with hold-up problems, which discourage firms from investing. If the hold-up problems are severe, firms will never invest enough to make lobbying worthwhile. The country may then be stuck in a poverty trap with bribing forever. The model can account for the common perception that bribing is relatively more common in poor countries while lobbying is relatively more common in rich ones.

**Havnes, Tarjei and Mogstad, Magne** (2010): “No Child Left Behind: Subsidized Child Care and Children’s Long-Run Outcomes.” Forthcoming in *American Economic Journal: Economic Policy*.

**Abstract:** There is a heated debate in the US, Canada and many European countries about introducing universally accessible child care. However, studies on universal child care and child development are scarce and only consider short-run outcomes. We analyze the introduction of universal child care in Norway, addressing the impact on children's long-run outcomes. Our precise and robust difference-in-difference estimates show that child care had strong positive effects on children's educational attainment and labor market participation, and also reduced welfare dependency. Subsample analysis indicates that children with low educated mothers and girls benefit the most from child care.

**Knutsen, Carl Henrik;** with Asmund Rygh and Helge Hveem (2010): “Does State Ownership Matter? Institutions' Effect on Foreign Direct Investment Revisited.” Forthcoming in *Business and Politics*.

**Knutsen, Carl Henrik** (2010): “Which Democracies Prosper? Electoral Rules, Form of Government and Economic Growth”. Forthcoming in *Electoral Studies*.

**Abstract:** Electoral rules and form of government have important economic effects, for example on taxation and public spending. However, there are no robust results in the literature when it comes to their effect on economic growth. This paper investigates whether electoral rules and form of government affects economic growth by applying panel data techniques on a very extensive dataset. There is no robust effect of presidentialism or parliamentarism on growth. However, there is very robust evidence for a positive, and quite substantial, effect of Proportional Representation (PR) electoral rules on economic growth. This is partly due to PR systems’ propensity to generate broad-interest policies, like universal education spending, property rights protection and free-trade, rather than special interest economic policies. Also semi-proportional systems seem to enhance growth relative to pluralmajoritarian systems.

**Lind, Jo Thori and Moene, Kalle** (2010): “Miserly Developments.” Forthcoming in *Journal of Development Studies*.

**Abstract:** We measure the level of poverty in the midst of affluence using what we denote the miser index. We calculate the index of poverty-induced polarization for a number of countries. The most miserly countries are in Southern Africa and Latin America. Miserly countries tend to be socially fractionalized, bureaucratically inefficient, and politically corrupt. They provide low levels of health care and education. Considering the world as a single entity, we find a dramatic rise in global miserliness over the last 30 years going from the level of Colombia to that of South Africa.

**Mehlum, Halvor** (2010): “The Academic Publication Industry, Open Access and Efficiency.” Forthcoming in *International Studies Perspectives*.

**Abstract:** This contribution contains a discussion of some of the core issues related to the economics of open access journal publishing. By open access I simply mean that published academic articles are available for download over the internet, free of charge.. In this limited space I primarily cover issues where I think I have something to say. The article contains a mix of my personal views as an academic, as an economist, and as an editor of a minor open access journal. These issues relate to economic efficiency, distribution, access in poor countries, and general benefits of open access. I base the discussion on my own experience with publishing an open access journal. I end the discussion by some thoughts on the realism and feasibility of a general transition to open access. My experience is primarily from economics, but I expect that it has some relevance for other social science disciplines as well as for the humanities. I think, however, that the issue of open access in disciplines where commercial interests are much more important has to be approached differently. For readers who want to go deeper into the various aspects of the economics of open access publishing, I recommend the two symposia in *Economic Analysis & Policy* (2009) and in *Nature* (2004), and a report on the costs and benefits of open access publishing (Houghton et al. 2009) . All these are appropriately available on-line, free of charge.

**Mogstad, Magne;** with Aaberge, Rolf and Peragine, Vitorocco (2010): “Measuring Long-Term Inequality of Opportunity.” Forthcoming in *Journal of Public Economics*.

**Abstract:** In this paper, we introduce and apply a general framework for evaluating *long-term* income distributions according to the Equality of Opportunity principle. Our framework allows for both an ex-ante and an ex-post approach to EOp. Our ex-post approach relies on a permanent income measure defined as the minimum annual expenditure an individual would need in order to be as well off as he could be by undertaking inter-period income transfers. There is long-term ex-post inequality of opportunity if individuals who exert the same effort have different permanent incomes. In comparison, the ex-ante approach focuses on the expected permanent income for individuals with identical circumstances. Hence, the ex-ante approach pays attention to inequalities in expected permanent income between different types of individuals. To demonstrate the empirical relevance of a long-run perspective on EOp, we exploit a unique panel data from Norway on individuals' incomes over their working lifespan.

**Mogstad, Magne;** with Aaberge, Rolf (2010): "Robust Inequality Comparisons." Forthcoming in *Journal of Economic Inequality*.

**Abstract:** This paper is concerned with the problem of ranking Lorenz curves in situations where the Lorenz curves intersect and no unambiguous ranking can be attained without introducing weaker ranking criteria than first-degree Lorenz dominance. To deal with such situations Aaberge (2009) introduced two alternative sequences of nested dominance criteria for Lorenz curves which was proved to characterize two separate systems of nested subfamilies of inequality measures. This paper uses the obtained characterization results to arrange the members of two different generalized Gini families of inequality measures into subfamilies according to their relationship to Lorenz dominance of various degrees. Since the various criteria of higher degree Lorenz dominance provide convenient computational methods, these results can be used to identify the largest subfamily of the generalized Gini families and thus the least restrictive social preferences required to reach unambiguous ranking of a set of Lorenz curves.

**Mogstad, Magne and Rege, Mari;** with Kalil, Ariel and Votruba, Mark (2010): "Divorced Fathers' Proximity and Children's Long Run Outcomes: Evidence from Norwegian Registry Data." Forthcoming in *Demography*.

**Abstract:** This study examines the link between divorced nonresident fathers' proximity and children's long-run outcomes using high-quality data from Norwegian population registers. We follow (from birth to young adulthood) 15,992 children born into married households in Norway in the years 1975-1979 whose parents divorce during his or her childhood. We observe the proximity of the child to his or her father in each year following the divorce and link proximity to children's educational and economic outcomes in young adulthood, controlling for a wide range of observable characteristics of the parents and the child. Our results show that closer proximity to the father following a divorce has, on average, a modest negative association with offspring's young-adult outcomes. The negative associations are stronger among children of highly-educated fathers. Complementary Norwegian survey data show that highlyeducated fathers report more post-divorce conflict with their ex-wives as well as more contact with their children (measured in terms of the number of nights that the child spends at the fathers' house). Consequently, the father's relocation to a more distant location following the divorce may shelter the child from disruptions in the structure of the child's life as they split time between households and/or from post-divorce interparental conflict.

**Nilssen, Tore** (2010): "Risk Externalities in a Payments Oligopoly." In *Portuguese Economic Journal*, forthcoming.

**Abstract:** I discuss the role to be played by central banks in payment systems by way of an oligopoly model of a payments market where firms exert negative risk externalities upon each other. A central bank participating actively in this market is modelled as benign in two ways: exerting less externalities than other banks and maximizing welfare rather than profit. Because other banks react strategically to the central bank's presence due to its low externalities, there is a risk that it backfires, with these other banks taking more risky positions than if the central bank were not there. The proper role of the central bank may actually be to stay out.

**Rege, Mari;** with Telle, Kjetil and Votruba, Mark (2010): "Parental Job Loss and Children's School Performance." Forthcoming in *The Review of Economic Studies*.

**Abstract:** Using Norwegian register data we estimate how children's school performance is affected by their parents' exposure to plant closure. Fathers' exposure leads to a substantial decline in children's graduation-year grade point average, but only in municipalities with mediocre-performing job markets. The negative effect does not appear to be driven by a reduction in father's income and employment, an increase in parental divorce, or the trauma of relocating. In contrast, mothers' exposure leads to improved school performance. Our findings appear to be consistent with sociological "role theories," with parents unable to fully shield their children from the stress caused by threats to the father's traditional role as breadwinner, and mothers responding to job loss by allocating greater attention towards child rearing.

**Rege, Mari;** with Cooper, David (2010): "Social Interaction Effects and Choice Under Uncertainty: An Experimental Study." Forthcoming in *Games and Economic Behavior*.

**Abstract:** Extensive field evidence shows individuals' decisions in settings involving choice under uncertainty depend on the decisions of their peers. These peer group effects lead to cultures of risk taking and/or avoidance as well as magnifying the effect of policy interventions. One hypothesized cause of peer group effects is social interaction effects: an individual's utility from an action is enhanced by others taking the same action. We employ a series of controlled laboratory experiments to study the causes and possible effects of peer effects in choice under uncertainty. We find strong peer group effects in the laboratory. Allowing feedback about others' choices increases group polarization and, on average, reduces the likelihood that subjects will choose risky or ambiguous gambles. Our design allows us to eliminate social learning, social norms, group affiliation, and complementarities as possible causes for the observed peer group effects. We develop a model of social loss aversion which yields a form of social interaction effect and captures major features of the data.

**Røed, Knut;** with Westlie, Lars (2010): "Unemployment Insurance in Welfare States: The Impacts of Soft Duration Constraints." Forthcoming in *Journal of the European Economic Association*.

**Abstract:** Based on a sequence of reforms in the Norwegian unemployment insurance (UI) system, we show that soft duration constraints and mild sanction practices significantly increase UI claimants' job hazard rates. Soft duration constraints appear to have almost the same behavioral impacts as hard constraints. In particular, the spikes at benefit exhaustion are of similar magnitude, irrespective of the kind of services and benefits that are offered after exhaustion, e.g., in terms of follow-on benefits and access to paid labor market programs. We find that extensive use of activity requirements backed up by mild sanctions effectively speed up the job search process and cut unemployment duration.

**Torvik, Ragnar;** with Chacon, Mario and Robinson, James A. (2010): When is Democracy an Equilibrium? Theory and Evidence from Colombia's La Violencia. Forthcoming in *Journal of Conflict Resolution*.

**Abstract:** The conventional wisdom in political science is that for a democracy to be consolidated, all groups must have a chance to attain power. If they do not then they will subvert democracy and choose to fight for power. In this paper we show that this wisdom is, if not totally incorrect, seriously incomplete. This is so because although the probability of winning an election increases with the size of a group, so does the probability of winning a fight. Thus in a situation where all groups have a high chance of winning an election, they may also have a high chance of winning a fight. Indeed, in a natural model, we show that democracy may never be consolidated in such a situation. Rather, democracy may only be stable when one group is dominant. We provide a test of a key aspect of our model using data from La Violencia, a political conflict in Colombia during the years 1946-1950 between the Liberal and Conservative parties. Consistent with our results, and contrary to the conventional wisdom, we show that fighting between the parties was more intense in municipalities where the support of the parties was more evenly balanced.

**Torsvik, Gaute;** with Kobbeltvedt, Therese, Molander, Anders and Tjøtta, Sigve (2010): "Anticipated discussions in a social dilemma." Forthcoming in *Rationality and Society*.

**Abstract:** We study the impact of anticipated face-to-face discussions among group members after they have made an anonymous contribution to a public good in an experimental setting. We find that the impact of anticipated discussions depends on how we frame the public good game. When framed in non-evaluative language, anticipated ex post discussions lead to a sharp reduction in contributions to the public good. This effect reversed when evaluative language was used to underscore normative expectations. In contrast, there was no framing in the no-discussion baseline version of our game. We offer an explanation that centres on the idea that the announcement of ex post discussions reinforces both normative and predictive expectations.

**Zilibotti, Fabrizio;** with Acemoglu, Daron and Gancia, Gino (2010): "Competing Engines of Growth: Innovation and Standardization." Forthcoming in *Journal of Economic Theory*.

We study a dynamic general equilibrium model where innovation takes the form of the introduction new goods, whose production requires skilled workers. Innovation is followed by a costly process of standardization, whereby these new goods are adapted to be produced using unskilled labor. Our framework highlights a number of novel results. First, standardization is both an engine of growth and a potential barrier to it. As a result, growth is an inverse U-shaped function of the standardization rate (and of competition). Second, we characterize the growth and welfare maximizing speed of standardization. We show how optimal IPR policies affecting the cost of standardization vary with the skill-endowment, the elasticity of substitution between goods and other parameters. Third, we show that the interplay between innovation and standardization may lead to multiple equilibria. Finally, we study the implications of our model for the skill-premium and we illustrate novel reasons for linking North-South trade to intellectual property rights protection.

## Forthcoming books and chapters in books

**Asheim, Geir B.** (2010): "The relationship between welfare measures and indicators of sustainable development." Forthcoming in *Handbook of Environmental Accounting*. T. Aronsson, K.-G. Löfgren (eds.). Edvard Elgar, 2010.

**Cappelen, Alexander W.** (2010): "Pension Funds and Intergenerational Justice." Forthcoming in *Environmental Justice, Sustainable Development and Future Generations*, Springer.

**Høyland, Bjørn** with Hix, Simon (2010): *The Political System of the European Union*. Forthcoming 3rd edition, Basingstoke: Palgrave Macmillan, 2011.

**Moene, Karl Ove** (2010): "Are Good Policies Good Politics?" Forthcoming in *Governing the Global Economy: Politics, Institutions and Development*.

## Publications 2010

**Almås, Ingvild, Cappelen, Alexander W., Sørensen, Erik and Tungodden, Bertil** (2010): "Fairness and the Development of Inequality Acceptance." In *Science* 328(5982), 2010, pages 1176-1178.

**Abstract:** Fairness considerations fundamentally affect human behavior, but our understanding of the nature and development of people's fairness preferences is limited. The dictator game has been the standard experimental design for studying fairness preferences, but it only captures a situation where there is broad agreement that fairness requires equality. In real life, people often disagree on what is fair because they disagree on whether individual achievements, luck, and efficiency considerations of what maximizes total benefits can justify inequalities. We modified the dictator game to capture these features and studied how inequality acceptance develops in adolescence. We found that as children enter adolescence, they increasingly view inequalities reflecting differences in individual achievements, but not luck, as fair, whereas efficiency considerations mainly play a role in late adolescence.

**Asheim, Geir B.** (2010): "Global welfare comparisons." In *Canadian Journal of Economics* 43, 2010, pages 1412–1432.

**Abstract:** We present a new version of the overtaking criterion, which we call generalized time-invariant overtaking. The generalized time-invariant overtaking criterion (on the space of infinite utility streams) is defined by extending proliferating sequences of complete and transitive binary relations defined on finite dimensional spaces. The paper presents a general approach that can be specialized to at least two, extensively researched examples, the utilitarian and the leximin orderings on a finite dimensional Euclidean space.

**Asheim, Geir B;** with d'Aspremont, Claude and Banerjee, Kuntal (2010): "Generalized time-invariant overtaking." In *Journal of Mathematical Economics* 46, 2010, pages 519-533.



**Abstract:** We present a new version of the overtaking criterion, which we call generalized time-invariant overtaking. The generalized time-invariant overtaking criterion (on the space of infinite utility streams) is defined by extending proliferating sequences of complete and transitive binary relations defined on finite dimensional spaces. The paper presents a general approach that can be specialized to at least two, extensively researched examples, the utilitarian and the leximin orderings on a finite dimensional Euclidean space.

**Asheim, Geir B.** (2010): “Intergenerational equity.” In *Annual Review of Economics* 2, 2010, pages 197-222.

**Abstract:** Axiomatic analysis of intergenerational social preferences over infinite streams of well-being faces the following dilemma. Equal treatment of generations combined with sensitivity for the interests of each generation rules out explicitly defined preferences that can rank any pair of infinite well-being streams. Hence, either intergenerational social preferences must be incomplete or equal treatment and sensitivity must be compromised. This critical review of axiomatic analyses of preferences over infinite streams evaluates different kinds of intergenerational social preferences by comparing their axiomatic basis as well as their performance in simple present-future conflicts. The scope for application is discussed, using real-world intergenerational conflicts (such as global warming) as a backdrop.

**Asheim, Geir B. and Nilssen, Tore;** with Emblem, Anne W. (2010): “Health Insurance: Medical Treatment vs. Disability Payment.” In *Research in Economics* 64, 2010, pages 137–145.

**Abstract:** In this paper we integrate health insurance and disability insurance, which have been treated separately so far in the economics literature. We do this by viewing health insurance as a combined hedge against the two consequences of falling ill: treatment expenditures and loss in income due to permanent impairment. We discuss how an individual’s (pre-illness) ability affects her decision on health insurance coverage if ill: whether to choose treatment to full recovery or partial treatment combined with cash compensation for the resulting loss in income. We find that a high-ability individual demands full recovery and equalizes utility across states, while a low-ability individual demands partial treatment and cash compensation and suffers a loss in utility if ill.

**Asheim, Geir B.** (2010): “Strategic use of environmental information.” In *Environmental and Resource Economics* 46, 2010, pages 207–216.

**Abstract:** Strategic use of environmental information may have as consequence that a benevolent environmental agency will choose not to disclose information leading to reduced moral motivation. Thus, decision makers will not have access to such information, implying that they will not be able to adjust their decisions to available information on the state of the environment. In contrast, if the benevolent environmental agency instead bases its regulation on standard economic instruments, these instruments will incorporate all available information. Keywords and Phrases: Environmental regulation, voluntary contributions, moral motivation, hard information.

**Asheim, Geir B.;** with Mitra, Tapan (2010): “Sustainability and discounted utilitarianism in models of economic growth.” In *Mathematical Social Sciences* 59, 2010, pages 148–169.

**Abstract:** Discounted utilitarianism treats generations unequally and leads to seemingly unappealing consequences in some models of economic growth. Instead, this paper presents and applies sustainable discounted utilitarianism (SDU). SDU respects the interests of future generations and resolves intergenerational conflicts by imposing on discounted utilitarianism that the evaluation be insensitive to the interests of the present generation if the present is better off than the future. An SDU social welfare function always exists. We provide a convenient sufficient condition to identify SDU optima and apply SDU to two well-known models of economic growth.

**Asheim, Geir B.;** with Bossert, Walter, Sprumont, Yves and Suzumura, Kotaro (2010): “Infinite-horizon choice functions.” In *Economic Theory* 43, 2010, pages 1-21.

**Abstract:** We analyze infinite-horizon choice functions within the setting of a simple technology. Efficiency and time consistency are characterized by stationary consumption and inheritance functions, as well as a transversality condition. In addition, we consider the equity axioms Suppes-Sen, Pigou-Dalton, and resource monotonicity. We show that Suppes-Sen and Pigou-Dalton imply that the consumption and inheritance functions are monotone with respect to time—thus justifying sustainability— while resource monotonicity implies that the consumption and inheritance functions are monotone with respect to the resource. Examples illustrate the characterization results.

**Asheim, Geir B.;** with Banerjee, Kuntal (2010): “Fixed-step anonymous overtaking and catching-up.” In *International Journal of Economic Theory* 6, 2010, pages 149–165.

**Abstract:** We investigate criteria for evaluating infinite utility streams that satisfy Fixed-step anonymity and include some notion of overtaking or catching-up. We do so in a generalized setting which do not require us to specify the underlying finite dimensional criterion (e.g., utilitarianism or leximin). We present axiomatizations that rely on weaker axioms than those in the literature, and which in one case is new. We also provide a complete analysis of the relationships between the symmetric parts of these criteria and likewise for the asymmetric parts.

**Aslaksen, Silje** (2010): “Oil and Democracy: More than a Cross-Country Correlation?” In *Journal of Peace Research* 47(4), 2010, pages 421-431.

**Abstract:** This article revisits the empirical relationship between oil and democracy. Existing studies establish a negative cross-country correlation between oil and democracy in a Pooled OLS framework. This insight has recently been challenged by claiming that it suffers from omitted variables, and that including country fixed effects removes the statistical association between oil and democracy. This article argues that because of the high persistence of democracy and oil, the findings of no effect of oil on democracy suffers from weak instrument problems and is not informative. Indeed, this article shows that levels of oil systematically predict both levels and changes in democracy in a sample of up to 156 countries between 1972 and 2002. By considering a different identification assumption for oil and by using additional and more informative moment conditions to instrument the regressors, this article demonstrated that the relationship between oil and democracy is negative also when country fixed effects are taken into account. This result holds for alternative measures of democracy and alternative measures of oil abundance; it is robust when including additional covariates and when removing major oil producers.

**Barth, Erling** (2010): “Lønnsdannelsen i offentlig sektor og den norske likelønnskommissjonen.” In *Samfunnsøkonomen* 4, København, pages 38-43.

**Abstract:** Artikkelen diskuterer bakgrunnen for den norske Likelønnskommisjonens arbeid, med spesiell vekt på lønnsdannelsen i offentlig sektor. Artikkelen tar for seg de senere års utvikling i lønnsstrukturen i offentlig og privat sektor, og de tiltakene som kommisjonen har foreslått for Norge.

**Barth, Erling and Moene, Karl Ove** (2010): "Små Lønnsforskjeller og Store Velferdsstater." In *Søkelys på Arbeidslivet* 1, 2010.

**Abstract:** Ved å sammenlikne land fra 1976 til i dag finner vi at små lønnsforskjeller går sammen med store velferdsstater. Grunnen er at økonomi og politikk beveger seg sammen, slik at likhet skaper mer likhet, og ulikhet skaper mer ulikhet. På den ene siden bremser ikke små lønnsforskjeller den politiske oppslutningen om velferdsstaten. Tvert om, små lønnsforskjeller stimulerer til økt oppslutning. På den andre siden motvirker ikke justeringer i arbeidsmarkedet velferdsstatens omfordeling. Tvert om, velferdsstaten forsterker eventuelle tendenser til lønnsammenpressing. Til sammen gir de to effektene en sterk likhetsmultiplikator.

**Bratsberg, Bernt, Raaum, Oddbjørn and Røed, Knut** (2010): "When Minority Labor Migrants Meet the Welfare State." In *Journal of Labor Economics* 28(3), 2010, pages 633-676.

**Abstract:** Life cycle employment of minority labor migrants who entered Norway in the early 1970s diverges from that of natives. Immigrant employment was nearly complete during early years but declined to 50% by the year 2000 (compared to 87% for a native comparison group). We find that immigrant employment is particularly sensitive to the business cycle and that economic downturns of the 1980s and 1990s accelerated their labor market exit. We trace part of the decline to migrants being overrepresented in shrinking industries. But we also identify welfare disincentives that contribute to poor life cycle employment performance of immigrants with many dependent family members.

**Bratsberg, Bernt;** with Ragan, James F., Jr. and Warren, John T. (2010): "Does Raiding Explain the Negative Returns to Faculty Seniority?" In *Economic Inquiry* 48(3), 2010, pages 704-721.

**Abstract:** We track faculty for 30 years at five PhD-granting departments of economics. Two thirds of faculty who take alternative employment move downward; less than one quarter moves upward. We find a substantial penalty for seniority, even after richly controlling for faculty productivity, and the penalty is little changed when we allow wages and returns to seniority to differ by mobility status. Faculty who end up moving to better or comparable positions were penalized as severely for seniority while they were in our sample as faculty who stay. These results are incompatible with the raiding hypothesis. Faculty from top 10 programs are also punished for seniority but to a lesser degree than other faculty, which could reflect reduced monopsony power against such faculty if they are more marketable. All results persist when we control for prospective publications and allow lower returns for older publications. Match-quality bias has dissipated in the post-internet period, which may be the consequence of greater availability of information.

**Brekke, Kjell Arne and Nyborg, Karine;** with Kipperberg, G. (2010): "Social Interaction in Responsibility Ascription: The Case of Household Recycling." In *Land Economics* 86(4), pages 766-784.

**Abstract:** Several studies have demonstrated that individual contributions to public goods are increasing in others' contributions. The underlying causes for this, however, are not yet fully understood. We present a model of duty-orientation in which moral responsibility is learned through

observations of others' behavior. Since, in our model, responsibility is a burden, we hypothesize that individuals will be reluctant to accept responsibility based on uncertain information. Econometric analysis of data from a survey on households' glass recycling indicates that perceived responsibility is a major determinant for reported recycling; that responsibility ascription is influenced by beliefs about others' behavior; and that people are indeed reluctant to accept responsibility based on uncertain information.

**Brekke, Kjell Arne and Nyborg, Karine** (2010): "Selfish Bakers, Caring Nurses? A Model of Work Motivation." In *Journal of Economic Behavior and Organization* 75, 2010, pages 377-394.

**Abstract:** Work contributes to people's self-image in important ways. We propose a model in which individuals have a preference for being important to others. This leads to the following predictions: 1) In fully competitive markets with performance pay, behavior coincides with the standard model (bakers). 2) In jobs where effort is not rewarded according to its social marginal value, behavior is more socially beneficial than predicted by the standard model (nurses). 3) Even if unemployment benefits provide full income compensation, many workers' utility strictly decreases when losing their job. 4) Similarly, many workers will prefer to work rather than to live off welfare, even with full income compensation. 5) To keep shirkers out of the public sector, nurses' wages must be strictly lower than private sector income. At this wage level, however, the public sector will be too small. 6) It is possible to attract motivated workers to the public sector, without simultaneously attracting shirkers, through capital input improving nurses' opportunity to do a good job.

**Cappelen, Alexander W. Sørensen, Erik and Tungodden, Bertil** (2010): "Responsibility for what? An experimental approach to responsibility and fairness." In *European Economic Review* 54(3), 2010, pages 429-441.

**Abstract:** What should individuals be held responsible for? This is a fundamental question in much of the contemporary debate on distributive justice. Different fairness ideals, such as strict egalitarianism, and different versions of equal opportunity ethics and libertarianism give different answers to this question. In order to study the prevalence of these fairness ideals in society, we present the results from a dictator game where the distribution phase is preceded by a production phase. Each participant's contribution is a result of working time, productivity and price. We estimate what factors the participants hold each other responsible for and the weight they attach to fairness. In addition, we discuss how fairness preferences relate to business education and labour market experiences by comparing the estimates for business students at different stages of their education, and by comparing the estimates for final-year business students with the estimates for former business students with some years of work experience.

**Cappelen, Alexander W. and Tungodden, Bertil; with Mæstad, Ottar** (2010): "Demand for childhood vaccination: Insights from behavioural economics." In *Forum for Development Studies* 37(3), 2010, pages 349-364.

