



INSTITUTE FOR
INTERNATIONAL
ECONOMIC STUDIES
Stockholm University

Annual Report

2006/2007

Research Activities
Staff and Organization
Publications



The Institute for International Economic Studies

Stockholm University

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SVEN-OLOF LODIN, Professor (until June
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LARS-GÖRAN NILSSON, Professor

MATS PERSSON, Professor

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ANNIKA ANDREASSON

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ASTRID WÅKE

Publications:

ANNIKA ANDREASSON

Visitors Program and Seminars:

ANNIKA ANDREASSON

DAVID STRÖMBERG

JAKOB SVENSSON

Research Assistants:

DARIO CALDARA

JINFENG GE

ETTORE PANETTI

Research Staff

Professors

LARS CALMFORS
HARRY FLAM
JOHN HASSLER
HENRIK HORN
ASSAR LINDBECK
MATS PERSSON
TORSTEN PERSSON
PETER SVEDBERG
JAKOB SVENSSON
FABRIZIO ZILIBOTTI

Visiting Professors

PER KRUSELL
DIRK NIEPELT
KJETIL STORESLETTEN

Research Fellows

TORE ELLINGSEN
NICOLA GENNAIOLI
ETHAN KAPLAN
MASAYUKI KUDAMATSU
ELENA PALTSEVA
STEPHEN PARENTE
ÅSA ROSEN
DAVID STRÖMBERG

Graduate Students

DAVID VON BELOW
MARTINA BJÖRKMAN
ERIKA FÄRNSTRAND
DAMSGAARD
GIOVANNI FAVARA
DARIA FINOCCHIARO
ANDERS FREDRIKSSON
JOHAN GARS

VIRGINIA QUEIJO VON HEIDEKEN
JENS HENRIKSSON
MARTIN BECH HOLTE
ANNA LARSSON
ANDREAS MUELLER
JOSÉ MAURICIO PRADO, JR.
MIRCO TONIN
GISELA WAISMAN
DAVID YANAGIZAWA

Visiting Fellows

DOUGLAS ALMOND
Columbia University
TIMOTHY BESLEY
London School of Economics
KAJI CHEN
Oslo University
ANGUS DEATON
Princeton University
LENA EDLUND
Columbia University
PAOLA GIULIANO
Harvard University
PAUL KLEIN
University of Western Ontario
BRIAN KNIGHT
Brown University
BIRTHE LARSEN
Copenhagen Business School
SURESH NAIDU
University of California at Berkeley
NANCY QIAN
Brown University and Harvard University
JEAN-MARC ROBIN
Université de Paris 1
INGRID WERNER
Ohio State University

News at the Institute 2006/2007

DAVID VON BELOW, JOHAN GARS, JENS HENRIKSSON, ANDREAS MUELLER and DAVID YANAGIZAWA were admitted as graduate students at the IIES in January 2007. David von Below will spend the academic year 2007/2008 at London School of Economics. In January 2008, Jens Henriksson will take up a position as Executive Director at the IMF in Washington. Andreas Mueller will spend the academic year 2007/2008 at Princeton University.

MARTINA BJÖRKMÄN successfully defended her doctoral thesis in September 2006. Martina is now assistant professor at Università Bocconi.

DARIO CALDARA left his position as an IIES research assistant and will spend the academic year 2007/2008 at University of Pennsylvania.

LARS CALMFORS was appointed chairman of the newly established Swedish Fiscal Policy Council in June 2007. The council has been given the task by the government to regularly evaluate its fiscal policy. Lars was also appointed member of the Swedish government's Globalisation Council and elected member of the board of the Swedish Research Council. He left his earlier assignments as a member of the Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel and the board of the Royal Swedish Academy of Sciences.

TÖRE ELLINGSEN from Stockholm School of Economics spent part time at the IIES during the spring of 2007.

GIOVANNI FAVARA successfully defended his doctoral thesis in September 2006. Giovanni is now assistant professor at Université de Lausanne.

OLOF (OLLE) FOLKE from Swedish University of Agriculture and Life Sciences in Uppsala will be a visiting graduate student at the IIES in the fall of 2007.

NICOLA GENNAIOLI is on leave of absence and will spend the academic year 2007/2008 at CREI.

MARTIN HALLA, University of Linz, and CONNY OLOVSSON, Stockholm School of Economics, will spend the autumn of 2007 as visitors at the IIES.

CHRISTINA HÅKANSON, JAN KLINGELHÖFER and MARIA PERROTTA were admitted as graduate students at the IIES in June 2007.

ETHAN KAPLAN is on leave of absence during the academic year 2007/2008 which he will spend at University of California, Berkeley.

PER KRUSELL was awarded the 2007 Söderberg Prize in Economics by the Royal Swedish Academy of Sciences.

MASAYUKI KUDAMATSU with a Ph.D. from London School of Economics will join the IIES as assistant professor in September 2007.

ANNA LARSSON successfully defended her doctoral thesis in January 2007 and spends the year 2007 as a post doc at the Department of Economics, Stockholm University.

ASSAR LINDBECK was appointed Honorary Doctor at University of Iceland in October 2006.

