

EQUALITY • SOCIAL ORGANIZATION • PERFORMANCE

ESOP

ANNUAL REPORT 2011



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THE YEAR 2011

We gradually broaden the scope of ESOP's projects. In 2011 we managed to recruit two new PhD fellows, one postdoctoral fellow, and two permanent faculties. ESOP pays for the research part of their positions as long as the centre exists. In this way we secure the continuation of ESOP's research topics, also after the end of the centre period. The study of egalitarian lessons from the Nordic countries is the single most important research theme, with implications for the assessments of social reforms and policies elsewhere, such as the current health reform in the US, and on-going social reforms in India and China. In our application we listed the following sub-goal: To participate in the public debate and to publish popularized publications on all the important topics we study. ESOP researchers have several hundred popular scientific contributions and media appearances per year. We have also participated in a large number of public debates and contributed to several government committees. ESOP has also held meetings with government officials and official delegations from around the globe. We also study equality, social organization and performance more generally. Naturally ESOP's publication list reflects that much of our research focuses on inequality. Many of the articles show how, and why, inequality is rising in many countries, and in the world as a whole, but to a lesser extent in the Scandinavian countries. The rising inequality of the world has in recent time been put on the political agenda. Last year's World Economic Forum, and President Obama's "The 2011 State of the Union Address", shows clearly the actuality of ESOP's long term research interests on the rising inequality of the world, and the possible lesson learned from the Scandinavian model.

The spring 2011 ESOP was evaluated by an international committee, an expert panel, and by RCN. The purpose of the evaluation was to see if ESOP was worthy to receive funding another five years from the Research Council. The evaluation process finished during the summer 2011 and on the basis of the Mid Term Evaluation, the research Council decided to grant ESOP funding for the second five years term.

2011 has been a productive year with 59 publications in scientific refereed journals, 16 chapters in books, and two monographs. In 2011 we have been a total of 43 researchers, 17 PhD students, and 5 post doctoral fellows. Some of our PhD students have already completed their projects, and a few more are about to complete their projects. Three of our postdoctors

have gone to positions elsewhere. We are looking into 2012 with expectancy, since we have several ongoing projects.



Prof. Kalle Moene
Centre director



Prof. Halvor Mehlum
Deputy director



Johannes Elgvin
Head of administration

RESEARCH AREAS

We structure our research around six subareas:



The Welfare State



Social Organization



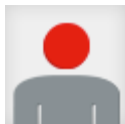
Development and Globalization



Income and Social Mobility



Institutions and Society Models



Foundational issues

With a flexible interpretation these areas cover most of the research at ESOP.

The Welfare State



It is ESOP's ambition to explore the sustainability of generous welfare states. What determines their performance and their economic and political feasibility?

Welfare states provide valuable safety nets, insurance, and redistribution, but these policies also affect people's incentive to work, save, and invest. The political support for the welfare state depends, among other things, on the distribution of income. Gender also plays an important role as women are strong supporters of the welfare state. The willingness to pay taxes may in turn depend on what the welfare state provides and whom it provides this for. These interdependencies must be accounted for.

Social Organization



It is ESOP's ambition to explore the interaction between markets, social equality and worker security. Do market forces erode social reforms? Do social reforms erode market efficiency? There is a strong interdependence between how the economy is organized, how the workplace is organized, and what culture of trust and cooperation that prevails in a society. Egalitarian societies usually have less hierarchical firms. This work organization in return reinforces the mechanisms that sustain egalitarian features. Small social differences in society and at the workplace may also produce less social conflict, more cohesion, and hence more smoothly functioning societies with more cooperation. The importance of feed-back mechanisms and consistency is often emphasized in Economics, but the framework is usually limited to the market mechanism. The interconnections between the economic, social, and political forces should be captured within similar frameworks.

Development and Globalization



It is ESOP's ambition to understand the viability of egalitarian market economies. What are the impacts of global competition for the distribution of income and prosperity?

Questions concerning the viability of egalitarian societies are relevant for all countries, rich or poor, egalitarian or inegalitarian. In all countries there are linkages between equality, social organization, and economic performance. These linkages are as important for the survival of the European welfare states as for the feasibility of an equitable society in general. Can Nordic-style welfare arrangements be introduced in all types of societies? Or are they only feasible in consensual, homogeneous and affluent societies with an extraordinary commitment to equality? Do the Nordic lessons have any relevance for countries that are conflict-ridden, heterogeneous, and poor? We study the feasibility of implementing welfare state arrangements in poor countries and to what extent the Scandinavian model can be understood as a development strategy. Can there be a welfare state for the poor? Welfare state arrangements are most needed where they are least developed. Welfare state arrangements in extremely poor countries could perhaps play an essential role for economic growth, social fairness, and gender equality.

Income and Social Mobility



It is ESOP's ambition to understand the linkages between economic performance, distribution, and social disparities. What are the costs and benefits of more equality?

Over the last 30 years, social equality and worker security have persisted in the Nordic countries and economic growth has been at par with the US. In the US, rising inequality has gone hand in hand with social cleavages and lower welfare. In contrast, most of Europe has experienced only a modest rise in inequality, but a sharp rise in unemployment. The Nordic countries, however, have in the same period combined social equality with good macroeconomic performance and full employment. To study the role of inequality, we must first derive what economic theory predicts for these societies. We can then confront the theoretical hypotheses with the observed patterns and draw valid conclusions.

Institutions and Society Models



It is ESOP's ambition to understand the interaction between policies, institutions, and long term development. What set of policies and institutions may generate an egalitarian development path within a consistent arrangement? Institutional complementarities and social spillovers are important to understand modern societies and the Nordic experience. Certain policies, institutions and behaviours fit together and strengthen each other. In the long run, the outcomes may look as if societal arrangements come in certain social and economic organization packages. What are the mechanisms behind this clustering around certain institutional equilibria? Is there a universal relationship between equality and economic performance, or do equality and prosperity go together only under some institutional arrangements?

Foundational issues



The last category of our research consists of an overarching category that spans all the others. Typically it covers theoretical and empirical method developments, clarifications of concepts and terms, and overviews.

A TOUR OF COMPLETED PHD PROJECTS

One of the prime objectives of ESOP has been to stimulate the production of high quality Ph.D. projects. In the last couple of years, we have started to see our Ph.D. candidates finishing their theses containing important high quality research. We take the opportunity in the annual report for 2011 to take stock of the Ph.D. output so far. Thus, in this report, we give a short summary of the seven theses that have been submitted for evaluation. Five have already defended their theses while two have submitted so recently that they are yet to be awarded the degree. We will present the finished doctoral projects chronologically.

In 2009, **Tarjei Havnes** finished his thesis “Keep It in the Family? Universal Child Care, Child Development and Intra-Household Conflict”. How we should care for our children, and whether and how the government should intervene, has been a controversial policy topic for many years. Recently, the question of universal child care has risen to prominence in many western countries, including the US, Canada and the EU. The foremost questions have been how child development is affected by attending center-based care, and to what extent poor access to child care impedes mothers from entering the labor force. In his thesis, Havnes’ aim is to shed light on both of these questions, principally by applying experimental econometric techniques to uncover causal effects.

Havnes starts by considering the effect of universal child care on long-run outcomes for children. He considers the eventual completed education, earnings, welfare dependency and family formation in the 1990’s for children who were offered child care in the 1970’s. He finds that the introduction of subsidized, universally accessible child care in Norway had large positive effects on children’s adult outcomes, measured in their early thirties. This is true with regard to education and labor market attachment, as well as welfare dependency. In aggregate terms, the additional 17,500 child care places produced 6,200 years of education. Exposure to child care raised the chances of completing high school and attending college.

Havnes goes on by considering the effect of child care on mothers’ employment. Advocates of expansive child care policies have argued that good access to affordable child care is critical to facilitate female labor force participation and lower welfare dependency. Comparing employment rates of mothers with children in child care age before and after the reform, Havnes’ findings suggest, however, that the introduction of universal child care had only a marginal impact on maternal employment. Instead of increasing mothers’ labor supply, the new subsidized child care mostly crowds out informal care arrangements. The finding of hardly any causal effect of the large child care expansion on maternal employment may seem at odds with standard labor supply models. To interpret

our findings, Havnes suggests a parsimonious model where mothers relying on informal care (e.g. relatives, friends, neighbors, and unlicensed care givers) create political pressure for expanding subsidized formal care. Hence, women already starting working generated pressure for formal day care rather than formal day care causing women to start working.

Early in 2010, **Simen Markussen** finished his thesis “The Discretionary Nature of Sick Leave”. The thesis builds on the premise that health and work ability are difficult to measure. Not only do people differ in how they cope with real health problems, some may even prefer pretending to have a health problem in order to qualify for sick-leave benefits. In many cases a diagnosis cannot be set on the basis of a simple test. The most common diagnoses for sick leave in Norway are related to pain and mental illness; inherently difficult to verify. Often, physicians diagnose their patients based on a (very) short dialogue. The problem of asymmetric information creates an additional challenge for the welfare state. Policy makers must take both the difficulty of subjectivity and that of asymmetric information into account when designing policies for the common good.

Common for all three essays is that the action described occurs in a grey area, where absence to some extent is a matter of choice. The first essay discusses decisions in this area explicitly in a theoretical model. The essay finds that reducing sick-leave benefits somewhat, sick leave falls substantially while health is kept almost unchanged. Conditional on existing policies regarding job security and unemployment benefits, the predicted optimal amount of wage replacement during sickness is around 70 percent. The second essay studies the effect of policies towards physicians set to navigate within this area when certifying sick leave. The essay suggests that the extended documentation requirements imposed on physicians really has a substantial impact. The third essay studies how variations in physicians’ judgment with regard to sick-leave certification have effects on workers’ subsequent earnings and employment. Among the findings the essay suggests that sick leave has a substantial impact on earnings two years later. On average, a one percentage point increase in an individual’s sick-leave rate reduces this person’s earnings two years later by 1.2 percent.

In 2010, **Øystein Børsum** finished his thesis: “Risk Taking, Sharing and Propagation: Three Applications of Contract Theory”. Risk is a pervasive phenomenon in economic activity. Børsum’s thesis consists of three theoretical investigations in which risk takes center stage. Each article treats a different topic and is self-contained, but all shed light on risk in economic life: How risk is taken, how risk is shared, and how sometimes, risk may be propagated in the marketplace. The strongest common denominator is one of method. In each case, the model used to structure the analysis and support the arguments features rational, optimizing agents interacting in an equilibrium setting.

One example of the issues Børsum is concerned with is related to job and wage loss. A worker takes a job in a firm, but the future of the firm is uncertain. It may do well but may also fall in distress, in which case it may be forced to close or cut wages to survive. Consequently, the job and the wage it pays are risky. In particular, Børsum investigates risk sharing in long-term contracts between workers and firms. He finds that the efficient long-term contract prescribes that firms with good prospects implement a *temporary* wage cut in the event of financial distress. Such a wage cut credibly signals the true quality of the firm's prospects because only the worker in a firm with good prospects would be willing to accept it. This argument provides a rationale for the idea that workers could be well off by accepting a cut in pay in an effort to help the firm through a period of financial distress.

In 2011, **Fredrik Willumsen** finished his thesis “Four Essays on Institutions, Rewards and Performance”. In all economies, rewards and economic performance are linked by persistent institutional arrangements. Willumsen explores how political experience is rewarded in the labor market; how bad institutions and conflict reward illegal activities; how a globalized free trade regime might reward institutions that support small wage differentials; and finally how one can assess the uncertainty in measures of institutions.

Institutions govern behavior, enforce rules, and govern social order. They support or hinder economic processes, and they are important for both cooperation and conflict. The dissertation focuses on particular features of good and bad institutions that link rewards on the individual level and overall economic performance. Yet, this is not a dissertation in institutional economics in the narrow sense of the term. Rather, the dissertation contributes to a recent strand of literature that aims at integrating institutional features into mainstream economics. It is a central tenet in this literature that good institutions provide a positive link between rewards and overall economic performance, while at the same time realizing that economic institutions are determined endogenously in the same system as the outcomes of collective choices.

The first essay of the dissertation focuses on the rewards that may be reaped from having experience from the inner core of central political institutions. It estimates the value of the human capital obtained from having political experience. The effect of political experience on subsequent income is found to be large. The second essay studies opium production in Afghanistan, focusing on rewards that may be reaped under bad institutions, and in particular on how bad institutions combined with conflict may create peculiar production incentives with ramifications for subsequent economic performance. The third essay in the dissertation shifts the focus to the measurement of institutions and performance. It focuses on the quality of international indexes as measurement tools, and in particular, the essay investigates and reports the (hidden) uncertainty contained in the index scores and rankings based on these index scores for three well-known and much used indexes. The final essay studies how

globalization and free trade might reward institutions that support small wage differentials. The essay looks at the performance effects of different wage bargaining institutions. The main finding is that local wage bargaining is inferior in terms of productivity and creates less incentives for the firms to engage in international trade, as compared to a system with coordinated wage bargaining.