**Abstract:** Childhood vaccination is a powerful tool for reducing morbidity and premature deaths, and vaccines are usually provided for free. Despite this, several low- and middle-income countries are lagging far behind in terms of their vaccination coverage. This article uses insights from behavioural economics to shed light on the mechanisms at work when people make decisions about childhood vaccination, thus explaining why demand for vaccination may be low. Some of the factors highlighted are the immediacy effect, loss aversion, overestimating and overweighting of small probabilities, and

social preferences and trust. We conclude that these factors have important implications for how incentive mechanisms for vaccination should be designed, how vaccination decisions ought to be framed, who information campaigns should be conducted, as well as for the need to build trust in vaccine providers and health systems more generally.

**Cappelen, Alexander W. and Tungodden, Bertil;** with Nordheim, Ole F. (2010): “Disability, freedom and responsibility.” In *Politics, Philosophy and Economics* 9(4), 2010, pages 411-423.

**Abstract:** It is a central political goal to secure disabled individuals the same opportunities as others to pursue their conception of a good life. This goal reflects an ambition to combine an egalitarian and a liberal moral intuition. In this article, we analyse how disabled individuals who take part in economic activity should be compensated in order to respect these two intuitions. The article asks how a system of disability compensation should be structured and what the level of such compensation should be. It also analyses how the answers to these questions depend on whether the disabled individuals are held responsible for their choice of work effort.

**Cappelen, Alexander W.;** with Bjorvatn, Kjetil (2010): “The challenge of a rising skill premium for redistributive taxation.” In *International Tax and Public Finance* 17(1), 2010, pages 15-24.

**Abstract:** The present paper analyzes the challenge to redistribution programs posed by an increase in the skill premium. The skill premium affects both the profitability of education and the profitability of migration. We propose a two country, median voter model, where the equilibrium tax policy is shaped by the desire of the median voter to promote skill formation and to avoid emigration of skilled individuals. Our paper shows that the effect of an increase in the skill premium on redistributive programs depends on the initial level of the skill premium. Below a critical level, an increase in the skill premium is met by an increase in the tax rate. Beyond this level, however, a further rise in the skill premium leads to a fall in the tax rate, and hence a sharp increase in post-tax inequality.

**Christiansen, Vidar,** Blomquist, Sören and Luca Micheletto (2010): “Public Provision of Private Goods and Nondistortionary Marginal Tax Rates.” In *American Economic Journal: Economic Policy* 2, 2010, pages 1-27.

**Abstract:** The incidence and efficiency losses of taxes have usually been analyzed in isolation from public expenditures. This negligence of the expenditure side may imply a serious misperception of the effects of marginal tax rates. The reason is that part of the marginal tax may in fact be a payment for publicly provided goods and reflects a cost that the consumers should bear in order to face the proper incentives. Hence, part of the marginal tax may serve the same role as a market price in the sense that it conveys information about a real social cost of working more hours. We develop this idea formally by studying an optimal income tax model in combination with a type of public provision scheme not analyzed before; the provision level is individualized and positively associated with the individual's labor supply. As examples we discuss child care, elderly care, primary education and health care. We show that there is a potential gain in efficiency where public provision of such services replaces market purchases. We also show that it is necessary for efficiency that, other things equal, marginal income tax rates are higher than in economies where the services are purchased in the market. This is because the optimal tax should be designed so as to face the taxpayers with the real cost of providing the services. Hence, it might very well be that economies with higher marginal tax rates have less severe distortions than economies with lower marginal tax rates.

**Christiansen, Solveig and Keilman, Nico** (2010): “Norwegian Elderly Less Likely to Live Alone in the Future”. *European Journal of Population* 2010 ;Volum 26.(1) s. 47-72.

**Abstract:** We analyse the future household status of elderly men and women in Norway. An important finding is that persons aged 80+ are less likely to live alone in the future, and more often with a partner. The level of mortality, the mortality sex gap, union dissolution at young and intermediate ages, and entry into and exit from institutions for the elderly are possible determinants for this new trend. We use the macro simulation program LIPRO to simulate the household dynamics in Norway to 2032, and investigate the demographic reasons for the increased likelihood of living with a partner among Norwegian elderly. Mortality plays an important role, but part of the trend is already embodied in the household structure of the current population.

**Fiva, J. H.;** with Hægeland, Torbjørn and Rønning, Marte (2010): “Health Status After Cancer: Does It Matter Which Hospital You Belong To?” In *BMC Health Services Research* 10(204), 2010.

**Abstract:** Survival rates are widely used to compare quality of cancer care. However, the extent to which cancer-survivors regain full physical or cognitive functioning is not captured by this statistic. To address this concern we introduce post-diagnosis employment as a supplemental measure of quality of cancer care. This study is based on individual level data from the Norwegian Cancer Registry (n=46,720) linked with data on labor market outcomes and socioeconomic status from Statistics Norway. We study variation across Norwegian hospital catchment areas (n=55) with respect to survival and employment five years after cancer diagnosis. To handle the selection problem, we exploit the fact that cancer patients in Norway (until 2001) are allocated to local hospitals based on their place of residence. We document substantial differences across catchment areas with respect to patients' post-diagnosis employment rates. Conventional quality indicators based on survival rates indicate smaller differences. The two sets of indicators are only moderately correlated. Conclusions. This analysis shows that indicators based on survival and post-diagnosis employment may capture different parts of the health status distribution, and that using only one of them to capture quality of care may be insufficient.

**Greaker, Mads and Hoel, Michael O.;** with Golombek, Rolf (2010): “Carbon Taxes and Innovation without Commitment.” *The B.E. Journals in Economic Analysis & Policy* 10(1), 2010.

**Abstract.** Climate mitigation policy should be imposed over a long period, and spur innovation of new technologies in order to make stabilization of green house gas concentration economically feasible. The government may announce current and future policy packages that stimulate current R&D in climate-friendly technologies. However, once climate-friendly technologies have been developed, the government may have no incentive to implement the pre-announced future policies, that is, there may be a time inconsistency problem. We show that if the government can optimally subsidize R&D today, there is no time inconsistency problem. Thus, lack of commitment is not an argument for higher current R&D subsidies than the first-best subsidy. If the offered R&D subsidy is lower than the optimal subsidy, the current (sub-game perfect) carbon tax rate exceeds the first-best carbon tax rate.

**Harstad, Bård;** with Eskeland, Gunnar (2010): “Trading for the Future: Signaling in Permit Markets.” In *Journal of Public Economics* 94(9-10), 2010, pages 749-60.

**Abstract:** Permit markets are celebrated as a policy instrument since they allow (i) firms to equalize marginal costs through trade and (ii) the regulator to distribute the burden in a politically desirable way. These two concerns, however, may conflict in a dynamic setting. Anticipating the regulator's future desire to give more permits to firms that appear to need them, firms purchase permits to signal their need. This raises the price above marginal costs and the market becomes inefficient. If the social cost of pollution is high and the overnment intervenes frequently in the market, the distortions are greater than the gains from trade and non-tradable permits are better. The analysis helps to understand permit markets and how they should be designed.

**Harstad, Bård** (2010): "Strategic Delegation and Voting Rules." In *Journal of Public Economics* 94(1-2), 2010, pages 102-113.

**Abstract:** The selection of political representatives depends on the political system. Principals, such as voters or districts, may benefit by strategically electing representatives different from themselves. While a status-quo biased delegate may be a better negotiator, an enthusiastic representative has a better chance of being included in the majority coalition. A larger majority requirement leads to conservative" delegation and hence a status quo bias; a poor minority protection does the opposite. Through strategic delegation, the political system also determines whether centralization or decentralization is beneficial.

**Havnes, Tarjei** (2010): "Sosial mobilitet og offentlige investeringer i barn og ungdom." In *Søkelys på arbeidslivet* 27(1-2), 2010, pages 135-146.

**Abstract:** Sosial mobilitet anses for et gode i nær alle leire. For å svekke reproduksjonen av klasseskiller står valget grovt sagt mellom kompenserende ordninger i voksen alder og investeringer i barn og ungdom som legger til rette for like muligheter. Nyere forskning indikerer at investeringer i humankapital i tidlig barndom kan gi stort utbytte. I denne artikkelen retter jeg søkelyset mot slike investeringer innenfor det klassiske rammeverket for sosial mobilitet i økonomi fra Becker og Tomes (1979). Når bør innsatsen settes inn, og bør det offentlige målrette tiltak mot mindre privilegerte barn, eller bør vi ta ansvar for investeringer i alle barn? Fra analysen reiser det seg som noe av et paradoks at høyere utdanning i Norge er fullt subsidiert og universelt tilgjengelig, mens foreldre fortsatt betaler en relativt høy pris for barnehage.

**Hoel, Michael;** with Aart de Zeeuw (2010): "Can a Focus on Breakthrough Technologies Improve the Performance of International Environmental Agreements?" *Environmental and Resource Economics*, Volume 47, Number 3, Pages 395-406 (2010)

**Abstract:** In a recent paper, Barrett (2006) reaches the conclusion that in general the answer to the question in the title is no. We show in this paper that a focus on the R&D phase in the development of breakthrough technologies changes the picture. The stability of international treaties improves and thus the possibility of realizing benefits of cooperation.

**Holden, Steinar;** with Holden, Helge and Holden, Lars (2010): "Contract adjustment under uncertainty." In *Journal of Economic Dynamics and Control* 34(4), pages 657-680.

**Abstract:** Consider trade in continuous time between two players. The gains from trade are divided according to a contract, and at each point in time, either player may unilaterally induce a costly 38

adjustment of the contract. Players' payoffs from trade under the contract, as well as from trade under an adjusted contract, are exogenous and stochastic. We consider players' choice of whether and when to adjust the contract payment. We show that there exists a Nash equilibrium in thresholds, where each player adjusts the contract whenever the contract payment relative to the outcome of an adjustment passes the threshold. There is strategic substitutability in the choice of thresholds, so that if one player becomes more active by choosing a threshold closer to unity, the other player becomes more passive.

**Holden, Steinar** (2010): "Pengepolitikken etter finanskrisen." In *Samfunnsøkonomen* 4, 2010, pages 15-23.

**Abstract:** Hovedårsakene til finanskrisen lå i det finansielle systemets virkemåte, men også globale ubalanser og lave styringsrenter bidro til krisen. Den økonomiske politikken i ettertid har forhindret at finanskrisen utviklet seg til en global depresjon. Vår forståelse av sammenhengene i økonomien er bedre enn tidligere. Penge- og finanspolitikken er mye bedre enn den var under depresjonen i 1929-33. Det er også klare forbedringer i stabiliseringspolitikken i forhold til 20-30-40 år tilbake. Det teoretiske rammeverket for pengepolitikken er imidlertid fortsatt for snevert, noe som også har betydning for praktisk pengepolitikk.

**Høyland, Bjørn** (2010): "Procedural effects in European Parliament Roll Call Votes", *European Union Politics, European Union Politics*, 2010, Vol 11(4): 597 - 613.

**Abstract:** I extend the standard spatial model of legislative voting to account for vote-specific party inducements and procedural differences. Focusing on voting in the 1999—2004 European Parliament, I find evidence of vote-specific party inducements in a large share of the roll call votes. Furthermore, MEPs position themselves differently across procedures. As most roll call votes are taken on non-legislative votes, these estimates may overemphasize voting pattern on these votes and downplay voting pattern on legislative votes. As such, these estimates may be a poorly suited for studying within party heterogeneity on legislative votes.

**Høyland, Bjørn;** with Hanne Marthe Narud og Helge Hveem (2010): "Gamle konflikter - nye saker? Norske velgeres utenriks- og sikkerhetspolitiske holdninger " (in Norwegian) *Internasjonal Politikk*, 2010 (3): 334 - 363.

**Abstract:** Norges utenrikspolitikk har historisk vært konfliktpreget og spilte også en rolle ved valg for noen årtier siden. Dette synes ikke lenger å være tilfelle; selv en radikal endring av Norges forsvar finner sted uten offentlig debatt. Basert på nasjonale opinionsundersøkelser høsten 2008/våren 2009 og sammenliknbare historiske data analyserer artikkelen hvor interessert nordmenn er i utenriks- og sikkerhetspolitikk, hvilke holdninger og syn de har, og hvordan disse er påvirket av partisympati. Den konkluderer med at folk er mer interessert enn valgkampene indikerer; der er en merkbar økning i nasjonal konsensus om alliansepolitikk og NATO-medlemskap, men deltakelse i Afghanistan-krigen er kontroversiell; opposisjonen mot EU-medlemskap forblir sterk, men denne saken deler opinionen på en annen måte enn sikkerhetspolitikken gjør. Mens valget av Obama bidro til et mer positivt syn på USA, er den tradisjonelle venstre-høyre aksens fortsatt viktig. Sosialistisk Venstreparti og venstrefløyen i Arbeiderpartiet forblir «den utenrikspolitiske opposisjonen».

**Høyland, Bjørn;** with Jon K. Nilsen, Xing Cai, and Hans Petter Langtangen (2010): "Simplifying Parallelization of Scientific Codes by a Function-Centric Approach in Python," *Computational Science & Discovery*, 3 (2010).



**Abstract:** The purpose of this paper is to show how existing scientific software can be parallelized using a separate thin layer of Python code where all parallel communication is implemented. We provide specific examples on such layers of code, and these examples may act as templates for parallelizing a wide set of serial scientific codes. The use of Python for parallelization is motivated by the fact that the language is well suited for reusing existing serial codes programmed in other languages. The extreme flexibility of Python with regard to handling functions makes it very easy to wrap up decomposed computational tasks of a serial scientific application as Python functions. Many parallelization-specific components can be implemented as generic Python functions, which may take as input those functions that perform concrete computational tasks. The overall programming effort needed by this parallelization approach is rather limited, and the resulting parallel Python scripts have a compact and clean structure. The usefulness of the parallelization approach is exemplified by three different classes of applications in natural and social sciences.

**Høyland, Bjørn;** with Hagemann, Sara (2010): "Bicameral Politics in the European Union." In *Journal of Common Market Studies* 48(4), 2010.

**Abstract:** The literature on legislative decision-making and bargaining in the EU has reached a common conclusion that the European Parliament (Parliament) and the Council of the European Union (Council) are on equal footing in the main decision procedure, the Co-decision procedure. We present theoretical and empirical evidence to suggest that this is not the case: First, our analysis of the formal rules reveals that the Council has conditional agenda-setting power due to a change in the majority thresholds for adopting legislation from the first to the second reading in the Parliament. This change has important implications for the internal dynamics of the Parliament and its institutional powers vis-à-vis the Council. Testing these analytical considerations of the formal decision rules against voting data on all Co-decision legislation adopted in the two institutions since 1999, our empirical findings show that: First, coalition formation in the Council predominantly falls along the traditional left – right political dimension. Second, when disagreement over legislation is recorded in the Council, a strong divide can also be found in the Parliament. Third, when the Parliament is divided along party political lines, it is less likely to be able to meet the absolute majority requirement for amending the proposal adopted by the Council. Lastly, Parliament amendments are most likely to be adopted when a decision by voting is requested by a party group associated with the main ideological contingency in the Council.

**Høyland, Bjørn** and Sircar, Indraneel (2010): "Get the party started: The Development of Political Party Legislative Dynamics in the Irish Free State Seanad (1922 - 1936)." In *Party Politics* 16(1), pages 89 -110.

**Abstract:** In this article, we investigate the effect of political parties on legislative behaviour. We compile and analyse a unique dataset of all roll-call votes for all the sessions of the Irish Free State Seanad (the Upper Chamber in the legislature, 1922–36). The development of legislative parties inside the Irish Seanad led to the formation of cohesive voting blocs after 1928. This caused dramatic shifts in the rank-ordering of members and changed the coalition pattern. The establishment of disciplined parties also sealed the fate of the legislature when the Fianna Fáil party, hostile to the Free State Seanad, became an organized force inside the institution.

**Høyland, Bjørn, Hix, Simon and Vivyan, Nick** (2010): “From Doves to Hawks: A Spatial Analysis of Voting in the Monetary Policy Committee of the Bank of England.” In *European Journal of Political Research* 49(6), pages 731 – 758.

**Abstract:** This article examines the making of monetary policy in the United Kingdom between 1997 and 2008 by analysing voting behaviour in the Bank of England's Monetary Policy Committee (MPC). It provides a new set of measures for the monetary policy preferences of individual MPC members by estimating a Bayesian item response model. The article demonstrates the usefulness of these measures by comparing the ideal points of outgoing MPC members with their successors and by looking at changes over time in the median ideal point on the MPC. The analysis indicates that the British Government has been able to move the position of the median voter on the MPC through its appointments to the Committee. This highlights the importance of central bank appointments for monetary policy.

**Knutsen, Carl Henrik** (2010): “Democracy, Dictatorship and Protection of Property Rights”. Forthcoming in *Journal of Development Studies*.

**Abstract:** This article investigates how political regimes influence property rights. The article reviews arguments for and against the hypothesis that democracy enhances property rights protection, and then conducts empirical tests. Democracy is likely endogenous to property rights protection. The analysis takes this into account by utilising an innovative instrument for democracy. The results, based on data from 1984 to 2004 for over 120 countries, show that democracy enhances property rights protection, even when controlling for endogeneity and country-specific characteristics.

**Knutsen, Carl Henrik** (2010): “Investigating the Lee thesis: How bad is democracy for Asian economies?” *European Political Science Review* 2(3), pages 451-473.

**Abstract:** This paper discusses the hypothesis that democracy hurts economic growth and development, also known as the Lee thesis, and discusses why one could expect dictatorship to be particularly beneficial for growth in the Asian context. Three general theoretical arguments in support of the Lee thesis are then presented. However, the empirical results, based on panel data analysis on more than 20 Asian countries, do not support the hypothesis that dictatorship increases economic growth in Asia. There is no significant, average effect of democracy on growth. Asian dictatorships do invest a larger fraction of their GDP than democracies, but they are worse at generating high enrollment ratios in education after primary school

**Knutsen, Carl Henrik** (2010): “Den rasjonelle diktator” [The rational dictator]. *Internasjonal Politikk* 68(3), pages 404-414.

**Abstract:** Hvorfor styrer Robert Mugabe Zimbabwe mot økonomisk ruin? Hvorfor invaderte Napoleon III Mexico? Hvorfor bytter ikke Kim Jong Il bort sine atomvåpen mot penger fra andre land? Mer generelt, hvorfor fører mange diktaturer en politikk som går på tvers av interessene til brede befolkningslag? Ofte er svaret at diktatorer kalkulerer fører en politikk som, til tross for negative virkninger for befolkningen, leder til politiske, økonomiske eller andre typer gevinster for diktatoren selv. Det beste utgangspunktet for å forstå politikk i diktaturer er derfor ikke en redegjørelse for «de nasjonale interesser», hva nå det måtte bety, eller interessene til brede befolkningslag. For å forstå politikktutforming i diktaturer må vi heller stille, og finne svar på, spørsmål av følgende karakter: Hvor mye makt er samlet i diktatorens hender? Hvilke grupper trenger regimet støtte fra for å overleve? Og

ikke minst, hva er de viktigste interessene til diktatoren og regimets støttespillere? Disse spørsmålene leder mot en analyse av politikk i diktaturer der diktatoren og hans støttespillere betraktes som rasjonelle aktører, og der politikk i stor grad utformes på bakgrunn av disse aktørenes egeninteresse

**Knutsen, Carl Henrik** (2010): "Measuring Effective Democracy". *International Political Science Review* 31(2), pages 109-128.

**Abstract:** This article discusses methodological problems related to operationalizing substantive definitions of democracy. The article argues that index-constructors need to be particularly conscious of measurement level issues. If not, their indexes may face severe reliability and validity problems, which in turn may bias empirical analyses utilizing the indexes. The article focuses particularly on the "effective democracy" measure developed by Ronald Inglehart and Christian Welzel. The measure has been used by Inglehart and Welzel in several studies, particularly for empirically testing hypotheses deduced from their version of modernization theory. These tests have generated very strong results in favor of the theory. The article is sympathetic to Inglehart and Welzel's goal of capturing "substantive" rather than "formal" democracy, but is critical of the specific measure proposed. The measure has several unfortunate theoretical and distributional properties; the empirical scores generated by the measure are often highly misleading. Empirical analysis suggests the index is biased, and that rich, Western countries are particularly favored. Utilization of the measure in statistical analysis may therefore lead to false inferences.

**Kravdal, Øystein** (2010): "The Importance of Community Education for Individual Mortality: A Fixed-Effects Analysis of Longitudinal Multilevel Data on 1.7 Million Norwegian Women and Men." *Journal of Epidemiology and Community Health*, 64:1029-1035.

**Abstract:** According to the simplest models, a high average education in the municipality is associated with increased mortality. Control for population size (time-averaged) reversed the effects. Inclusion of municipality dummies instead of population size, to control also for additional unobserved time-invariant municipality characteristics, gave very different results: the effects were even stronger for men, while those for women were no longer significant. The results were quite robust to alternative specifications, including the use of a lagged average-education variable. The study supports the idea that community socio-economic resources may affect mortality and suggests that sex differentials may deserve more attention. It also illustrates the importance of controlling for time-invariant community factors. Unless these can be easily measured, in future investigations one may consider establishing longitudinal data and using a fixed-effects approach such as that used here.

**Kravdal, Øystein** (2010): "Demographers' interest in fertility trends and determinants in developed countries: Is it warranted?" In *Demographic Research* 22, 2010, pages 663-690.

**Abstract:** Studies of fertility trends and determinants in developed countries are high on demographers' research agenda. The interest in this subject is probably, to a large extent, motivated by a notion about low fertility being problematic, but demographers have not been much engaged in efforts to find out whether that is actually the case, at least as judged from the contents of the major demography journals. In this paper, the possibility of various individual- and societal-level effects of low fertility is briefly reviewed. Some of the harmful effects may be foreseen and considered an acceptable disadvantage by couples making fertility decisions, while others more rightly can be considered social problems. It is argued that knowledge about fertility trends and determinants may help us learn more about the consequences of low fertility and see clearer whether interventions may

be justified and what specific steps one might take. Further efforts to expand this knowledge should therefore be welcome, and it is possible that demographers can make an important contribution by applying this knowledge in studies of consequences of fertility. A higher priority to forecasting might also be worthwhile.

**Kravdal, Øystein;** with Grundy, E. (2010): "Fertility history and cause-specific mortality: a register-based analysis of complete cohorts of Norwegian women and men." In *Social Science & Medicine* 70, 2010, pages 1847-1857.

**Abstract:** The relationship between women's reproductive histories and later all-cause mortality has been investigated in several studies, with mixed results. Some studies have also considered cause-specific mortality and some have included men, but none has done both. We analyse associations between parity and age of first birth for women and men across 11 cause-of-death groupings using Norwegian register data for complete cohorts born 1935-1968 whose mortality was observed 1980-2003 (i.e. at ages 45-68). Age, period, educational level, marital status, region of residence and population size of municipality were included as co-variables. In total, there were 63,000 deaths. Results showed that relative to parents of two children, childless men and women and those with one child had higher mortality risks for nearly all cause of death groupings. High parity (4+ children) was associated with raised male mortality from accidents and violence and higher mortality from cancer of the cervix among women. For other cause and gender groupings there was either little difference between those with two children and those of higher parities or an overall negative association between parity and mortality. Among men with the lowest level of education, however, high parity was positively associated with mortality from circulatory diseases. For all causes except female breast cancer, there was an inverse association between age at first birth and mortality risk. Similarities observed across cause groups and for women and men suggest that much of the fertility-mortality relationship is a result of selection or effects of reproductive behaviour on lifestyle. The latter may include both beneficial effects and harmful stress responses. However, physiological mechanisms are most probably important for some causes of death for women. Research on associations between parenting histories, health related behaviours, social support exchanges and reported or measured stress is needed to clarify mechanisms underlying the associations reported here.

**Kravdal, Øystein;** with Guilkey, D. Morgan S.P and Rindfuss R., (2010): "Child care availability and fertility: Norway." *Population and Development Review* 36: 725-748.

**Abstract:** The child-care and fertility hypothesis has been in the literature for a long time and is straightforward: As child care becomes more available, affordable, and acceptable, the antinatalist effects of increased female educational attainment and work opportunities decrease. As an increasing number of countries express concern about low fertility, the child-care and fertility hypothesis takes on increased importance. Yet data and statistical limitations have heretofore limited empirical tests of the hypothesis. Using rich longitudinal data and appropriate statistical methodology, We show that increased availability of child care increases completed fertility. Moreover, this positive effect of child-care availability is found at every parity transition. We discuss the generalizability of these results to other settings and their broader importance for understanding variation and trends in low fertility.

**Kundu, Tapas;** with Klibanoff, Peter (2010): "Monopoly pricing under a Medicaid-style most favored customer clause and its welfare implication." In *BE journal of Economic Analysis and Policy* 10(1), 2010.

**Abstract:** To control Medicaid's expenditure on prescription drugs, 1990 legislation established a rebate program guaranteeing Medicaid a rebate on each unit purchased by Medicaid participants. The rebate is the difference between the minimum price and the average manufacturer price (minimum price rule) or a proportion of the average manufacturer price (average price rule). We characterize the optimal pricing strategy of a third-degree price discriminating monopolist under these rules. Under the minimum price rule, the minimum price gross of rebate always increases whereas prices gross of rebate in at least some of the markets always decrease. In contrast, under the average price rule, these prices may move in the same direction in all markets, with all increasing in some circumstances and all decreasing in others. We also examine the effects of such provisions on social welfare. We analyze a modified version of our minimum price rule model suitable for applications beyond Medicaid.

**Kundu, Tapas;** with Biswas, B., Burt, M., Emanuel, N., Emanuel, L., Khemka, V., Rajagopal, M. Joseph, A., Simon, M. and Sreekumar, N. (2010): "Economic Impact of Terminal Illness and the Willingness to Change It." *Journal of Palliative Medicine* 13(8), 2010, pages 941-944.