DIRK NIEPELT has been appointed Deputy Director of Study Center Gerzensee. He has also been appointed to the Board of the Swiss Society for Economics and Statistics.

ELENA PALTSEVA has accepted a tenure track position at University of Copenhagen, starting September 1, 2007.

JOSÉ MAURICIO PRADO, JR. defended his doctoral thesis in June 2007. He is now assistant professor at IMT Lucca.

MIKAEL PRIKS from the Department of Economics, Stockholm University, will spend the period October 2007 – June 2008 at the IIES.

DAVID SEIM will join the IIES as a research assistant in the autumn of 2007 and he is enrolled in the graduate program at Stockholm University.

PAUL SODERSTROM from Stockholm School of Economics will spend the fall semester of 2007 at the IIES.

JAKOB SVENSSON was promoted to professor in March 2007.

Staff Research Activities 2006/2007

LARS CALMFORS mainly worked on three projects: attitudes towards trade in goods, trade in services and outsourcing (a joint project with psychologists); the joint determination of wages and working time; and employment effects of globalization. He published or wrote: (1) *The EEAG Report on the European Economy 2007*, CESifo, Munich (with Giancarlo Corsetti, Michael P. Devereux, Seppo Honkapohja, Gilles Saint-Paul, Hans-Werner Sinn, Jan-Egbert Sturm and Xavier Vives); (2) “The Revised Stability and Growth Pact – A Critical Assessment”, *The Journal for Money and Banking of the Bank Association of Slovenia*, November 2006; (3) “Edmund Phelps’s Contributions to Macroeconomics”, *Advanced Information on the 2006 Prize in Economic Sciences in Memory of Alfred Nobel*, the Royal Academy of Sciences, Stockholm (with Peter Englund, Tore Ellingsen, Lars Engwall, Bertil Holmlund, Per Krusell, Karl-Gustaf Löfgren, Lars Magnusson, Timo Teräsvirta and Jörgen Weibull); (4) “Edmund Phelps’s Contributions to Macroeconomics”, *Information for the Public on the 2006 Prize in Economic Sciences in Memory of Alfred Nobel*, the Royal Academy of Sciences, Stockholm, (with Peter Englund, Tore Ellingsen, Lars Engwall, Bertil Holmlund, Per Krusell, Karl-Gustaf Löfgren, Lars Magnusson, Timo Teräsvirta and Jörgen Weibull); (5) “2006 års ekonomipris till Edmund Phelps: Intertemporala avvägningar i makroekonomisk politik” (The 2006 Economics Prize to Edmund Phelps: Intertemporal Trade-offs in Macroeconomic Policy), *Ekonomisk Debatt* 2006:8 (with Bertil Holmlund, Per Krusell and Karl-Gustav Löfgren); (6) “Finanspolitiken i EU-länderna och stabilitetspakten” (Fiscal Policy in the EU Countries and the Stability Pact), forthcoming in Persson, M. and E. Skult (eds.), *Tillämpad makroekonomi*, third edition, SNS Förlag, Stockholm 2007; (7) “Globalisation – Curse or Blessing for Western European Jobs”, forthcoming in *The 2008 EEAG Report on the European Economy*, CESifo, Munich; and (8) “The Swedish Wage Bargaining System in Crisis”.

During the spring of 2007, TORE ELLINGSEN was supposed to spend part time at the IIES in order to finish a first draft of his book, modestly entitled *The Theory of Institutions*. Instead, he spent this time primarily working on a couple of papers in behavioral economics. After heavy revisions, (1) “Paying Respect” comes out in the fall edition of *Journal of Economic Perspectives*, whereas (2) “Verbal Feedback Induces Prosocial Behavior” is close to being accepted in *Evolution and Human Behavior*. Tore also gave a lively seminar based on (3) “Pride and Prejudice: The Human Side of Incentive Theory”, which is now forthcoming in the *American Economic Review*. All three papers are co-authored with his colleague at Stockholm School of Economics, Magnus Johannesson.

HARRY FLAM wrote the papers (1) “Euro Effects on the Intensive and Extensive Margin of Trade” (IIES Seminar Paper No. 750) (with Håkan Nordström); and (2) “Euron och utrikeshandeln: Hur mycket handel förlorar Sverige årligen?” (The Euro and Foreign Trade: How Much Trade Does Sweden Lose Annually?) (with Håkan Nordström), circulated by the Swedish National Board of Trade. He published (3) “Regionalism vs. Multilateralism in World Trade”, in Indraratna, A.D.V. de S. et al (eds.), *Global Free Trade versus Trade Agreements: Case of Sri Lanka*, Sri Lanka Economic Association, 2006; (4) “Economic Effects of Turkey’s Membership on the European Union”, in Togan, S. and B. Hoekman (eds.), *Turkey: Economic Reform and Accession to the European Union*, World Bank and CEPR, 2005; (5) “Eli Heckscher on Jewish Assimilation and Zionism”, in Findlay, R. et al (eds.), *Eli Heckscher, International Trade, and Economic History*, MIT Press, 2006; and (6) “Reformera AP-fondsystemet!” (Reform the AP-fund System!), *Ekonomisk Debatt* 2007:4.