In 2011, **Jørgen Modalsli** finished his thesis “Growing Unequal. Essays on Inequality, Economic Growth and Development”. Modalsli is concerned with the long run changes in measures of income inequality. How has economic inequality evolved over the last centuries? What economic factors determine how inequality develops over time? There are at least two good reasons to ask these questions. First, knowing the level of inequality is an important part of assessing the welfare in historical societies. Second, inequality matters for economic development. Many theories of economic growth have mechanisms arising from the even or uneven distribution of income. Did equality or inequality characterize Western Europe before its economy took off? Is Latin America doomed to stagnation because of high inequality? How does inequality affect institutions?

Modalsli contributes to the empirical literature on long-run inequality. He explores old income distributions data in the form of tabulation of the size and mean income of social groups, called social tables. He develops a new method for how to use such tables to derive measures of income inequality. He finds two main results. First, the estimate of inequality in different societies increases with his refined method. The ranking of societies, however, is less affected. He also examines how inequality is correlated with the level of economic activity in pre-industrial societies. He finds that inequality was increasing even before the Industrial Revolution.

While inequality has always been a feature of human life, growing industrialization and modernization lead to the emergence of a distinct working class. In another chapter, he explores possible mechanisms for increasing inequality in the early modern period. During the early industrializing period, when labor markets operate and capital markets do not, inequality increases and a distinct working class emerges. While the narrative in the paper mainly focuses on historical development, many of the mechanisms of the model are relevant also for modern developing countries. If a substantial amount of capital is needed in order to earn the market return, the poor have few incentives to save.

Late in 2011, **Marte Strøm** finished her thesis “Double Income Households”. The household forms an important decision and production unit in the economy. To what extent household characteristics are important for individual choices and economic outcomes is the overall question of the thesis. Most weight is given to household labor supply decisions in the presence of children, and how children affect the further careers of husband and wife, measured by the wages they obtain. The thesis also

studies how the relative economic interests of husband and wife are represented in the political system through the effect of relative income on individual voting behavior.

The first essay of the dissertation studies how men and women's labor supply depend on own and spouse wage, how labor supply changes with children, and how the importance of relative wages in the household changes with children. The second essay studies how having children affects wages, and thereby the role of children in changing the relative wages of men and women. The third essay addresses the endogeneity of the child-decision and estimates the impact of an exogenous distribution of children on fertility and labor market outcomes for women. The fourth chapter studies which income in the household best predicts individual voting behavior; own income or spouse income.

Early in 2012, **Berhe Mekonnen Beyene** finished his thesis “Migration and Remittances: Evidences from Ethiopia”. Beyene studies the determinants and impacts of international migration from the perspective of the country of origin. His study focuses on the effect through remittances. His work is empirically oriented and he uses detailed household data from Ethiopia. He studies the determinants of migration in an attempt to understand the selectivity of migration. He investigates the effects of remittances on poverty and inequality. He also sheds light on the effect of remittances on non-recipient households by studying the link between remittances and transfers between households.

Beyene finds that for international migration, wealth and social networks are important. Interestingly he finds that wealth has an inverted U shaped relationship with the probability of migration. This indicates that migrants mainly come from households who have the need for extra sources of income, but that also have the funds needed to cover the migration expenses. The probability of migration is also larger for individuals coming from households that already have migrant members abroad. In particular Muslims have higher probability of migration. Muslims have better connections with the Middle East, which is a predominantly Muslim region and is the most important destination for Ethiopian emigrants.

Beyene studies the effects of international remittances on poverty and inequality. In doing this, he needs to construct counter-factual incomes for the hypothetical alternative where no migration took place. The results show that remittance receiving households are less productive compared to the non-recipient group. Remittances have caused a drop in poverty among recipients, which has led to a modest fall in overall poverty. Although the amount of remittance received is large on average, the poverty reducing effect on the whole sample is not very big because the recipient households do not typically come from the bottom of the income distribution. In relation to this, Beyene investigates the extent to which remittances are shared with other households. He finds that remittances have a strong positive effect on transfers given to others. One reason could be that remittances are a very visible

source of income, and an income that by the community is viewed as a windfall gain. Thus, the transfer could be explained by social norms for risk sharing.

ESOP'S STAFF AND RESEARCH ACTIVITY IN NUMBERS

Staff in numbers

| Staff | 2011 | |
|--|---------------------------|------------------|
| | Person years (årsverk) | Number of people |
| Professors, associate professors and researchers | 9,2 | 42 |
| Postdoctoral fellows | 3,9 | 6 |
| Research fellows | 9,7 | 16 |
| Administrative staff | 1 | 2 |
| Research assistants | 1,2 | 7 |
| Guest researchers | 0,5 | 2 |
| Total | 25,5 | 75 |

International Visitors

| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|------|------|------|------|------|
| Number of visitors | 6 | 46 | 24 | 40 | 24 |

Research stays abroad

| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|------|------|------|------|------|
| Number of stays longer than one week | 8 | 8 | 13 | 15 | 8 |
| Number of people | 8 | 7 | 10 | 14 | 7 |

Workshops

| Year | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|------|------|------|------|------|
| Number of workshops arranged by ESOP | 1 | 3 | 4 | 8 | 4 |

Research activity in numbers

This table represents ESOP's research activity in numbers, according to the categories chosen by The Research Council of Norway. The Research Council made a categorical change in 2011. We have tried to put our publications in the new categories all the way back to 2007.

The figures are based on what the ESOP researchers have reported themselves.

| Vitenskapelige/ faglige publikasjoner | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | Totalt |
| Artikkel i periodika | 50 | 38 | 38 | 68 | 59 | 253 |
| Artikkel i antologi | 7 | 11 | 14 | 7 | 16 | 55 |
| Monografi | 2 | 0 | 3 | 2 | 5 | 12 |

| Brukerrettede formidlingstiltak | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | Totalt |
| Foredrag/presentasjoner | 179 | 217 | 251 | 277 | 303 | 1227 |

| Allmennrettede formidlingstiltak | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | Totalt |
| Populærvitenskapelige publikasjoner | 38 | 68 | 71 | 68 | 91 | 336 |
| Oppslag i massemedia | 266 | 1038 | 1163 | 1306 | 1819 | 5592 |

EXTENDED LIST OF PUBLICATIONS 2011

***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.*

Updated March 16, 2012

Publications forthcoming 2012

Almås, Ingvild (2012): “International Income Inequality : Measuring PPP bias by estimating Engel curves for food.” Forthcoming in *American Economic Review*.

Almås, Ingvild and Mogstad, Magne (2012): “Older or Wealthier? The Impact of Age Adjustments on Wealth Inequality Ranking of Countries.” Forthcoming in *The Scandinavian Journal of Economics*.

Asheim, Geir and Dietz, Simon (2012): “Climate policy under sustainable discounted utilitarianism.” Forthcoming in *Journal of Environmental Economics and Management*.

Abstract: Empirical evaluation of policies to mitigate climate change has been largely confined to the application of discounted utilitarianism (DU). DU is controversial, both due to the conditions through which it is justified and due to its consequences for climate policies, where the discounting of future utility gains from present abatement efforts makes it harder for such measures to justify their present costs. In this paper, we propose sustainable discounted utilitarianism (SDU) as an alternative principle for evaluation of climate policy. Unlike undiscounted utilitarianism, which always assigns zero relative weight to present utility, SDU is an axiomatically based criterion, which departs from DU by assigning zero weight to present utility if and only if the present is better off than the future. Using the DICE integrated assessment model to run risk analysis, we show that it is possible for the future to be worse off than the present along a ‘business as usual’ development path. Consequently SDU and DU differ, and willingness to pay for emissions reductions is (sometimes significantly) higher under SDU than under DU. Under SDU, stringent schedules of emissions reductions increase social welfare, even for a relatively high utility discount rate.

Asheim, Geir, Tungodden, Bertil with Tapan Mitra (2012): “Sustainable recursive social welfare functions.” Forthcoming in *Economic Theory*.

Abstract: What ethical criterion for intergenerational justice should be adopted, e.g., when faced with the task of managing the global environment? 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 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 separability conditions (his Postulate 3’a), here called “Independent Present”, as particularly questionable from an ethical perspective.

Asheim, Geir and Zuber, Stéphane (2012): “Justifying social discounting: The rank-discounted utilitarian approach.” Forthcoming in *Journal of Economic Theory*.

Abstract: The discounted utilitarian criterion for infinite horizon social choice has been criticized for treating generations unequally. We propose an extended rank-discounted utilitarian (ERDU) criterion instead. The criterion amounts to discounted utilitarianism on non-decreasing streams, but it treats all generations impartially: discounting becomes the mere expression of intergenerational inequality aversion. We show that more inequality averse ERDU societies have higher social discount rates when future generations are better off. We apply the ERDU approach in two benchmark economic growth models and prove that it promotes sustainable policies that maximize discounted utilitarian welfare.

Barth, Erling, with Bryson, Alex and Dale-Olsen, Harald (2012): “Do higher wages come at a price?” In *Journal of Economic Psychology* 33 (1), pages 251-263.

Bratsberg, Bernt and Raaum, Oddbjørn (2012): “Immigration and wages: Evidence from Construction.” Forthcoming in *The Economic Journal*.

Abstract: To identify relative wage impacts of immigration, we make use of licensing requirements in the Norwegian construction sector that give rise to exogenous variation in immigrant employment shares across trades. Individual panel data reveal substantially lower wage growth for workers in trades with rising immigrant employment than for other workers. Selective attrition from the sector masks the causal wage impact unless accounted for by individual fixed effects. For low and semi-skilled workers, effects of new immigration are comparable for natives and older immigrant cohorts, consistent with perfect substitutability between native and immigrant labor within trade. Finally, we present evidence that immigration reduces price inflation, as price increases over the sample period were significantly lower in activities with growth in the immigrant share than in activities with no or small change in immigrant employment.

Bratsberg, Bernt, Raaum, Oddbjørn, and Røed, Knut (2012): “Educating Children of Immigrants: Closing the Gap in Norwegian Schools.” Forthcoming in *Nordic Economic Policy Review*.

Brekke, Kjell Arne; with Kverndokk, Snorre (2012): “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.

Brinch, Christian N. (2012): “Efficient simulated maximum likelihood estimation through explicitly parameter dependent importance sampling.” In *Computational Statistics* 27(1), pages 13-28.

Abstract: There exists an overall negative assessment of the performance of the simulated maximum likelihood algorithm in the statistics literature, founded on both theoretical and empirical results. At the same time, there also exist a number of highly successful applications. This paper explains the negative assessment by the coupling of the algorithm with “simple importance samplers”, samplers that are not explicitly parameter dependent. The successful applications in the literature are based on explicitly parameter dependent importance samplers. Simple importance samplers may efficiently simulate the likelihood function value, but fail to efficiently simulate the score function, which is the key to efficient simulated maximum likelihood. The theoretical points are illustrated by applying Laplace importance sampling in both variants to the classic salamander mating model.

Brinch, Christian, Bratsberg, Bernt and Raaum, Oddbjørn (2012): “The Effects of an Upper Secondary Education Reform on the Attainment of Immigration Youth.” Forthcoming in *Education Economics*.

Abstract: The national Norwegian school reform of 1994, which gave statutory right to at least three years of upper secondary education, had a significant impact on educational attainment among immigrant youth. In particular, we find that the immigrant transition rate from compulsory schooling to completion of the first year of upper secondary education improved from the pre- to the post-reform period. Using a sequential binomial logit framework, we present evidence that the improvement can be attributed to reductions in capacity constraints, rather than cohort heterogeneity. An important implication is that non-targeted educational reforms may have large impacts on the educational attainment of disadvantaged groups in general and ethnic minority youth in particular.

Brinch, Christian N. with Taryn A. Galloway (2012): “Schooling in Adolescence Raises IQ.” In *Proceedings of the National Academy of Sciences* 109 (2), pages 425-430.

Abstract: Although some scholars maintain that education has little effect on intelligence quotient (IQ) scores, others claim that IQ scores are indeed malleable, primarily through intervention in early childhood. The causal effect of education on IQ at later ages is often difficult to uncover because analyses based on observational data are plagued by problems of reverse causation and self-selection into further education. We exploit a reform that increased compulsory schooling from 7 to 9 y in Norway in the 1960s to estimate the effect of education on IQ. We find that this schooling reform, which primarily affected education in the middle teenage years, had a substantial effect on IQ scores measured at the age of 19 y.