**Abstract:** *Objective:* To gather pilot data on the economic impact of terminal illness on families and on the feasibility of training caregivers as a method of stemming illness-related poverty. *Setting:* Pallium India Palliative Care Clinic in Trivandrum, Kerala, India. *Participants:* Eleven patient-caregiver dyads (22 individual participants) visiting Pallium India in 2008. *Methods:* Trained interviewers conducted face-to-face interviews consisting of 114 questions with the patient and caregiver separately. Questions covered topics of economic impact of illness on household, family, and individual. Questions included if the illness had so impacted families that they needed to sell assets or significantly reduce work and/or schooling. *Results:* All families reported that patients were obliged to give up work as a result of illness. In seven families, the caregiver also had to change work habits. All respondents stated illness had forced them to sell assets. Ten households reported that their children were obliged to miss school due to the illness. All respondents indicated they would use trained caregivers to help with the care burden if available. Nine respondents thought that use of trained caregivers would have reduced or prevented some of the household's illness-related change. Nine caregivers said they would be interested in becoming a trained caregiver. *Conclusion:* These data indicate that a definitive study would be feasible and would reveal how much assistance caregiver training could lend to household socio-economic resilience.

**Lind, Jo Thori** (2010): "Do the Rich Vote Conservative Because They Are Rich?" In *Review of Economics and Institutions* 1(2) 5, 2010.

**Abstract:** Political economics predicts that the rich oppose redistribution and vote for conservative parties. Although this seemingly fits the data well in most countries, I show that the relationship breaks down when we control for unobservable characteristics. Using Norwegian survey data, I study to what extent voting is caused by income. Although a positive association between income and conservative voting persists when controlling for unobservables, the magnitude of the effect is reduced by a factor of five. To correct for measurement error, I instrument income with average income by profession. The magnitude of the coefficients becomes higher, but the main conclusion remains.

**Lind, Jo Thori and Mehlum, Halvor** (2010): “With or Without U? The Appropriate Test for a U-Shaped Relationship.” In *Oxford Bulletin of Economics and Statistics* 72(1), 2010, pages 109-18.

**Abstract:** Nonlinear relationships are common in economic theory, and such relationships are also frequently tested empirically. We argue that the usual test of nonlinear relationships is flawed and derive the appropriate test for a U-shaped relationship. Our test gives the exact necessary and sufficient conditions for the test of a U shape in finite samples in a large class of models.

**Moen, Espen and Riis, Christian** (2010): “Policy Reversal.” In *American Economic Review* 100(3), 2010, pages 1261–68.

**Abstract:** We analyze the existence of policy reversal, the phenomenon sometimes observed that a certain policy (say extreme left-wing) is implemented by the “unlikely” (right-wing) party. We formulate a Downsian signaling model where the incumbent government, through its choice of policy, reveals information both regarding own preferences and external circumstances that may call for a particular policy. We show that policy reversal may indeed exist as an equilibrium phenomenon. This is partly because the incumbent party has superior opportunities to reveal information, and partly because its reputation protects a left-wing incumbent when advertising a right-wing policy.

**Moen, Espen;** with Garibaldi, Pietro (2010): “Job-to-Job Movements in a Simple Search Model.” In *American Economic Review Papers & Proceedings*, 2010, 100(2), pages 343–347.

**Abstract:** On the job search is a key feature of real life labor markets. In this paper we present a tractable search model, closely related to the competitive model, in which on-the-job search and wage differentials for identical workers are an optimal response to search frictions and heterogeneous firms. Our model is laid out in detail in ongoing research by Garibaldi and Moen (2009).

**Moen, Espen;** with Menzio, Guido (2010): “Worker Replacement.” *Journal of Monetary Economics*, 2010, 57, 623-636 (Lead article).

**Abstract:** We consider a frictional labor market in which firms want to insure their senior employees against income fluctuations and, at the same time, want to recruit new employees to fill their vacant positions. Firms can commit to a wage schedule, i.e. a schedule that specifies the wage paid by the firm to its employees as function of their tenure and other observables. However, firms cannot commit to the employment relationship with any of their workers, i.e. firms can dismiss workers at will. We find that, because of the firm's limited commitment, the optimal schedule prescribes not only a rigid wage for senior employees, but also a downward rigid wage for new hires. Moreover, we find that, while the rigidity of the wage of senior workers does not affect the allocation of labor, the rigidity of the wage of new hires magnifies the response of unemployment and vacancies to negative shocks to the aggregate productivity of labor.

**Moene, Kalle** (2010): “The Moral Sentiments of Wealth of Nations.” In *Adam Smith Review* 6, 2010.

**Abstract:** Unequal power, unequal opportunities, and unequal pay are closely related according to Adam Smith. The disparities may lead to a low wage trap. More balanced power in the labor market would induce higher economic growth to the benefit of the majority, resembling the North European growth experience. Smith's commitment to progress through equity is the real moral sentiment of Wealth of Nations.

**Mogstad, Magne;** with Aaberge R., Bhuller, M. and Langørgen, A. (2010): “The Distributional Impact of Public Services When Needs Differ.” In *Journal of Public Economics* 94, 2010, pages 549-562.

**Abstract:** Despite a broad consensus on the need to take into account the value of public services in distributional analysis, there is little reliable evidence on how inclusion of such non-cash income actually affects poverty and inequality estimates. In particular, the equivalence scales applied to cash income are not necessarily appropriate when including non-cash income, because the receipt of public services is likely to be associated with particular needs. In this paper, we propose a theory-based framework designed to provide a coherent evaluation of the distributional impact of local public services. The valuation of public services, identification of target groups, allocation of expenditures to target groups, and adjustment for differences in needs are derived from a model of local government spending behaviour. Using Norwegian data from municipal accounts and administrative registers we find that the inclusion of non-cash income reduces income inequality by about 15% and poverty rates by almost one-third. However, adjusting for differences in needs for public services across population subgroups offsets about half the inequality reduction and some of the poverty decrease.

**Nilssen, Tore** (2010): “The Television Industry As a Market of Attention.” In *Nordicom Review* 31(1), 2010, pages 115-123.

**Abstract:** In this article, I present an economist’s perspective on the TV industry and view it as a so-called two-sided market, with advertisers on the one side benefiting from the presence of TV viewers and TV viewers on the other side having a dislike for advertising on TV. I use this framework to discuss the likely future development of pay TV, in particular how a future increase in competition in the TV industry will affect the prevalence of pay TV over advertising-financed TV.

**Nyborg, Karine** (2010): “Will Green Taxes Undermine Moral Motivation?” In *Public Finance and Management* 10(2) (special issue on Public Finance and the Environment), pages 331-351.

**Abstract:** Both psychologists and economists have shown that under certain circumstances, economic incentives seem to undermine intrinsic or moral motivation. If such crowding-out effects are sufficiently strong, the effect of green taxes might even be counterproductive and increase, rather than decrease, environmental problems. However, moral motivation can also be reinforced by economic incentives, a fact which has received surprisingly little attention in the literature. I argue that in particular, reciprocal preferences and conditional cooperation provide strong reasons to expect green taxes to support, rather than undermine, individuals’ moral motivation to contribute to a better environment.

**Nyborg, Karine** (2010): “Rådgiver – ikke portvakt.” In *Samfunnsøkonomen* 3, 2010, pages 35-41.

**Abstract:** Hvem vokter porten til sykelønnsordningen? Her er et mulig svar: Ingen. Fastlegen kan ikke forventes å være portvakt i tradisjonell forstand – og er det neppe heller. Hovedpoenget i min artikkel har vært at legene ikke kan forventes å fungere som portvakter i klassisk forstand. Tiltak for å få legene til å ”skjerpe seg” overfor skulkere vil dermed neppe ha mye for seg. Dette betyr imidlertid ikke at legene er uten betydning for omfanget av sykefravær, eller at tiltak overfor legene er fånyttet. Selv om legene knapt kan stanse smarte skulkere, er det langt fra opplagt at skulkere utgjør noen stor andel av pasientpopulasjonen. For andre pasienter enn disse er legen primært

en medisinfaglig rådgiver. Tiltak som gjør legene til bedre rådgivere vil derfor kunne redusere omfanget av unødige og uheldige sykemeldinger. Dette gjelder selv om det i siste instans skulle være pasienten som tar beslutningen, mens legen først og fremst gir råd – og altså ikke strengt tatt fungerer som portvakt.

**Riis, Christian** (2010): “Efficient Contests.” In *Journal of Economics and Management Strategy* 19(3), 2010, pages 645-665.

**Abstract:** In their seminal contribution, Lazear and Rosen (1981) show that wages based upon rank induce the same efficient effort as incentive-based reward schemes. They also show that this equivalence result is not robust toward heterogeneity in worker ability, as long as ability is private information because it is not possible to structure contests to simultaneously satisfy self-selection constraints and first-best incentives. This paper demonstrates that efficiency can be achieved by a simple modification of the prize scheme in a mixed (heterogenous) contest where contestants learn their type after entry. If contestants know their type before entering the contest, rent extraction becomes an issue. Implications for optimal contest design are also explored. Finally, the relationship between effort maximizing contests and profit maximizing contests are discussed.

**Røed, Knut** (2010): “Ja til sykenærvær!” In *Samfunnsøkonomen* 3, 2010, pages 13-17.

**Storesletten, Kjetil;** with Heathcote, Jonathan and Violante, Giovanni L. (2010): “The Macroeconomic Implication of Rising Wage Inequality in the United States.” In *Journal of Political Economy* 118(4), 2010, pages 681-722.

**Abstract:** In recent decades, the US wage structure has been transformed by a rising college premium, a narrowing gender gap, and increasing persistent and transitory residual wage dispersion. This paper explores the implications of these changes for cross-sectional inequality in hours worked, earnings and consumption, and for welfare. The framework for the analysis is an incomplete-markets overlapping-generations model in which individuals choose education and form households, and households choose consumption and intra-family time allocation. An explicit production technology underlies equilibrium prices for labor inputs differentiated by gender and education. The model is parameterized using micro data from the PSID, the CPS and the CEX. With the changing wage structure as the only primitive force, the model can account for the key trends in cross-sectional US data. We also assess the role played by education, labor supply, and saving in providing insurance against shocks, and in exploiting opportunities presented by changes in the relative prices of different types of labor.

**Storesletten, Kjetil and Zilibotti, Fabrizio;** with Song, Zheng (2011): “Growing Like China.” *American Economic Review*, 101 (1), 2011, pages 202-242.

**Abstract:** We construct a growth model consistent with China’s economic transition: high output growth, sustained returns on capital, reallocation within the manufacturing sector, and a large trade surplus. Entrepreneurial firms use more productive technologies, but due to financial imperfections they must finance investments through internal savings. State-owned firms have low productivity but survive because of better access to credit markets. High-productivity firms outgrow low-productivity firms if entrepreneurs have sufficiently high savings. The downsizing of financially integrated firms forces domestic savings to be invested abroad, generating a foreign surplus. A calibrated version of the theory accounts quantitatively for China’s economic transition.



**Torsvik, Gaute;** with Ellingsen, Tore, Johannesson, Magnus and Tjøtte, Sigve (2010): “Testing Guilt Aversion.” In *Games and Economic Behavior* 68(1), 2010, pages 95-107.

**Abstract:** Guilt averse individuals experience a utility loss if they believe they let someone down. In particular, generosity depends on what the donor believes that the recipient expects to receive. In experimental work, several authors have identified a positive correlation between such second-order donor beliefs and generous behavior, as predicted by the guilt aversion hypothesis. However, the correlation could alternatively be due to a “false consensus effect,” i.e., the tendency of people to believe others to think like themselves. In order to test the guilt aversion hypothesis more rigorously, we conduct three separate experiments: a dictator game experiment, a complete information trust game experiment, and a hidden action trust game experiment. In the experiments we inform donors about the beliefs of their respective recipients, while eliciting these beliefs so as to maximize recipient honesty. The correlation between generous behavior and donors’ second-order beliefs is close to zero in all three experiments.

**Torsvik, Gaute;** with Mæstad, Ottar and Aakvik, Arild (2010): “Overworked? On the Relationship Between Workload and Health Worker Performance”. In *Journal of Health Economics* 29, 2010, pages 686-698.

**Abstract:** The shortage of health workers in many low-income countries poses a threat to the quality of health services. When the number of patients per health worker grows sufficiently high, there will be insufficient time to diagnose and treat all patients adequately. This paper tests the hypothesis that high caseload reduces the level of effort per patient in the diagnostic process. We observed 159 clinicians in 2095 outpatient consultations at 126 health facilities in rural Tanzania. Surprisingly, we find no association between caseload and the level of effort per patient. Clinicians appear to have ample amounts of idle time. We conclude that health workers are not overworked and that scaling up the number of health workers is unlikely to raise the quality of health services. Training has a positive effect on quality but is not in itself sufficient to raise quality to adequate levels.

**Torsvik, Gaute;** with Iversen, Vegard (2010): “Networks, Middlemen and Other (Urban) Labor Market Mysteries.” In *Indian Growth and Development Review* 3(1), 2010, pages 62-80.

**Abstract:** The purpose of this paper is to explore the roles of social networks and intermediaries in recruitment and as instruments to control the workforce in lower end urban labour markets in developing countries. The existing literature favours explanations where networks and middlemen are vehicles to disburse information about vacant jobs or screening mechanisms that improve worker-job matches. Intermediaries may also enable employers to evade labour regulations. This paper highlights instead their roles as incentive providers or mechanisms that alleviate behavioural risks in work relations. A novel aspect of this approach is that behavioural risks on both sides of the work relation are considered. After reviewing the literature, a simple agency model is introduced to suggest new ways to identify whether networks and middlemen alleviate incentive problems in labour relations. Studies of disparities in labour market access and outcomes are usually anchored in ideas of discrimination. A key insight is that the access to and performance of urban labour markets depend critically on the specific “services” networks and intermediaries extend to workers and employers. This adds an important complication to the evaluation of opportunities for income diversification through rural-urban migration. Under some circumstances, both “institutions” may give rise to strong and persistent exclusion that is likely to vary systematically across sectors of the urban economy. In other circumstances, access restrictions can be remedied through simple policy interventions. This

paper introduces a new and important dimension to the study of urban labour markets as level playing fields.

**Zilibotti, Fabrizio;** with Doepke, Matthias (2010): “Do International Labor Standards Contribute to the Persistence of the Child Labor Problem?” In *Journal of Economic Growth* 15(1), 2010, pages 1-37.

**Abstract:** In recent years, a number of governments and consumer groups in rich countries have tried to discourage the use of child labor in poor countries through measures such as product boycotts and the imposition of international labor standards. The purported objective of such measures is to reduce the incidence of child labor in developing countries and thereby improve children’s welfare. In this paper, we examine the effects of such policies from a political-economy perspective. We show that these types of international action on child labor tend to lower domestic political support within developing countries for banning child labor. Hence, international labor standards and product boycotts may delay the ultimate eradication of child labor.

**Zilibotti, Fabrizio;** with Acemoglu, Daron, Aghion, Philippe and Griffith, Rachel (2010): “Vertical Integration and Technology: Theory and Evidence.” In *Journal of the European Economic Association* 8(5), 2010.

**Abstract:** This paper investigates the determinants of vertical integration using data from the UK manufacturing sector. We find that the relationship between a downstream (producer) industry and an upstream (supplier) industry is more likely to be vertically integrated when the producing industry is more technology intensive and the supplying industry is less technology intensive. Moreover, both of these effects are stronger when the supplying industry accounts for a large fraction of the producer's costs. These results are generally robust and hold with alternative measures of technology intensity, with alternative estimation strategies, and with or without controlling for a number of firm and industry-level characteristics. They are consistent with the incomplete contract theories of the firm that emphasize both the potential costs and benefits of vertical integration in terms of investment incentives.

## PUBLICATIONS 2009

**Asheim, Geir B.;** with Holtmark, Bjart (2009): "Pareto-efficient climate agreements can always be renegotiation-proof." In *Environmental and Resource Economics* 43, 2009, vol. 43, pages 519–533.

**Abstract:** Recent contributions show that climate agreements with broad participation can be implemented as weakly renegotiation-proof equilibria in simple models of greenhouse gas abatement where each country has a binary choice between cooperating (i.e., abate emissions) or defecting (no abatement). Here we show that this result carries over to a model where countries have a continuum of emission choices. Indeed, a Pareto-efficient climate agreement can always be implemented as a weakly renegotiation-proof equilibrium, for a sufficiently high discount factor. This means that one need not trade-off a "narrow but deep" treaty with a "broad but shallow" treaty.

**Asheim, Geir B.** with Wei, Taoyuan (2009): "Sectoral income." In *Environmental and Resource Economics* 42, 2009, pages 65-87.

**Abstract:** What is the income of each sector of an economy? E.g., in the case of a country endowed with petroleum resources, what is the income of its petroleum sector? Here we present a definition of sectoral income, which is compatible with an important line of theoretical literature on comprehensive national accounting. We do so first by splitting national income into individual income and then defining sectoral income by considering the contributions to individual income that the sectors give rise to.

**Barth, Erling,** with Dale-Olsen, Harald (2009): "Monopsonistic Discrimination, Worker Turnover and the Gender Wage Gap." In *Labour Economics* 16, 2009, pages 589-597.

**Abstract:** Motivated by models of worker flows, we argue in this paper that monopsonistic discrimination may be a substantial factor behind the overall gender wage gap. On matched employer-employee data from Norway, we estimate establishment-specific wage premiums separately for men and women, conditioning on fixed individual effects. Regressions of worker turnover on the wage premium identify less wage elastic labour supply facing each establishment of women than that of men. Workforce gender composition is strongly related to employers' wage policies. The results suggest that 70-90 percent of the gender wage gap for low-educated workers may be attributed to differences in labour market frictions between men and women, while the similar figures for high-educated workers ranges from 20 to 70 percent.

**Cappelen, Alexander W. and Tungodden, Bertil** (2009): "Rewarding Effort." In *Economic Theory* 39(3), 2009, pages 425-441.

**Abstract:** According to liberal egalitarian ethics, individuals should be rewarded for factors under their control (the principle of responsibility), but not for factors outside their control (the principle of equalization). The paper analyses the effects of two requirements on how to reward effort within a liberal egalitarian framework: the requirement of equal reward and the requirement of solidarity. We show that it is impossible to establish a framework that satisfies the principle of equalization in all respects, and that a generalized version of the egalitarian equivalent mechanism is a very plausible liberal egalitarian approach.

**Fernández, Raquel;** with Fogli, Alessandra (2009): "Culture: An Empirical Investigation of Beliefs, Work, and Fertility." In *American Economic Journal: Macroeconomics* 1(1), 2009, pages 146-177.

**Abstract:** We study the effect of culture on important economic outcomes by using the 1970 Census to examine the work and fertility behavior of women 30-40 years old, born in the U.S., but whose parents were born elsewhere. We use past female labor force participation and total fertility rates from the country of ancestry as our cultural proxies. These variables should capture, in addition to past economic and institutional conditions, the beliefs commonly held about the role of women in society, i.e. culture. Given the different time and place, only the beliefs embodied in the cultural proxies should be potentially relevant to women's behavior in the US in 1970. We show that these cultural proxies have positive and significant explanatory power for individual work and fertility outcomes, even after controlling for possible indirect effects of culture (e.g., education and spousal characteristics). We examine alternative hypotheses for these positive correlations and show that neither unobserved human capital nor networks are likely to be responsible. We also show that the effect of these cultural proxies is amplified the greater is the tendency for ethnic groups to cluster in the same neighborhoods.

**Fiva, J. H.** (2009): "Does welfare policy affect residential choices? An empirical investigation accounting for policy endogeneity." In *Journal of Public Economics* 93(3-4), 2009, pages 529-540.

**Abstract:** This paper studies how changes in welfare policy affect welfare recipients' residential choices. Although several empirical studies have stressed that welfare policy may affect residential choices of welfare recipients, few studies have simultaneously taken into account that residential choices of welfare recipients are also likely to affect welfare policy. This paper utilizes a policy reform to address this policy endogeneity. The results show that welfare policy exerts a substantial effect on residential choices of welfare recipients.

**Hoel, Michael Olaf;** with Bye, Torstein (2009): "Grønne sertifikater dyr og formålsløs fornybar moro." I *Samfunnsøkonomen* 63(7), 2009, pages 34-37.

**Abstract:** Den norske regjeringen har inngått en avtale med den svenske regjeringen om et felles grønt sertifikatmarked for elektrisitet, og de politiske partiene i Norge kappes om å fremheve et slikt marked som redningen for energi- og klimaproblemene. Det synes som man i iveren har glemt helt banale økonomiske poenger. Ved å studere markedseffektene av slike sertifikater vil man raskt finne at virkningen slett ikke vil være slik man synes å tro, verken for energimarkedet eller klima.

**Hoel, Michael Olaf;** with Holtmark, Bjart (2009): "Utviklingslandene bestemmer klimautviklingen." I *Samfunnsøkonomen* 63(7), 2009, pages 38-48.

**Abstract:** Økonomiske analyser tyder på at betydelige reduksjoner i globale klimagassutslipp er fornuftig. Spørsmålet er likevel om det er mulig å samle verden til å gjennomføre dette. Enkeltlands incentiver til å foreta utslippsreduksjoner er svært små, og gevinstene kommer i hovedsak først i andre halvdel av dette århundret og enda senere. Skal man i vesentlig grad påvirke klimautviklingen, vil det kreve meget omfattende utslippsreduksjoner i hele verden, inkludert alle u-landene.

**Hoel, Michael Olaf;** with Strøm, Steinar (2009): "Klimapolitikk for en liten, åpen og rik økonomi." I *Nytt Norsk Tidsskrift* 03-04, 2009, pages 496-502.

**Abstract:** Norge er ett av verdens rikeste land og med et ganske høyt utslipp av klimagasser per innbygger. Det ser ut til å være en utbredt oppfatning blant politikere at Norge derfor har en moralsk plikt til å gjøre mer enn hva en internasjonal avtale om klimagassreduksjoner skulle innebære. I norsk klimadebatt ser mange ut til å mene at en ambisiøs norsk klimapolitikk er ensbetydende med strenge mål for norske utslipp samt gjennomføring av en rekke konkrete tiltak i Norge som vil redusere norske utslipp, men som også vil være svært kostbare. Strenge tiltak mot norske utslipp er imidlertid ikke god klimapolitikk dersom en ønsker å bidra til så store globale utslippsreduksjoner som mulig. En ambisiøs norsk klimapolitikk tilsier at det er politisk vilje i Norge til å påta seg betydelige kostnader for å redusere utslipp av klimagasser i Norge og utlandet. Det virker rimelig at en ønsker å oppnå en maksimal reduksjon i utslipp av klimagasser, gitt den kostnad som Norge er villig til å påta seg for å redusere verdens klimagassutslipp. Det beste Norge da kan gjøre er å gjennomføre de utslippsreducerende tiltak i Norge som ikke koster mer enn tiltak for å redusere utslipp i utlandet.

**Holden, Steinar** with Wulfsberg, Fredrik (2009): "How strong is the macroeconomic case for downward real wage rigidity?" In *Journal of Monetary Economics*, 2009, vol. 56(4), pages 605-615.

**Abstract:** We explore the existence of downward real wage rigidity (DRWR) at the industry level, based on data from 19 OECD countries for the period 1973–1999. The results show that DRWR compresses the distributions of industry wage changes overall, as well as for specific geographical regions and time periods, but there are not many real wage cuts that are prevented. More important, however, DRWR attenuates larger real wage cuts, thus leading to higher real wages. There is stronger evidence for downward nominal wage rigidity than for DRWR. Real wage cuts are less prevalent in countries with strict employment protection legislation and high union density.

**Holden, Steinar** (2009): "Finanskrisen - årsaker og mekanismer." I *Samfunnsøkonomen* 4, 2009, pages 4-10.

**Abstract:** Finanskrisen skyldes et samspill av ulike faktorer. Lave renter, høy økonomisk vekst og ubalanser i verdenshandelen har lagt grunnlaget for sterk økning i kredittgivning og rask vekst i boligprisene. Drevet av innovasjonsaktivitet og sterk profittvilje har finansmarkedene ekspandert kraftig, uten at en har hatt særlig forståelse for, eller tatt tilstrekkelig hensyn til, den risikoen dette har innebåret. Reguleringen av finansmarkedene har vært mangelfull, ved at store deler av finansmarkedene har stått utenfor tilsyn og kapitalkrav.

**Holden, Steinar** (2009): "Finanskrisen - hvordan kunne det skje?" I *Søkelys på arbeidslivet* 1(26), 2009, pages 125-133.

**Abstract:** Finanskrisen skyldes et samspill av flere faktorer. Finansmarkedene har vært preget av kraftig vekst, rask innovasjon og et sterkt ønske om profitt. En har tatt betydelig risiko, samtidig som man har undervurdert hvor stor risikoen egentlig var. Den makroøkonomiske utviklingen, med god vekst og lave renter, har også bidratt til kraftig økning i opplåning og boligpriser i mange land. Samtidig har tilsyn og regulering av finansmarkedene vært mangelfulle.

**Høyland, Bjørn;** with Franchino, Fabio (2009): "Legislative Involvement in Parliamentary Systems." In *American Political Science Review* 103(4), 2009, pages 607-621.

**Abstract:** In parliamentary systems, the need to preserve the political agreement that sustains the executive often motivates legislative involvement in policymaking. Institutional arrangements

regulating executive–legislative relations and ministerial autonomy also structure parliamentary participation. However, empirical evidence of these effects remains limited to a few policies and countries. European Union legislation provides the opportunity to test expectations about legislative involvement for different types of measure across various institutional arrangements, across multiple policy areas, and across time. In this article, we investigate legislative involvement in the transposition of 724 directives in 15 member states from 1978 to 2004. Our results confirm that involvement increases as conflict between the responsible minister and her coalition partners intensifies. The discretionary scope embedded in the directive further inflates this effect. Additionally, parliamentary involvement decreases as the government’s institutional advantage over the legislature increases, especially if intracoalitional conflict deepens.

**Høyland, Bjørn** with Sircar, Indraneel and Hix, Simon (2009): “An Automated Database of the European Parliament.” In *European Union Politics*, 2009, vol. 10(1), pages 143- 153.

**Abstract:** We present an automatically updatable database of background information about Members of the European Parliament (MEPs) from 1979 until the present. Although this information is already directly accessible through the European Parliament’s web page, it is presented in a manner that makes it ideal only for those interested in finding information about individual MEPs, but difficult for anyone interested in doing large-N analysis. We provide an online ‘live’ source of background information about MEPs that is tailored towards the need of the latter group. Our web page allows researchers to specify the time period in which they are interested and to obtain data on committee, party group and delegation membership, as well as leadership positions within seconds. As the collection of the data is fully automated, we are able to keep the data updated as long as the European Parliament (EP) continues its current practice of making background information about members available online. Researchers will be able to combine this information with other data sources at a substantively lower cost than is currently the case. As such, we hope to encourage a new generation of research into the EP.