NICOLA GENNAIOLI got four papers accepted for publication. His paper (1) “The Evolution of Common Law” was accepted for publication by *Journal of Political Economy* (with Andrei Shleifer); (2) “Overruling and the Instability of Law” was accepted for publication by *Journal of Comparative Economics* (with Andrei Shleifer); (3) “Judicial Fact



Torsten Persson still going strong as Director of the IIES. Photo: Orasis Foto

Discretion” was accepted for publication by *Journal of Legal Studies* (with Andrei Shleifer); (4) “The Modern Impact of Precolonial Centralization in Africa” was accepted for publication by *Journal of Economic Growth* (with Ilia Rainer). He wrote three new papers: (5) “Optimal Contracts with Enforcement Risk”; (6) “Judicial Discretion in Corporate Bankruptcy” (with Stefano Rossi); and (7) “Codification, Access to Justice and Contractual Innovation (with Enrico Perotti). He revised the following papers: (8) “Economics and Politics of Alternative Institutional Reforms” (with Francesco Caselli) and (9) “Optimal Resolutions of Financial Distress by Contract” (with Stefano Rossi). He presented papers at the following seminars and conferences: NBER Political Economy Working Group, NBER Corporate Finance Meeting, Conference on Courts and Judges (Harvard Law School), CREI, Universidad Carlos III, Conference on “Financial Contracting: Theory and Evidence” (Mannheim University), and Conference on “Private and Public Resolutions of Financial Distress” (Vienna Institute of Advanced Studies).

JOHN HASSLER has continued his collaboration with José V. (Sevi) Rodríguez Mora at Universitat Pompeu Fabra and Joseph (Yosi) Zeira at Hebrew University in Jerusalem. This year, the paper (1) “Unemployment Insurance Design: How to Induce Moving and Retraining” was accepted for publication in *European Economic Review* (with Sevi Mora). The paper (2) “Inequality and Mobility” was accepted for publication in *Journal of Economic Growth* (with Sevi Mora and Yosi Zeira). The paper (3) “Democratic Public Good Provision” was published in *Journal of Economic Theory* 133, 2007 (with Kjetil Storesletten and Fabrizio Zilibotti). John also continued his collaboration with Fudan University in Shanghai, planning to visit Fudan annually.

ETHAN KAPLAN published (1) “The Fox News Effect: Media Bias and Voting” in *Quarterly Journal of Economics* 122:3 (with Stefano Della Vigna); and (2) “The Political Impact of Media Bias” in Islam, R. (ed.) *Fact Finder, Fact Filter: How Media Reporting Affects Public Policy*, World Bank Publications, forthcoming (with Stefano Della Vigna). He also worked with Arindrajit Dube to revise (3) “Does Outsourcing Reduce Wages in the Low-Wage Service Occupations? Evidence from Janitors and Guards” for *Industrial and Labor Relations Review*. He revised (4) “The Iceberg Theory of Campaign Contributions: Political Threats and Patterns of Campaign Contributions” (with Marcos Chamon). He started a few new projects: (5) “Coups, Corporations and Common Knowledge” (with Arindrajit Dube and Suresh Naidu); (6) “The Persistence of Politics: Evidence from 9/11” (with Sharun Mukand); (7) “Industrial Policy: Governments and Markets under Imperfect Common Knowledge” (with Fabrizio Zilibotti); and (8) “A Theory of Liquidity: Imperfect Common Knowledge and Asset Prices” (with Dirk Niepelt). He gave presentations at Columbia University, Harvard University, University of Lausanne, New York University, Northwestern University, University of Zurich, Yale University, and a number of conferences.

PER KRUSELL spent four months at the IIES (the rest being spent at Princeton University) and worked on a variety of research topics within macroeconomics broadly defined: inequality, growth, labor-market theory, financial economics, political economy, and public economics. Per also gave a short course in macroeconomics and labor markets at University of Oslo.

ASSAR LINDBECK has continued his China project looking, in particular, at the social consequences of China's shift from central planning to a market economy. He published (1) "An Essay on Economic Reforms and Social Change in China", (Working Paper WPS 4057, World Bank, Washington); and (2) "China's Reformed Economy", *CESifo Forum* No. 1, 2007. Other work has focused on the financial sustainability of welfare-state arrangements. Publications in this field include: (3) "The Welfare State – Background, Achievements, Problems", *Palgrave Dictionary*, 2006; (4) "Sustainable Social Spending", *International Tax and Public Finance* 4, 2006. He also wrote (5) "Market Reforms, Welfare Arrangements and Stabilization Policy – A Triple Interaction in Employment Policy", mimeo, OECD Minister Conference, Toronto. Assar has also analysed, theoretically and empirically, how changes in social norms concerning work and social benefits affect the functioning of the welfare state. Papers in this area include (6) "A Model of Income Insurance and Social Norms" (IFN Working Paper No. 660) (with Mats Persson); (7) "Job Security and Work Absence: Evidence from a Natural Experiment" (IIES Seminar Paper No. 743, IUI Working Paper No. 660, Stockholm, and CESifo Working Paper No. 1687) (with Mårten Palme and Mats Persson); (8) "Raising Children to Work Hard: Altruism, Work Norms and Social Insurance", *Quarterly Journal of Economics* 4, 2006 (with Sten Nyberg). The possibilities to control public spending through internationally determined budget rules are discussed in (9) "The Stability Pact – Rationales, Problems, Alternatives", *Kyklos* 59, 2006 (with Dirk Niepelt). Assar has also updated his paper (10) "The Sveriges Riksbank (Bank of Sweden) Prize in Economic Sciences in Memory of Alfred Nobel 1969-2006, available at The Nobel Foundation's Internetmuseum ([/ www.nobel.se/economics/articles/lindbeck](http://www.nobel.se/economics/articles/lindbeck)), 2006 and published in a number of popular papers in international newspapers through the Project Syndicate.