Cappelen, Alexander W., Moene, Karl Ove, and Tungodden, Bertil (2012): “Needs vs Entitlements - an International Fairness Experiment.” Forthcoming in *Journal of European Economic Association*.

Abstract: Why do people in rich countries not transfer more of their income to people in the world’s poorest countries? To study this question and the relative importance of needs, entitlements, and nationality in people’s social preferences, we conducted a real effort fairness experiment where people in two of the world’s richest countries, Norway and Germany, interacted directly with people in Uganda and Tanzania, two of the world’s poorest countries. In this experiment, the participants were given the opportunity to transfer money to poor persons with whom they were matched. The study provides four main findings. First, entitlement considerations are crucial in explaining the distributive behavior of rich people in the experiment; second, needs considerations matter a lot for some participants; third, the participants acted as moral cosmopolitans; and finally, the participants’ choices are consistent with a self-serving bias in their social preferences.

Christiansen, Vidar; with Smith, Stephen (2012): “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.

Høyland, Bjørn with Dahl, Marianne (2012): “Peace on quicksand? Challenging the conventional wisdom about economic growth and post-conflict risks.” In *Journal of Peace Research*, 49 (3).

Abstract: In a widely cited study, Collier, Hoeffler & Söderbom (2008) show that economic growth reduces the risk of post-conflict peace collapse – particularly when the UN is present with a peace mission. These findings are encouraging for interventionist international policy makers. We replicate their study using data from the UCDP/PRIO Armed Conflict Database instead of the Correlates of War database. We generate a series of different datasets on the basis of different coding criteria commonly used in the literature, and rerun a simplified version of their model. Surprisingly, our results do not support their findings regarding the risk-reducing effect of economic growth and UN involvement. At best, the results are mixed. Some of the models even suggest that economic growth may *increase* the risk of post-conflict peace collapse. Overall, we are forced to conclude that the impact of economic growth and UN involvement on the risk of post-conflict peace collapse may not be clear and simple. The differences in the results seem to be driven by two sources: the conflicts included in the original datasets and the coding of the start and end dates of the conflicts.

Høyland, Bjørn, Moene, Karl Ove and Willumsen, Fredrik (2012): “The Tyranny of International Index Rankings.” Forthcoming in *Journal of Development Economics* 97 (1), pages 1-14, 2012.

Abstract: International index rankings are popular, but perhaps too persuasive. They emphasize country differences where similarity is the dominant feature. Rankings based on Doing Business, the Human Development Index and Freedom House can be misleading, not because of wrong indicators, but because the estimation of the scores ignores inherent uncertainty. Re-estimated with a method that captures this uncertainty, it becomes clear that ranking every adjacent country is a rather courageous activity.

Kravdal, Øystein, E. Grundy. T. Lyngstad, and K.Aa. Wiik (2012): “Family life history and mortality: associations between combined marriage and childbearing histories and late mid life mortality in Norway.” Forthcoming in *Population and Development Review*.

Abstract: Using data on all Norwegians born 1935-1968, we analyse the combined effects of fertility history and marital or partnership status and history on mortality. The focus is on age 40-73 and the years 1980-2008 (30 million person-years of observations and 117000 deaths). Among men in first marriage, the childless have 36% higher mortality than those with two or more children. The corresponding figure for women is 61%. The never-married have higher mortality and are differentiated even more by parenthood status. Thus, the combined effect is large: childless never-married men and women have three times as high mortality as those who are married and have two or more children. The advantage associated with having at least two children is smallest among men who divorced before their oldest child’s tenth birthday. Having step-children has no association with mortality for those without natural children but is associated with higher mortality among the parous.

Kotsadam, Andreas and Jakobsson, Niklas (2012): “Uformell eldreomsorg – et hinder for kvinner på arbeidsmarkedet?” Forthcoming in *Søkelys på arbeidslivet*.

Lind, Jo Thori and Moene, Kalle (2012): “Opium for the Masses: Conflict-induced narcotics production in Afghanistan”. Revise and resubmit, *Review of Economics and Statistics*.

Markussen, Simen, and Røed, Knut with Biørn, Erik and Gaure, Simen (2011): “The Rise in Absenteeism - Disentangling the Impacts of Cohort, Age and Time.” Forthcoming in *Journal of Population Economics*.

Abstract: We examine the remarkable rise in absenteeism among Norwegian employees since the early 1990’s, with particular emphasis on disentangling the roles of cohort, age, and time. Based on a fixed effects model, we show that individual age-adjusted absence propensities have risen even more than aggregate absence rates from 1993 to 2005, debunking the popular hypothesis that the rise in absenteeism resulted from the inclusion of new cohorts – with weaker work-norms – into the workforce. We also reject the idea that the rise in absenteeism resulted from more successful integration of workers with poor health; on the contrary, a massive rise in disability rolls during the 1990’s suggest that poor-health workers have left the labor market in unprecedented numbers.

Mehlum, Halvor (2012): “The case for open access publishing.” Forthcoming in *International Studies Perspectives*.

Mogstad, Magne with Løken, K., and Wiswall, M. (2012): “What Linear Estimators Miss: The Effects of Family Income on Child Outcomes.” Forthcoming in *American Economic Journal: Applied Economics*.

Mogstad, Magne with Pronzato, C. (2012): “Are Lone Mothers Responsive to Policy Changes? Evidence from a Workfare Reform in a Generous Welfare State.” Forthcoming in *Scandinavian Journal of Economics*.

Mogstad, Magne with Wiswall, M. (2012): “Instrumental Variables Estimation with Partially Missing Instruments.” In *Economics Letters* 114 (2), pages 186-189.

Ray, Debraj, with Esteban, J. and Mayoral, L. (2012): "Ethnicity and Conflict: An Empirical Investigation." Forthcoming in *American Economic Review*.

Ray, Debraj with Mitra, T. (2012): One the Phelps-Koopmans Theorem." Forthcoming in the *Journal of Economic Theory*.

Ray, Debraj, with Robson, A. (2012): "Status, Intertemporal Choice and Risk-Taking." Forthcoming, *Econometrica*.

Rege, Mari with Telle, Kjetil and Votruba, Mark (2012): "Social Interaction Effects in Disability Pension Participation: Evidence from Plant Downsizing." Forthcoming in *Scandinavian Journal of Economics*.

Røed, Knut with Fevang, Elisabeth, and Kverndokk, Snorre (2011): "Labor Supply in the Terminal Stages of Lone Parents' Lives." Forthcoming in *Journal of Population Economics*.

Abstract: Based on Norwegian register data we show that having a lone parent in the terminal stage of life affects the offspring's labor market activity. The employment propensity declines by around ½-1 percentage point among sons and 4 percentage points among daughters during the years prior to the parent's death, ceteris paribus. After the parent's demise, employment picks up again and earnings rise for both sons and daughters. Reliance on sickness insurance and other social security transfers increases significantly during the terminal stages of the parent's life. For sons, the claimant rate remains at a higher level long after the parent's demise.

Røed, Knut with Westlie, Lars (2011): "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 Claussen, Carl Andreas, Matsen, Egil, and Røisland, Øistein (2011): "Overconfidence, Monetary Policy Committees and Chairman Dominance." Forthcoming in *Journal of Economic Behavior & Organization*.

Abstract: Monetary policy decisions are typically characterized by three features: (i) decisions are made by a committee, (ii) the committee members often disagree, and (iii) the chairman is almost never on the losing side in the vote. We show that the combination of overconfident policymakers and a chairman with agenda-setting rights can explain all these features. The optimal agenda-setting power to the chairman is a strictly concave function of the degree of overconfidence. We also show that the quality of advice produced by the central bank staff is higher in a flat organization than in a hierarchical one.

Zilibotti, Fabrizio with Acemoglu, Daron and Gancia, Gino (2011): "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.

Publications 2011

Aaberge, Rolf and Mogstad, Magne (2011): "Robust Inequality Comparisons." In *Journal of Economic Inequality* 9 (3), pages 353-371.

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.

Aaberge, Rolf and Mogstad, Magne with Peragine, Vitorocco (2011): "Measuring Long-Term Inequality of Opportunity." In *Journal of Public Economics* 95 (3-4), pages 193-204.

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.

Almås, Ingvild, Cappelen, Alexander W., Lind, Jo Thori, Sørensen, Erik Ø., and Tungodden, Bertil (2011): "Measuring Unfair (In)equality." In *Journal of Public Economics* 95 (7-8), 2011, pages 488-499.

Abstract: This paper shows one way of generalizing the standard framework of inequality measurement to allow for a distinction between fair and unfair inequalities. We introduce the unfairness Lorenz curve and the unfairness Gini, which are generalizations of the standard versions of the Lorenz curve and the Gini. With this more general framework in place, we study the implications of responsibility-sensitive theories of justice for the evaluation of the income distribution in Norway from 1986 to 2005. We find that both the pre-tax and the post-tax income distributions have become less fair in Norway, even though the standard Gini for the pre-tax income distribution has decreased in the same period. Two trends explain this development: the increase in income share of the top percentile and the change in the situation of females in the labor market. The concentration of income at the top of the distribution contributes both to increased unfairness and increased inequality, whereas the increase in females' working hours and level of education primarily contributes to a reduction in inequality. Thus, the latter effect dominates for the standard Gini and the former effect for the unfairness Gini. Furthermore, we find that the increase in post-tax unfairness is even larger than the increase in pre-tax unfairness, which shows that the tax system in Norway contributes less to eliminating unfairness in 2005 than in 1986.

Almås, Ingvild, Havnes, Tarjei, and Mogstad, Magne (2011): “Baby booming inequality? Demographic change and earnings inequality in Norway, 1967–2000.” In *Journal of Economic Inequality* 9 (4), 2011, pages 629–650.

Abstract: In this paper, we demonstrate how age-adjusted inequality measures can be used to evaluate whether changes in inequality over time are due to changes in the age-structure. To this end, we use administrative data on earnings for every male Norwegian over the period 1967–2000. We find that the substantial rise in earnings inequality over the 1980s and into the early 1990s, is to some extent driven by the fact that the large baby boom cohorts are approaching the peak of the age–earnings profile. We further demonstrate that the impact of age-adjustments on the trend in inequality during the period 1993–2000 is highly sensitive to the method used: While the most widely used age-adjusted inequality measure indicates little change in inequality over this period, a new and improved age-adjusted measure suggests a decline in inequality.

Andersen, Jørgen Juel (2011): “The form of government and fiscal dynamics.” In *European Journal of Political Economy* 27 (2), pp. 297–310

Abstract: Using a combination of time series variation in oil prices and cross-section variation in the oil intensity of countries, this paper investigates whether exogenous shifts in the government revenues affect the government expenditures differently depending on the political institutions of the form of government. Comparing the fiscal policy dynamics in parliamentary and presidential systems, a main finding is that the government expenditures appear more responsive to shifts in the revenues when the form of government is presidential.

Asheim, Geir (2011): “Comparing the welfare of growing economies.” In *Revue d’économie politique* 121 (1), pages 59–72.

Abstract: Economies that currently have the same productive capacity may implement different growth rates. This entails that it is insufficient to base international comparisons of welfare solely on current well-being, or introducing the potential for future growth in an arbitrary manner. NNP-based measures trade off current well-being and the potential for future growth in a consistent manner. This paper shows that it matters for NNP-based measures whether different growth rates in different economies are due to different technological opportunities or different social preferences for development. The analysis illustrates the similarity between international comparisons of welfare and interpersonal comparisons of well-being.

Asheim, Geir and Hartwick, John M. (2011): “Anomalies in green national accounting.” In *Ecological Economics* 70 (12), 2011, pages 2303–2307.

Abstract: We “extend” standard arguments for greening the product side of the national accounts to the income side of the accounts and turn up an anomaly. For an economy with oil use, no entry for oil income, a supposed primary factor, appears in the income side of the national accounts when the depletion of natural capital is accounted for on the product side of the accounts. We resolve this issue by applying an income definition developed in the theory of national accounting. This, however, leads to another anomaly on the income side of the national accounts.

Barth, Erling, with Dale-Olsen, Harald (2011): “Employer Size or Skill Group Size Effect on Wages?” In *Industrial and Labor Relations Review* 64 (2), pages 341–355.

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.

Barth, Erling, Bratsberg, Bernt, and Raaum, Oddbjørn with Hægeland, Torbjørn (2011): “Performance Pay, Union Bargaining and within-firm Wage Inequality.” In *Oxford Bulletin of Economics and Statistics*, online first, 2011.

Abstract: Theory predicts that performance pay boosts wage dispersion. Workers retain a share of individual productivity shocks and high-efficiency workers receive compensation for greater effort. Collective bargaining can mitigate the effect of performance pay on wage inequality by easing monitoring of common effort standards and group-based pay schemes. Analyses of longitudinal employer–employee data show that the introduction of performance-related pay raises wage inequality in non-union firms, but not in firms with high union density. Although performance-related pay appears to be on the rise, the overall impact on wage dispersion is likely to be small, particularly in European countries with influential unions.