**Kravdal, Øystein** (2009): “Mortality effects of average education: a multilevel study of small neighbourhoods in rural and urban areas in Norway”. In *International Journal for Equity in Health* 8 2009.

**Abstract:** The intention was to find out whether there was an association between the socio-economic resources in a small neighbourhood ("basic statistical unit"; BSU) and individual mortality, net of individual resources, and whether this association differed between municipalities including a quite large city and others. The possibility of a rural-urban difference in the health effect of community resources has not been checked earlier. Discrete-time hazard models for mortality at age 60-89 were estimated for 1990-1992 and 2000-2002, using register data that cover the entire Norwegian population. For each person, the educational level and the municipality and BSU of residence in 1990 and 2000 were known. Average education was computed by aggregating over the individual data. In total, there were about 200000 deaths in more than 13000 BSUs during 5 million person-years of observation. There was a significant relationship between average education in the BSU and individual mortality, but only in the medium-sized and largest municipalities. The sharpest relationship was seen in the latter, where for example OR per year of education was 0.908 (95% CI 0.887-0.929) in the 1990-92 period. The findings were robust to various alternative specifications. These results from a large data set are consistent with the idea that neighbourhood socio-economic resources may affect individual mortality, but suggest that distinctions according to population size or density be made in future research and that one should be careful, if focusing on cities, to generalize

beyond that setting. With these data, one can only speculate about the reasons for the rural-urban difference. A stronger higher-level spatial segregation in urban areas may be one explanation.

**Kravdal, Øystein** (2009): “Mortality effects of average education in current and earlier municipality of residence among internal migrants, net of their own education.” In *Social Science and Medicine* 69(10), 2009, pages 1484-1492.

**Abstract:** Many researchers have shown an association between a person's health or mortality and the socio-economic resources in the community, net of the person's own resources. The focus has typically been on the current community of residence or one where the person lived a few years earlier. Only a few authors have tried to establish whether there is an additional effect of earlier community exposures, and they have not made a distinction between migrants and non-migrants, which there are good reasons to do. The results from these earlier investigations have been rather mixed. In the present study, a discrete-time hazard model for mortality between ages of 60–89 over the period 1991–2002 was estimated from register data that included the entire Norwegian population. For each person, and for each of these years, municipalities of residence during the previous 20 years were known. There was also information on each person's educational level. For the relevant years and each of the 433 municipalities, measures of average education in the population were constructed by aggregating over the individual data. The analysis was focused on the subgroup who had moved across a municipality border only once during the previous 20 years, among whom there were 29,843 deaths during 839,113 person-years of follow-up. The population sizes of the municipalities were included as control variables. Among those who had moved within the last 10 years, the current socio-economic context was not important for mortality. The earlier context had an effect, but this was restricted to men. Those who had lived longer in the current municipality of residence were influenced only by the average education in that municipality. The findings support the idea that neighbourhood socio-economic effects need some time to build up, and that they do not dissipate soon after the person has moved to a new environment.

**Kravdal, Øystein;** with Steele, Fiona and Sigle-Rushton, Wendy (2009): “Consequences of Family Disruption on children’s educational outcomes in Norway”. In *Demography* 46(3), 2009, pages 553-574.

**Abstract:** Using high-quality data from Norwegian population registers, we examine the relationship between family disruption and children’s educational outcomes. We distinguish between disruptions caused by parental divorce and paternal death and, using a simultaneous equation model, pay particular attention to selection bias in the effect of divorce. We also allow for the possibility that disruption may have different effects at different stages of a child’s educational career. Our results suggest that selection on time-invariant maternal characteristics is important and works to overstate the effects of divorce on a child’s chances of continuing in education. Nevertheless, the experience of marital breakdown during childhood is associated with lower levels of education, and the effect weakens with the child’s age at disruption. The effects of divorce are most pronounced for the transitions during or just beyond the high school level. In models that do not allow for selection, children who experienced a father’s death appear less disadvantaged than children whose parents divorced. After we control for selection, however, differences in the educational qualifications of children from divorced and bereaved families narrow substantially and, at mean ages of divorce, are almost non-existent.

**Kravdal, Øystein;** with Syse, Astri and Tretli, Steinar; (2009): “The Impact of Cancer on Spouses' Labor Earnings A Population-Based Study”. *Cancer* 115(S18), 2009, pages 4350-4361.

**Abstract:** Cancer affects patients' incomes, but to the authors' knowledge few studies to date have examined how the income of the patients' spouses may be influenced. In this population-based study from Norway, the effects of cancer on both partners' earnings are analyzed. The difference between labor earnings the year before the cancer diagnosis and that 2, 5, or 8 years later was compared with the difference in earnings over a corresponding period for similar persons without cancer, applying linear regression models to national registry data. Approximately 1.1 million married persons ages 35 to 59 years were included, among them 17,250 persons diagnosed with cancer during 1991 through 1999. Two and 5 years after a cancer diagnosis, married men experienced lower earnings than they would have absent the illness. Cancer in wives, however, did not affect men's earnings. Women's earnings were adversely influenced to the same extent by their own as by their spouses' cancer. Brain, lung, and colorectal cancer in male spouses produced the most adverse effects on women's earnings. All effects were most pronounced for women no longer married. Women's earnings are lower after both their own and their spouses' cancer illness, and divorced and widowed women experience the most pronounced reduction after spousal cancer. Men's earnings are lower only if they are diagnosed themselves. This may reflect traditional sex roles, with men as main breadwinners and women as caregivers. For family households, cancer in men may result in greater financial difficulties than cancer among women, although the effect will depend on breadwinner roles before diagnosis.

**Lind, Jo Thori and Mehlum, Halvor** (2009): “UTEST: Stata module to test for a U-shaped relationship.” Programme expansion for Stata, available at <http://ideas.repec.org/c/boc/bocode/s456874.html>

**Mehlum, Halvor** (2009): “The Island Problem Revisited.” In *American Statistician* 63(3), 2009, pages 269-273.

**Abstract:** Here I revisit the so-called “island problem” in forensic statistics. The problem is how to properly update the probability of guilt when a suspect is found that has the same characteristics as a culprit. In particular, how should the search protocol be accounted for? I present the established results of the literature and extend them by considering the selection effect resulting from a protocol in which only cases with a suspect reach the court. I find that the updated probability of guilt is shifted when properly accounting for the selection effect. Which way this shift goes depends on the exact distribution of all potential characteristics in the population. The shift is only marginal in numerical examples that have any resemblance to real-world forensic cases. The island problem illustrates the general point that the exact protocol through which data are generated is an essential part of the information set that should be used when analyzing nonexperimental data.

**Mehlum, Halvor** (2009): “On the Geometry of the Instrumental Variable Estimator.” In *Oxford Bulletin of Economics and Statistics* 71(3), 2009, pages 427-435.

**Abstract:** I derive the exact distribution of the exact determined instrumental variable estimator using a geometric approach. The approach provides a decomposition of the exact estimator. The results show that by geometric reasoning one may efficiently derive the distribution of the estimation error. The often striking non-normal shape of the instrumental variable estimator, in the case of weak instruments and small samples, follows intuitively by the geometry of the problem. The method allows for intuitive interpretations of how the shape of the distribution is determined by instrument quality



and endogeneity. The approach can also be used when deriving the exact distribution of any ratio of stochastic variables.

**Moene, Karl Ove;** with Baland, Jean Marie and Andersson, Siwan (2009): "Enforcement in Informal Saving Groups." In *Journal of Development Economics* 90(1), 2009, pages 14-23.

**Abstract:** Informal groups cannot rely on external enforcement to insure that members abide by their obligations. It is generally assumed that these problems are solved by [ ]social sanctions' and reputational effects. The present paper focuses on roscas, one of the most commonly found informal financial institutions in the developing world. We first show that, in the absence of an external (social) sanctioning mechanism, roscas are never sustainable, even if the defecting member is excluded from all future roscas. We then argue that the organizational structure of the rosca itself can be designed so as to address enforcement issues. The implications of our analysis are consistent with first-hand evidence from rosca groups in a Kenyan slum.

**Mogstad, Magne and Rege, Mari** (2009): "Tidlig læring og sosial mobilitet: Norske barns muligheter til å lykkes i utdanningsløpet og arbeidslivet." In *Samfunnsøkonomen* 5, 2009.

**Mogstad, Magne and Rege, Mari** (2009): "Jo rikere jo bedre? Betydningen av familieinntekt for barns utvikling." In *Søkelys på arbeidslivet* 3, 2009.

**Abstract:** Familiebakgrunn har stor betydning for barns utvikling. Flere studier fra USA og Europa demonstrerer at skoleprestasjoner, utdanningsnivå, arbeidsmarkedstilknytning og inntekt er avhengig av familiebakgrunn. Spesielt viser studiene at barn av foreldre med lav utdanning eller lav inntekt har dårligere muligheter til å lykkes som voksne.

**Nilssen, Tore;** with Kind, Hans Jarle and Sørgard, Lars (2009): "Business Models for Media Firms: Does Competition Matter for How They Raise Revenue?" In *Marketing Science* 28(6), pages 1112-1128.

**Abstract:** The purpose of this article is to analyze how competitive forces may influence the way media firms like TV channels raise revenue. A media firm can either be financed by advertising revenue, by direct payment from the viewers (or the readers, if we consider newspapers), or by both. We show that the scope for raising revenues from consumer payment is constrained by other media firms offering close substitutes. This implies that the less differentiated the media firms' content, the larger is the fraction of their revenue coming from advertising. A media firm's scope for raising revenues from ads, on the other hand, is constrained by how many competitors it faces. We should thus expect that direct payment from the media consumers becomes more important the larger the number of competing media products.

**Raaum, Oddbjørn and Røed, Knut;** with Nordberg, Morten, Rogstad, Jon and Westlie, Lars (2009): "Young and Out: An Application of a Prospects-Based Concept of Social Exclusion." *Journal of Socio-Economics* 38, 2009, pages 173–187.

**Abstract:** We develop a forward-looking empirical concept of social exclusion based on the estimated transition probabilities from a random effects multinomial Logit-model. Youths are considered socially excluded if they are currently outside school/work and have a low predicted probability of re-entering in the near future. Implemented on extraordinary rich event-history data of compulsory school

graduates, we estimate social exclusion among Norwegian youths and find that social exclusion propensity is (i) non-cyclical; (ii) much more prevalent among young adults in their early twenties than among teenagers; (iii) strongly dependent on family background; and (iv) independent of gender.

**Rege, Mari;** with Telle, Kjetil and Votruba, Mark (2009): “The Effect of Plant Downsizing on Disability Pension Utilization.” In *Journal of the European Economic Association* 7(4), 2009, pages 754-785.

**Abstract:** We investigate the impact of plant downsizing on disability pension utilization in Norway. Plant downsizing substantially increases the disability entry rate of workers in affected plants. Workers originally employed in plants that closed between 1993 and 1998 were 27.9 percent more likely to utilize disability pensions in 1999 than comparable workers in non-downsizing plants. The effect of downsizing is non-linear, with workers originally employed in plants downsizing 65-95 percent of their workforce more likely to enter disability than workers in fully closing plants. This is consistent with the signaling story of Gibbons and Katz (1991). We also estimate significant effects of downsizing on future earnings and mortality, suggesting the increase in disability participation could be driven by an adverse effect of downsizing on the economic opportunities or health of affected workers.

**Røed, Knut;** with Nordberg, Morten (2009): “Economic Incentives, Business Cycles, and Long-Term Sickness Absence.” *Industrial Relations* 48(2), 2009, pages 203-230.

**Abstract:** We investigate long-term absenteeism in Norway, on the basis of register data covering 8 years and more than 2 million absence spells. Key findings are that: i) a tighter labor market yields lower work resumption rates for persons who are absent, and higher relapse rates for persons who have already resumed work; and ii) the work resumption rates increase when sickness benefits are exhausted, but work resumptions at this stage tend to be short-lived.

**Røed, Knut;** with Fevang, Elisabeth and Kverndokk, Snorre (2009): “Omsorg for foreldre – hvordan påvirkes yrkesaktiviteten?” In *Søkelys på Arbeidslivet* 26(1), 2009, pages 113-123.

**Abstract:** I denne artikkelen ser vi på hva som skjer med yrkesaktiviteten til personer som har enslige foreldre i livets slutfase. Analysene viser at dette påvirker barnas arbeidsmarkedsaktivitet og deres bruk av trygdeytelser. Alt annet likt vil det å ha en enslig mor eller far i slutfasen av livet forårsake et fall i barnas sysselsetningsrater på henholdsvis 1 prosentpoeng for sønnene og 2 prosentpoeng for døtrene. I tillegg øker avhengigheten av trygdeytelser betraktelig. Sannsynligheten for å være langtidstrygdemottaker øker med så mye som fire prosentpoeng for sønnene og to prosentpoeng for døtrene. Analysene indikerer også en viss forskjell mellom kommuner som har satset sterkt på hjemmetjenester, sammenliknet med kommuner som satser mer på institusjonsbasert omsorg: Barn av foreldre som bor i hjemmetjenesteorienterte kommuner, ser ut til å ha større problemer med å kombinere jobb og omsorg.

**Storesletten, Kjetil;** with Heathcote, Jonathan and Violante, Giovanni (2009): “Quantitative Macroeconomics with Heterogeneous Households.” In *Annual Review of Economics* 1, 2009, pages 319-354.

**Abstract:** Macroeconomics is evolving from the study of aggregate dynamics to the study of the dynamics of the entire equilibrium distribution of allocations across individual economic actors. This

article reviews the quantitative macroeconomic literature that focuses on household heterogeneity, with a special emphasis on the “standard” incomplete markets model. We organize the vast literature according to three themes that are central to understanding how inequality matters for macroeconomics. First, what are the most important sources of individual risk and cross-sectional heterogeneity? Second, what are individuals' key channels of insurance? Third, how does idiosyncratic risk interact with aggregate risk?

**Torvik, Ragnar** (2009): “Why do some resource-abundant countries succeed while others do not?” In *Oxford Review of Economic Policy* 25, 2009, pages 241-256.

**Abstract:** On average, resource-abundant countries have experienced lower growth over the last four decades than their resource-poor counterparts. But the most interesting aspect of the paradox of plenty is not the average effect of natural resources, but its variation. For every Nigeria or Venezuela there is a Norway or a Botswana. Why do natural resources induce prosperity in some countries but stagnation in others? This paper gives an overview of the dimensions along which resource-abundant winners and losers differ. In light of this, it then discusses different theory models of the resource curse, with a particular emphasis on recent developments in political economy.

**Torvik, Ragnar;** with Robinson, James A. (2009): “A political economy theory of the soft budget constraint.” In *European Economic Review* 53(7), 2009, pages 786-798.

**Abstract:** Why do soft budget constraints exist and persist? In this paper we argue that the prevalence of soft budget constraints can be best explained by the political desirability of softness. We develop a political economy model where politicians cannot commit to policies that are not ex post optimal. We show that because of the dynamic commitment problem inherent in the soft budget constraint, politicians can in essence commit to make transfers to entrepreneurs which otherwise they would not be able to do. This encourages such entrepreneurs to vote for them. Though the soft budget constraint may induce economic inefficiency, it may be politically rational because it influences the outcomes of elections. In consequence, even when information is complete, politicians may fund bad projects which they anticipate they will have to bail out in the future.

**Torvik, Ragnar;** with Robinson, James A. (2009): “The real swing voter's curse.” In *American Economic Review P&P* 99(2), 2009, pages 310-315.

**Abstract:** A central idea in political economy is that voters who are not ideologically attached to a political party, so-called ‘swing voters,’ attract policy favors and redistribution because they become the focus of electoral competition. In many parts of the world, however, politicians do not just use carrots to win elections, they also use sticks - coercion and violence. In this paper we show that expanding the ‘policy space’ to incorporate this can completely overturn the predictions of the standard model. The reason for this is simple. With all groups of voters at play, political competition does indeed lead to a chase for the support of swing voters. In equilibrium this enables such voters to extract a large amount of rent from politicians. Anticipating this, politicians have an incentive to use violence to effectively disenfranchise swing voters. Indeed, and surprisingly, we show that it can be more attractive for an incumbent to disenfranchise the swing voters than the core supporters of the opposition. Swing voters are not blessed but cursed.

**Ulltveit-Moe, Karen Helene** (2009): “Statsbudsjettet 2010.” In *Samfunnsøkonomen* 63(8), 2009, pages 26-30.

**Zilibotti, Fabrizio;** with Gancia, Gino (2009): “Technological Change and the Wealth of Nations.” In *Annual Review of Economics* 1, 2009, pages 93-120.

**Abstract:** We discuss a unified theory of directed technological change and technology adoption that can shed light on the causes of persistent productivity differences across countries. In our model, new technologies are designed in advanced countries and diffuse endogenously to less developed countries. Our framework is rich enough to highlight three broad reasons for productivity differences: inappropriate technologies, policy-induced barriers to technology adoption, and within-country misallocations across sectors due to policy distortions. We also discuss the effects of two aspects of globalization, trade in goods and migration, on the wealth of nations through their impact on the direction of technical progress. By doing so, we illustrate some of the equalizing and unequalizing forces of globalization.

**Zilibotti, Fabrizio;** with Doepke, Matthias (2009): “International Labor Standards and the Political Economy of Child Labor Regulation.” In *Journal of the European Economic Association* 7(2-3), pages 508-518.

**Abstract:** The paper uses an overlapping generations model to examine the effects of an increase in a household's land ownership on child labor. Consistent with previous studies, it found that small increases in land lead to increased child labor. However, as land continues to increase child labor declines. Further, even when an increase in land ownership causes an immediate rise in child labor, there are contexts where long-run child labor (that is aggregated over progenies) declines.

## PUBLICATIONS 2008

**Asheim, Geir B.;** with Han Yoo, Seung (2008): “Coordinating under incomplete information.” *Review of Economic Design* 12, 2008, pages 293-313.

**Abstract:** We show that, in a minimum effort game with incomplete information where player types are independently drawn, there is a largest and smallest Bayesian equilibrium, leading to the set of equilibrium payoffs (as evaluated at the interim stage) having a lattice structure. Furthermore, the range of equilibrium payoffs converges to those of the deterministic complete information version of the game, in the limit as the incomplete information vanishes. This entails that such incomplete information alone cannot explain the equilibrium selection suggested by experimental evidence.

**Asheim, Geir B.** (2008): “Paradoxical Consumption Behavior When Economic Activity Has Environmental Effects.” *Journal of Economic Behavior and Organization* 65, 2008, pages 529-546.

**Abstract:** In a model where enhanced economic activity (accumulation of produced capital) leads to environmental effects (depletion of natural capital), competitive steady states corresponding to different discount rates are compared. For positive discount rates, the steady state stock of produced capital may exceed the size maximizing sustainable consumption. This implies *paradoxical consumption behavior*; that is, a lower discount rate may be associated with lower steady state consumption. The theoretical significance of this phenomenon for intergenerational equity is discussed, and examples indicating the empirical relevance of the underlying assumptions are presented.

**Aslaksen, Silje;** with Andersen, J.J. (2008): “Constitutions and the Resource Curse.” In *Journal of Development Economics* 87(2), 2008, pages 227-246.

**Abstract:** Utilizing the fact that natural resources are randomly distributed among countries, we investigate how public income shocks have different long run economic effects dependent on constitutional arrangements. We find that (i) the so-called ‘resource curse’ is present in democratic presidential countries—but not in democratic parliamentary countries, (ii) being parliamentary or presidential matters more for the growth effects of natural resources than being democratic or autocratic, and (iii) natural resources are more likely to reduce growth when proportional electoral systems are in place than when the electoral systems are majoritarian. The two first effects appear very robust, the last effect less so.

**Barth, Erling and Moene, Kalle** (2008): ”Likhet og åpenhet.” I *Tidsskrift for Velferdsforskning* 11(1), 2008, pages 5-16.

**Abstract:** Kan vi opprettholde en stor grad av likhet, en sjenerøs velferdsstat og et inkluderende arbeidsliv i ett land i en globalisert verden? Både globaliseringspessimister og velferdspessimister svarer nei. Denne artikkelen viser at det er nettopp de åpne økonomiene som har en høy grad av lønnslikhet før skatt og en sjenerøs sosialforsikring. Den argumenterer for at koordinering i lønnsdannelsen og sterke velferdsstater kan ses på som komplementære frihandelsinstitusjoner. Disse institusjonene generer en kombinasjon av lønnslikhet og høy sysselsetting også blant de som har lavere kvalifikasjoner.

**Barth, Erling, Bratsberg, Bernt; and Raaum, Oddbjørn** with Hægeland, Torbjørn (2008): "Who Pays for Performance?" In *International Journal of Manpower* 29(1), 2008, pages 8-29.

**Abstract:** Using Norwegian establishment surveys from 1997 and 2003, we show that performance-related pay is more prevalent in firms where workers of the main occupation have a high degree of autonomy in how to organize their work. This observation supports an interpretation of incentive pay as motivated by agency problems. Performance-related pay is also more widespread in large firms. Traditionally, wage setting in the Norwegian labor market has been dominated by negotiations between trade unions and employer associations at the central and local levels, with a fixed hourly wage as a predominant element of the wage scheme. Our results show that performance-related pay is less common in highly unionized firms and in firms where wages are determined through centralized bargaining. Nevertheless, the evidence presented in this paper reveals that performance pay is on the rise in Norway, even after accounting for changes in industry structure, bargaining regime, and union density. Finally, we find that the incidence of performance-related pay relates positively to product-market competition and foreign ownership.

**Bratsberg, Bernt, Raaum, Oddbjørn and Røed, Knut** (2008): "Må arbeid lønne seg i et inkluderende arbeidsliv?" *Tidsskrift for velferdsforskning* 11(1), 2008, pages 49-61.

**Abstract:** Et inkluderende arbeidsliv fordrer ikke bare at alle har mulighet til å delta, men også at arbeid premieres. Fravær av merkbar økonomisk gevinst ved overgang fra trygd til arbeid kan virke demotiverende og utstøtende for personer som må streve seg tilbake til arbeidslivet. I noen grad er det en uunngåelig målkonflikt mellom hensynet til trygghet og likhet på den ene siden, og hensynet til at arbeid skal lønne seg på den andre. Men vi tror målkonflikten kan reduseres ved en sterkere aktivitetsorientering av våre sosiale forsikringsordninger.

**Brekke, Kjell Arne** (2008): "En adferdsøkonoms hyllest til Homo oeconomicus." I *Samfunnsøkonomen* 5, 2008, pages 36-42.

**Abstract:** Jeg har flere ganger opplevd at noen synes å tro at adferdsøkonomer har et like lite hjertelig forhold til Homo Oeconomicus som ekstreme muslimer har til Muhammed-tegnere. Da er det på tide å skrive en hyllest til Homo Oeconomicus.

**Brekke, Kjell A. and Nyborg, Karine** (2008): "Attracting responsible employees: Green production as labor market screening." *Resource and Energy Economics* 30, pages 509-526.

**Abstract:** Corporate social responsibility can improve firms' ability to recruit highly motivated employees. This can secure socially responsible firms' survival even in a highly competitive environment. We show that if both socially responsible (green) and non-responsible (brown) firms exist in equilibrium, workers with high moral motivation, who shirk less than others, will self-select into the green firms. If unobservable effort is sufficiently important for firm productivity, this can drive every brown firm out of business—even in the case where many workers have no moral motivation whatsoever.

**Brekke, Kjell A.;** with Johansson-Stenman, O. (2008): "The Behavioral Economics of Climate Change." In *Oxford Review of Economic Policy* 24(2), 2008, pages 280-297.

**Abstract:** This paper attempts to bring some central insights from behavioural economics into the economics of climate change. In particular, it discusses (i) implications of prospect theory, the equity premium puzzle, and time-inconsistent preferences in the choice of discount rate used in climate-change cost assessments, and (ii) the implications of various kinds of social preferences for the outcome of climate negotiations. Several reasons are presented for why it appears advisable to choose a substantially lower social discount rate than the average return on investments. It also seems likely that taking social preferences into account increases the possibilities of obtaining international agreements, compared to the standard model. However, there are also effects going in the opposite direction, and the importance of sanctions is emphasized.

**Cappelen, Alexander and Tungodden, Bertil;** with Norheim, Ole F. (2008): “Genomics and Equal Opportunity Ethics.” In *Journal of Medical Ethics* 34, 2008, pages 361-364.

**Abstract:** Genomics provides information on genetic susceptibility to diseases and new possibilities for interventions which can fundamentally alter the design of fair health policies. The aim of this paper is to explore implications of genomics from the perspective of equal opportunity ethics. The ideal of equal opportunity requires that individuals are held responsible for some, but not all, factors that affect their health. Informational problems, however, often make it difficult to implement the ideal of equal opportunity in the context of healthcare. In this paper, examples are considered of how new genetic information may affect the way individual responsibility for choice is assigned. It is also argued that genomics may result in relocation of the responsibility cut by providing both new information and new technology. Finally, how genomics may affect healthcare policies and the market for health insurance is discussed.

**Christiansen, Vidar** with Sandmo, Agnar (2008): ”Skatter og skattepolitikk gjennom 100 år.” I *Samfunnsøkonomen* 6-7, 2008.

**Abstract:** I løpet av 100 år har Norge gått fra et skattesystem der toll var hovedfinansieringskilden for et relativt beskjedent offentlig utgiftsnivå, til et høyt sakttenivå som er basert på en rekke direkte og indirekte skatter. I løpet av hundreårsperioden har det også vært en kraftig vekst i overføringene, noe som stiller skjerpene krav til skattesystemet. Målet for skattepolitikken har forskjøvet seg fra en rekke spesifikke hensyn til mer allmenne effektivitets- og fordelingsmål – parallelt med og trolig påvirket av utviklingen i skatteteori og empirisk skatteforskning.

**Christiansen, Vidar** with Smith, Stephen (2008): ”Optimal Commodity Taxation with Duty-Free Shopping.” In *International Tax and Public Finance* 15(3), 2008, pages 274-296.