DIRK NIEPELT has published two articles during the last academic year: (1) "The Stability Pact – Rationales, Problems, Alternatives", *Kyklos* 59, 2006 (with Assar Lindbeck); and (2) "Starving the Beast? Intra-Generational Conflict and Balanced Budget Rules", *European Economic Review* 51, 2007. He has presented his work in progress at seminars in Gerzensee, CREI (Universitat Pompeu Fabra), the Universities of St. Gallen, Bern, Lausanne and Zurich, the IIES, the SED conference in Prague, the EEA conference in Budapest, and the Christmas meeting in Munich.

ELENA PALTSEVA continued working on the papers (1) “Autocracy, Devolution and Growth”; (2) “Free Riding Ruins the Coase Theorem” (with Tore Ellingsen); (3) “Club-in-the-club: Reform under Unanimity” (with Erik Berglöf, Mike Burkart and Guido Friebel); and (4) “Protection for Sale to Oligopolists”. She presented her work at the EEA 2006 Meeting, Nordic International Trade Seminar (May 2007) and Nordic Conference in Development Economics (June 2007). She also participated in the 2007 Job Market for Economists, including the American Economic Association Meeting in Chicago in January 2007 and presentations at Boston College, Haverford College, George Mason University, Calgary University, Southampton University, University of Aarhus, University of Copenhagen, New Economic School, and Ecole Polytechnique.

STEPHEN L. PARENTE from University of Illinois spent the fall of 2007 at the IIES. His research primarily seeks to answer the question of why living standards differ so dramatically across countries. Pertaining to this topic, he presented a paper during his stay that examined the quantitative plausibility of Max Weber’s well-known hypothesis that the Protestant Reformation hastened the start of the Industrial Revolution in England, and he also continued work on two papers, both joint with Klaus Desmet at University of Carlos III. The first of these, (1) “Bigger is Better: Market Size, Demand Elasticity and Technological Innovation”, shows that larger markets either on account of larger populations or greater openness facilitate technological innovation by raising the price elasticity of demand for goods and services. The second paper, (2) “Why England First?: The End of Resistance and the Start of the Revolution”, builds on this work in order to explain the observation that the start of the Industrial Revolution in England coincides with a major decline in resistance to new technologies by the guilds and other interest groups there. It develops a model whereby specialized factor suppliers to the old technology stop resisting the introduction of more productive technologies once the market reaches a critical size, and it provides empirical support for this theory. Stephen also taught a mini-course in the graduate program on model calibration with an emphasis on development and growth. He enjoyed his stay immensely, especially the professional and social interactions with faculty, staff and students over coffee, bullar and glögg in the common room.

MATS PERSSON published (1) “The Becker Paradox and Type I vs. Type II Errors in the Economics of Crime”, *International Economic Review* 48:1, 2007 (with Claes-Henric Siven).

TORSTEN PERSSON published the paper (1) “Electoral Rules and Government Spending in Parliamentary Democracies”, *Quarterly Journal of Political Science* 2, 2007 (with Gérard Roland and Guido Tabellini). He wrote the following new papers: (2) “The Origins of State Capacity: Property Rights, Taxation, and Politics” (NBER Working Paper 13028)

(with Timothy Besley); (3) “The Growth Effect of Democracy: Is It Heterogeneous and How Can It Be Estimated?” (NBER Working Paper 13150) (with Guido Tabellini); (4) “Political Competition, Policy, and Growth: Theory and Evidence from the United States”, (with Timothy Besley and Daniel Sturm); (5) “Wars and State Capacity” (with Timothy Besley). During the year, he gave a number of seminars and lectures elsewhere in Europe and the US. He visited London School of Economics in October/November and gave a series of lectures to graduate students.

ÅSA ROSÉN from SOFI at Stockholm University visited the IIES during the fall of 2006. During her visit, she worked on two projects (1) “Incentives in Competitive Search Equilibrium” and (2) “Discrimination: Profitable and Efficient?”. The former project, which is joint work with Espen R. Moen, analyzes the interaction between agency problems within firms and external search frictions in the presence of workers’ private information. It is shown that the allocation of resources is determined by a modified Hosios Rule. Furthermore, private information may increase the responsiveness of the unemployment rate to changes in productivity, and the incentive power of the wage contracts is positively related to high productivity, low unemployment benefits and high search frictions. The latter project examines when discriminatory hiring policies can, in the presence of search frictions, be in the firm’s interest, i.e., result in higher profits, and therefore be a stable long run phenomenon.