Bejene, Berhe Mekonnen (2011): “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 P0, P1 and P2 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.

Bratsberg, Bernt and Røed, Knut (2011): ”Kan demografi forklare veksten i uførhet?”, *Søkelys på Arbeidslivet* 28 (1-2), 2011, pages 3-21.

Abstract: I denne artikkelen undersøker vi i hvilken grad endringer i befolkningens alders- og utdanningssammensetning kan forklare den sterke veksten vi har hatt i bruken av uførepensjon og andre helserelaterte trygdeytelser siden tidlig på 1990-tallet. Vi finner at slike faktorer samlet sett forklarer nokså lite av de endringene som har funnet sted. Aldring av befolkningen har medført økende trygdeavhengighet. Høyere utdanning har medført redusert trygdeavhengighet. Men hva som da kan forklare den samlede veksten i bruken av disse ytelsene, er dessverre fortsatt et like ubesvart spørsmål.

Bratsberg, Bernt, Røed, Marianne and Schøne, Pål (2011): ”Bidrar innvandring til å ”smøre hjulene” i arbeidsmarkedet?” In *Søkelys på arbeidslivet* 28 (3), 2011, pages 244-264.

Abstract: Bidrar innvandring til at fordelingen av arbeidskraft mellom regioner i Norge blir mer effektiv? Ifølge økonomisk teori er dette tilfellet dersom innvandring gjør arbeidsstyrkens flytte- og bosettingsmønster mer følsomt overfor regionale variasjoner i lønn og arbeidsledighet. Innvandring kan da bidra til å redusere geografisk variasjon i slike arbeidsmarkedsforhold, og til at arbeidskraften i større grad jobber der den er mest produktiv. Via denne mekanismen har innvandring – i så fall – en positiv effekt på økonomisk vekst. I denne artikkelen gjennomgår vi noen sentrale resultater fra empiriske analyser av innvandreres flytte- og bosettingsmønster i mottakerlandet. Vi legger spesiell

vekt på studier av norske data. Analysene tyder på at relativt nyankomne innvandrere i større grad enn resten av arbeidsstyrken flytter i retning av høye lønninger og lav ledighet. Noen resultater gir også klare indikasjoner på at innvandring bidrar til sterkere utjevning av arbeidsmarkedsforhold mellom regioner i mottakerlandene.

Bratsberg, Bernt, Raaum, Oddbjørn and Hægeland, Torbjørn (2011): “Tøffere krav? Ferdigheter og deltakelse I arbeidslivet.” In *Søkelys på Arbeidslivet* 28 (4), 2011, pages 302-316.

Abstract: Arbeids- og dagliglivet har de seneste tiårene vært dominert av teknologiske endringer, særlig knyttet til informasjons- og kommunikasjonsteknologi. Ofte fremheves det at disse endringene favoriserer høyt kvalifiserte personer på arbeidsmarkedet. En følge av denne hypotesen er at jobbmulighetene for personer med svake kvalifikasjoner er forverret, og at sammenhengen mellom kompetanse og arbeidsmarkedsdeltakelse har blitt sterkere over tid. I denne artikkelen bruker vi mikrodata for Canada, Norge og USA for å undersøke om kompetanse målt ved utdanningslengde, leseferdigheter og tallforståelse har fått endret betydning for arbeidsmarkedsdeltakelse fra 1990-tallet til 2003. Vi finner ingen indikasjoner på at arbeidslivet har blitt tøffere i denne perioden, i den forstand at personer med kort utdanning og svake kvalifikasjoner i større grad faller utenfor.

Brekke, Kjell Arne, Hauge, Karen Evelyn, Lind, Jo Thori and Nyborg, Karine (2011): “Playing with the Good Guys. A Public Good Game with Endogenous Group Formation.” In *Journal of Public Economics* 95 (9-10), pages 1111-1118.

Abstract: Are some individuals generally more pro-social than others? If so, socially beneficial commitments could serve as a costly screening device helping the pro-social to match. We present a public good game experiment in which subjects choose between two group types: in blue groups, subjects receive a fixed extra payoff; in red groups, this extra payoff is donated, instead, to the Red Cross. A substantial share of our subjects chose red groups. Contributions in red groups were initially higher and stayed high, while contributions in blue groups displayed the well-known declining pattern.

Brekke, Kjell Arne, with Kverndokk, Snorre(2011): "Skaper velferdsstaten større sosiale ulikheter?" *Samfunnsøkonomen* 8, pages 30- 36.

Brekke, Kjell Arne, with Solstad, Jan T. (2011): “Do the existence of a public good enhance cooperation among users of common-pool resources?” In *Land Economics*.87 (2), pages 335-345.

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.

Brinch, Christian N. (2011): “Non-parametric identification of the mixed proportional hazards model.” In *The Econometrics Journal* 14 (2), pages 343-350.

Abstract: This note presents identification results for the mixed proportional hazards model when duration data are interval-censored. Earlier positive results on identification under interval-censoring require both parametric specification on how covariates enter the hazard functions and assumptions of unbounded support for covariates. New results provided here show how one can dispense with both of these assumptions. The mixed proportional hazards model is non-parametrically identified with interval-censored duration data, provided covariates have support on an open set and the hazard function is a non-constant continuous function of covariates.

Brinch, Christian N. with Eikeset, Anne Maria, and Stenseth, Nils Chr. (2011): “Maximum likelihood estimation in nonlinear structured fisheries models using survey and catch-at-age data.” In *Canadian Journal of Fisheries and Aquatic Sciences* 68 (10), pages 1717-1731.

Abstract: Age-structured population dynamics models play an important role in fisheries assessments. Such models have traditionally been estimated using crude likelihood approximations or more recently using Bayesian techniques. We contribute to this literature with three main messages. Firstly, we demonstrate how to estimate such models efficiently by simulated maximum likelihood using Laplace importance samplers for the likelihood function. Secondly, we demonstrate how simulated maximum likelihood estimates may be validated using different importance samplers known to approach the exact likelihood function in different regions of the parameter space. Thirdly, we show that our method works in practice by Monte Carlo simulations using parameter values as estimated from data on the Northeast Arctic cod (*Gadus morhua*) stock. The simulations suggest that we are able to recover the unknown true maximum likelihood estimates using moderate importance sample sizes and show that we are able to adequately recover the true parameter values.

Cappelen, Alexander W. and Tungodden, Bertil (2011): “Distributive interdependencies in liberal egalitarianism”. In *Social Choice and Welfare* 36 (1) pages 35-47

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.

Cappelen, Alexander W., Sørensen, Erik and Tungodden, Bertil; with Hole, Astri Drange (2011): “The importance of moral reflection and self-reported data in a dictator game with production.” In *Social Choice and Welfare* 36 (1), pages 105-120.

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.

Fiva, Jon with Kirkebøen, Lars J. (2011): “Information Shocks and the Dynamics of the Housing Market.” In *Scandinavian Journal of Economics* 113 (3), 2011, pages 525-552.

Abstract: In this paper, we analyze housing-market reactions to the release of previously unpublished information on school quality. Using high-quality housing data, which 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 the 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 pre-publication levels after two to three months.

Harstad, Bård; with Svensson, Jakob (2011): “Bribes, Lobbying and Development.” *American Political Science Review* 105(1), pages 46-83.

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 (2011): “Money for Nothing? Universal Child Care and Maternal Employment.” In *Journal of Public Economics* 95 (11-12), pages 1455-1465.

Abstract: The strong correlation between child care and maternal employment rates has led previous research to conclude that affordable and readily available child care is a driving force both of cross-country differences in maternal employment and of its rapid growth over the last decades. We analyze a staged expansion of subsidized child care in Norway. Our precise and robust difference-in-differences estimates reveal that there is little, if any, causal effect of subsidized child care on maternal employment, despite a strong correlation. Instead of increasing mothers' labor supply, the new subsidized child care mostly crowds out informal child care arrangements, suggesting a significant net cost of the child care subsidies.

Havnes, Tarjei and Mogstad, Magne (2011): “No Child Left Behind: Subsidized Child Care and Children's Long-Run Outcomes.” In *American Economic Journal: Economic Policy* 3 (2), pages 97-129.

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.

Hoel, Michael; with Golombek, Rolf (2011): “International Cooperation on Climate Friendly Technologies.” In *Environmental and Resource Economics* 49 (4), 2011, pages 473-490.

Abstract: We examine international cooperation on technological development as an alternative to international cooperation on emission reductions. We show that without any R&D cooperation, R&D in each country should be increased beyond the non-cooperative level if (i) the technology level in one country is positively affected by R&D in other countries, (ii) the domestic carbon tax is lower than the Pigovian level, or (iii) the domestic carbon tax is set directly through an international tax agreement. We also show that a second-best technology agreement has higher R&D, higher emissions, or both compared with the first-best outcome. The second-best subsidy always exceeds the subsidy under no international R&D cooperation. Further, when the price of carbon is the same in the second-best technology agreement and in the case without R&D cooperation, welfare is highest, R&D is highest and emissions are lowest in the second-best R&D agreement.

Hoel, Michael (2011): “The Green Paradox and Greenhouse Gas Reducing Investments.” In *International Review of Environmental and Resource Economics* 5 (4), 2011, pages 353-379.

Abstract: If governments cannot commit to future carbon tax rates, investments in greenhouse gas mitigation will be based on uncertain and/or wrong predictions about these tax rates. Predictions about future carbon tax rates are also important for decisions made by owners of nonrenewable carbon resources. The effects of the size of expected future carbon taxes on near-term emissions and

investments in substitutes for carbon energy depend significantly on how rapidly extraction costs increase with increasing total extraction. In addition, the time profile of the returns to investments in noncarbon substitutes is important for the effects on emissions and investments.

Hoel, Michael (2011): "The Supply Side of CO₂ with Country Heterogeneity." In *The Scandinavian Journal of Economics* 113 (4), 2011, pages 846-865.

Abstract: Several recent articles have analyzed climate policy, paying explicit attention to the fact that carbon resources are non-renewable. In most of this body of literature, the economy is treated as a single unit and, in the context of climate policy, it seems reasonable to interpret this as the whole world. However, carbon taxes and other climate policies differ substantially across countries. With such heterogeneity, the effects on the emission paths of changes in taxes, costs, and subsidies might be very different from what is found for a hypothetical world of identical countries.

Holden, Steinar (2011): "Fotball-VM på betal-TV?" In *Samfunnsøkonomen* 6.

Jacobsen, Karin, Lind, Jo Thori, and Nyborg, Karine with Eika, Kari H. and Helland, Leif (2011): "Are nurses more altruistic than real estate brokers?" In *Journal of Economic Psychology* 32 (5), pages 818-831.

Abstract: We report results from a dictator game experiment with nurse students and real estate broker students as dictators, and Amnesty International as the recipient. Although brokers contributed substantial amounts, nurses contributed significantly more, on average 76% of their endowment. In a second part, subjects chose between a certain repetition of the experiment and a 50–50 chance of costly exit. About one third of the brokers and half of the nurses chose the exit option. While generosity was indeed higher among nurses, even when taking exits into account, the difference cannot readily be attributed to different degrees of altruism.

Høyland, Bjørn with Godbout, Jean-Francois (2011): "Coalition voting and minority governments in Canada." In *Commonwealth and Comparative Politics* 49 (4), pages 457-485

Abstract: Inter-party voting coalitions in three minority cabinets were analysed: the 38th (2004–05), 39th (2006–08) and 40th (2008–11) Federal Canadian Parliaments. The paper begins by developing a simple theory to explain the formation of voting coalitions. The theory predicts that electoral incentives and policy issues drive minority government support. The main contention is that voting coalitions are more likely to form along ideological lines, as proposed by Axelrod (Axelrod, R. 1970. *The Conflict of Interest*, Chicago: Markham.) However, the analysis also demonstrates that voting coalitions form along a second dimension in the Canadian Parliament, mainly on issues related to federalism and the province of Quebec. Some evidence is also provided to show that expected electoral gains could explain why certain parties choose to support the government more, despite ideological incentives.

Høyland, Bjørn with Godbout, Jean-Francois (2011): "Legislative Voting in the Canadian Parliament." In *Canadian Journal of Political Science* 44(2), pages 367 - 388.