**Abstract:** International travellers are frequently offered the opportunity to purchase a certain quantity of goods duty-free. Individuals differ in their opportunities to benefit from duty-free shopping, and we focus on the implications of these differences for optimal commodity taxation within a version of the optimal tax model of Mirrlees (Review of Economic Studies, 38, 175–208, 1971). We show how duty-free alters the constraints on the use of commodity taxes to reduce the distortionary costs of income taxation or to reflect externalities. Beyond characterising optimal taxes in the duty-free regime, we discuss conditions under which allowing duty-free would increase or reduce social welfare.

**Christiansen, Vidar** with Tuomala, Matti (2008): “On taxing capital income with income shifting.” In *International Tax and Public Finance* 15(4), 2008, pages 527-545.

**Abstract:** We examine a linear capital income tax and a nonlinear labor income tax in a two-type model where individuals live for two periods. We assume that taxes are paid only in the second period in which the agents receive both labor and capital income and may shift income from labor to capital. The two types of individuals may differ with respect to wage rate and initial resource endowments. In the absence of income shifting, endowment variation motivates a capital income tax which would not exist where there is pure wage rate variation. In the latter circumstance, income shifting would indeed establish a case for a capital income tax while adding variation in resource endowments would ambiguously affect the case. The asymmetric information case for a capital income tax must be traded off against distortionary effects not only on savings, but also on labor as an agent may earn labor income which is reported and taxed as capital income.

**Christiansen, Vidar;** with Blomquist, Sören (2008): “Taxation and Heterogeneous Preferences.” In *FinanzArchiv* 64(2), 2008.

**Abstract:** Nonlinear income taxes and linear commodity taxes are analyzed when people differ with respect to ability, high-skill agents have heterogeneous preferences, and neither individual abilities nor preferences are observable. We characterize pure income tax optima, which may be bunching or separating optima. In particular, the income tax may not be able to distinguish between those low-income people who are low-skill and those who have a strong preference for leisure. As is shown, there may still be an effect on the optimum income tax schedule, as it will depend on the composition of the population with respect to types of individuals. Finally, the paper addresses what can be achieved by commodity taxes when preferences are heterogeneous - in particular, with respect to targeting groups that the income tax is incapable of discriminating between.

**Christiansen, Vidar** (2008): “Comments on Sijbren Cnossen: Do Drinkers Pay Their Way in the European Union?” In *FinanzArchiv* 64(4), 2008.

**Fernández, Raquel;** with Levy, Gilat (2008): “Diversity and Redistribution.” In *Journal of Public Economics* 92, 2008, pages 925-943.

**Abstract:** This paper examines how preference heterogeneity affects the ability of the poor to extract resources from the rich. We study the equilibrium of a game in which coalitions of individuals form parties, parties propose platforms, and all individuals vote, with the winning policy chosen by plurality. Political parties are restricted to offering platforms that are credible (in that they belong to the Pareto set of their members). The platforms specify the values of two policy tools: a general redistributive tax which is lumpsum rebated and a series of taxes whose revenue is used to fund specific (targeted) goods. We show that taste conflict first dilutes but later reinforces class interests. When the degree of taste diversity is low, the equilibrium policy is characterized by some amount of general income redistribution and some targeted transfers. As taste diversity increases in society, the set of equilibrium policies becomes more and more tilted towards special interest groups and against general redistribution. As diversity increases further, however, only general redistribution survives.

**Fiva, Jon H.;** with Rønning, Marte (2008): “The Incentive Effects of Property Taxation: Evidence from Norwegian School Districts.” In *Regional Science and Urban Economics* 38(1), 2008, pages 49-62.



**Abstract:** Recent theoretical contributions indicate favorable incentive effects of property taxation on public service providers. The object of this paper is to confront these theories with data from Norwegian school districts. The institutional setting in Norway is well suited for analyzing the effects of property taxation because one can compare school districts with and without property taxation. To take into account potential endogeneity of the choice of implementing property taxation, we rely on instrumental variable techniques. The empirical results indicate that, conditional on resource use, property taxation improves school quality measured as students' result on the national examination.

**Hoel, Michael O.;** with Dalen, Dag M. and Strøm, Steinar (2008): "Kalkulasjonsrenten på lang sikt i en usikker verden." In *Samfunnsøkonomen* 62(8), 2008, pages 52-60.

**Hoel, Michael O.;** with Golombek, Rolf (2008): "Endogenous technology and tradable emission quotas." In *Resources and Energy Economics* 30, 2008, pages 197-208.

**Abstract:** We study an international climate agreement that assigns emission quotas to each participating country. Unlike the simplest models in the literature, we assume that abatement costs are affected by R&D activities undertaken in all firms in all countries, i.e. abatement technologies are endogenous. In line with the Kyoto agreement we assume that the international climate agreement does not include R&D policies. We show that for a second-best agreement with heterogeneous countries, marginal costs of abatement differ across countries. In other words, the second-best outcome cannot be achieved if emission quotas are tradable.

**Hoel, Michael O.** (2008): "Økonomiske analyser av klimaproblemet." In *Samfunnsøkonomen* 62(6-7) 2008, pages 50-61.

**Holden, Steinar** with Wulfsberg, Fredrik (2008): "Downward nominal wage rigidity in the OECD." In *The B.E. Journal of Macroeconomics* 8(1) (Advances), Article 15.

**Abstract:** Recent microeconomic studies have documented extensive downward nominal wage rigidity (DNWR) for job stayers in many OECD countries, but critics argue that the effect might be undone by compositional changes and flexibility in wages of new entrants. Using data for hourly nominal wages at industry level, we explore the existence of DNWR on industry wages in 19 OECD countries, over the period 1973-1999. We propose a novel method to detect DNWR. We reject the hypothesis of no DNWR in the overall sample. The fraction of wage cuts prevented due to DNWR has fallen over time, from 61 percent in the 1970s to 16 percent in the late 1990s, but the number of industries affected by DNWR has increased. DNWR is more prevalent when unemployment is low and union density is high. Strict employment protection legislation also leads to fewer wage cuts.

**Kravdal, Øystein** (2008): "Does income inequality really influence individual mortality? Results from a 'fixed effects analysis' where constant unobserved municipality characteristics are controlled." In *Demographic Research* 18, 2008.

**Abstract:** There is still much uncertainty about the impact of income inequality on health and mortality. Some studies have supported the original hypothesis about adverse effects, while others have shown no effects. One problem in these investigations is that there are many factors that may affect both income inequality and individual mortality but that cannot be adequately controlled for. The longitudinal Norwegian register data available for this study allowed municipality dummies to be included in the models to pick up timeinvariant unobserved factors at that level. The

results were compared with those from similar models without such dummies. The focus was on mortality in men and women aged 30-79 in the years 1980-2002, and the data included about 500000 deaths within 50 million person-years of exposure. While the models without municipality dummies suggested that income inequality in the municipality of residence, as measured by the Gini coefficient, had an adverse effect on mortality net of individual income, the results from the models that included such dummies were more mixed. Adverse effects appeared among the youngest, while among older men, there even seemed to be beneficial effects. In addition to illustrating the potential importance of controlling for unobserved factors by adding community dummies (doing a 'fixed-effects analysis' according to common terminology in econometrics), the findings should add to the scepticism about the existence of harmful health effects of income inequality, at least in the Nordic context.

**Kravdal, Øystein;** with Rindfuss, Ron (2008): "Changing Relationships between Education and Fertility: A Study of Women and Men Born 1940 to 1964." In *American Sociological Review* 73(5), 2008, pages 854-873.

**Abstract:** Education and fertility (including childrearing) are foundational processes in societal metabolism, and the relationship between them can have profound, long-term effects on a variety of institutions, including the labor market, the family (especially care for the elderly), and educational institutions themselves. In postindustrial countries, conventional wisdom holds that there is a strong inverse relationship between education and completed fertility, but this has not been carefully examined in recent decades, and the topic has been almost completely neglected for men. In this article, we address these core questions and relations, drawing on the Norwegian population registers for cohorts born 1940 to 1964. Among women, the relationship between completed fertility and educational level attained at age 39 has become substantially less negative. In all cohorts, better-educated women have later first births and remain childless more often than do the less educated. The negative effect of education on higher-order birth rates net of the impact of later motherhood has, however, disappeared. Family-friendly ideologies and policies, including better access to high-quality daycare, are likely the engine behind this shift. Among men, a positive relationship has emerged: the better educated become fathers later than others, but fewer remain childless, and there has been an increasingly stimulating effect of education on second- and third-birth rates. We discuss these sex differences in light of the persistent differences between mothers' and fathers' roles.

**Kravdal, Øystein,** and Grundy, E (2008): "Reproductive history and mortality in late middle age among Norwegian men and women". *American Journal of Epidemiology* 2008 ;Volum 167.

**Abstract:** There is growing recognition that reproductive patterns may have long-term health implications, although most evidence is restricted to women. The authors used register data to derive fertility histories for all Norwegian men and women born in 1935-1958. Discrete-time hazard modeling was used to analyze later-life mortality by aspects of reproductive history. A total of 63,312 deaths were observed during 14.5 million person-years of follow-up in 1980-2003, when subjects were aged 45-68 years. Models included detailed information on educational qualifications and marital status. Odds of death relative to those for subjects with two children were highest for the childless (women: odds ratio (OR) = 1.50, 95% confidence interval (CI): 1.43, 1.57; men: OR = 1.35, 95% CI: 1.30, 1.40) and next highest for those with only one child (women: OR = 1.31, 95% CI: 1.26, 1.37; men: OR = 1.20, 95% CI: 1.16, 1.24). Results for the parous showed a positive association between earlier parenthood and later mortality, a reverse association with late age at last birth, and an overall negative association between higher parity and mortality. The similarity of results for women and men suggests biosocial pathways underlying associations between reproductive history and health. The lack

of any high-parity disadvantage suggests that in the “family friendly” Norwegian environment, the health benefits of having several children may outweigh the costs.

**Kravdal, Øystein** (2008): “A broader perspective on education and mortality: Are we influenced by other people's education?” In *Social Science and Medicine* 66, 2008.

**Abstract:** The objective of this study was to find out whether the educational achievements of family members and people in the municipality have an impact on a person's mortality, net of the well-known strong influence of his or her own education. Using register data, discrete-time hazard models for all-cause mortality in 1980-2003 were estimated for all Norwegian men and women born between 1950 and 1973 (i.e. age 30-53). There were 23,692 deaths during the 19.1 million person-years of follow-up. The education of a former or current spouse had the clearest beneficial effect, although own education was more important. Mortality was also negatively associated with the education of the oldest sibling and to a lesser extent with that of the sibling-in-law and father-in-law. The average education in the municipality was not generally related to mortality, but a beneficial effect was seen among men with college education. In contrast to this, parents' education affected mortality adversely, especially among women. The data did not allow causal pathways to be identified, but possible mechanisms were discussed. For example, it was argued that others' education may affect mortality favourably through transmission of knowledge, imitation of behaviour, economic support, and the quality of health services. In some societies, childhood health might also be an issue. On the other hand, having better-educated family members or living in a community with many better-educated people, who typically also have higher incomes, may trigger psychosocial stress. However, one should be careful to interpret the observed relationships as reflecting purely causal effects. Various unobserved factors may influence the person's choice of spouse and place of residence as well as mortality, and having parents with higher (lower) education may signal that the person has had special problems (resources) during childhood or adolescence, which also may have implications for later health.

**Kravdal, Øystein;** with Syse, Astri and Tretli, Steinar (2008): “Cancer's impact on employment and earnings – a population-based study from Norway.” *Journal of cancer survivorship* 2, 2008, pages 149-158.

**Abstract:** Increased attention is being paid to the long-term health and well-being of people living with a history of cancer. Of particular concern is cancer's effect on productivity and work ability, which in turn is important for persons' financial situation, life satisfaction, and social relationships. We explored the extent to which Norwegian cancer survivors stay affiliated to working life compared to the cancer-free population, and quantified cancer-associated earning declines.

*Methods and results:* Logistic regression models were estimated to explore the impact of cancer on employment using register data covering the entire Norwegian population in 2001, 567,000 men and 549,300 women 40–59 years old, of whom 34,000 were diagnosed with cancer. These analyses revealed that a cancer diagnosis was strongly associated with not being employed. Log-linear regression models were used to estimate the effect of cancer on labor earnings in 2001 for those employed. Cancer was associated with a 12% decline in earnings overall. Leukemia, lymphomas, lung, brain, bone, colorectal, and head-and-neck cancer resulted in the largest reductions in employment and earnings. Earning declines were strongly associated with educational level. In addition, linear regression models were used to estimate differentials in earnings before and after cancer. These results accorded well with those from cross-sectional models.

*Conclusion and implications for cancer survivors:* Cancer survivors are less likely to be employed than the cancer-free population, and undertake modifications in their employment, e.g. reduce work-hours or hold lower-wage jobs, which result in reduced earnings. A social class gradient is present and must be addressed to accommodate appropriate intervention from welfare societies.

**Markussen, Simen** (2008): "How the left prospers from prosperity." In *European Journal of Political Economy* 24(2), 2008, pages 329-342.

**Abstract:** This paper investigates the relationship between fluctuations in economic growth, unemployment, and voting along a left-right axis. I estimate a model that explains how political fluctuations are caused by economic fluctuations in the OECD countries. I find that higher economic growth causes a shift to the left of policy sentiments. I hold the provision of social insurance by the welfare state to be the key to understanding this relationship. I also find that the relationship changes over the sample period. I hold the tax increase needed to finance the expansion of the welfare state to be the reason for this.

**Moene, Kalle** (2008): "Tilbake til Democracy in America?" In *Samfunnsøkonomen* 6-7, 2008.

**Abstract:** Jeg markerer økonomiforeningens hundreårsjubileum med å trekke fram en bok som knapt nevner ordet økonomi. Boken er Alexis de Tocquevilles to-bindts verk, *Democracy in America*, publisert i 1835 og i 1840. Det er egentlig en reisekildring. Tocqueville skrev boken etter ni måneders rundreise i USA i 1830. Formålet med Amerika-reisen var å finne ut "what a great republic is." og hvordan demokratiske samfunnsforhold med tilnærmet like muligheter virker i kontrast til de aristokratiske samfunnsforhold i Tocquevilles hjemland Frankrike. Jeg trekker frem boken fordi temaet fortsatt er viktig, fordi metoden er så forskjellig fra den som dominerer dagens politiske økonomi og fordi konklusjonene kanskje kan lære oss noe om den nordiske modellen.

**Røed, Knut;** with Jensen, Peter and Thoursie, Anna (2008): "Unemployment Duration and Unemployment Insurance - A Comparative Analysis Based on Scandinavian Micro Data." In *Oxford Economic Papers* 60(2), 2008, pages 254-274.

**Abstract:** Based on pooled register data from Norway and Sweden, we find that differences in unemployment duration patterns reflect dissimilarities in unemployment insurance (UI) systems in a way that convincingly establishes the link between economic incentives and job search behaviour. Specifically, UI benefits are relatively more generous for low-income workers in Sweden than in Norway, leading to relatively longer un-employment spells for low-income workers in Sweden. Based on the between-countries variation in replacement ratios, we find that the elasticity of the outflow rate from insured unemployment with respect to the replacement ratio is approximately 1 in Norway and 0.5 in Sweden.

**Storesletten, Kjetil and Zilibotti, Fabrizio;** with Hassler, John and Krusell, Per (2008): "On the Optimal Timing of Capital Taxation." In *Journal of Monetary Economics* 55(4), 2008, pages 692-709.

**Abstract:** For many kinds of capital, depreciation rates change systematically with the age of the capital. Consider an example that captures essential aspects of human capital, both regarding its accumulation and its depreciation: a worker obtains knowledge in period 0, then uses this knowledge in production in periods 1 and 2, and thereafter retires. Here, depreciation accelerates: it occurs at a 100% rate after period 2, and at a lower (perhaps zero) rate before that. The present paper analyzes the

implications of non-constant depreciation rates for the optimal timing of taxes on capital income. The main finding is that under natural assumptions, the path of tax rates over time must be oscillatory. Oscillatory tax rates are optimal when depreciation rates accelerate with the age of the capital (as in the above example), and provided that the government can commit to the path of future tax rates but cannot apply different tax rates in a given year to different vintages of capital.

**Storesletten, Kjetil;** with Heathcote, Jonathan and Violante, Giovanni L. (2008): "Insurance and Opportunities: A Welfare Analysis of Labor Market Risk." In *Journal of Monetary Economics* 55(3), 2008, pages 501-525.

**Abstract:** Using a model with constant relative risk-aversion preferences, endogenous labor supply and partial insurance against idiosyncratic wage risk, the paper provides an analytical characterization of three welfare effects: (a) the welfare effect of a rise in wage dispersion, (b) the welfare gain from completing markets, and (c) the welfare effect from eliminating risk. Our analysis reveals an important trade-off for these welfare calculations. On the one hand, higher wage uncertainty increases the cost associated with missing insurance markets. On the other hand, greater wage dispersion presents opportunities to raise aggregate productivity by concentrating market work among more productive workers. Our welfare effects can be expressed in terms of the underlying parameters defining preferences and wage risk or, alternatively, in terms of changes in observable second moments of the joint distribution over individual wages, consumption and hours.

**Storesletten, Kjetil;** with Henriksen, Espen and Backus, David (2008): "Taxes and the Global Allocation of Capital." In *Journal of Monetary Economics* 55(1), 2008, pages 48-61.

**Abstract:** Despite enormous growth in international capital flows, capital-output ratios continue to exhibit substantial heterogeneity across countries. We explore the possibility that taxes, particularly corporate taxes, are a significant source of this heterogeneity. The evidence is mixed. Tax rates computed from tax revenue are inversely correlated with capital-output ratios, as we might expect. However, effective tax rates constructed from official tax rates show little relation to capital - or to revenue-based tax measures. The stark difference between these two tax measures remains an open issue.

**Ulltveit-Moe, Karen Helene;** with Norman, Victor D. (2008): "Globalisering og omstilling. Holder den norske modellen mål?" I *Samfunnsøkonomen* 62(6-7), 2008, pages 62-74.

**Abstract:** Denne artikkelen gir en kritisk vurdering av hvor godt Norge har utnyttet de mulighetene globaliseringsbølgen har gitt oss. Det hevdes ofte at vi, takket være fordelingspolitikken og trygdesystemet, har bedre tilpassingsevne enn andre land. Vi finner at der er riktig i den forstand at som er negativt berørt av globalisering og omstilling stort sett er holdt økonomisk skadeløse, og også i den forstand at globaliseringen ikke har ført til en vesentlig større inntektsulikhet. Vi synes imidlertid å ha sløst bort betydelig deler av globaliseringsgevinsten. Mye av omstillingene har bestått i å skyve berørte arbeidsgivere ut av arbeidslivet, og et gjennomgående trekk ved tilpassningen er en kraftig sentralisering av økonomisk aktivitet. Dette gir tap som kan være så stort at det representerer en betydelig del av den gevinsten vi har høstet. Vi føler oss ikke overbevist om at utstøting og sentralisering er uavvendelig konsekvenser av globalisering, og stiller derfor spørsmålet om det er nødvendig med en kritisk revurdering av den norske modellen for tilpassning og omstilling.

**Zilibotti, Fabrizio;** with Doepke, Matthias (2008): “Occupational Choice and the Spirit of Capitalism.” In *Quarterly Journal of Economics* 123(2), 2008, pages 747-793.

**Abstract:** The British Industrial Revolution triggered a socioeconomic transformation whereby the landowning aristocracy was replaced by industrial capitalists rising from the middle classes as the economically dominant group. We propose a theory of preference formation under financial market imperfections that can account for this pattern. Parents shape their children's preferences in response to economic incentives. Middle-class families in occupations requiring effort, skill, and experience develop patience and a work ethic, whereas upper-class families relying on rental income cultivate a refined taste for leisure. These class-specific attitudes, which are rooted in the nature of preindustrial professions, become key determinants of success once industrialization transforms the economic landscape. (c) 2008 by the President and Fellows of Harvard College and the Massachusetts Institute of Technology.

**Zilibotti, Fabrizio;** with Aghion, Philippe, Burgess, Robin and Redding, Stephen (2008): “Unequal Effects of Liberalization: Evidence from Dismantling the License Raj in India.” In *American Economic Review* 98(4), 2008, pages 1397-1412.

**Abstract:** This paper investigates whether the effects, on registered manufacturing out-put, employment, entry and investment, of dismantling the ‘license raj’ - a system of central controls regulating entry and production activity in this sector - vary across Indian states with different labor market regulations. The effects are found to be unequal depending on the institutional environment in which industries are embedded. In particular, following delicensing, industries located in states with pro-employer labor market institutions grew more quickly than those in pro-worker environments. Our results emphasize how local institutions matter for whether industry in a region benefits or is harmed by the nationwide delicensing reform.

**Zilibotti, Fabrizio** (2008): “Economic Growth through the Development Process.” In *CESifo Economic Studies* 54(3), 2008, pages 325-357.

**Abstract:** In this article, I discuss some recent research in the area of economic growth and development emphasizing the endogenous dynamics of policies and organizational forms in a world characterized by credit-market and labor-market imperfections. I present a simple model of technological convergence featuring an endogenous evolution of contractual arrangements. The key assumption is that economic growth is associated with investments as well as with the adoption and imitation of existing technologies in economies lying far from the technology frontier. In contrast, growth is increasingly driven by innovation as economies approach the technological frontier. The theory predicts that contractual arrangements evolve and adapt spontaneously to the changing needs of technological progress. However, this evolution is neither necessary nor serendipitous. Economies that fail to introduce economic reforms as they advance may become stuck in non-convergence traps. I discuss a number of empirical applications, including the wave of reforms of industrial policy in India in the 1980s and 1990s.

**Zilibotti, Fabrizio;** with Saez-Marti, Maria (2008): “Preferences as Human Capital: Rational Choice Theories of Endogenous Preferences and Socioeconomic Changes.” In *Finnish Economic Papers* 21(2), 2008, pages 81-94.

**Abstract:** We discuss the theoretical and empirical foundations of modern economic theories of cultural transmission. The importance of cultural factors in shaping economic and social transformations has been the focus of a long-standing debate in social sciences since the XIXth Century. Neoclassical economics has remained at the margin of this debate. However, there has been a recent surge of interest among economists for cultural factors. The economic models of cultural transmission borrow the main ideas from the anthropological literature, but endogenize the efforts parents exert to transmit specific cultural variants or preference parameters. We distinguish between paternalistic models where parents use their own values to evaluate their children's utility, and non-paternalistic or utilitarian models in which parents choose their children's preferences to maximize the children's well-being. We discuss recent examples, focusing in particular on corruption, patience, and work ethic.

## PUBLICATIONS 2007

**Asheim, Geir B.;** with Buchholz, W., Harwick, J.M., Mitra, T., and Withagen, C. (2007): “Constant savings rates and quasiarithmetic population growth under exhaustible resource constraints.” *Journal of Environmental Economics and Management* 53, 2007, pages 213–229.

**Abstract:** In the Dasgupta–Heal–Solow–Stiglitz (DHSS) model of capital accumulation and resource depletion we show the following equivalence: if an efficient path has constant (gross and net of population growth) savings rates, then population growth must be quasi-arithmetic and the path is a maximin or a classical utilitarian optimum. Conversely, if a path is optimal according to maximin or classical utilitarianism (with constant elasticity of marginal utility) under quasi-arithmetic population growth, then the (gross and net of population growth) savings rates converge asymptotically to constants.

**Asheim, Geir B.** (2007): “Can NNP be Used for Welfare Comparisons.” *Environment and Development Economics* 12, 2007, pages 11–31.

**Abstract:** This paper contains a critical assessment of the claim that NNP can be used for welfare comparisons. The analysis assumes that national accounts are comprehensive (in particular ‘greened’ by taking into account environmental amenities and natural resource depletion), but does not assume optimal resource allocation. The general conclusion is that greater NNP corresponds to welfare enhancement only if net investment flows are revalued. Real utility-NNP and real measurable NNP made comparable across time by means of a consumer price index allow for such revaluation, and thus indicate welfare improvement.

**Barth, Erling and Schøne, Pål** (2007): ”Monopsoni i arbeidsmarkedet.” *Søkelys på Arbeidsmarkedet* 24(1), 2007, pages 113-118.

**Abstract:** Under overskriften ”forskningstema” tar vi opp problemstillinger fra den internasjonale forskningslitteraturen. Formålet er ikke å være fullstendig, men å formidle noen hovedideer og knytte forbindelse til norsk forskning og norsk virkelighet. I dette nummeret tar vi for oss monopsoni i arbeidsmarkedet.

**Bratsberg, Bernt, Raaum, Oddbjørn and Røed, Knut;** with Eriksson, Tor, Jäntti, Markus, Naylor, Robin A. and Österbacka, Eva (2007): ”Nonlinearities in Intergenerational Earnings Mobility: Consequences for Cross-Country Comparisons.” In *The Economic Journal* 117(519), 2007.

**Abstract:** We show that the patterns of intergenerational earnings mobility in Denmark, Finland, and Norway, unlike those for the US and the UK, are highly nonlinear. The Nordic relationship between log earnings of sons and fathers is flat in the lower segments of the fathers’ earnings distribution – sons growing up in the poorest households have the same adult earnings prospects as sons in moderately poor households – and is increasingly positive in middle and upper segments. This convex pattern contrasts sharply with our findings for the United States and the United Kingdom, where the relationship is much closer to being linear. As a result, cross-country comparisons of intergenerational earnings elasticities may be misleading with respect to transmission mechanisms in the central parts of the earnings distribution, and uninformative in the tails of the distribution.



**Bratsberg, Bernt, Raaum, Oddbjørn and Røed, Knut;** with Eriksson, Tor, Jäntti, Markus, Naylor, Robin A. and Österbacka, Eva (2007): "Marital Sorting, Household Labor Supply, and Intergenerational Earnings Mobility across Countries." In *The B.E. Journal of Economic Analysis & Policy (Advances)* 7(2), 2007.

**Abstract:** We present comparable evidence on intergenerational earnings mobility for Denmark, Finland, Norway, the UK and the US, with a focus on the role of gender and marital status. We confirm that earnings mobility in the Nordic countries is typically greater than in the US and in the UK, but find that, in contrast to all other groups, for married women mobility is approximately uniform across countries when estimates are based on women's own earnings. Defining offspring outcomes in terms of family earnings, on the other hand, leads to estimates of intergenerational mobility in the Nordic countries which exceed those for the US and the UK for both men and women, single and married. Unlike in the Nordic countries, we find that married women with children and with husbands from affluent backgrounds tend to exhibit reduced labor supply in the US and the UK. In these countries, it is the combination of assortative mating and labor supply responses which weakens the association between married women's own earnings and their parents' earnings.