KJETIL STORESLETTEN is a part-time professor at the IIES, and he spent several weeks there during 2006/2007. He continued his long-standing cooperation with John Hassler, Per Krusell and Fabrizio Zilibotti. They published one paper during the year: (1) “Democratic Public Good Provision”, *Journal of Economic Theory* 133, 2007; and revised their working paper (2) “On the Timing of Optimal Capital Taxation”. Kjetil has also continued his work on macroeconomics with heterogeneous agents, and during the year he published two papers on this topic: (3) “Asset Pricing with Idiosyncratic Risk and Overlapping Generations”, *Review of Economic Dynamics* 10:4, 2007 (with Chris Telmer and Amir Yaron), and “Comments on: “Hong and Ríos-Rull’s ‘Social Security, Life Insurance and Annuities for Families’”, *Journal of Monetary Economics* 54:1, 2007. Kjetil is currently a managing editor of the *Review of Economic Studies*, which takes a lot of his time.

DAVID STRÖMBERG published, or had the following papers accepted for publication: (1) “News Floods, News Droughts, and U.S. Disaster Relief”, *Quarterly Journal of Economics* 122:2, 2007 (with Thomas Eisensee), (2) “Natural Disasters, Economic Development, and Humanitarian Aid”, *Journal of Economic Perspectives* 21:3, 2007, (3) “How the Electoral College Influences Campaigns and Policy: The Probability of Being Florida”, *American Economic Review*, forthcoming, (4) “The Media’s Influence on Public Policy Decisions”, in

Islam, R. (ed.) *Fact Finder, Fact Filter: How Media Reporting Affects Public Policy*, World Bank Publications, forthcoming (with James M. Snyder, Jr.)

PETER SVEDBERG published the following articles: (1) “Declining Child Malnutrition: A Reassessment”, *International Journal of Epidemiology* 35, 2006; (2) “Malnutrition and Hunger: Alternative Perspectives”, in Lomborg, B. (ed.), *How to Spend \$50 Billion to Make the World a Better Place*, Cambridge University Press, 2006; (3) “Aid and Development: An Alternative Interpretation of the Evidence”, *Swedish Economic Policy Review* 13, 2006. The latter paper was presented at a conference in Stockholm on Foreign Aid Policy, arranged by the Swedish Economic Council. He also wrote two “portraits” of (4) Bent Hansen and (5) Anders Östlind as development economists for the 9th Nordic Doctrine Meeting in Stockholm (August 2006). A short version of the Hansen paper was published in Swedish in the article “Bent Hansen”, *Ekonomisk Debatt* 2007:4 (with Lars Matthiessen and Claes-Henrik Siven). The paper (6) “Child Malnutrition in India and China: A Comparison” will be published by the International Food Policy Research Institute (IFPRI) as a background paper for the conference “Taking Action for the World’s Poor and Hungry People”, to be held in Beijing, China, in October 2007. The paper (7) “Child Malnutrition and Poverty in Shining India” was presented at a WIDER conference in September 2006 and is under revision. The paper (8) “Explaining Child Malnutrition in India: Poverty or Female Subjugation?” was submitted to a leading medical journal. A paper entitled (9) “Water, Water Everywhere, but Few Drops to Drink for the Poor” was presented at the UNDP/SIWI workshop on “Human Development, Water and Sanitation” in February 2007. Papers in progress include (10) “Child Malnutrition, Income Distribution and Economic Growth in China 1982-2002”; and (11) “Concentration of Child Malnutrition: Consequences for Policy Choice”.

JAKOB SVENSSON published the following papers: (1) “Are Corruption and Taxation Really Harmful to Growth? Firm Level Evidence”, *Journal of Development Economics* 83:1, 2007 (with Ray Fisman); (2) “The Institutional Economics of Foreign Aid”, *Swedish Economic Policy Review* 13:2, 2006, and completed the papers: (3) “Power to the People: Evidence from a Randomized Field Experiment of a Community-Based Monitoring Project in Uganda” (CEPR Working Paper No. 6344) (with Martina Björkman); (4) “The Returns from Reducing Corruption: Evidence from Education in Uganda” (CEPR Working Paper No. 6363) (with Ritva Reinikka); (5) “From Corruption to Lobbying and Economic Growth” (CEPR Working Paper No. 5759) (with Bård Harstad); (6) “Local Accountability” (IIES Seminar Paper No. 749) (with Martina Björkman and Ritva Reinikka); and (7) “Working for God? Evidence from a Change in Financing of Not-for-profit Health Care Providers in Uganda” (IIES Seminar Paper No. 754) (with Ritva Reinikka).

Articles Published or Accepted in Leading Journals by IIES Staff 2006/2007

NICOLA GENNAIOLI “The Evolution of Common Law”, *Journal of Political Economy*, forthcoming (with Andrei Shleifer).

BÅRD HARSTAD “Harmonization and Side Payments in Political Cooperation”, *American Economic Review* 97:3, 2007.

ETHAN KAPLAN “The Fox News Effect: Media Bias and Voting”, *Quarterly Journal of Economics* 122:3, 2007 (with Stefano Della Vigna).