Abstract: We analyze legislative voting in the 35th (1994–1997), 38th (2004–2005), and 39th (2006–2008) Canadian Parliaments. Using Poole's (2005) optimal classification algorithm, we locate MPs and their parties in a two-dimensional geometric model. The first dimension represents the division between governing and opposition parties that has been found in similar parliamentary systems. The second dimension captures the opposition between the Bloc Québécois and the rest of the legislature. We find a clear separation between the Reform party (and later the Conservative party) and the Bloc Québécois in the 35th and 38th Parliaments, with the Liberal and the New Democratic parties occupying the centre. However, in the 39th Parliament, the ordering changes with the Conservatives and the New Democrats near the centre, and Liberal and Bloc MPs occupying the extremes. We

explain this change by the capacity of the governing party to control the legislative agenda and the recent minority governments in the House of Commons.

Høyland, Bjørn with Hobolt, Sara (2011): “Selection and Sanctioning in European Parliamentary Elections.” In *British Journal of Political Science* 41 (3), pages 477-498.

Abstract: Elections are inherently about selecting good candidates for public office and sanctioning incumbents for past performance. Yet, in the low salience context of ‘second-order elections’ to the European Parliament, empirical evidence suggests that voters sanction first-order national incumbents. However, no previous study has examined whether voters also use these elections to select good candidates. This article draws on a unique dataset on the political experience of party representatives in eighty-five national elections to the European Parliament to evaluate the extent to which voters prefer candidates with more political experience. The results show that selection considerations do matter. Parties that choose experienced top candidates are rewarded by voters. This effect is greatest when European elections are held in the middle of the national electoral cycle.

Knutsen, Carl Henrik (2011): “Democracy, Dictatorship and Protection of Property Rights.” In *Journal of Development Studies*, 47 (1), pages 164 – 182.

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 (2011): “Security Threats, Enemy-Contingent Policies and Economic Development in Dictatorships.” In *International Interactions* 37 (4), pages 414-440.

Abstract: This paper argues, through investigating a broad set of historical cases and developing a formal theoretical model, that the type of security threat a dictatorial regime faces has implications for economic policy making, and consequently economic outcomes. Dictators who mainly face internal rivals, either contending elites or democratization movements, often have incentives to conduct policies that are harmful to economic development. However, dictators who mainly face external security threats are more likely to generate economic development-enhancing policies. Type of security threat facing a dictator thus contributes to explaining the large variation in economic development among dictatorships.

Knutsen, Carl Henrik (2011): “Which Democracies Prosper? Electoral Rules, Form of Government and Economic Growth”. In *Electoral Studies* 30 (1), pages 83 – 90.

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.

Knutsen, Carl Henrik with Rygh, Asmund and Hveem, Helge (2011): “Does State Ownership Matter? Institutions' Effect on Foreign Direct Investment Revisited.” In *Business and Politics* 13 (1), article 2.

Abstract: This paper investigates whether Foreign Direct Investment (FDI) decisions are influenced by state ownership. The literature has established that host country institutions affect FDI allocation, but there is no systematic evidence how state ownership affects such relationships. However, we expect that state ownership systematically affects the relation between host country institutions and FDI. Theoretical arguments indicate that state-owned enterprises (SOEs) should invest relatively more than privately owned enterprises (POEs) in countries with poor rule of law, poor property rights protection and a high degree of corruption. However, SOEs are expected to invest relatively less than POEs in dictatorships and countries with poor human rights protection. We test these hypotheses, using a new dataset on Norwegian firms' FDI from 1998 to 2006. The empirical analysis suggests that SOEs invest relatively more than POEs in countries with high level of corruption and weak rule of law. Indeed, SOEs' FDI appears not to be reduced by such institutional risk factors. However, there is no solid evidence indicating that SOEs invest more in democracies and countries with better human rights protection.

Kravdal, Øystein (2011): "Fixed effects analysis no quick fix but still a step in the right direction and better than the suggested alternative." In *Journal of Epidemiology & Community Health* 65 (4), 2011, pages 291-292.

Abstract: Alastair Leyland commented on a paper in the December 2010 issue² about how individual mortality is influenced by the person's own education and the average education in the municipality of residence. The paper was based on a so-called 'fixed-effects' model, which is quite common in social science, but not in epidemiology. Leyland's intention was to explain the assumptions and limitations of the model to the readers, which is a highly laudable initiative. However, I am not sure the alternative model he suggests is very valuable.

Kravdal, Øystein, and Keilman, Nico with Cohen, Joel E. (2011): "Childbearing impeded education more than education impeded childbearing among Norwegian women." In *Proceedings of the National Academy of Science* 108 (29), 2011, pages 11830-5.

Abstract: In most societies, women at age 39 with higher levels of education have fewer children. To understand this association, we investigated the effects of childbearing on educational attainment and the effects of education on fertility in the 1964 birth cohort of Norwegian women. Using detailed annual data from ages 17 to 39, we estimated the probabilities of an additional birth, a change in educational level, and enrollment in the coming year, conditional on fertility history, educational level, and enrollment history at the beginning of each year. A simple model reproduced a declining gradient of children ever born with increasing educational level at age 39. When a counterfactual simulation assumed no effects of childbearing on educational progression or enrollment (without changing the estimated effects of education on childbearing), the simulated number of children ever born decreased very little with increasing completed educational level, contrary to data. However, when another counterfactual simulation assumed no effects of current educational level and enrollment on childbearing (without changing the estimated effects of childbearing on education), the simulated number of children ever born decreased with increasing completed educational level nearly as much as the decrease in the data. In summary, in these Norwegian data, childbearing impeded education much more than education impeded childbearing. These results suggest that women with advanced degrees have lower completed fertility on the average principally because women who have one or more children early are more likely to leave or not enter long educational tracks and never attain a high educational level.

Kravdal, Øystein with Elstad, Jon Ivar, Torstensrud, Rita, and Lyngstad, Torkild Hovde (2011): "Trends in educational inequalities in mortality, seven types of cancers, Norway 1971–2002." In *European Journal of Public Health* online first, 2011.

Abstract: Knowledge about educational disparities in deaths from specific cancer sites is incomplete. Even more scant is information about time trends in educational patterns in specific cancer mortality.

This study examines educational inequalities in Norway 1971–2002 for mortality in lung and larynx, colorectal, stomach, melanoma, prostate, breast and cervix uteri cancer.

Kravdal, Øystein with Kodzi, Ivy (2011): “Children’s stunting in sub-Saharan Africa: Is there an externality effect of high fertility?” In *Demographic Research* 25 (18), 2011, pages 565 - 594.

Abstract: A positive relationship between the number of siblings and a child's chance of being stunted has been seen in several studies. It is possible that individual stunting risks also are raised by high fertility in the community, partly because of an impact of aggregate fertility on the local economy, but this issue has not been addressed in earlier investigations. In this study, we estimate the independent effect of the child dependency ratio in the province (or governorate, region or larger geopolitical zone within a country), using DHS data on up to 145000 children in 152 provinces in 23 countries with at least two such surveys. The data design allows inclusion of lagged province variables and province fixed effects (to control for constant unobserved province characteristics). Three types of regression models for a child’s chance of being stunted are estimated. Some estimates suggest an adverse effect of the current child dependency ratio, net of the child’s number of siblings, while others do not point in this direction. When the child dependency ratio measured in an earlier survey is included instead, no significant effects appear. Thus, we conclude that there is only weak support for the idea that a child’s stunting risk may be raised by a high fertility in the community.

Kravdal, Øystein with Shkolnikov, Vladimir M, Andreev, Evgueni M, Jdanov, Dmitri A, Jasilionis, Domantas, Vågerö, Denny, and Valkonen, Tapani (2011): “Increasing absolute mortality disparities by education in Finland, Norway and Sweden, 1971–2000.” In *Journal of Epidemiology & Community Health* online first, 2011.

Abstract: Studies on socioeconomic health disparities often suffer from a lack of uniform data and methodology. Using high quality, census-linked data and sensible inequality measures, this study documents the changes in absolute and relative mortality differences by education in Finland, Norway and Sweden over the period 1971 to 2000.

Kravdal, Øystein with Syse, Astri and Lyngstad, Torkild Hovde (2011): ” Is mortality after childhood cancer dependent on social or economic resources of parents? A population-based study.” *International Journal of Cancer* online first, 2011.

Abstract: Diagnostic and treatment protocols for childhood cancer are generally standardized, and therefore, survival ought to be fairly equal across social strata in societies with free public health care readily available. Nevertheless, our study explores whether there are disparities in mortality after childhood cancer in Norway depending on socioeconomic status of parents. Limited knowledge on differentials exists from earlier analyses. Discrete-time hazard regression models for all-cause mortality for the first 10 years after diagnosis were estimated for all Norwegian children (younger than 20 years), who were diagnosed with cancer during 1974–2007 (N = 6,280), using data from five national registers. Mortality was reduced by about 15% for children with highly educated mothers and children without siblings. These effects were most pronounced for cancers predicted to encompass intense, long-lasting treatments resulting in chronic health problems. Neither earnings nor the marital status of parents affected children's survival. This large, registry-based study suggests that time constraints and various noneconomic rewards of parents from their education appears to have an impact on childhood cancer survival. It may be that children with resourceful parents are healthier at the outset and/or are more likely to avoid later health problems. It may also be that children of well-informed and strongly involved parents are offered better treatment or are able to make better use of what is offered, for instance, by adhering more closely to recommendations for follow-up treatment. The possibility of such differentials in offered and actual treatment should be addressed in future research.

Lind, Jo Thori and Moene, Kalle (2011): “Miserly Developments.” In *Journal of Development Studies* 47 (9), pages 1332-1352.

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.

Markussen, Simen (2011): “The individual cost of sick leave.” *Journal of Population Economics*, online first.

Abstract: This paper aims to estimate the causal effect of sick leave on subsequent earnings and employment, using an administrative dataset for Norway. To obtain experiment-like variation in sick leave among otherwise similar workers, the leniency of these workers’ physicians - certifying sickness absences - is used as an instrumental variable for sick leave. A 1 percentage point increase in a worker’s sick leave rate is found to reduce his earnings by 1.2% 2 years later. Around half of the reduction in earnings can be explained by a reduction of 0.5 percentage points in the probability of being employed.

Markussen, Simen and Røed, Knut with Røgeberg, Ole J., and Gaure, Simen (2011): “The Anatomy of Absenteeism.” In *Journal of Health Economics* 30 (2), 2011, pages 277-292.

Abstract: Based on comprehensive administrative register data from Norway, we examine the determinants of sickness absence behavior; in terms of employee characteristics, workplace characteristics, panel doctor characteristics, and economic conditions. The analysis is based on a novel concept of a worker's steady state sickness absence propensity, computed from a multivariate hazard rate model designed to predict the incidence and duration of sickness absence for all workers. Key conclusions are that (i) most of the cross-sectional variation in absenteeism is caused by genuine employee heterogeneity; (ii) the identity of a person's panel doctor has a significant impact on absence propensity; (iii) sickness absence insurance is frequently certified for reasons other than sickness; and (iv) the recovery rate rises enormously just prior to the exhaustion of sickness insurance benefits.

Moen, Espen and Rosén, Åsa (2011): “Incentives in Competitive Search Equilibrium.” In *Review of Economic Studies* 78 (2), pages 733-761.

Abstract: This paper proposes a labour market model with job search frictions where workers have private information on match quality and effort. Firms use wage contracts to motivate workers. In addition, wages are also used to attract employees. We define and characterize competitive search equilibrium in this context, and show that it satisfies a simple modified Hosios rule. We also analyse the interplay between macroeconomic variables and optimal wage contracts. Finally, we show that private information may increase the responsiveness of the unemployment rate to changes in the aggregate productivity level and, in particular, to changes in the information structure.

Moen, Espen and Røed, Knut with Berglann, Helge, and Skogstrøm, Jens Fredrik (2011): “Entrepreneurship: Origins and Returns.” In *Labour Economics* 18 (2), 2011, pages 180-193.

Abstract: We examine the origins and outcome of entrepreneurship on the basis of exceptionally comprehensive Norwegian matched worker–firm–owner data. In contrast to most existing studies, our notion of entrepreneurship not only comprises self-employment, but also employment in partly self-owned limited liability companies. Based on this extended entrepreneurship concept, we find that entrepreneurship tends to be profitable. It also raises income variability, but the most successful quartile gains much more than the least successful quartile loses. Key determinants of the decision to

become an entrepreneur are occupational qualifications, family resources, gender, and work environments. Individual unemployment encourages, while aggregate unemployment discourages, entrepreneurship.

Moene, Karl Ove (2011): "Are Good Policies Good Politics?" In Dag Harald Claees and Carl Henrik Knutsen (eds.) *Governing the Global Economy: Politics, Institutions and Development*. Routledge, 2011, pages 160-170.

Abstract: Governing the Global Economy explores the dynamic interaction between politics and economics, between states and markets and between international and domestic politics. The contributors study how the governance of the global economy is shaped by interaction between international institutions, domestic politics and multinational enterprises, from a wide range of theoretical perspectives and methods.