**Bratsberg, Bernt and Raaum, Oddbjørn;** with Björklund, Anders, Eriksson, Tor and Jäntti, Markus (2007): "Interindustry Wage Differentials and Unobserved Ability: Siblings Evidence from Five Countries." In *Industrial Relations* 46(1), 2007, pages 171-202.

**Abstract:** We examine the role of unobserved ability in explaining interindustry wage differentials. By using data on brothers, we account for unmeasured abilities shared by siblings. The data came from four Nordic countries and the United States. In the Nordic countries, only a moderate proportion of the variability in industry wages can be attributed to unobserved ability, while unmeasured factors explain as much as half of the U.S. industry-wage variation. Accounting for such differences, we show that the U.S. interindustry wage dispersion is similar with that in the Nordic countries.

**Brekke, Kjell Arne, Nyborg, Karine and Rege, Mari** (2007): "The Fear of Exclusion: Individual Effort when Group Formation is Endogenous." In *Scandinavian Journal of Economics* 109 (3), 2007, pages 531-550.

**Abstract:** To secure their membership in a popular group, individuals may contribute more to the group's local public good than they would if group formation were exogenous. Those in the most unpopular group do not have this incentive to contribute to their group. Substantial differences in individual effort levels between groups may be the result. A principal may prefer either exogenous or endogenous group formation, depending on whether an increase in contributions to the local public good coincides with the principal's interests. We analyze two examples: Social interaction in schools, and multiple-task teamwork.

**Brekke, Kjell Arne;** with Stenseth, Nils C. and Øksendal, Bernt (2007): "The effect of climate variations on the dynamics of pasture-livestock interactions under cooperative and noncooperative management." In *Proceedings of the National Academy of Science of the United States of America* 104, 2007, pages 14730-14734.

**Abstract:** It is well known from Hardin's "Tragedy of the Commons" [Hardin G (1968) *Science* 162:1243-1248] that, if open access is allowed, overgrazing typically results. Hardin, and most authors

of the subsequent literature, adopted a static view of the underlying ecosystem. Here we extend this tragedy of the commons to consider the dynamics of the involved ecosystem as well. We consider a general model that allows for a variable carrying capacity of the pastures (due to variation in precipitation) and a stimulating effect on plant growth due to grazing. Our analysis further emphasizes the tragedy; in addition to overgrazing, the ecosystem may approach limit cycles. Thus, unless the pastoralists are able to coordinate themselves, the human capability of longterm planning will generally not stabilize the system. Although numerical optimization shows that a cooperative optimum would yield a high and stable harvest, the open-access system may produce limit cycles, in which even the peak harvest may be below the stable cooperative optimal harvest. Such fluctuations cause both losses in biomass production and utility losses. Our dynamic analysis also demonstrates that, in the absence of cooperation between herders, too much rain in an otherwise dry area might (temporarily) destabilize the ecological grazing system through overstocking, subsequently leading to further overgrazing (which will be observed in, but not caused by, the typically dry conditions of landscapes where pastoralism is practiced). In short, through this study we have brought time (and temporal dynamics) into the Hardin's tragedy of the commons and show that the tragedy might be profoundly worsened.

**Cappelen, Alexander W. and Tungodden, Bertil** with Hagen, Rune J. (2007): "National responsibility and the just distribution of debt relief." In *Ethics and International Affairs* 21, 2007.

**Abstract:** The Highly Indebted Poor Countries (HIPC) initiative is the largest multilateral effort aimed at providing debt relief. In this essay, we address the question of whether this program is consistent with a view of justice commonly known as liberal egalitarianism. We argue that the HIPC initiative violates two basic liberal egalitarian principles. More generally, we show why the debate on debt relief must move beyond a discussion of whether or not countries should be held responsible for their sovereign debt. We urge a more careful and broader classification of which of the factors affecting a country's situation it should be held responsible for and which it should not. While there are good arguments for sometimes not holding poor countries responsible for their sovereign debt, it is hard to see why the same arguments should not also apply to many other factors that affect a country's net disposable income.

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil** with Hole, Astri D. (2007): "The Pluralism of Fairness Ideals: An Experimental Approach." In *American Economic Review* 97(3), 2007, pages 818-827.

**Abstract:** A core question in the contemporary debate on distributive justice is how to understand fairness in situations involving production. Important theories of distributive justice, such as strict egalitarianism, liberal egalitarianism, and libertarianism, provide different answers to this question. This paper presents the results from a dictator game where the distribution phase is preceded by a production phase. Each player's contribution is a result of a freely chosen investment level and an exogenously given rate of return. We estimate simultaneously the prevalence of three principles of distributive justice among the players and the distribution of the weight they attach to fairness.

**Cappelen, Alexander W. and Tungodden, Bertil** (2007): "Redistribution and marginal productivity reward." In *Research on Economic Inequality* 15, 2007, pages 1-6.

**Abstract:** We look at how one should reward effort without rewarding talent. One way to approach this issue is to ask how an increase in one individual's effort should be allowed to affect the post-tax

income of others. The article provides characterizations of three main classes of redistribution mechanism on the basis of how these answer this question.

**Cappelen, Alexander W. and Tungodden, Bertil** (2007): "Local autonomy and interregional equality." In *Social Choice and Welfare* 28(3), 2007, pages 443-460.

**Abstract:** This paper shows how two important interregional transfer schemes, the foundation grant and the power equalization grant scheme, can be seen as two different interpretations of equal opportunity ethics. It provides characterizations of both transfer schemes by the use of basic liberal egalitarian principles. Both the foundation grant and the power equalization grant scheme make use of specific reference levels. The paper also shows how reasonable requirements on the transfer schemes restrict the set of possible reference levels.

**Christiansen, Vidar** (2007): "Two approaches to determine public good provision under distortionary Taxation." *National Tax Journal* 60(1), 2007.

**Abstract:** The paper argues that the appropriate approach to determine public good provision financed by distortionary taxes should depend on the available tax regime. In a sufficiently rich tax regime exists, one could rely on the Pareto criterion, which would be less information-demanding than a social welfare approach requiring access to social welfare weights assigned to various groups. The discussion is related to a number of representative tax regimes and cost-benefit approaches in the literature. It is also argued that, whatever the available tax regime, cost-benefit analysis runs into problems unless one can assume that taxes are set optimally.

**Christiansen, Vidar** (2007): "Public finance: fifty years of the second best - and beyond - A selection of papers presented at the 62nd Congress of the International Institute of Public Finance, held in Paphos, Cyprus." *International Tax and Public Finance* 14, 2007.

**Fernández, Raquel** (2007): "Women, Work and Culture." In *Journal of the European Economic Association* 5(2-3), 2007, pages 305-332.

**Abstract:** This paper discusses some recent advances in the area of culture and economics and examines the effect of culture on a key economic outcome: female labor supply. To separate the effect of market variables and institutions from culture, I use an epidemiological approach, studying second-generation American women. I use both female LFP and attitudes in the women's country of ancestry as cultural proxies and show that both cultural proxies have quantitatively significant effects on women's work outcomes. The paper concludes with some suggestions for future empirical and theoretical research topics in this area.

**Fiva, Jon** (2007): "Sentral finansiering av lokal offentlig tjenesteproduksjon: Bailout-problemet." In *Økonomisk forum* 2/2007.

**Abstract:** (In Norwegian) Viktige velferdstjenester er i de fleste land desentralisert til et lokalt styringsnivå og delvis finansiert gjennom overføringer fra sentrale myndigheter. Sterk avhengighet av overføringer fra sentrale myndigheter kan imidlertid være uheldig siden insentivene til fiskal disiplin på det lokale nivå svekkes. Konsekvensen kan bli strategisk underskuddsbudsjettering fra lokale myndigheter i håp om at de på et senere tidspunkt vil bli reddet fra finansielle vanskeligheter av sentrale myndigheter i form av en bailout. I valg av institusjoner blir utfordringen å finne løsninger

som i minst mulig grad gir insentiver til opportunistisk atferd fra lokale myndigheter. I denne artikkelen beskriver jeg bailout-spillet og med utgangspunkt i litteraturen om tidsinkonsistens i økonomisk politikk diskuterer jeg mekanismer som kan redusere sannsynligheten for at et slikt spill oppstår.

**Fiva, Jon;** with Rattsø, Jørn (2007): "Local Choice of Property Taxation: Evidence from Norway." In *Public Choice* 132(3-4), 2007, pages 457-470.

**Abstract:** Fiscal competition may influence the design of tax systems. The tax competition literature has concentrated on the mobility of tax base and tax levels while we turn the attention to the political decision-making system and the determination of tax structure. In the Norwegian setting local governments make a discrete choice whether to have property tax. The local choice is investigated in an econometric model allowing for yardstick competition. Our results indicate that yardstick competition explains the distinct geographic pattern in local property taxation observed. Grants have no effect on the propensity to have property taxation, consistent with the flypaper effect. The main methodological challenge handled concerns spatial interaction with discrete choice.

**Havnes, Tarjei and Willumsen, Fredrik** (2007): "På kino uten kontroll. Kommentar til Christer Trane." In *Tidsskrift for samfunnsforskning* 48, 2007, pages 409-420.

**Abstract:** I denne artikkelen viser vi at det er helt nødvendig å kontrollere for filmens kvalitet, dersom man skal kunne forklare effekten av terningkast på en films inntjening. Når kvalitet utelates fra analysen, blir ikke estimatene konsistente, og fortolkning av dem er umulig. Vi har også rettet søkelyset mot problemet med å identifisere effekten av distribusjon, når denne er avhengig av så vel forventede som faktiske inntekter. Til slutt foretok vi en enkel empirisk analyse av kritikernes innvirkning på filmenes økonomiske suksess, kontrollert for kvalitet. Her fant vi at terningkast har en beskjeden og statistisk ikke signifikant effekt på en films inntjening. Ett øye mer på terningen forventes å øke inntektene med sju prosent. Kvaliteten er imidlertid enda viktigere, selv om det selvsagt er vanskeligere å få et intuitivt tak på hva et gitt kvalitetsnivå innebærer, eller hvordan kvalitetsforskjeller skal måles ex ante.

**Hoel, Michael** (2007): "What should (public) health insurance cover?" In *Journal of Health Economics* 26, 2007, pages 251–262.

**Abstract:** In any system of health insurance, a decision must be made about what treatments the insurance should cover. One way to make this decision is to rank treatments by their ratios of health benefits to treatment costs. If treatments that are not offered by the health insurance can be purchased out of pocket, the socially optimal ranking of treatments to be included in the health insurance is different from this standard cost-effectiveness rule. It is no longer necessarily true that treatments should be ranked higher the lower are treatment costs (for given health benefits). Moreover, the larger are the costs per treatment for a given benefit–cost ratio, the higher priority should the treatment be given. If the health budget in a public health system does not exceed the socially optimal size, treatments with sufficiently low costs should not be performed by the public health system if treatment may be purchased privately out of pocket.

**Hoel, Michael;** with Barrett, S. (2007): "Optimal Disease Eradication." In *Environment and Development Economics* 12(5), 2007, pages 627–652.

**Abstract:** Using a dynamic model of the control of an infectious disease, we derive the conditions under which eradication will be optimal. When eradication is feasible, the optimal program requires either a low vaccination rate or eradication. A high vaccination rate is never optimal. Under special conditions, the results are especially stark: the optimal policy is either not to vaccinate at all or to eradicate. Our analysis yields a cost benefit rule for eradication, which we apply to the current initiative to eradicate polio.

**Hoel, Michael;** with Bye, Torstein (2007): "Klimabidrag fra Norge." In *Økonomisk forum* 5, 2007, pages 31–34.

**Hoel, Michael;** with Sterner, T. (2007): "Discounting and Relative Prices." In *Climatic Change* 84, 2007.

**Abstract:** Environmentalists are often upset at the effect of discounting costs of future environmental damage, e.g., due to climate change. An often-overlooked message is that we should discount costs but also take into account the increase in the relative price of the ecosystem service endangered. The effect of discounting would thus be counteracted, and if the rate of price rise of the item was fast enough, it might even be reversed. The scarcity that leads to rising relative prices for the environmental good will also have direct effects on the discount rate itself. The magnitude of these effects depends on properties of the economy's technology and on social preferences. We develop a simple model of the economy that illustrates how changes in crucial technology and preference parameters may affect both the discount rate and the rate of change of values of environmental goods. The combined effect of discounting and the change of values of environmental goods is more likely to be low – or even negative – the lower the growth rate of environmental quality (or the larger its decline rate), and the lower the elasticity of substitution between environmental quality and produced goods.

**Holden, Steinar;** with Dickens, William T., Götte, Lorenz, Groshen, Erica L., Messina, Julián, Schweitzer, Mark E., Turunen, Jarkko and Ward-Warmedinger, Melanie (2007): "How wages change: Micro Evidence from the International Wage Flexibility Project." In *Journal of Economic Perspectives* 21(2), 2007, pages 195-214.

**Abstract:** How do the complex institutions involved in wage setting affect wage changes? The International Wage Flexibility Project provides new microeconomic evidence on how wages change for continuing workers. We analyze individuals' earnings in thirty-one different data sets from sixteen countries, from which we obtain a total of 360 wage change distributions. We find a remarkable amount of variation in wage changes across workers. Wage changes have a notably non-normal distribution; they are tightly clustered around the median and also have many extreme values. Furthermore, nearly all countries show asymmetry in their wage distributions below the median. Indeed, we find evidence of both downward nominal and real wage rigidities. We also find that the extent of both these rigidities varies substantially across countries. Our results suggest that variations in the extent of union presence in wage bargaining play a role in explaining differing degrees of rigidities among countries.

**Holden, Steinar** (2007): "Nobels minnepris i økonomi - Edmund S. Phelps. *Økonomisk Forum* 4, 2007, pages 23-30.

**Abstract:** Edmund Phelps fikk Nobels minnepris i økonomi for sine bidrag om arbeidsledighet og inflasjon, og om økonomisk vekst. Særlig bidraget om arbeidsledighet og inflasjon var banebrytende.

Phelps utarbeidet makroøkonomiske teorier med ordentlig mikroøkonomisk fundament, og viste at dette hadde vidtrekkende konsekvenser. Bl.a. påpekte han at Phillipskurven på kort sikt måtte avhenge av inflasjonsforventningene, og at dette innebar at Phillips-kurven på lang sikt var loddrett, dvs. at det ikke er noe bytteforhold mellom inflasjon og arbeidsledighet på lang sikt.

**Høyland, Bjørn;** with Benedetto, Giacomo (2007): “The EU Annual Budgetary Procedure the Existing Rules and Proposed Reforms of the Convention and Intergovernmental Conference, 2002-2004.” In *Journal of Common Market Studies* 45(3), pages 565-87.

**Abstract:** This article analyses the proposed reform of the annual budgetary procedure of the European Union (EU) during the 2002–04 Convention and Intergovernmental Conference (IGC). We offer two findings. First, the European Parliament already has the power to reduce agricultural and fisheries spending subject to support from a blocking minority in the Council. Hence, a reduction of the Union’s spending on agriculture and other areas of compulsory expenditure is not dependent on a reform of the budgetary procedure. Second, the proposal from the Convention would have increased EP budgetary powers while the procedure adopted by the IGC strengthens the hand of the Council, removing Parliament’s right to overrule it. In constitutional bargaining, we see that Parliament gains in a deliberative forum where unanimity is not required, while it loses in a closed IGC.

**Kravdal, Øystein;** with Derose, LF. (2007): “Educational reversals and first-birth timing in sub-Saharan Africa: A dynamic multilevel approach.” In *Demography* 44, 2007.

**Abstract:** In many areas throughout sub-Saharan Africa, young adult cohorts are less educated than their predecessors because of declines in school enrollments during the 1980s and 1990s. Because a woman with little education typically becomes a mother earlier and has more children than one with better education, and because of a similar well-established relationship between current education and current fertility at the societal level, one might expect such education reversals to raise fertility. However, if there is an additional negative effect of low educational level among currently young women compared with that in the past, which would accord with ideas about the impact of relative deprivation, the total effect of an education reversal may run in either direction. This possibility has not been explored in earlier studies, which have taken a more static approach. We focus on the initiation of childbearing. Using Demographic and Health Survey data from 16 sub-Saharan African countries with multiple surveys, we estimate a fixed-effects multilevel model for first births that includes the woman's own education, community education, and community education relative to the past. There are negative effects of individual and community education, but no effect of relative education. Thus we conclude that education reversals do seem to speed up entry into parenthood.

**Kravdal, Øystein** (2007): “A fixed-effects multilevel analysis of how community family structure affects individual mortality in Norway”. In *Demography* 44, 2007.

**Abstract:** By using register data for the entire Norwegian population aged 50-89 in the period 1980-1999, during which there were about 720,000 deaths, I estimate how the proportions of persons who were divorced or never married in the municipality affected all-cause mortality, net of individual marital status. The data include individual histories of changes in marital status and places of residence, providing a rare opportunity to enter municipality fixed effects into the model, thereby capturing the time-invariant unobserved factors at that level. The positive health externality of marriage that is suggested in the literature is supported by some of the estimates for women. Other

estimates--especially those for men--point in the opposite direction. One possible interpretation of these findings is that social cohesion is perhaps not as beneficial for people's health as often claimed, at least not for both sexes. Alternatively, the results may reflect that marriage perhaps undermines rather than strengthens social cohesion, or that other mechanisms are involved--for example, those that are related to people's perceptions of their health relative to the health of others. Estimates from models without such municipality fixed effects are markedly different, but these also shed doubt on the notion that a high proportion of unmarried persons generally increases individual mortality.

**Kravdal, Øystein** (2007): "Effects of current education on second- and third-birth rates among Norwegian women and men born in 1964: Substantive interpretations and methodological issues." In *Demographic Research* 17, 2007, pages 211-246.

**Abstract:** A variety of approaches have been employed to assess the importance of women's education for their second- or third-birth rates. Some researchers have included the educational level measured at a relatively high age in their models, whereas others have included current education. A few have taken selection into account by modelling first-, second-, and higher-order birth rates jointly, with a common unobserved factor. The corresponding education-fertility relationships among men, however, has not attracted any attention. In this study, based on Norwegian register data for the 1964 cohort, a high current educational level for a woman is found to stimulate her second- and third-birth rates. Controlling for selection through joint modelling turns out to be quite unimportant, but the results are very different if the educational level attained by age 39 is included instead of current education. It is important to be aware of such sensitivity to the specification of education. The corresponding effects for men are also positive, but not more strongly positive than those for women. These results may suggest that we should not take for granted that women's education generally reduces fertility, and that it does so because of higher opportunity costs for the better educated. However, it is also possible that a high current educational level is linked with modest aspirations for further schooling, which would tend to stimulate subsequent fertility, that it is partly caused by some individual, family or community characteristics that also lead to high fertility, or that it even to some extent is a result of plans to have a child fairly soon. These alternative interpretations are discussed.

**Kravdal, Øystein;** with Rindfuss, Ron, Guilkey, David, Morgan, Phil and Guzzo, Karen (2007): "Child care availability and first-birth timing in Norway". In *Demography* 44(2), 2007, pages 345-372.

**Abstract:** Both sociological and economic theories posit that widely available, high-quality, and affordable child care should have pronatalist effects. Yet to date, the empirical evidence has not consistently supported this hypothesis. We argue that this previous empirical work has been plagued by the inability to control for endogenous placement of day care centers and the possibility that people migrate to take advantage of the availability of child care facilities. Using Norwegian register data and a statistically defensible fixed-effects model, we find strong positive effects of day care availability on the transition to motherhood.

**Kravdal, Øystein;** with Syse, Astri (2007): "Does cancer affect the divorce rate?" *Demographic Research* 16, 2007, pages 469-492.

**Abstract:** Discrete-time hazard regression models were employed to register and census data on 1.4 million Norwegian married couples from 1974-2001 to explore the probability of

divorce following cancer illness. Divorce rates for around 215 000 persons diagnosed with cancer were compared to divorce rates for persons for whom all the other observed variables were the same. No overall harmful influence of a cancer diagnosis was observed. Most cancer forms resulted in small, immediate declines in divorce rates the first years following diagnosis. Exceptions were significant increases in the divorce rates for persons diagnosed with cervical and testicular cancer.

**Kravdal, Øystein;** with Syse, Astri and Tretli, Steinar (2007): "Parenthood after cancer - A population-based study." In *Psycho-Oncology* 16, 2007, pages 920-927.

**Abstract:** Many cancer forms today have good prognosis, and parenthood after cancer diagnosis and treatment has become a central research topic. Previous research has mainly focused on reproductive cancers, and few population-based studies exist. The effect of several cancer forms on fertility at a population level was explored. Discrete-time hazard regression models were used to analyse register and census data for complete Norwegian birth cohorts. Men and women 17-44 years in the period 1965-2001 were included. Models for first- and higher-order birth rates, for men and women, were estimated. Overall, first-birth rates among persons with cancer were reduced by only about 25% when compared with the general population. Male cancer survivors' second- and third-birth rates were similarly reduced, whereas higher-order birth rates for females were 36% below those of the general population. Significant decreases in cancer survivors' fertility disadvantage relative to the general population were seen from 1965 to 2001. Reductions in fertility were most pronounced for reproductive cancer forms, presumably related to subfecundity. However, also cancer forms unrelated to reproductive function led to reduced fertility, perhaps suggesting underlying social mechanisms. This is further supported by the difference in probability between first and subsequent births observed for women.

**Lind, Jo Thori** (2007): "Does permanent income determine the vote?" In *B.E. Journals of Macroeconomics* 7(1), 2007, Article 19.

**Abstract:** The relationship between income and voting is usually studied using current income. Instead, I estimate how permanent income affects voting and to what extent voters are forward looking. A proxy for permanent income is constructed from stated expectations about one's future economic situation. Using panel data from the Norwegian Election Study I estimate the effect of stated expectations on realized future income to compute the effect of expectations. This is then linked to voting behaviour. Contrasting permanent and transitory income, the former has a large impact and the latter has little explanatory power on voting. This supports the hypothesis of forward looking voting. A high expected permanent income increases the propensity to vote Conservative.

**Lind, Jo Thori** (2007): "Fractionalization and inter-group differences." In *Kyklos* 60, 2007, pages 123-139.

**Abstract:** Fractionalization is usually defined as the probability that two randomly chosen persons belong to different groups, be it ethnic, religious, linguistic, or other groups. High fractionalization leads to more corruption (Mauro 1995), low growth rates and bad policies in general (Easterly and Levine 1997), low provision of public goods (Alesina et al. 1999), less redistribution (Alesina et al. 2001, Lind 2006), less social mixing and activity (Alesina and LaFerrara 2000), lower voluntary contributions to schools (Miguel 2004, Miguel and Gugerty 2005), and higher prevalence of civil war (Elbadawi and Sambanis 2002, Montalvo and Reynal-Querol 2005, Reynal-Querol 2002)<sup>1</sup>. There are



two major problems with the measure of fractionalization used in virtually all studies on the effects of fractionalization. First, the choice of which groups to consider is often done in a more pragmatic than rigorous way. Second, the measure implies that two persons are either identical (belong to the same group) or totally different (belong to different groups). This misses the important point that some groups may be closer to each other than others. The objective of this paper is to develop a method to construct correct measures of fractionalization that takes these two objections into account.

**Lind, Jo Thori** (2007): "Fractionalization and the size of government." In *Journal of Public Economics* 91, 2007, pages 15-76.

**Abstract:** I study the effect of voters with a group-based social conscience. Voters care more about the well-being of those belonging to their own group than the rest of the population. Within a model of political tax determination, both fractionalization and group antagonism reduce the support for redistribution. Whereas within group inequality increases support for redistribution, inequality between groups has the opposite effect. These results hold even if a poor group forms a majority. Using a panel constructed from US micro data, I find support for the hypothesis that within race inequality increases redistribution while between race inequality decreases redistribution.

**Lind, Jo Thori** (2007): "Religion, welfare politics, and church-state separation." In *Journal of Ecumenical Studies* 42 (1), 2007, pages 42-52.

**Abstract:** How moral and religious beliefs interact with market forces is a subject of much debate. Can economic incentives explain why people believe what they believe? Some of our other work has looked at the impact of economic forces on religious intensity and at how incentives influence the impact of certain moral beliefs on gender-based violence. This essay uses market forces to explain why fiscal and social conservatism and fiscal and social liberalism go hand in hand. Religious intensity as social insurance provides a simple explanation. The religious right may be against welfare because it competes against their constituency.

**Markussen, Simen** (2007): "Økonomisk sykefraværsforskning: Hva vet vi, og hvor bør vi gå?" In *Søkelys på arbeidslivet* 24(1), 2007, pages 63-81.

**Abstract:** Høsten 2006 ble sykefraværet debattert mer enn noen gang. Men hva vet vi egentlig om sykefravær? I denne artikkelen vil jeg presentere relevant litteratur, forsøke å avkle to myter samt skissere noen spørsmål for videre forskning på feltet.

**Mogstad, Magne;** with Aaberge, R. and Langørgen, A. (2007): "Region-specific versus Country-specific Poverty Lines in Analysis of Poverty". In *Journal of Economic Inequality* 5, 2007, pages 115-122.

**Abstract:** An analysis of poverty based on a country-specific income poverty line suffers from disregarding regional differences in prices and needs within a country and may, therefore, produce results that give a misleading picture of the extent of poverty as well as the geographic and demographic composition of the poor. To account for differences in prices and needs, this paper introduces an alternative method for identifying the poor based on a set of region-specific poverty lines. Applying Norwegian household register data for 2001 we find that the national level of poverty is only slightly affected by the change in definition of poverty line. However, the geographic as well as the demographic poverty profiles are shown to depend heavily on whether the method for

identifying the poor relies on region- or country-specific thresholds. As expected, the results demonstrate that an analysis of poverty based on a country-specific threshold produces downward biased poverty rates in urban areas and upward biased poverty rates in rural areas. Moreover, when region-specific poverty thresholds form the basis of the poverty analysis, we find that the poverty rates among young singles and non-western immigrants are significantly higher than what is suggested by previous empirical evidence based on a joint country-specific poverty line.