PER KRUSELL “Vintage Capital in Frictional Labor Markets”, *Review of Economic Studies*, forthcoming (with Andreas Hornstein and Giovanni Violante).

ASSAR LINDBECK “Raising Children to Work Hard: Altruism, Work Norms and Social Insurance”, *Quarterly Journal of Economics* 4, 2006 (with Sten Nyberg).

DAVID STRÖMBERG “News Droughts, News Floods and U.S. Disaster Relief”, *Quarterly Journal of Economics* 122:2, 2007 (with Thomas Eisensee).

DAVID STRÖMBERG “How the Electoral College Influences Campaigns and Policy: The Probability of Being Florida”, *American Economic Review*, forthcoming.

FABRIZIO ZILIBOTTI “Occupational Choice and the Spirit of Capitalism”, *Quarterly Journal of Economics*, forthcoming (with Matthias Doepke).

FABRIZIO ZILIBOTTI “Technology, Information and the Decentralization of the Firm”, *Quarterly Journal of Economics*, forthcoming (with Daron Acemoglu, Philippe Aghion, Claire Lelarge and John Van Reenen).

Visiting Fellows 2006/2007

DOUGLAS ALMOND visited the IIES for two weeks in the spring of 2007 and worked on two research projects. The first evaluates the health impacts of the introduction of the largest U.S. nutrition program — the Food Stamps Program — during the late 1960s and early 1970s. He presented findings that birth outcomes improved, especially for African-Americans, due to the program in a seminar at the Institute. The second project, joint with Lena Edlund and Mårten Palme, studies the effect of the Chernobyl nuclear accident on school outcomes of Swedish children in utero at the time.

KAIJI CHEN, from University of Oslo, visited the IIES for one week in November 2006. He presented the paper “A Quantitative Assessment of the Decline in the U.S. Saving Rate” and received valuable comments from seminar participants. During his visit, he also pursued two research projects. Both projects are joint work with Zheng Song, a recent graduate from the IIES. The first project aims at explaining the driving forces of U.S. business cycles. The model is constructed to show that news on future technological improvement can trigger an immediate economic expansion in a model with financial frictions on capital allocation. The second project aims at exploring the sustainability and evolution of a Pay-As-You-Go pension system in a majority voting framework with intra-cohort heterogeneity. These two projects benefited greatly from discussions with Assar Lindbeck, Dirk Neipelt and other faculty, students and visitors at the IIES during his visit.

LENA EDLUND visited the IIES for two weeks in the spring of 2007. She worked on two projects: one on the gender wealth distribution in the United States as a proxy for intergenerational wealth mobility (with Wojciech Kopczuk), and one on the effect on school outcomes of Swedish children in utero at the time of the Chernobyl nuclear accident in Ukraine (with Douglas Almond and Mårten Palme). She also presented the latter work at a seminar at the IIES.

PAOLA GIULLANO visited the IIES for a week in March 2007. During her visit she completed and presented “The Power of the Family” (with Alberto Alesina). The paper studies the importance of culture, as measured by the strength of family ties, on economic behavior and attitudes. The paper shows that strong family ties imply more home production of goods and services and less participation in market activities, especially for women and youngsters who stay at home longer. Strong family ties are also associated with less geographical mobility since ties are more useful if people live close to each other. On the



Martina Björkman defended her thesis and is now assistant professor at Università Bocconi

positive side, people belonging to strong family ties societies appear to be happier and more satisfied with their life. Many of the very useful comments received during the seminar were included in the revised version of the paper. Last but not least, Paola was very happy to be in town for “Les Cahier du Cinéma” week.

BRIAN KNIGHT from Brown University visited the IIES in September 2006. He presented his paper “Socially Optimal Districting: A Theoretical and Empirical Exploration” (with Stephen Coate). This paper provides an economic welfare analysis of the problem of crafting districts for electing legislators in the United States. He also worked on an empirical project testing for momentum effects in sequential elections with an application to the U.S. Presidential Primary System. Finally, he was fortunate to be in Stockholm during the week of the IIES’s annual crayfish party.

BIRTHE LARSEN from Copenhagen Business School visited the Institute in May 2007. She worked with Gisela Waisman on two joint papers: “Who Is Hurt by Discrimination?” and “Do Attitudes Towards Immigrants Matter?”. The purpose of the first paper is to study theoretically the effects of discrimination of immigrants on labor market

performance for both natives and immigrants, given that all workers are subject to a risk of losing skills during the experience of unemployment. The second paper considers the same question in an empirical setting, exploring regional differences and taking into account that immigrants potentially move. At an IIES seminar, she presented a preliminary version of the first paper. The papers benefited a lot from comments given by Ethan Kaplan, Torsten Persson and David Strömberg.

SURESH NAIDU visited the IIES in January and February of 2007. He worked with Ethan Kaplan on “Coups, Corporations, and Common Knowledge”. The paper uses daily stock market data of US corporations to determine whether information about CIA coups was leaked to financial markets. They looked at companies that were nationalized by developing country governments that were subsequently overthrown with the assistance of the CIA together with declassified planning documents to see if stock market prices responded to top-secret events. Suresh also got to try reindeer and experience the abundant night-time of Swedish winter.