Presenting a fresh approach to the study of international political economy, this volume covers:

- the systemic characteristics of the liberal world order,
- the role of international institutions,
- domestic economic politics and policies
- the strategies and behaviour of multinational enterprises.

The volume also includes topical discussion of the challenges to the global economy from the recent financial crisis and analysis of economic politics, in particular the regions of Africa and Europe as well as the countries of Japan and South Korea.

With contributions from prominent scholars in political science, economics and business studies, who have all contributed greatly to advancing the study of political economy over the last decade, *Governing the Global Economy* aims to bridge the gap between undergraduate textbooks and advanced theory. It is essential reading for all students and scholars of international political economy and globalization.

Mogstad, Magne, and Rege, Mari with Kalil, Ariel and Votruba, Mark (2011): "Divorced Fathers' Proximity and Children's Long Run Outcomes: Evidence from Norwegian Registry Data". In *Demography* 48 (3), pages 1005-1027.

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 (2011): "Risk Externalities in a Payments Oligopoly." In *Portuguese Economic Journal* 10 (3), pages 211-234.

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.

Nilssen, Tore with Clark, Derek (2011): “Learning by doing in contests.” In *Public Choice*, online first, 2011.

Abstract: We introduce learning by doing in a dynamic contest. Contestants compete in an early round and can use the experience gained to reduce effort cost in a subsequent contest. A contest designer can decide how much of the prize mass to distribute in the early contest and how much to leave for the later one in order to maximize total efforts. We show how this division affects effort at each stage, and present conditions that characterize the optimal split. There is a trade off here, since a large early prize increases first period efforts leading to a substantial reduction in second round effort cost; on the other hand, there is less of the prize mass to fight over in the second round, reducing effort at that stage. The results are indicative of the fact that the designer often prefers to leave most of the prize mass for the second contest to reap the gains from the learning by doing effect.

Nyborg, Karine (2011): “I don't want to hear about it: Rational ignorance among duty-oriented consumers.” In *Journal of Economic Behavior and Organization* 79 (3), pages 263-274.

Abstract: Individuals with a preference for keeping moral obligations may dislike learning that voluntary contributions are socially valuable: such information can trigger unpleasant feelings of cognitive dissonance. I show that if the initial belief about the social value of contributions is too low to merit a moral responsibility to contribute, duty-oriented consumers are willing to pay to avoid information. Information campaigns can make such consumers contribute by providing them with unwanted information.

Ray, Debraj, with Esteban, Joan (2011): “A Model of Ethnic Conflict.” In *Journal of the European Economic Association* 9 (3), pages 496-521

Ray, Debraj with Esteban, Joan (2011): “Linking conflict to Inequality and Polarization.” In *American Economic Review* 101 (4), pages 1345-1374.

Abstract: In this paper we study a behavioral model of conflict that provides a basis for choosing certain indices of dispersion as indicators for conflict. We show that the (equilibrium) level of conflict can be expressed as an (approximate) linear function of the Gini coefficient, the Herfindahl-Hirschman fractionalization index, and a specific measure of polarization due to Esteban and Ray.

Rege, Mari with Cooper, David (2011): “Misery loves company: Social regret and social interaction effects in choices under risk and uncertainty: An Experimental Study.” In *Games and Economic Behavior* 73 (1), pages 91-110

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.

Rege, Mari, Telle, Kjetil and Votruba, Mark (2011): "Parental Job Loss and Children's School Performance." In *The Review of Economic Studies*, 78(4), p. 1462-1489

Abstract: Using Norwegian register data, we estimate how children's school performance is affected by their parents' exposure to plant closure. Our estimates suggest that paternal job loss has a negative effect on children's school performance. In contrast, maternal job loss is associated with a non-significant increase in school performance. Importantly, the negative effect of paternal job loss appears largely unrelated to its effect on father's income, father's employment status, a shift in maternal time towards employment, marital dissolution, and residential relocation. A disparate effect of job loss across fathers and mothers is, however, consistent with recent empirical studies documenting that the mental distress experienced by displaced workers is generally more severe for men than women.

Røed, Knut (2011): "Fra Inntektssikring til deltakelsessikring?" *Samfunnsøkonomen* 6, 2011, pages 4-10.

Røed, Knut with Falch, Nina Skrove and Hardoy, Inés (2011): "Mindre arbeidsledighet uten dagpengerettigheter?" In *Søkelys på Arbeidslivet* 28 (1-2), 2011, pages 135-155.

Abstract: Fra og med 1. januar 2003 ble vilkårene for dagpenger skjerpet. I denne artikkelen undersøker vi hvordan dette påvirket atferden til dem som mistet forsikringen mot arbeidsledighet. Anstrengte de seg mer for å holde jobben de hadde? Og hvis de mistet arbeidet sitt: Var de raskere med å finne seg nytt arbeid? Eller ble de mer avhengige av andre inntektsoverføringer? Analysen viser at reformen bidro til at berørte arbeidstakere i noe større grad holdt på jobbene sine. For dem som forlot jobbene sine forårsaket reformen et markert fall i tilbøyeligheten til å registrere seg på arbeidskontoret (NAV) og økt tilbøyelighet til å motta sosialhjelp. Vi finner ingen klare effekter på varighet av perioder uten jobb.

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 Molander, Anders, Tjøtta, Sigve and Kobbeltvedt, Therese (2011): "Anticipated Discussions in a Social Dilemma." In *Rationality and Society* 23 (2), pages 199-216.

Abstract: We study how announced post-play, face-to-face discussions affect individual contributions to a public good in an experimental setting. To our surprise ex-post discussions reduced the average contribution to the public good. The negative impact of discussions was turned around when we labelled the choice of not contributing to the public good as 'free-riding'. The same label had no impact in the no-discussion baseline version of our game. Our explanation of why we observe these patterns is that the announcement of ex-post discussions draws attention to empirical expectations (what will others do?) and to norms of cooperation (what is the morally right choice?).

Torvik, Ragnar; with Chacon, Mario and Robinson, James A. (2011): "When is Democracy an Equilibrium? Theory and Evidence from Colombia's La Violencia." In *Journal of Conflict Resolution* 55 (3), 2011, pages 366-396.

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.

Books or chapters in books forthcoming 2012

Cappelen, Alexander W. (2012): "Pension Funds and Intergenerational Justice." Forthcoming in *Environmental Justice, Sustainable Development and Future Generations*, Springer.

Knutsen, Carl Henrik (2012): "Measuring democracy." Forthcoming in *Encyclopedia of Quality of Life Research*. Michalos, Alex C. (ed.) Heidelberg: Springer.

Knutsen, Carl Henrik with Hveem, Helge (2012): *Governance and Knowledge: The Politics of Foreign Investment, Technology and Ideas*. London: Routledge. Forthcoming.

Mehlum, Halvor and Moene, Karl Ove (2012): "Aggressive elites and vulnerable entrepreneurs: Trust and cooperation in the shadow of conflict." Forthcoming in Michelle R. Garfinkel and Stergios Skaperdas (eds.) *Oxford Handbook of the Economics of Peace and Conflict*, Oxford University Press UK.

Mehlum, Halvor, Moene, Karl Ove and Torvik, Ragnar (2012): "Mineral Rents and Social Development in Norway." Forthcoming in Katja Hujo (ed.) *Mineral Rents and the Financing of Social Policy: Opportunities and Challenges*. Palgrave Macmillan UK.

Working papers forthcoming 2012

2012, **Keilman, Nico, and Christiansen, Solveig** with Wisniowski, Arkadiusz, Bijak, Jakub, Forster, Jonathan, Smith, Peter and Raymer, James: "Augmenting migration statistics with expert knowledge." *Norface Migration Discussion Paper 5*, 2012.

2012, **Kundu, Tapas** with Bhattacharya, Sourav, and Deb, Joyee: "Mobility and Conflict." *CESifo Working Paper 3699*, 2012.

Working papers 2011

Asheim, Geir with Zuber, Stephane (2011): "A complete and strongly anonymous leximin relation on infinite streams." CESifo Working Paper Series No. 3578.

Beyene, Berhe Mekonnen (2011): "Determinants of Internal and International Migration in Ethiopia." Memorandum 24/2011, Department of Economics, University of Oslo.

Bratsberg, Bernt, Raaum, Oddbjørn, and Røed, Knut (2011): "Educating Children of Immigrants: Closing the Gap in Norwegian Schools." IZA Discussion Paper No. 6138.

Cappelen, Alexander, Sørensen, Erik and Tungodden, Bertil with Birkeland, Sigbjørn (2011): "Immoral criminals? An experimental study of social preferences among prisoners." NHH Discussion Paper No. 15.

Cools, Sara, Fiva, Jon H. with Kirkebøen, Lars Johannessen (2011): "Causal effects of paternity leave on children and parents." Discussion Papers No. 657, Statistics Norway.

Havnes, Tarjei, Leuven, Edwin and Mogstad, Magne with Bhuller, Manudeep (2011): "Broadband Internet: An Information Superhighway to Sex Crime?" SSRN Working Paper Series No. 1881507.

Holden, Steinar; with Sparrman, Victoria (2011): "Does government purchases affect unemployment?" *Memorandum* 17, Department of Economics, University of Oslo.

Holden, Steinar; with Sparrman, Victoria (2011): "Does government purchases affect unemployment?" *CESifo Working Paper* 3482.

Hoel, Michael (2011): "Second-best climate policy." In *CREE Working Paper* 2/2012.

Hoel, Michael with Greaker, Mads (2011): "Incentives for Environmental R&D." In *CESifo Working Paper* No. 3468.

Lind, Jo Thori with Rohner, Dominic (2011): "Knowledge is power. A theory of information, income, and welfare spending." *CESifo Working Paper* 3613.

Knutsen, Carl Henrik (2011): "I'll mind my own business if you mind yours: The OAU and the African Peace". *Dynamiques Internationales* Working Paper 3.

Kundu, Tapas with Bhattacharya, Sourav (2011): "Resistance, Redistribution and Investor Friendliness." University of Pittsburgh Working Paper.

Markussen, Simen, and Røed, Knut with Fevang, Elisabeth (2011): "The Sick Pay Trap." IZA Discussion Paper No. 5655.

Modalsli, Jørgen (2011): "Inequality and growth in the very long run: inferring inequality from data on social groups." In *Memorandum No. 11/2011*, Department of Economics, University of Oslo.

Modalsli, Jørgen (2011): "Polarization, risk and welfare in general equilibrium." In *Memorandum* No. 27/2011, Department of Economics, University of Oslo.

Modalsli, Jørgen (2011): "Solow meets Marx: Economic growth and structural change." In *Memorandum No. 21/2011*, Department of Economics, University of Oslo.

Mogstad, Magne with Bhuller, Manudeep, and Salvanes, Kjell (2011): "Life-Cycle Bias and the Returns to Schooling in Current and Lifetime Earnings." IZA Discussion Paper No. 5788.

Nyborg, Karine with Zhang, Tao (2011): "Is corporate social responsibility associated with lower wages?" *Memorandum* No. 1.

Røed, Knut (2011): "Velferd og migrasjon – den norske modellens framtid." In *Plan*, No. 5, 2011, pages 18-21.

Storesletten, Kjetil and Zilibotti, Fabrizio; with Song, Z. (2011): "Rotten Parents and Disciplined Children: A Politico-Economic Theory of Public Expenditure and Debt." CEPR Discussion Paper No. 8738,

Torsvik, Gaute (2011): "Team or Individual: What Determines Workers' Preferred Bonus Schemes?" Working Paper UIB 13/11.

Torsvik, Gaute with Iversen, Vegard (2011): "Network mechanisms and social ties in markets for low-and unskilled jobs: (theory and) evidence from North-India." Working Paper in Economics No. 14/11, UIB.

Torvik, Ragnar with Acemoglu, Daron, and Robinson, James A. (2011): "Why do voters dismantle checks and balances?" NBER Working Paper No. 17293.

Torvik, Ragnar with Robinson, James A. (2011): "Institutional comparative statics." NBER Working Paper No. 17106.

Tungodden, Bertil, with Berge, Lars Ivar Oppedal and Bjorvatn, Kjetil (2011): "The role of human and financial capital in microenterprise development: Evidence from a field experiment in Tanzania." In *NHH Discussion Paper* No. 1/2011.

Ulltveit-Moe, Karen Helene (2011): "Vekst i kompetansearbeidsplasser i hele landet." In *Plan 2*, 2011.

Ulltveit-Moe, Karen Helene with Forslid, Rikard, and Okubo, Toshihiro (2011): "International trade, CO2 emissions and heterogeneous firms." *CEPR Discussion Paper* No. 8583.

Zilibotti, Fabrizio with Rohner, Dominic and Thoenig, Mathias (2011): "Seeds of Distrust: Conflict in Uganda." *CEPR Discussion Paper* No. 8741.