**Nilssen, Tore** (2007): "Opsjoner til bedriftsledere - har vi noe valg?" I *Søkelys på arbeidslivet* 24(3), 2007, pages 303-314.

**Abstract:** Regjeringen skriver i eierskapsmeldingen at den ikke ønsker bruk av aksjeopsjoner som lønn til bedriftsledere. Denne skepsisen til opsjoner er det all mulig grunn til å slutte seg til. En bedriftseier er avhengig av en dyktig leder som gjør en innsats. Men den beste måten å gå fram på er ikke å etablere et opsjonsprogram.

**Nilssen, Tore;** with Kind, Hans J. and Sørgard, Lars (2007): "Competition for Viewers and Advertisers in a TV Oligopoly." *Journal of Media Economics* 20, 2007.

**Abstract:** Plutselig snakker alle om klima – og samtidig kjennes det, for mange av oss, viktigere enn før å gjøre noe selv. Hvorfor det? Skyldes det bare nye opplysninger om hvor alvorlige klimaproblemene er? Eller har det noe med sosial interaksjon å gjøre – blir vi rett og slett mer miljøvennlige når vi tror andre er miljøvennlige?

**Røed, Knut;** with Fevang, Elisabeth (2007): "Organizational Change, Absenteeism and Welfare Dependency." *Journal of Human Resources* 42(1), 2007, pages 156–193.

**Abstract:** Based on Norwegian register data, we set up a multivariate mixed proportional hazard model (MPPH) to analyze nurses' pattern of work, sickness absence, non-employment, and social insurance dependency from 1992 to 2000, and how that pattern was affected by workplace characteristics. The model is estimated by means of the non-parametric maximum-likelihood estimator (NPMLE). We find that downsizing processes involve a significant increase in the level of sickness absence among still-employed nurses. They also cause a significant increase in the probability of entering into more long-lasting health-related social insurance dependency.

**Røed, Knut;** with Gaure, Simen and Zhang, Tao (2007): "Time and Causality: A Monte Carlo Assessment of the Timing-of-Events Approach." *Journal of Econometrics* 141, 2007, pages 1159–1195.

**Abstract:** We present new Monte Carlo evidence regarding the feasibility of separating causality from selection within non-experimental duration data, by means of the non-parametric maximum likelihood estimator (NPMLE). Key findings are: (i) the NPMLE is extremely reliable, and it accurately separates the causal effects of treatment and duration dependence from sorting effects, almost regardless of the true unobserved heterogeneity distribution; (ii) the NPMLE is normally distributed, and standard errors can be computed directly from the optimally selected model; and (iii) unjustified restrictions on the heterogeneity distribution, e.g., in terms of a pre-specified number of support points, may cause substantial bias.

**Røed, Knut;** with Gaure, Simen (2007): “How Tight is the Labour Market? Sources of Changes in the Aggregate Exit Rate from Unemployment across the Business Cycle.” *Journal of Business Cycle Measurement and Analysis* 3(2), 2007.

**Abstract:** We decompose variations in the aggregate exit rate from unemployment to employment into two factors: i) Changes in the arrival rate of acceptable job offers; and ii) changes in the composition of the unemployment pool in terms of average employability. We argue that the former of these factors provides the basis for an informative labour market tightness indicator, while the latter yields valuable information regarding the design of optimal labour market policies across the cycle. Based on Norwegian register data, we find that individual monthly exit rates tend to double from a cyclical trough to a cyclical peak, *ceteris paribus*, but that crosssectional heterogeneity nevertheless explains 88 per cent of the overall variation in individual monthly exit probabilities during the period from 1989 to 2002.

**Røed, Knut** (2007): “Welfare Reform: The US Experience. Comment on Robert Moffitt.” *In Swedish Economic Policy Review* 14(2), pages 49-54.

**Røed, Knut** (2007): “Hele folket i arbeid?” *In Økonomisk Forum* 3, 2007.

**Storesletten, Kjetil,** Hassler and Zilibotti (2007): “Democratic Public Good Provision.” *In Journal of Economic Theory* 133(1), pages 127-151.

**Abstract:** This paper analyzes an overlapping generation model of redistribution and public good provision under repeated voting. Expenditures are financed through age-dependent taxation that distorts human capital investment. Taxes redistribute income both across skill groups and across generations. We focus on politicoeconomic Markov equilibria and contrast these with the Ramsey allocation under commitment. The model features indeterminate equilibria, with a key role of forward-looking strategic voting. Due to the lack of commitment to future policies, the tax burden may be on the wrong side of the dynamic Laffer curve. Moreover, restrictions on government policies can in some cases be welfare improving.

**Storesletten, Kjetil,** Telmer and Yaron (2007): “Asset pricing with idiosyncratic risk and overlapping generations.” *In Review of Economic Dynamics* (4), pages 519-548.

**Abstract:** What is the effect of non-tradeable idiosyncratic risk on asset-market risk premiums? Constantinides and Duffie (1996) and Mankiw (1986) have shown that risk premiums will increase if the idiosyncratic shocks become more volatile during economic contractions. We add two important ingredients to this relationship: (i) the life cycle, and (ii) capital accumulation. We show that in a realistically-calibrated life-cycle economy with production these ingredients mitigate the ability of idiosyncratic risk to account for the observed Sharpe ratio on U.S. equity. While the Constantinides-Duffie model can account for the U.S. value of 41% with a risk-aversion coefficient of 8, our model generates a Sharpe ratio of 33%, which is roughly half-way to the complete-markets value of 25%. Almost all of this reduction is due to capital accumulation. Life-cycle effects are important in our model - we demonstrate that idiosyncratic risk matters for asset pricing because it inhibits the intergenerational sharing of aggregate risk - but their net effect on the Sharpe ratio is small

**Storesletten, Kjetil** (2007): “Comments on: Hong and Ríos-Rull's ‘Social security, life insurance and annuities for families.’” *In Journal of Monetary Economics* 54 (1), pages 141-143.

**Torvik, Ragnar;** with Matsen, Egil and Sveen, Tommy (2007): "Savers, spenders and fiscal policy in a small open economy." In *B.E. Journal of Macroeconomics* 7(1), article 22 (topics), 2007.

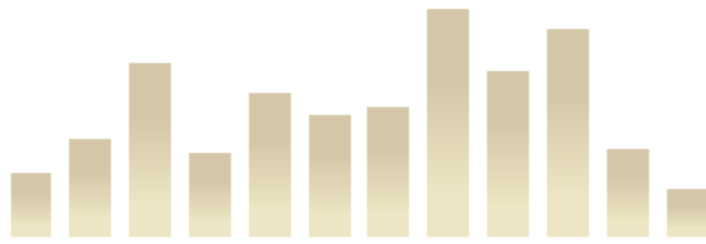
**Abstract:** This paper extends the savers-spenders theory of Mankiw (2000) to analyze fiscal policy in a small open economy with endogenous labor supply. It is first shown that tax cuts have a short-run contractionary effect on domestic production, and increased public spending has a short-run expansionary effect. Although consistent with recent empirical work, this result contrasts with those of most other theoretical models. Transitory changes in demand have permanent real effects in our model, and we discuss the implications for real exchange rate dynamics. We also show how "rational" agents may magnify or dampen the responses of "irrational" agents, and discuss how, unlike in previous contributions, this is in our model purely a result of the shape of rational agents' utility functions.

**Zilibotti, Fabrizio;** with Acemoglu, Daron; Aghion, Philippe; Lelarge, Claire and Van Reenen, John (2007): "Technology, Information and the Decentralization of the firm." In *Quarterly Journal of Economics* 122(4), 2007, pages 1759-1799.

**Abstract:** This paper analyzes the relationship between the diffusion of new technologies and the decentralization of firms. Centralized control relies on the information of the principal, which we equate with publicly available information. Decentralized control, on the other hand, delegates authority to a manager with superior information. However, the manager can use his informational advantage to make choices that are not in the best interest of the principal. As the available public information about the specific technology increases, the tradeoff shifts in favor of centralization. We show that firms closer to the technological frontier, firms in more heterogeneous environments, and younger firms are more likely to choose decentralization. Using three data sets on French and British firms in the 1990s, we report robust correlations consistent with these predictions.

**Ulltveit-Moe, Karen Helene** (2007): "Regional policy design: An analysis of relocation, efficiency and equity." In *European Economic Review* 51, 2007.

**Abstract:** This paper analyzes the relationship between the diffusion of new technologies and the decentralization of firms. Centralized control relies on the information of the principal, which we equate with publicly available information. Decentralized control, on the other hand, delegates authority to a manager with superior information. However, the manager can use his informational advantage to make choices that are not in the best interest of the principal. As the available public information about the specific technology increases, the tradeoff shifts in favor of centralization. We show that firms closer to the technological frontier, firms in more heterogeneous environments, and younger firms are more likely to choose decentralization. Using three data sets on French and British firms in the 1990s, we report robust correlations consistent with these predictions.



## Books or chapters in books 2010

**Barth, Erling** (2010): "Ligeløn: Analyser og tiltag." In *Hvorfor har vi lønsforskelle mellem kvinder og mænd?* Deding, Mette and Holt, Helle (eds.) København: SFI – Det nationale forskningscenter for velfærd, 2010.

**Havnes, Tarjei and Mogstad, Magne** (2010): "Eldre eller rikere? En aldersjustering av tidstrenden i inntektsulikhet." In *Økonomiske analyser 2*, 2010.

**Knutsen, Carl Henrik** (2011): "Education" in Hveem, Helge and Iapadre Lelio (eds.) *The Global Governance of Knowledge: Education, research, innovation and international cooperation*. London: Routledge.

**Knutsen, Carl Henrik** (2011): "Research" in Helge Hveem and Lelio Iapadre [Eds.] *The Global Governance of Knowledge: Education, Research, Innovation and International Cooperation*. London: Routledge.

**Knutsen, Carl Henrik** (2011): "Open flow of ideas" in Helge Hveem and Lelio Iapadre [Eds.] *The Global Governance of Knowledge: Education, research, innovation and international cooperation*. London: Routledge.

**Knutsen, Carl Henrik** and Hveem, Helge (2011): "Co-operation on knowledge activities" in Helge Hveem and Lelio Iapadre [Eds.] *The Global Governance of Knowledge: Education, research, innovation and international cooperation*. London: Routledge.

**Kundu, Tapas;** with Emanuel et al. (2010): "Addressing the social suffering associated with illness: A focus on household economic resilience." Prepared for Emanuel, L. and Librach, L., eds. *Palliative Care* (2nd edition): Elsevier, In press.

**Lind, Jo Thori and Moene, Kalle** (2010): "Gnierindeksen – et mål på verdens gjerrighet." In *Rettferdighet*. Halsaa, Beatrice and Hellum, Anne (eds.). Oslo: Universitetsforlaget, 2010, pages 226-239.

**Moen, Espen R and Riis, Christian** (2010): "Moderne mikroøkonomi", lærebok i mikroøkonomi, kompendieutgave høsten 2010. Gyldendal forlag.

**Moene, Karl Ove** (2010): "Tocqueville og den nordiske modellen." In *Elster og Sirenes Sang*. Slagstad, Rune (ed.) and Elster, Jon. Oslo: Pax, 2010.

**Moene, Karl Ove** (2010): "Konflikt og hovedavtale." I *Avtalt spill*. Bergh, Trond (ed.) Oslo: LO Media, 2010.

**Moene, Kalle;** with Baland, Jean-Marie and Robinson, James A. (2010): "Governance and Development." In *Handbook of Development Economics*. Rodrik, Dani and Rosenzweig, Mark (eds.). Amsterdam: North Holland, 2010.

**Mogstad, Magne;** with Brenna, Loveleen R., Bjerkestrand, Mimi, Broström, Stig, Fagerli, Bente, Hernes, Ingrid, Horslien, Øivind, Moser, Thomas, Ogden, Terje, Raundalen, Magne, Rygg, Eli and Tørresdal, Bjørg (2010): "Med forskertrang og lekelyst. Systematisk pedagogisk tilbud til alle førskolebarn." *NOU 2010:8, Brenna-utvalget*.

## Books or chapters in books 2009

**Barth, Erling** (2009) (co-edited with Peter Dolton and Rita Asplund): *Education and Inequality across Europe*. Cheltenham/Northampton: Edward Elgar Publishing, 2009.

**Barth, Erling, Moene, Karl Ove, Krüger, Ingrid, Lind, Jo Thori and Mehlum, Halvor** (2009): "Den skandinaviske modellen og økonomisk ulikhet." In *NOU 2009:10 Fordelingsutvalget*, pages 328-351.

**Brekke, Kjell Arne;** with Johansson-Stenman, O. (2009): "The Behavioural Economics of Climate Change." In *The Economics and Politics of Climate Change*. Helm, Dieter and Hepburn, Cameron (eds.), Oxford University Press, 2009.

**Christiansen, Vidar** (2009): "Discussion" on "Do drinkers pay their way in the European Union?" by Sijbren Cnossen. In *Taxation and Regulation of Smoking, Drinking and Gambling in the European Union*, CPB Netherlands Bureau for Economic Policy Analysis Special Publication 76.

**Christiansen, Vidar** (2009): "The Choice Between Uniform and Differentiated Commodity Taxation." In *Yearbook for Nordic Tax Research*, 2009.

**Hauge, Karen** (2009): "Morality and economic decisions: An experimental approach." PHD-thesis, Department of Economics, University of Oslo, 2009.

**Havnes, Tarjei** (2009) "Keep it in the family? Universal child care, child development and intra-household conflict." *Universitetet i Oslo, Series of Dissertations submitted to the Faculty of Social Sciences*, vol. 193.

**Havnes, Tarjei and Mogstad, Magne** (2009): "Er barnehage bra for barna?" In *Økonomiske analyser* 28(4), 2009, pages 42-48.

**Hoel, Michael Olaf;** with Greaker, Mads: Chapter 2 in "Entreprenörskap och innovationer för hållbar utveckling." *Entreprenörskapsforum*, 2009, pages 27-44.

**Hoel, Michael Olaf;** with Greaker, Mads and Rasmussen, Ingeborg (2009): "Climate policy – costs and design." In *TemaNord*, 2009, issue 550, 110 pages.

**Holden, Steinar** (2009): "The three outsiders and the monetary union." Chapter in *EMU at ten. Should Denmark, Sweden and the UK join?* SNS Förlag. Chapter 6 in the report by SNS Economic

Policy Group, consisting of Flam, Harry (chairman), Fatas, Antonio, Holden, Steinar, Jappeli, Tullio, Mihov, Ilian, Pagano, Marco and Wyplosz, Charles.

**Høyland, Bjørn;** with Hagemann, Sara (2009): "Parties in the Council?" In *The Role of Political Parties in the European Union*. Bjorn Lindberg, Anne Rasmussen and Andreas Warntjen (eds). London: Routledge, 2009. Also in *Journal of European Public Policy* 15 (8), 2008, pages 1205-1221.

**Mehlum, Halvor** (2009): "Fordeling, etterspørsel og gevinster ved handel." In *Rettferd og politikk. Festskrift til Hilde Bojer*. Ofstad, Bjørg, Bjerkholt, Olav, Skrede, Kari and Hylland, Aanund (eds.), Emilia forlag, pages 138-145.

**Mehlum, Halvor** (2009): "Samfunnsøkonomen Schweigaard." In *Anton Martin Schweigaard. Professorpolitikeren*. Akademisk Publiserings, pages 125-146.

**Moene, Karl Ove** (2009): "Gir konkurranse monopol - og monopol konkurranse?" In *Rettferd og politikk. Festskrift til Hilde Bojer*. Ofstad, Bjørg, Bjerkholt, Olav, Skrede, Kari and Hylland, Aanund (eds.). Emilia forlag, pages 146-154.

**Mogstad, Magne, and Rege, Mari** (2009): "Betydningen av tidlig læring for å motvirke at fattigdom går i arv." I *Barnefattigdom*. Fløtten, Rone (ed), Oslo: Gyldendal forlag, 2009.

**Mogstad, Magne and Rege, Mari** (2009): "Tidlig læring og sosial mobilitet: Norske barns muligheter til å lykkes som voksne." Appendix 2, *NOU 2009:10, Fordelingsutvalget*.

**Ulltveit-Moe, Karen Helene;** with Forslid, Rikard (2009): "Industripolitikk för den svenska fordonsindustrin." In *Studier i Finanspolitik* 3, 2009.

## Books or chapters in books 2008

**Almås, Ingvild** (2008): "Equalizing Income versus Equalizing Opportunity - A comparison of the United States and Germany." Emerald, Bishop J. and Zheng B. (eds.), *Research in Economic Inequality* 16, pages 129-156.

**Asheim, Geir B.** (2008): "Representation of conditional preferences under uncertainty." In *Advances in Decision Making under Risk and Uncertainty*. Abdellaoui, Mohammed and Hey, John D. (eds.). Berlin: Springer, 2008.

**Fernández, Raquel** (2008): "Culture and Economics." In *New Palgrave Dictionary of Economics*, 2<sup>nd</sup> edition, 2008.

**Kløve, Eva** (2008): "Social Protection and the Right to Food." In *Marking World Food Day 2007. Promoting and Protecting the Human Right to Adequate Food in Africa. A compilation of contributions from a symposium and seminar. 10th-12th December 2007, Fanehallen, Akershus Festning, Oslo*. Eide, Wenche B. and Eng, Ida-Eline (eds.). 2008.



**Mehlum, Halvor, Moene, Karl Ove and Torvik, Ragnar** (2008): "Institutions and the resource curse." In *40 Years of Research on Rent Seeking 2*. Berlin: Springer, 2008, pages 245-264.

**Moene, Kalle** (2008): "Darwin og økonomene." I *Darwin - Verden ble aldri den samme*. Hessen, Dag O., Lie, Thore og Stenseth, Nils Chr. (eds). Oslo: Gyldendal, 2008.

**Moene, Kalle** (2008): *Selected Works of Michael Wallerstein*. (co-edited with Austen-Smith, David, Frieden, Jeffrey A., Golden, Miriam A. and Przeworski, Adam. Cambridge: Cambridge University Press, 2008.

**Moene, Kalle** (2008): "Labor and the Nordic Model of Social Democracy." In *Selected Works of Michael Wallerstein*. Austen-Smith, David, Frieden, Jeffrey A., Golden, Miriam A., Moene, Kalle and Przeworski, Adam (eds.). Cambridge: Cambridge University Press, 2008.

**Røed, Knut**; with Juel, Steinar and Molnar, Krisztina (2008): "An Independent Review of Monetary Policymaking in Norway." *Norges Bank Watch Report Series 9*, 2008.

**Storesletten, Kjetil**, Telmer and Yaron (2008): "Asset Prices and Intergenerational Risk Sharing: the Role of Idiosyncratic Earnings Shocks." In *Handbooks in Finance; Handbook of the Equity Risk Premium*, edited by Rajnish Mehra, Elsevier, Amsterdam: pages 565-590.

**Storesletten, Kjetil** (2008): "Discussion of Heaton and Lucas' "Can heterogeneity, undiversified risk, and trading frictions solve the equity premium puzzle?"" In *Handbooks in Finance; Handbook of the Equity Risk Premium*, edited by Rajnish Mehra, Elsevier, Amsterdam: pages 555-564.

**Zilibotti, Fabrizio** (2008): "Economic Possibilities for Our Grandchildren, 75 Years after: A Global Perspective." In *Revisiting Keynes – Economics Possibilities for Our Grandchildren*. Pecchi, Lorenzo and Gustavo, Piga (eds.). MIT Press, 2008.

## Books or chapters in books 2007

**Asheim, Geir B.** (2007): *Justifying, Characterizing and Indicating Sustainability*. Berlin: Springer, 2007.

**Asheim, Geir and Tungodden, Bertil**; with Mitra, Tapan (2007): "A new equity condition for infinite utility streams and the possibility of being Paretian." In *Intergenerational Equity and Sustainability*. Roemer, John E. and Suzumura, Kotaro (eds.). Palgrave, 2007.

**Bratsberg, Bernt and Raaum, Oddbjørn**; with Sørлие, Kjetil (2007): "Foreign-born Migration to and from Norway." In *International Migration, Economic Development, & Policy*. Odzen, Calgar and Schiff, Maurice (eds.). New York: World Bank and Palgrave Macmillan, 2007.

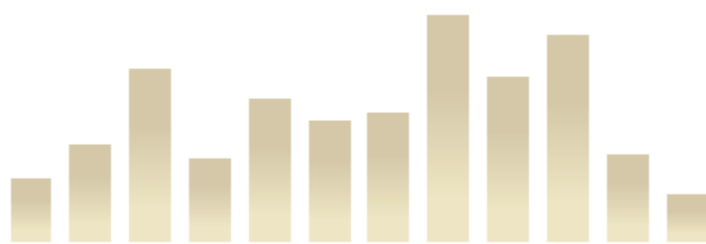
**Bratsberg, Bernt, Raaum, Oddbjørn and Røed, Knut** (2007): "Opp og ned: Yrkesaktivitet og trygd over livsløpet for tidlige arbeidsinnvandrere i Norge." *Integreringskart 2007*, Integrerings- og mangfoldsdirektoratet, 2007.

**Cappelen, Alexander W.** (2007): "Statens pensjonsfond – utland; utenrikspolitikk og langsiktig avkastning." Notat utarbeidet for Utenriksdepartementet, 2007.

**Fernández, Raquel** (2007): "Comments on Globalization and the Returns to Speaking English." In A. Harrison (ed.) *Globalization and Poverty*. University of Chicago Press, 2007.

**Nyborg, Karine** (2007): "Information and the Burden of Moral Responsibility." In W. Østreng (ed.): *Consilience. Interdisciplinary Communications 2005/2006*. Oslo: Centre for Advanced Study, 27-30.

**Ulltveit-Moe, Karen Helene** (2007): "Norge i en globalisert verden." Part of report to Refleksprosjektet, Utenriksdepartementet, 2007.



## Working papers 2010

**Almås, Ingvild, Havnes, Tarjei and Mogstad, Magne** (2010): *Baby Booming Inequality? Demographic Change and Inequality in Norway, 1967—2004*. NHH Discussion Paper series 6, 2010. Revise and resubmit *Journal of Economic Inequality*.

**Asheim, Geir B.** and Zuber, S.(2010): *A complete and strongly anonymous leximin relation on infinite streams*. mimeo CORE, Université catholique de Louvain, and Department of Economics, University of Oslo, October 2010.

**Asheim, Geir B.** and Zuber, S.(2010): *Justifying social discounting: the rank-discounted utilitarian approach*. CESifo Working Paper 3192.

**Asheim, Geir B.** (2010): *Comparing the welfare of growing economies*. Memorandum 3/2010, Department of Economics, University of Oslo.

**Asheim, Geir B.**, Voorneveld, M., and Weibull, J. (2010): *Epistemically stable strategy sets*. Memorandum 1/2010, Department of Economics, University of Oslo.

**Asheim, Geir B. and Høyland, Bjørn;** with Helland, Leif and Hovi, Jon (2010): *Self-serving dictators*.

**Aslaksen, Silje;** with Andersen, J.J. (2010): *Oil and Political Survival*.

**Barth, Erling and Moene, Karl Ove** (2010): *The Equality Multiplier*.

**Barth, Erling;** with Bryson, A., and Dale-Olsen, H. (2010): *Do Higher Wages Come At a Price?* CEP Discussion Paper 1011, London School of Economics.

**Barth, Erling;** with Bryson, A., and Dale-Olsen, H. (2010): *Keeping it in the Family? The Effects of Family Ownership on Workplace Closure and Ownership Change*, Manuscript, ISF, Oslo.

**Barth, Erling and Ognedal, Tone** (2010): *Resolving the tax evasion puzzle*.

**Barth, Erling;** with Bryson, A., Davis, Jim and Freeman, Richard (2010): *The Dynamics of Workplace Wage Inequality in the United States, 1977-2002*. Manuscript, NBER, Cambridge, MA.

**Barth, Erling;** with Bryson, A., Davis, Jim and Freeman, Richard (2010): *The Contribution of Plant Wage Differentials to the Increase in the US Earnings Dispersion*.

**Barth, Erling and Moene, Kalle;** with Nilsen, Kjersti Misje (2010): *Insurance or Redistribution Motives? Behaviors and Ideals in the Welfare State*.

**Barth, Erling, Cappelen, Alexander W. and Ognedal, Tone** (2010): *Fair Tax Evasion*.

**Bratsberg, Bernt, Fevang, Elisabeth and Røed, Knut** (2010): *Disability in the Welfare State—An Unemployment Problem in Disguise?* Frisch Centre, April 2010; IZA Discussion Paper No. 4897.

**Bratsberg, Bernt and Raaum, Oddbjørn** (2010): *On the Labor Market Outcomes of Naturalized Citizens*. Frisch Centre, October 2010; OECD DELSA/ELSA/MI(2010)22.

**Bratsberg, Bernt and Oddbjørn Raaum** (2010): *Immigration and Wages: Evidence from Construction*. Frisch Centre, April 2010; UCL, CReAM (UCL) Discussion Paper No. 06/10.

**Brekke, Kjell Arne, Hauge, Karen Evelyn, Lind, Jo Thori and Nyborg, Karine** (2010): *Playing with the Good Guys. A Public Good Game with Endogenous Group Formation*. Revise and resubmit, *Journal of Public Economics*. (Memorandum 8/2009.)

**Brekke, Kjell Arne and Nyborg, Karine;** with Konow, J. (2010): *Fairness or focal points? Framing effects in a cost sharing experiment*.

**Brinch, Christian N.** (2010): *Efficient simulated maximum likelihood estimation through explicitly parameter dependent importance sampling*, resubmitted after Conditional Acceptance to *Computational Statistics*.

**Brinch, Christian N.** (2010): *Nonparametric identification of the mixed proportional hazards model under interval-censoring*, resubmitted after Revise and resubmit to *Econometrics Journal*.

**Børsum, Øystein** (2010): *Contagious Mortgage Default*. Memorandum (Økonomisk institutt) 10/2010.

**Børsum, Øystein** (2010): *Employee Stock Options*. Memorandum (Økonomisk institutt) 11/2010.

**Cappelen, Alexander W., Sørensen, Erik and Tungodden, Bertil;** with Konow, James (2010): *Just Luck: An Experimental Study of Risk Taking and Fairness*. Discussion paper 2010/04, Department of Economics, Norwegian School of Economics and Business Administration. Revise and resubmit, *American Economic Review*.