NANCY QIAN from Brown University visited the IIES in May 2006. She gave a guest lecture on gender issues in the graduate course Development Economics. She also initiated a project with David Yanagizawa. This project studies the impact of power for poor countries on political oppression, GDP and human rights violations. It contributes to the recent literature on the persistence of bad regimes as well as the studies of the impact of UN Security Council Membership.

Tenure Track Assistant Professor Position

The Institute for International Economic Studies, Stockholm University, seeks to fill one or two positions at the tenure-track assistant professor level, beginning in the academic year 2008/09. Applicants should have a Ph.D. in economics (or be near completion of the doctorate). A commitment to excellence in research is a prerequisite. The position offers a low teaching load (primarily at the Ph.D. level) with a competitive salary. Applicants in all fields of economics are welcome, but preference will be given to candidates in the following fields (listed in alphabetical order): Applied Econometrics, Applied Theory, Growth and Development, Industrial Organization, International Macro and Finance, International Trade, Labor Economics, Macroeconomics, Monetary Economics, and Public Finance. Applicants must submit a CV, three letters of recommendation, and samples of research such as thesis chapters or publications (application packages will not be returned). To ensure full consideration, applications should be received by regular mail by November 29, 2007. Candidates on a shortlist will be interviewed at the ASSA Annual Meetings in New Orleans, January, 2008. Other arrangements may be possible for shortlisted candidates not based in the US and not planning to attend the Meetings.

Contact: Prof. Torsten Persson, e-mail: torsten.persson@iies.su.se

Applications are to be addressed to: Recruitment Committee, Institute for International Economic Studies, Stockholm University, SE-10691 Stockholm, Sweden.

Teaching 2006/2007

LARS CALMFORS gave the undergraduate course in Economic Policy at the Department of Economics of Stockholm University in the spring of 2007.

NICOLA GENNAIOLI taught two graduate courses at Stockholm University: Mathematics II and Contract Theory.

JOHN HASSLER taught the graduate course “Non-standard Preferences in Macroeconomics” and the introductory undergraduate Macroeconomics course. Together with Per Krusell, he gave Macro II in the graduate program.

ETHAN KAPLAN taught two graduate courses: International Macroeconomics and Political Economics III (with David Strömberg).

PER KRUSELL taught the second part of the graduate course Macro II.

ASSAR LINDBECK has given a number of lectures in micro- and macroeconomics at the undergraduate level.

DIRK NIEPELT taught the Macro I graduate course (with Lars Ljungqvist). He also taught a Master’s level course in Economic Policy at University of Lausanne as well as a PhD course (introduction to mathematical methods) and Central Bankers’ Courses (international economics) at the Study Center Gerzensee.

MATS PERSSON taught a Master’s course on “The Economics of the Welfare State” and a graduate course on “Social Security”.

TORSTEN PERSSON taught the graduate course Political Economics II (with David Strömberg). He also taught a Master’s/Ph.D. course on the same topic at the London School of Economics (with Ronny Razin)

DAVID STRÖMBERG taught the graduate courses Econometrics II (with Per Pettersson-Lidbom), and Political Economics II (with Torsten Persson) and III (with Ethan Kaplan).

PETER SVEDBERG taught the course Intermediate Development Economics in the fall as well as the spring semester.

JAKOB SVENSSON taught the graduate course Development Economics in the spring of 2007, and the Masters course in Development Economics in the fall of 2006.



Elena Paltseva spent the academic year 2006/2007 as a post doc at the IIES

Extramural Activities 2006/2007

LARS CALMFORS served as Chairman of the European Economic Advisory Group (EEAG) at CESifo in Munich and of the Scientific Council of the Center for Business and Policy Studies (SNS) in Stockholm. He also had temporary assignments as Chairman of the Steering Group responsible for allocating funding for Europe-related research in social sciences and humanities at the Research Council of Norway and as Chairman of the Prize Award Committee for 2007 of the Söderberg Foundation. He served as a member of the Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel (till 1 March 2007), the board of the Swedish Royal Academy of Sciences, the board of the Swedish Research Council (from 1 January 2007), the Swedish governments' Globalisation Council (from 1 January 2007) and the Shadow Monetary Policy Committee of *Dagens Industri*. He gave a number of speeches, lectures and seminars mainly on macroeconomic policy, labor market issues and globalization at, for example, the Department of Economics at Uppsala University, the Department of Economics at Oslo University, the Department of Political Science at Uppsala University, Stockholm School of Economics, Bruegel in Brussels, the European Parliament in Brussels, Sveriges Riksbank, the Swedish Ministry of Finance, the Swedish Ministry of Labour, the Labour Market Committee of the Swedish Parliament, the Swedish Confederation of Professional Employees (TCO), the Swedish Association for Municipal Statistics and Planning, the Swedish Center for Business and Policy Research (SNS), SEB, and IQPC.

HARRY FLAM was appointed by the Swedish National Agency for Higher Education to serve as a member of the accreditation committee for the degree of Master of Economics. He also served as a member of the evaluation committee for a chair in economics at the Norwegian School of Economics and Business Administration.