Zilibotti, Fabrizio with Rohner, Dominic and Thoenig, Mathias (2011): "War Signals: A Theory of Trade, Trust and Conflict." *CEPR Discussion Paper* No. 8352.

Zilibotti, Fabrizio with Gancia, Gino and Mueller, Andreas (2011): "Structural Development Accounting." *CEPR Discussion Paper* No. 8254.

Master theses 2011

Eidsvoll, Sunniva Pettersen (2011): *How to obtain efficient food production under sub-optimal conditions*, Department of Economics, University of Oslo.

Engelsrud, Tina Victoria (2011): *En samfunnsøkonomisk analyse av deltagelsen i en åpen arkitektkonkurranse*, Department of Economics, University of Oslo.

Holtmark, Katinka Kristine (2011): *Development aid and access to financial capital markets for developing countries*, Department of Economics, University of Oslo.

Iversen, Endre Kildal (2011): *Sykefravær og sosiale normer*, Department of Economics, University of Oslo.

Kjennerud, Ole André (2011): *The empirical relationship between democracy and economic growth in Hong Kong*, Department of Economics, University of Oslo.

Nore, Camilla (2011): *Evaluation of the Norwegian NOx-Fund*, Department of Economics, University of Oslo.

Kaur, Ranjit (2011): *Microfinance as a pathway for poverty reduction and gender development*, Department of Economics, University of Oslo.

Klingenberg, Synne (2011): *Immigrant Integration and the Welfare State*, Department of Economics, University of Oslo.

Kristoffersen, Sophie (2011): *Taxation, redistribution, and informal sector growth in developing countries*, Department of Economics, University of Oslo.

Perez Romay, Carol Lorena (2011): *Women's empowerment as a mean to achieve economic growth*, Department of Economics, University of Oslo.

ESOP FABLER IN 2011

ESOP fabler is an informal debate forum organized by ESOP. The ambition of *ESOP fabler* is to highlight current economic topics of interest which are a part of ESOP's research fields. The debate starts with introductions and comments from invited speakers, before we invite the audience to join in. The intention of the debate is to create a multidisciplinary arena where everyone is able to contribute. *ESOP fabler* is a unique occasion to spread the knowledge of some of the centre's research results. While most other seminars organized by ESOP are held in English and require an understanding of mathematical models, *ESOP fabler* is held in Norwegian and the critical questions, scholarly reflections and debate are available for fields outside of Economics as well.

ESOP fabler om Europa og euroen

Time and place: Sep 19, 2011 07:00 PM - 09:00 PM,
Litteraturhuset, Sal Amalie Skram

I panelet:

Øystein Dørum, sjefsøkonom i DnB NOR Markets

Sofie Mathiassen, Politisk redaktør i DN

Steinar Holden, professor ved Økonomisk institutt (UiO)

Erik Oddvar Eriksen, leder for ARENA Senter for europaforskning

Ordstyrer:

Halvor Mehlum, professor ved Økonomisk institutt (UiO) og nestleder av ESOP

ESOP Fabler om revolusjon og ulikhet i Nord-Afrika

- Hvorfor kommer opprørene nå?
- Hvilken rolle spiller ressurser og fattigdom?
- Går det mot demokrati eller reformert autokrati?

Time and place: Apr 13, 2011 07:00 PM - 09:00 PM, Litteraturhuset (sal Nedjma)

I panelet:

Sindre Bangstad, Postdoktor ved Sosialantropologisk institutt

Cecilie Hellestveit, Forsker ved International Law and Policy Institute i Oslo

Kalle Moene, Professor ved Økonomisk institutt (UiO) og leder av ESOP

Bjørn Olav Utvik, Førsteamanuensis ved Institutt for kulturstudier (UiO) og leder av The Gulf Research Unit

Scott Gates, Forsker og leder av senter for borgerkrigstudier ved Peace Research Institute Oslo (PRIO)

Ordstyrer:

Halvor Mehlum, professor ved Økonomisk institutt (UiO) og nestleder av ESOP

PEOPLE AT THE CENTRE IN 2011

Academic Staff

| | |
|---|----------------------------------|
| Ingvild Almås, senior researcher | ingvild.almas@nhh.no |
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| Bernt Bratsberg, adjunct professor | bernt.bratsberg@frisch.uio.no |
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| Bertil Tungodden, professor | bertil.tungodden@nhh.no |
| Karen Helene Ulltveit-Moe, professor | k.h.ulltveit-moe@econ.uio.no |

Phd Students

| | |
|---|------------------------------|
| Nils August Andresen | n.a.andresen@econ.uio.no |
| Berhe Mekonnen Beyene, research fellow | b.m.beyene@econ.uio.no |
| Bøler, Esther Ann Nisja | e.a.n.boler@econ.uio.no |
| Jenny Clarhäll, research fellow | jennymcl@econ.uio.no |
| Solveig Christiansen | s.g.christiansen@econ.uio.no |
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| Drange, Nina | nina.drange@ssb.no |
| Lasse Eika, research fellow | lasse.eika@econ.uio.no |
| Anna Aasen Godøy, research fellow | a.a.godoy@frisch.uio.no |
| Katinka Kristine Holtsmark | k.k.holtsmark@econ.uio.no |
| Åshild Auglænd Johnsen | ashild.a.johnsen@uis.no |
| Anders Grøn Kjelsrud | a.g.kjelsrud@econ.uio.no |
| Eva Kløve, research fellow | eva.klove@esop.uio.no |
| Ingrid Krüger, research fellow | ingrid.krueger@econ.uio.no |
| Jørgen Heibø Modalsli, research fellow | j.h.modalsli@econ.uio.no |
| Kari Salvanes, research fellow | k.v.salvanes@econ.uio.no |
| Astrid Marie Jorde Sandsør, research fellow | a.m.j.sandsor@econ.uio.no |
| Marte Strøm, research fellow | marte.strom@econ.uio.no |
| Gry Tengmark Østenstad, research fellow | g.t.ostenstad@econ.uio.no |

Visiting PhD students

Administration

| | |
|---|-----------------------------|
| Johannes Elgvin, head of administration | johannes.elgvin@econ.uio.no |
| From June 1-Desember 1: | |
| Astrid Sandsør, acting head of administration | a.m.j.sandsor@econ.uio.no |

Both research assistants and administrative support

First half of year :

| | |
|-------------------------|----------------------------|
| Esther Ann Nisja Bøler | e.a.n.boler@econ.uio.no |
| Tina Victoria Engelsrud | tina.engelsrud@econ.uio.no |

Second half of year:

Martin Flatø
Siril Kvam

martin.flato@ekon.uio.no
siril.kvam@econ.uio.no

Research Assistants

Sunniva Pettersen Eidsvoll
Kenneth Birkeli
Haakon P. Riekeles
Line Bentzen
Sigrid Wilter Eriksson
Kristin Thorvaldsen
Aksel Holler Jonassen
Lin Ma
Karin Joanne Jacobsen

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krithorv@student.sv.uio.no
akselhjo@student.matnat.uio.no
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Recipients of the ESOP Student Scholarship

Sunniva Pettersen Eidsvoll
Tina Victoria Engelsrud
Katinka Kristine Holtmark
Endre Kildal Iversen
Ole André Kjennerud
Camilla Nore
Synne Klingenberg

Recipients of the Gender & Economics Scholarship

Ranjit Kaur
Sophie Kristoffersen
Carol Lorena Perez Romay

ESOP Network

Daron Acemoglu, Massachusetts Institute of Technology (MIT)
Jean-Marie Baland, University of Namur (FUNDP)
Sam Bowles, Santa Fe Institute (SFI) and University of Sienna (UNISI)
Rob Davies, Zimbabwe

Miriam Golden, University of California, Los Angeles (UCLA)
Emily Haisley, Carnegie Mellon University (CMU)
Jonathan Heathcote, The Federal Reserve Bank of Minneapolis
Ethan Kaplan, Stockholm University (SU)
James Konow, Loyola Marymount University (LMU)
Eliana La Ferrara, Bocconi University
George Loewenstein, Carnegie Mellon
Ellen McGrattan, Research Dept., Federal Reserve Bank of Minneapolis
Ted Miguel, UC Berkeley
Eva Nagypal, Northwestern
Trond Petersen, UC Berkeley
Michelle Rendall, University of Zurich
James A. Robinson, Harvard University
Dominic Rohner, University of York
Maria Saez-Marti, Zurich University
Kjell Gunnar Salvanes, Norwegian school of economics and business administration (NHH)
Virginia Sanchez Marcos, Universidad de Cantabria
Andres Solimano, CEPAL, Chile
Giovanni Violante, New York University
Elisabeth Wood, Yale University
Amir Yaron, Wharton
Fabrizio Zilibotti, University of Zurich

ACCOUNTS AND REVISED BUDGET

| Funding NOK 1000 | Accounts 2007 | Accounts 2008 | Accounts 2009 | Accounts 2010 | Accounts 2011 | Budget 2012-16 | Total budget |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|
| CoE funding | | | | | | | |
| Host institution (UiO) | 1 000 | 2 110 | 2 100 | 6 840 | 8 707 | 52 128 | 72 885 |
| Norw. Research Council - CoE | 9 000 | 6 000 | 12 400 | 1 644 | 9 595 | 52 625 | 92 241 |
| Active partner | | | | | | | 0 |
| International funding | | | | 1 065 | | 1 262 | 2 184 |
| Other public | | | 562 | 817 | 1 535 | 273 | 3 187 |
| Other private | | | | | | | 0 |
| Total income | 10 000 | 8 110 | 15 062 | 10 688 | 19 119 | 107 416 | 168 671 |
| Other funding, excl. CoE grants | | | | | | | |
| Active partner A | | | | | | | 0 |
| Active partner B | | | | | | | 0 |
| Host institution (UiO) | 4 792 | 5 899 | 5 711 | | | 0 | 16 402 |
| Others | | | | | | | 0 |
| Total funding excl. CoE grants | 4 792 | 5 899 | 5 711 | | | 0 | 16 402 |
| Total funding | 14 792 | 14 009 | 20 773 | 12 225 | 19 119 | 107 416 | 186 797 |
| Funding estimated in contract | 9913 | 15802 | 17 306 | | | | 79 059 |
| Deviation | 4 879 | -1 793 | 3 467 | 12 225 | 17 454 | 107 416 | 107 738 |
| Transferred (+/-) | 0 | 5 689 | 5 258 | 9 732 | 1 665 | | |
| Total funding and transfers | 14 792 | 19 698 | 26 031 | 21 957 | 19 574 | 111 199 | 211 714 |

| Expenditures NOK 1000 | Accounts 2007 | Accounts 2008 | Accounts 2009 | Accounts 2010 | Accounts 2011 | Budget 2012-16 | Totalt budget |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|
| CoE costs | | | | | | | |
| Personnel, housing | 2 560 | 5 739 | 7 900 | 17 418 | 17 232 | 46 870 | 148 629 |
| (Salaries and personnel costs) | | | (7 810) | (12 481) | (12 497) | () | (41 087) |
| (Premises, overhead) | | | (90) | (4 937) | (4 735) | () | (9 762) |
| Purchase of R&D services | 414 | 371 | 740 | 1 219 | 668 | 5 181 | 7 893 |
| Scientific equipment | 207 | 182 | 0 | 380 | 128 | 181 | 1 843 |
| Workshops/conferences | | | | | | | |
| Individual running costs | | | | | | | |
| Other running costs | 858 | 2 249 | 1 948 | 941 | 774 | 8 109 | 11 081 |
| Total CoE costs | 4 039 | 8 541 | 10 588 | 19 958 | 18 802 | 60 341 | 169 446 |
| Other costs excl. CoE costs | | | | | | | |
| Personnel, housing | 5 064 | 5 899 | 5 711 | 0 | 0 | 0 | 16 674 |
| (Salaries and personnel costs) | | | (5 143) | | | | 16 674 |
| (Premises, overhead) | | | (568) | | | | 568 |
| Purchase of R&D services | | | | | | | 0 |
| Scientific equipment | | | | | | | 0 |
| Other running costs | | | | | | | 0 |
| Total costs excl. CoE costs | 5 064 | 5 899 | 5 711 | 0 | 0 | 0 | 16 674 |
| Total costs | 9 103 | 14 440 | 16 299 | 19 651 | 18 802 | 104 404 | 186 120 |
| Transferred (+/-) | 5 689 | 5 258 | 9 732 | 1 999 | 772 | 970 | 25 594 |

Comments to the account and budget

Because of delays in recruitment when the centre started, the costs were lower than expected the first year. As a result we had an amount of more than 5,5 MNOK which had to be transferred from one year to the next, every year. From 2010 we also integrated the money from the host institution into ESOP's accounting. We then had accumulated an amount almost equal to one year's running budget. In 2010 we therefore made some foundational changes:

1. Instead of transferring the money from one year to next, we asked the RCN to withhold a substantial part of the payment for 2010. The strategy was to spend the accumulated money, so the amount transferred from year to year would come down to a more normal level. We came to an agreement with RCN that we could ask for the withheld money when we needed it in the future. From 2010 we have removed the numbers in the line "funding estimated in contract", because we have to make a new estimate and a new contract.