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Nygård, Knut (2010): *Efficiency, equality and reciprocity in social preferences: A comparison of students and a representative population*. Discussion paper 2010/28, Department of Economics, Norwegian School of Economics and Business Administration.

**Cappelen, Alexander W., Moene, Karl Ove, Sørensen, Erik Ø. and Tungodden, Bertil** (2010): *Needs vs. entitlements – an international fairness experiment*. Tinbergen Institute Discussion Paper, TI 2008-098/3. Revise and resubmit, *Journal of the European Economic Association*.

**Cappelen, Alexander W. and Ognedal, Tone** (2010): *Certification and ethical production*.

**Cappelen, Alexander W. and Tungodden, Bertil** (2010): *Caring for distant future generations*.

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Nygaard, Knut (2010): *Fairness and reciprocal behaviour*.

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Reme, Bjørn Atle (2010): *Lying, stealing and hurting innocent – an economic experiment.*

**Cappelen, Alexander W. and Tungodden, Bertil** (2010): *Fairness. Desert versus Neutrality.*

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Hagen, Rune J. (2010): *Contracting for debt: Results from an international experiment.*

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Birkeland, Sigbjørn (2010): *Immoral criminals? An experimental study of other-regarding behavior among prisoners.*

**Cappelen, Alexander W. and Tungodden, Bertil** (2010): *Health Care and Neutrality.*

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Gregersen, Eva and Tyran, Jeab R. (2010): *How do social preferences relate to socio-economic history: An experiment on the ILEE-platform.*

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Luttens, Roland (2010): *An experimental analysis of solutions for competing claims problems.*

**Cappelen, Alexander W., Sørensen, Erik Ø. and Tungodden, Bertil;** with Halvorsen, Trond (2010): *Sharing willingly: A study of the role of fairness and information in the dictator game.*

**Cools, Sara and Fiva, Jon H.;** with Kirkebøen, Lars J. (2010): *The Effects of Paternity Leave on Parents and Children.*

**Fernández, Raquel** (2010): *Does Culture Matter?*

**Fernández, Raquel** (2010): *Women's Rights and Development.*

**Fiva, Jon H. and Natvik, Gisle J.;** with Andersen, Jørgen J. (2010): *Voting When the Stakes are High.*

**Fiva, Jon H. and Natvik, Gisle J.** (2010): *Do Re-election Probabilities Influence Public Investment?*

**Fiva, Jon H.;** with Folke, Olle (2010): *Disentangling Duverger's Mechanical and Psychological Effects.*

**Fiva, Jon H.;** with Folke, Olle (2010): *Political Partisanship in Norway: Evidence from Discontinuities in the Seat Allocation Formula.*

**Harstad, Bård** (2010): *The Dynamics of Climate Agreements.*

**Harstad, Bård** (2010): *Incomplete contracts in Dynamic Games.*

**Harstad, Bård** (2010): *Buy Coal! Deposit Markets Prevent Carbon Leakage.*

**Harstad, Bård** (2010): *The Market for Conservation and Other Hostages*.

**Havnes, Tarjei and Mogstad, Magne (2010)**: *Is Universal Child Care Leveling the Playing Field? Evidence from Non-Linear Difference-in-Differences*, IZA Discussion Paper, 4978, 2010,

**Hoel, Michael** (2010): *Climate change and carbon tax expectations*, CESifo Working paper no. 2966

**Hoel, Michael** (2010): *Environmental R&D*, Memorandum from Department of Economics, University of Oslo, 12/2010.

**Hoel, Michael** (2010): *Is there a green paradox?* Memorandum from Department of Economics, University of Oslo, 13/2010.

**Hoel, Michael** (2010): *Cutting Costs of Catching Carbon - Intertemporal effects under imperfect climate policy*, (with Sverre Jensen), Memorandum from Department of Economics, University of Oslo, 19/2010.

**Holden, Steinar**; with Sparman, Victoria (2010): *Does government purchases affect unemployment?*

**Holden, Steinar and Rosén, Åsa** (2010): *Discrimination and Employment Protection*.

**Høyland, Bjørn** and Hobolt, Sara (2010): *Selection in European Parliament Elections*. Revised version submitted to *British Journal of Political Science*

**Høyland, Bjørn**; with Godbout, Jean-Francois (2010): *Legislative Voting in the Canadian Parliament*. Invited to revise and resubmit to *Canadian Journal of Political Science*.

**Høyland, Bjørn**; with Vibeke Wøien Hansen (2010): *Voting in the Consensual Council*

**Høyland, Bjørn**; with Marianne Dahl (2010): *Peace on quicksand: A replication of Collier, Hoeffler and Söderbom (2008)*

**Knutsen, Carl Henrik** (2010): *Democracy, State Capacity and Economic Growth: How Weak States Combined with Strong Rulers Generate Stagnation in Africa and Elsewhere*.

**Knutsen, Carl Henrik** and Hveem, Helge (2010): *Technology, Innovation and Governance*. London: Routledge.

**Knutsen, Carl Henrik** (2010): *Africa's Growth Tragedy Revisited: Weak States, Strong Rulers*. GARNET WORKING PAPER NO 71/09

**Knutsen, Carl Henrik** (2010): *Democracy, Technological Change and Economic Growth*

**Knutsen, Carl Henrik** (2010): *Security Threats, Enemy-Contingent Policies and Economic Development in Dictatorships*

**Knutsen, Carl Henrik** (2010): *Democracy and Economic Growth: A Changing Relationship?*

**Knutsen, Carl Henrik** (2010): *Democracy and Technological Change*.

**Knutsen, Carl Henrik** (2010): *I'll mind my own business if you mind yours: The OAU and the African Peace*.

**Knutsen, Carl Henrik** (2010): *GDP, Inequality, Democracy and the Happiness of Nations*.

**Knutsen, Carl Henrik**; with Audun Beyer and Bjørn Erik Rasch (2010): *Issue Attention and Individual Voting Intentions: Survey Experiments of Selective Exposure in Simulated Election Campaigns*.

**Knutsen, Carl Henrik**; with Håvard Hegre and Bjørn Høyland (2010): *Development and the Utility of Interstate War*.

**Kravdal, Øystein; with Bævre, Kåre** (2010): *Mortality effects of earlier income variation*.

**Kravdal, Øystein** and Kodzy, I. (2010): *Children's stunting in sub-Saharan Africa: Is there an externality effect of high fertility?*

**Kundu, Tapas** (2010): *The Dynamics of Incumbent Behavior and Policy Uncertainty*.

**Lind, Jo Thori** (2010): *The number of organizations in heterogeneous societies*. Mimeo 2010.

**Lind, Jo Thori, Nyborg, K., Eika, K., Jacobsen, K.** (2010): *Are nurses more caring than real estate agents?*

**Lind, Jo Thori, Moene, Kalle and Willumsen, Fredrik** (2010): *Opium for the Masses? Conflict-induced narcotics production in Afghanistan*. CESifo Working Paper 2574 (2009)

**Lind, Jo Thori** with Rohner, Dominic (2010): *Knowledge is power. A theory of information, income, and welfare spending*. (Formerly known as *Income, Information and the Extent of Redistribution*.)

**Mehlum, Halvor and Moene, Karl Ove** (2010): *Aggressive elites and vulnerable entrepreneurs - trust and cooperation in the shadow of conflict*. Memorandum 16/2010, Department of Economics, University of Oslo.

**Markussen, Simen, Røed, Knut**; with Mykletun, Arnstein (2010): *The Case for Presenteeism*, IZA Discussion Paper No. 5343 (2010).

**Markussen, Simen, Røed, Knut**; with Biørn, Erik and Gaure, Simen (2010): *The Rise in Absenteeism: Disentangling the Impacts of Cohort, Age and Time*, IZA Discussion Paper No. 5091 (2010).

**Modalsli, Jørgen H.** (2010): *Incomplete markets, indivisible labor, and social class*.

**Modalsli, Jørgen H.** and Anchorena, J. (2010): *Factor-augmenting technical change and the British Industrial Revolution*.



**Modalsli, Jørgen H.** (2010): *Inferring inequality: Calculating Gini coefficients from aggregate group data.*

**Moen, Espen and Riis, Christian** (2010): *Efficient Exclusion.* BI, CREAM Publication No. 9, 2010.

**Moen, Espen R. and Riis, Christian;** with Fjeldstrand, Øystein (2010): *Competition with Local Network Externalities.*

**Moene, Karl Ove;** with Loewenstein, George and Zarri, Luca (2010): *Value Homophily.*

**Mogstad, Magne;** with Aaberge, R. (2010): *On the Measurement of Long-Term Income Inequality and Income Mobility.* IZA Discussion Paper 4699, 2010.

**Mogstad, Magne;** with Wiswall, M. (2010): *Linearity in Instrumental Variables Estimation: Problems and Solutions.* IZA Discussion Paper 5216, 2010.

**Mogstad, Magne;** with Wiswall, M. (2010): *Testing the Quantity-Quality Model of Fertility: Linearity, Marginal Effects, and Total Effects.* NYU Working Paper 5216, 2010.

**Mogstad, Magne;** with Løken, K. and Wiswall, M. (2010): *What Linear Estimators Miss: Re-Examining the Effects of Family Income on Child Outcome.* IZA Discussion Paper 4971, 2010.

**Mogstad, Magne;** with Wiswall, M. (2010): *Instrumental Variables Estimation with Partially Missing Instruments.* IZA Discussion Paper 4689, 2010.

**Nilssen, Tore and Clark, Derek J.** (2010): *Learning by Doing in Contests?*, Memorandum 09/2010.

**Nilssen, Tore;** with Kind, Hans J. and Sjørgard, Lars (2010): *Price Coordination in Two-Sided Markets: Competition in the TV Industry,* Memorandum 18/2010, UiO.

**Nyborg, Karine and Zhang, T.** (2010): *Is Corporate Social Responsibility Associated with Lower Wages?*

**Rege, Mari;** with Skardhamar, T., Telle, Kjetil and Votruba, Mark (2010): *The Effect of Plant Closure on Crime.* Revise and Resubmit to *Journal of Labour Economics.*

**Rege, Mari;** with Solli, Ingeborg (2010): *The Impact of Paternity Leave on Long-Term Father Involvement.*

**Rege, Mari;** with Bettinger, Eric and Hægeland, Torbjørn (2010): *Home with Mom: The Effects of Stay-at-Home Moms on Children's Long-Run Educational Outcomes.*

**Røed, Knut;** with Gaure, Simen, van den Berg, Gerard and Zhang, Tao (2010): *Estimation of Heterogeneous Treatment Effects on Hazard Rates.* IZA Discussion Paper 4794.

**Røed, Knut;** with Jens Fredrik Skogstrøm (2010): *Creative Unemployment*, IZA Discussion Paper No. 5373 (2010).

**Ulltveit-Moe, Karen Helene** and Moxnes, Andreas (2010): *Product adjustments: A firm-level analysis of the impact of a real exchange rate shock*, CEPR Discussion paper no. 7923.

**Willumsen, Fredrik** (2010): *The value of a political career: Evidence from a regression discontinuity design*.

**Willumsen, Fredrik** (2010): *Trade and wage equality*.

## Working papers 2009

**Almås, Ingvild, Cappelen, Alexander, Sørensen, Erik and Tungodden, Bertil** (2009): *The Development of Inequality Acceptance*. NHH Discussion Paper Series.

**Asheim, Geir B** with Perea, Andrés (2009): *Algorithms for cautious reasoning in games*.

**Aslaksen, Silje** (2009): *Corruption and Oil - Evidence from panel data*. Revise and resubmit *Land Economics*.

**Barth, Erling** (2009): *How Does Innovation Affect worker Well-being?* CEP Discussion paper # 953, London School of Economics and Political Science, London.

**Barth, Erling, Bratsberg, Bernt and Raaum, Oddbjørn;** with Hægeland, Torbjørn (2009): *Performance pay and within-firm wage inequality*. IZA Discussion Paper 4137, CEPR MHR Discussion Paper 007, 2009.

**Bratsberg, Bernt, Brinch, Christian N. and Raaum, Oddbjørn** (2009): *The Effects of an Upper Secondary Education Reform on the Attainment of Immigrant Youth*. Revised 2009.

**Brekke, Kjell Arne;** with Kverndokk, Snorre (2009): *Health Inequality in Nordic Welfare States: More Inequality or the Wrong Measures?* Revise and resubmit *Scandinavian Journal of Economics*.

**Brekke, Kjell Arne and Hauge, Karen E.;** with Johansson, Lars O., Johansson-Stenman, Olaf, Svedsåter, Henrik (2009): *Are social preferences skin deep? Dictators under cognitive load*. Working Papers in Economics 371, University of Gothenburg.

**Cappelen, Alexander W., Sørensen, Erik and Tungodden, Bertil;** with Hole, Astri Drange (2009): *Modeling Individual Choices in Experiments: Reply to Conte and Moffatt*.

**Christiansen, Vidar;** with Blomquist, Sören and Micheletto, Luca (2009): *Public Provision of Private Goods and Nondistortionary Marginal Tax Rates: Some further results*. Uppsala University Working Paper.

- Havnes, Tarjei and Mogstad, Magne** (2009): *Money for Nothing? Universal Child Care and Maternal Employment*. Memorandum 24/2009. Revise and resubmit *Journal of Public Economics*.
- Hoel, Michael O.;** with Golombek, Rolf (2009): *International Cooperation on Climate Friendly Technologies*. CESifo Working Papers 2677.
- Hoel, Michael O.;** with de Zeeuw, Aart (2009): *Can a Focus on Breakthrough Technologies Improve the Performance of International Environmental Agreements*.
- Holden, Steinar;** with Wulfsberg, Fredrik (2009): *Wage rigidity, institutions, and inflation*.
- Holden, Steinar** (2009): *Do choices affect preferences? Some doubts and new evidence*. Revised.
- Holden, Steinar;** with Bjønnes, Geir H., Rime, Dagfinn and Solheim, Haakon O.Aa. (2009): *'Large' vs. 'small' players: A closer look at the dynamics of speculative attacks*.
- Høyland, Bjørn;** with Hobolt, Sara (2009): *Selection in European Parliament Election*.
- Høyland, Bjørn** (2009): *Procedural elects in European Parliament Roll Call Votes*.
- Høyland, Bjørn;** with Godbout, Jean-Francois (2009): *Legislative Voting in the Canadian Parliament*.
- Kundu, Tapas** (2009): *Political Institution and Economic Transition*.
- Kundu, Tapas** with Bhattacharya, Sourav (2009): *Resistance to outside investment: A rational model of surplus destruction*.
- Kundu, Tapas;** with Reitschuler, Eva and Emanuel, Linda (2009): *Alleviating poverty: Policies to mitigate the economic cost of disease*.
- Mehlum, Halvor, Moene, Karl Ove and Torvik, Ragnar** (2009): *Mineral Rents and Social Development in Norway*.
- Mehlum, Halvor and Moene, Karl Ove** (2009): *King of the Hill. Positional Dynamics in Contests*.
- Modalsli, Jørgen** (2009): *Growth, Inequality and Schooling*.
- Moen, Espen R. and Rosén, Åsa** (2009): *On-the-job search and Moral Hazard*.
- Moen, Espen R. and Rosén, Åsa** (2009): *Hyperbolic Discounting in Search Equilibrium*.
- Moen, Espen R. and Rosén, Åsa** (2009): *Invisible Markets*.
- Moen, Espen;** with Garibaldi, Pietro (2009): *Competitive on-the-job Search*.

**Mogstad, Magne;** with Pronzato, Chiara (2009): *Are Lone Mothers Responsive to Policy Changes: The Effects a Norwegian Workfare Reform on Earnings, Education, and Poverty*. Conditional acceptance *Scandinavian Journal of Economics*.

**Mogstad, Magne;** with Aaberge, Rolf (2009): *On the Definition and Measurement of Chronic Poverty*.

**Nyborg, Karine;** with Carlsen, B. (2009): *The Gate is Open: Primary Care Physicians as Social Security Gatekeepers*. Memorandum 7/2009, Department of Economics, University of Oslo.

**Ognedal, Tone** (2009): *High taxes, shadow work and minimum wages*.

**Raaum Oddbjørn;** with Hægeland, Torbjørn, and Salvanes, Kjell G. (2009): *Pennies from heaven? Using exogenous tax variation to identify effects of school resources on pupil achievement*.

**Røed, Knut;** with Gaure, Simen, Markussen, Simen, and Røgeberg, Ole J. (2009): *The Anatomy of Absenteeism*. IZA Discussion Paper No. 4240, 2009.

**Rege, Mari;** with Telle, Kjetil and Votruba, Mark (2009): *Plant Closure and Marital Dissolution*.

**Storesletten, Kjetil and Zilibotti, Fabrizio;** with Song, Z. (2009): *Rotten Parents and Disciplined Children: A Politico-Economic Theory of Public Expenditure and Debt*. Revise and resubmit, *Econometrica*.

**Storesletten, Kjetil;** with Heathcote, Jonathan and Violante, Giovanni L. (2009): *Consumption and Labor Supply with Partial Insurance: An Analytical Framework*, revise and resubmit, *American Economic Review*.

**Sørensen, Erik;** with Ferrall, Christopher and Salvanes, Kjell G. (2009): *Wages And Seniority When Coworkers Matter: Estimating A Joint Production Economy Using Norwegian Administrative Data*. Working Paper No. 1200. With Christopher Ferrall and Kjell G. Salvanes.

**Torvik, Ragnar;** with Claussen, Carl Andreas, Matsen, Egil and Røisland, Øistein (2009): *Overconfidence, Monetary Policy Committees and Chairman Dominance*.

**Torvik, Ragnar;** with Robinson, James A. (2009): *Endogenous Presidentialism*.

**Ulltveit-Moe, Karen Helene;** with Irarrazabal, Alfonso and Moxnes, Andreas (2009): *Heterogeneous firms or heterogeneous workers? Implications for the exporter premium and the impact of labor reallocation on productivity*. CEPR Discussion Papers 7577, 2009.

## Working papers 2008

**Almås, Ingvild** (2008): *International Income Inequality: Measuring PPP Bias by Estimating Engel Curves for Food*. LIS Working Paper Series. Revise and resubmit *American Economic Review*.

- Asheim, Geir B.** (2008): *Procrastination, partial naivete, and behavioral welfare analysis.*
- Asheim, Geir B.** (2008): *The relationship between welfare measures and indicators of sustainable development.*
- Barth, Erling, Cappelen, Alexander and Ognedal, Tone** (2008): *Norms and Tax Evasion.* Ragnar Frisch Centre for Economic Research Working paper No 4/2008. Oslo.
- Fernández, Raquel** (2008): *Education and Borrowing Constraints: An Analysis of Alternative Allocation Systems.*
- Fiva, Jon** and Kirkebøen, Lars (2008): *Does the housing market react to New information on school quality?* Statistics Norway working paper.
- Hoel, Michael O.** (2008): *Environmental taxes in an economy with distorting taxes and a heterogeneous population.* Memorandum 04/2008.
- Holden, Steinar** (2008): *Testing for Cognitive Dissonance Evidence from Children.*
- Mehlum, Halvor** (2008): *Exact Small Sample Properties of the Instrumental Variable Estimator: A view from a Different Angle.*
- Nilssen, Tore** with Fumagali, Eileen (2008): *Waiting to Merge.* Memorandum 13/2008.
- Nilssen, Tore;** with Hoernig, Steffen and Barros, Pedro L. P. (2008): *Keeping Both Eyes Wide Open: The Life of a Competition Authority Among Sectoral Regulators.* Memorandum 12/2008.
- Nilssen, Tore;** with Hoernig, Steffen and Barros, Pedro L. P. (2008): *Keeping Both Eyes Wide Open: The Life of a Competition Authority Among Sectoral Regulators.* Centre for Economic Policy Research Discussion Papers 6861, 2008.
- Nyborg, Karine** (2008): *I Don't Want to Hear About it: Rational Ignorance among Duty-Oriented Consumers.* Memorandum 15/2008, Department of Economics, University of Oslo.
- Ognedal, Tone** (2008): *The effects of a shadow labour market.*
- Røed, Knut;** with Gaure, Simen and Westlie, Lars (2008): *The Impact of Labor Market Policies on Job Search Behavior and Post-Unemployment Job Quality.* IZA Discussion Paper 3802 and Memorandum 22/2008, Department of Economics, University of Oslo.
- Røed, Knut;** with Fevang, Elisabeth and Kverndokk, Snorre (2008): *Informal Care and Labor Supply.* IZA Discussion Paper 3717 and HERO Working Paper 8/2008.
- Røed, Knut;** with Fevang, Elisabeth and Kverndokk, Snorre (2008): *A Model for Supply of Informal Care to Elderly Parents.* HERO Working Paper 12/2008.
- Torsvik, Gaute;** with Mæstad, Ottar (2008): *Improving the Quality of Health Care When Health Workers are in Short Supply.* CMI Working Paper 12/2008.

**Ulltveit-Moe, Karen H.** with Moxnes, Andreas and Ekholm, Karolina (2008): *Manufacturing Restructuring and the Role of Real Exchange Rate Shocks: A Firm Level Analysis*. CEPR Discussion Papers 6904, 2008.

## Working Papers 2007

**Cappelen, Alexander W. and Tungodden, Bertil** (2007): *Fairness and the proportional principle*. NHH Discussion paper 31/07.

**Fernández, Raquel** (2007): *Culture as Learning: The Evolution of Female Labor Force Participation over a Century*.

**Kravdal, Øystein, Rindfuss, Ron** (2007): *Changig relationships between education and fertility - a study of women and men born 1940-64* : Økonomisk institutt 2007 ;Volum 2007.40 s. Working Paper in Economics(11).

**Kundu, Tapas** (2007): *Can Democracy always lead to Efficient Economic Transitions?*

**Kundu, Tapas;** with Reitschuler, Eva and Emanuel, Linda (2007): *Alleviating poverty: A proposal to mitigate the economic cost of disease*.

**Lind, Jo Thori;** with Rohner, Dominic (2007): *Income, Information and the Extent of Redistribution*.

**Lind, Jo Thori;** with Chen, Daniel L. (2007): *The Political Economy of Beliefs: Why Fiscal and Social Conservatives and Liberals Come Hand-in-Hand*.

**Markussen, Simen** (2007): *Why more generosity may reduce absenteeism*.

**Moen, Espen R.;** with Dalen, Dag M. (2007): *The proper scope of government with cost-sharing contracts*. CEPR working paper, revise and resubmit, Australian Journal of Economics.

**Moene, Kalle** (2007): *Den nordiske modellen*.

**Moene, Kalle** (2007): *Labor and the Nordic Model of Social Democracy*.

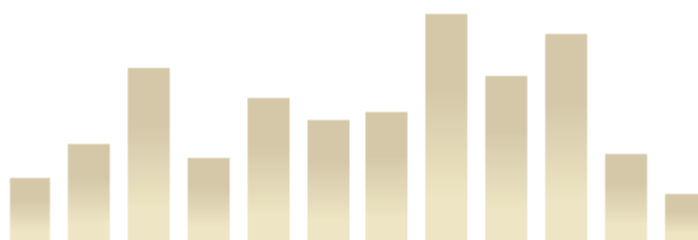
**Rendall, Michelle** (2007): *Brain versus Brawn: The Realization of Women's Comparative Advantage*.

**Rendall, Michelle** (2007): *Accounting for Divorce, Marriage and Savings Trends*.

**Torsvik, Gaute;** with Hagen, Rune J. (2007): *Irreversible Investments, Dynamic Inconsistency, and Policy Convergence*. University of Bergen Working Papers in Economics 2, 2007.

**Ulltveit-Moe, Karen Helene;** with Ekholm, Karolina (2007): *A New Look at Offshoring and Inequality: Specialization versus Competition*. CEPR Discussion Papers 6402, 2007.

**Zilibotti, Fabrizio;** with Aghion, Philippe; Burgess, Robin and Redding, Stephen (2007): *The Unequal Effects of Liberalization: Evidence from Dismantling the License Raj in India.*



## Master Theses 2010

**Hernæs, Øystein Marianssønn** (2010): *Models of Conflict*, Department of Economics, University of Oslo.

**Sandsør, Astrid Marie Jorde:** *The Rotating Savings and Credit Association - An Economic, Social and Cultural Institution*, Department of Economics, University of Oslo.

**Østenstad, Gry Tengmark** (2010): *Capital accumulation and coordinated wage bargaining*, Department of Economics, University of Oslo.

## Master Theses 2009

**Andreassen, Einar** (2009): *Why do Employees Voluntarily Participate in Centralised Wage Bargaining? An Investigation of the Scandinavian Model using an Evolutionary Game Theoretic Approach*, Department of Economics, University of Oslo.

**Halse, Askill Harkjerr** (2009): *A woman's touch. The impact of gender on political priorities*, Department of Economics, University of Oslo.

**Korneliussen, Kristine** (2009): *Corruption and government spending - the role of decentralization*, Department of Economics, University of Oslo.

**Walberg, Maria S.** (2009): *Allmenn minstelønn - Effekter av allmenngjøring av tariffavtalt minstelønn*, Department of Economics, University of Oslo.

## Master Theses 2008

**Bø, Erlend Eide** (2008): Transition in the Baltic countries: the economic effects of institutions and uncertainty. Master thesis, Dept. of Economics, Aug 18, 2008.

**Haatvedt, Jens Christian** (2008): The Norwegian pension system: the economic effects of funded pension benefits. Master thesis, Dept. of Economics, Aug 18, 2008.

**Krüger, Ingrid** (2008): Crime and Poverty in the Kingdom of Bavaria during the Period 1835/36 - 60/61. Master thesis, Dept. of Economics, May 2, 2008.

**Lillelien, Nina** (2008): The effect of openness on welfare state generosity. Master thesis, Dept. of Economics, Nov. 2008.

**Østli, Marius B.** (2008): Risky business. Theoretical approaches to housing in the household portfolio. Master thesis, Dept. of Economics, May 2, 2008.

## Master Theses 2007

**Hole, Vegard** (2007): Re-examined: "Wage Dispersion and Productive Efficiency: Evidence for Sweden." Master thesis, Dept. of Economics, Nov. 2007.