2. For the year 2010, and the years to come, the University of Oslo has decided to post the income from the host institution into ESOP's budget and accounting. We are quite happy for this decision: Firstly it gives a better picture of the amount spent on the centre's research activity. Secondly it makes it easier to account for all the contributions from the host institution. In the future we therefore have to post the funding from the Department under the label "Host institution (UiO)".

3. The largest change to the original plan is that from 2010 the host institution is contributing with more than originally budgeted. The major reasons for this change is firstly because the Department contributes with several more PhD students than planned, and secondly because a few more professors at the Department has joined the ESOP staff.

RESOURCES – PERSONNEL 2010

Scientific positions

| Professors, Ass. professors, researchers, ass | | | People: 43 | Man-year: 9,1 | | |
|---|-----|-----------------------|-----------------|-------------------|-------------------------|-----------------------------|
| Name | Sex | Country of employment | Academic degree | Employment | Place of work/ employer | Months worked at the centre |
| Almås, Ingvild | F | Norway | Researcher | 01.02.09-31.01.12 | ESOP/NHH | 2,4 |
| Asheim, Geir | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Barth, Erling | M | Norway | Adj.Prof. | 01.08.08-31.12.11 | ISF/ESOP | 4,8 |
| Bratsberg, Bernt | M | Norway | Adj.Prof. | 01.09.07-31.12.11 | Frisch/ESOP | 1,2 |
| Brinch, Christian N. | M | Norway | Researcher | 01.01.10-31.12.11 | SSB/ESOP | 1,2 |
| Brekke, Kjell Arne | M | Norway | Førsteaman. | 01.01.07- | ESOP/ØI | 2,4 |
| Cappelen, Alexander | M | Norway | Professor | 01.01.07- | NHH/ESOP | 1,2 |
| Christiansen, Vidar | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Fernandez, Raquel | F | USA | Professor | 01.09.07-31.12.11 | NYU/ESOP | 2,4 |
| Harstad, Bård | M | USA | Adj.Prof. | 01.01.10-31.12.11 | NWUni/ESOP | 2,4 |
| Hoel, Michael | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Holden, Steinar | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Høyland, Bjørn | M | Norway | Professor | 01.01.07- | ESOP/ISV | 1,2 |
| Keilman, Nico | M | Norway | Professor | 01.08.10- | ESOP/ØI | 1 |
| Kravdal, Øystein | M | Norway | Professor | 01.01.10- | ESOP/ØI | 2,4 |
| Lind, Jo Thori | M | Norway | Ass. Prof. | 01.09.09- | ESOP | 12 |
| Markussen, Simen | M | Norway | Researcher | 01.01.07- | Frisch/ESOP | 1,2 |
| Mehlum, Halvor | M | Norway | Professor | 01.01.07- | ESOP/ØI | 9 |
| Moen, Espen | M | Norway | Adj.Prof. | 01.09.07-31.12.11 | BI/ESOP | 1,2 |
| Moene, Karl-Ove | M | Norway | Professor | 01.01.07- | ESOP | 12 |
| Mogstad, Magne | M | Norway | Researcher | 01.04.09-31.12.11 | SSB/ESOP | 2,4 |
| Nilssen, Tore | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Nyborg, Karine | F | Norway | Førsteaman. | 01.01.07- | ESOP/ØI | 2,4 |
| Ognedal, Tone | F | Norway | Førsteaman. | 01.01.07- | ESOP/ØI | 2,4 |
| Raaum, Oddbjørn | M | Norway | Adj.Prof. | 01.09.07-31.12.11 | Frisch/ESOP | 1,2 |
| Rege, Mari | F | Norway | Adj.Prof. | 01.01.09-29.02.12 | UiS/ESOP | 1,2 |
| Riis, Christian | M | Norway | Adj.Prof. | 01.03.10-31.12.11 | BI/ESOP | 1 |
| Rosén, Åsa | F | Sweden | Researcher | 01.08.08-31.12.11 | SOFI/ESOP | 0,6 |
| Rødseth, Asbjørn | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Røed, Knut | M | Norway | Adj.Prof. | 01.09.07-31.12.11 | Frisch/ESOP | 1,2 |
| Storesletten, Kjetil | M | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |
| Sørensen, Erik | M | Norway | Researcher | 01.02.09-31.01.12 | NHH/ESOP | 2,4 |
| Torvik, Ragnar | M | Norway | Professor | 01.01.07- | NTNU/ESOP | 1,2 |
| Torsvik, Gaute | M | Norway | Professor | 01.01.07- | UiB/ESOP | 1,2 |
| Tungodden, Bertil | M | Norway | Professor | 01.01.07- | NHH/ESOP | 1,2 |
| Ulltveit-Moe, K. H. | F | Norway | Professor | 01.01.07- | ESOP/ØI | 2,4 |

PhD students and research fellows

| | | |
|------------------|------------|----------------|
| Research fellows | People: 18 | Man-year: 10,6 |
|------------------|------------|----------------|

| Name | Sex | Country of employment | Academic degree | Employment | Place of work/ employer | Months worked at the centre |
|------------------------------|-----|-----------------------|-----------------|-------------------|-------------------------|-----------------------------|
| <i>Andresen, Nils August</i> | M | Norway | Ma | 05.10.09-04.10.13 | ESOP/ØI | 9 |
| <i>Bøler, Esther Ann N.</i> | K | Norway | Ma | 15.08.11-14.08.14 | ESOP/ØI | 5 |
| <i>Christiansen, Solveig</i> | K | Norway | Ma | 01.08.10-16.03.14 | ESOP/ØI | 0,8 |
| <i>Clarhåll, Jenny</i> | K | Norway | Ma | 01.10.05-31.12.11 | ESOP/ØI | 12 |
| <i>Cools, Sara</i> | K | Norway | Ma | 13.08.07-12.08.11 | ESOP/ØI | 12 |
| <i>Dapi, Bjorn</i> | M | Norway | Ma | 03.08.09-02.08.12 | ESOP/ØI | 12 |
| <i>Eika, Lasse</i> | M | Norway | Ma | 01.08.10-31.07.13 | ESOP/ØI | 5 |
| <i>Kjelsrud, Anders G.</i> | M | Norway | Ma | 15.08.11-14.08.14 | ESOP | 5 |
| <i>Godøy, Anna Aasen</i> | K | Norway | Ma | 01.01.10-31.12.13 | ESOP/Frisch | 9 |
| <i>Holtmark, Katinka K.</i> | K | Norway | Ma | 01.08.11-31.07.14 | ESOP/ØI | 5 |
| <i>Kløve, Eva</i> | K | Norway | Ma | 01.12.07-30.11.11 | ESOP/ØI | 12 |
| <i>Krüger, Ingrid</i> | K | Norway | Ma | 18.05.09-16.05.12 | ESOP/GRU | 12 |
| <i>Modalsli, Jørgen</i> | M | Norway | Ma | 25.06.07-24.06.11 | ESOP/ØI | 12 |
| <i>Salvenes, Kari V.</i> | K | Norway | Ma | 01.08.10-31.01.13 | ESOP/ØI | 5 |
| <i>Sandsør, Astrid M. J.</i> | K | Norway | Ma | 01.08.10-31.07.13 | ESOP/ØI | 5 |
| <i>Strøm, Marte</i> | K | Norway | Ma | 01.07.06-01.10.11 | ESOP/ØI | 7,5 |
| <i>Willumsen, Fredrik</i> | M | Norway | Ma | 19.02.07-28.02.11 | ESOP/ØI | 12 |
| <i>Østenstad, Gry T.</i> | K | Norway | Ma | 01.08.10-31.07.13 | ESOP/ØI | 5 |

Postdoctoral fellows

| Post doctoral fellows | | | People: 6 | | Man-year: 3,9 | |
|-----------------------------|-----|-----------------------|-----------------|-------------------|-------------------------|-----------------------------|
| Name | Sex | Country of employment | Academic degree | Employment | Place of work/ employer | Months worked at the centre |
| <i>Aslaksen, Silje</i> | F | Norway | PhD | 01.09.08-31.12.11 | ESOP/ØI | 12 |
| <i>Havnes, Tarjei</i> | M | Norway | Dr.oecon | 01.11.09-31.12.13 | ESOP/ØI | 6 |
| <i>Kotsadam, Andreas</i> | M | Norway | PhD | 01.09.11-31.08.15 | ESOP/ØI | 4 |
| <i>Knutsen, Carl Henrik</i> | M | Norway | PhD | 22.10.07-21.10.11 | ESOP/ISV | 9 |
| <i>Kundu, Tapas</i> | M | Norway | PhD | 16.08.07-15.08.11 | ESOP | 8 |
| <i>Willumsen, Fredrik</i> | M | Norway | PhD | 03.05.11-02.05.15 | ESOP | 8 |

Administration

| Administration | | People: 2 | | Man-year: 1 | |
|------------------|-----|-----------------|-------------------|-------------------------|-----------------------------|
| Name | Sex | Academic degree | Employment | Place of work/ employer | Months worked at the centre |
| Elgvin, Johannes | M | Cand.polit | 01.01.09- | ESOP | 6 |
| Sandsør, Astrid | F | Bachelor | 01.07.09-25.06.10 | ØI/ESOP | 6 |

Research assistants

| Administration | | | People: 2 | | Man-year: 1 | |
|----------------|--|--|-----------|--|-------------|--|
|----------------|--|--|-----------|--|-------------|--|

| Name | Sex | | Academic degree | Employment | Place of work/ employer | Months worked at the centre |
|-----------------------------|-----|--------|-----------------|-------------------|-------------------------|-----------------------------|
| <i>Bettum, Kristine</i> | F | Norway | Research ass. | 01.02.11-31.12.11 | ESOP | 2,4 |
| <i>Birkeli, Kenneth</i> | M | Norway | Research.ass. | 10.09.09-09.09.11 | ESOP | 0,2 |
| <i>Bøler, Ester Ann</i> | F | Norway | Research.ass. | 23.02.09-13.07.11 | ESOP | 3 |
| <i>Eidsvoll, Sunniva P.</i> | F | Norway | Research.ass. | 10.09.09-09.09.11 | ESOP | 1,6 |
| <i>Engelsrud, Tina V.</i> | F | Norway | Research.ass. | 23.08.10-22.08.11 | ESOP | 2 |
| <i>Flatø, Martin</i> | M | Norway | Research.ass. | 15.06.11-14.06.12 | ESOP | 3,2 |
| <i>Kvam, Siril</i> | F | Norway | Research.ass. | 15.06.11-14.06.12 | ESOP | 3,5 |
| <i>Riekeles, Haakon</i> | M | Norway | Research.ass. | 15.01.09-14.01.11 | ESOP | 2,4 |
| <i>Solheim, Mari Bugge</i> | F | Norway | Research ass. | 15.08.11-14.08.13 | ESOP | 1,2 |
| <i>Stokkereit, Espen</i> | M | Norway | Research ass. | 01.02.11-31.01.13 | ESOP | 2,4 |

Guest researchers

| Guest researchers | | | People: 2 | | Man-year: 0,1 | |
|-------------------------|-----|-----------------------|-----------------|-------------------|-------------------------|-----------------------------|
| Name | Sex | Country of employment | Academic degree | Guest period | Place of work/ employer | Months worked at the centre |
| Persson, Torsten | M | Sweden | Dr. | 29.08.11-02.09.11 | | 0,25 |
| Szczygielski, Krzysztof | M | Polen | | 15.08.11-26.08.11 | | 0,35 |

Positions displayed in Man-year

| Personnel/positions | Man-year 2 007 | Man-year 2 008 | Man-year 2 009 | Man-year 2 010 | Man-year 2 011 | Man-year 2012-16 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Professors, researchers, etc. | 3,6 | 6,3 | 6,7 | 9,1 | 9,1 | |
| Research fellows/Ph.D. students | 5,5 | 7,8 | 9,9 | 12,4 | 10,6 | |
| Postdocs | 1,3 | 2,9 | 3,1 | 3,6 | 3,9 | |
| Technical/adm. Positions | 1,1 | 2,0 | 1,5 | 1,5 | 1,0 | |
| Total personnel, man-year | 11,5 | 19,1 | 21,2 | 26,6 | 24,6 | |
| Guest researchers | | | | 1,5 | 0,1 | |

Oslo, 23 March 2012