Throughout the year, PER KRUSELL served on the Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. He also served as an Associate Editor for *Econometrica* and as a Foreign Editor for the *Review of Economic Studies*. He was appointed and served as Program Director of the International Macroeconomics Program of the Centre of Economic Policy Research (CEPR). In addition, he served on the Scientific Advisory Boards of CREI, Barcelona, and the Institute for Advanced Studies, Vienna.

ASSAR LINDBECK gave lectures for graduate students at the I.S.E.O. (Institute for Studies on Economics and Employment) Summer School in Iseo, Italy, in July and attended the EEA- ESEM conference in Vienna in August.

MATS PERSSON served as a member of the Preparatory Committee for Economics of the Bank of Sweden Tercentenary Foundation. He also served as a member of the Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.

TORSTEN PERSSON served, as 1st Vice President (from January 2007), on the Executive Committee of the Econometric Society. He also chaired the panel (SH1) for Economics and other Social Sciences in the newly founded European Research Council.

JAKOB SVENSSON served as a member of the Board of Directors for the Swedish Agency for Development Evaluation (Sadev). He has also been in the reference group for the Expert Group of Environmental Studies (Expertgruppen för miljöstudier) as well as a member of the Panel of Experts for the U4 Helpdesk (Transparency International).



Karolina Ekelholm, Ann-Sofie Kolm and Lars Calmfors, members of the Swedish Fiscal Policy Council. Photo: Orasis Foto

Completed Theses 2006/2007

In September 2006, MARTINA BJÖRKMAN defended her thesis *Essays on Empirical Development Economics: Education, Health and Gender*, which comprises three papers. The first, “Income Shocks and Gender Gaps in Education: Evidence from Uganda”, uses exogenous variation in rainfall across districts in Uganda to estimate the causal effects of household income shocks on children’s enrollment and cognitive skills conditional on gender. In this paper, she finds that adverse income shocks have large negative effects on female enrollment and test scores, while boys are only marginally affected. The results imply that households respond to income shocks by varying the quantity and quality of girls’ education while boys, to a large extent, are sheltered. The second paper, “Does Money Matter for Student Performance? Evidence from a Grant Program in Uganda”, assesses the effect on student performance of an untied public grant in the education sector. To capture the causal effect of the grant, she exploits the variation in program exposure introduced by a newspaper campaign aimed at boosting schools’ and parents’ ability to monitor how local officials handle the grant program. The newspaper campaign was successful, but since newspaper penetration varies greatly across districts, the exposure to information about the program, and thus funding, differed across districts. She uses this variation to study the effect of increased funding on student test scores and finds significant and quantitatively important effects. The third paper, “Power to the People: Evidence from a Randomized Experiment of a Citizen Report Card Project in Uganda”, presents the results of a randomized evaluation of a community-based monitoring intervention intended to enhance rural communities’ ability to hold primary health care providers accountable. The intervention improved both the quality and the quantity of health service provision in the treatment communities: One year into the program, average utilization increased by 16 percent, the weight of infants increased and the number of deaths among children under-five fell markedly. The results suggest that the health unit staff increased their effort to serve the community in light of better community monitoring.

GIOVANNI FAVARA defended his thesis *Credit in the Macroeconomy* in September 2006. The thesis consists of four papers: (1) “Agency Costs, Net Worth and Endogenous Business Fluctuations” proposes a theory of non-linear firms’ investment dynamics based on agency costs in the credit market. It is argued that entrepreneur’s and investors’ incentives vary in opposite directions over the business cycle. Thus, when both parties contribute to increase investment productivity, periods of investment boom may be followed by investment bust, and vice-versa. (2) “Heterogeneous Expectations and House Price Dynamics” uses a dynamic equilibrium model of the housing market to show that in the presence of households heterogeneous beliefs, house prices tend to be biased upwards



Giovanni Favara defended his thesis and is now assistant professor at Université de Lausanne

because they reflect only the opinion of optimistic agents, while pessimistic agents, who prefer to rent to avoid capital losses, do not participate in the “for sale” market. (3) “Reconsidering the Role of Money for Output, Prices and Interest” finds that shocks to monetary aggregates have non trivial consequences for the dynamics of output and prices, contrary to the commonly used assumption of current models of monetary policy, which assigns no role to monetary aggregates. (4) “An Empirical Reassessment of the Relationship between Finance and Growth” argues that the relationship between finance and growth is highly heterogeneous across countries and, even though financial development and economic growth are correlated, financial development does not seem to exert first order effects on economic growth.

In January 2007, ANNA LARSSON defended her thesis *Real Effects of Monetary Regimes*. The first paper, “Monetary Regimes, Labour Mobility and Equilibrium Employment” analyzes the impact of the monetary regime on labour markets in a small open economy by considering the game between large wage setters and an independent central bank in a two-sector model with potential labor mobility between sectors. Two monetary regimes are considered: membership in a monetary union and a national inflation target combined with a flexible exchange rate. A key result is that when there is perfect labor mobility

between sectors, the monetary regime is of no importance for real wages, employment or profits. Labor mobility substantially reduces wages and increases employment. Another key finding is that when labor is immobile between sectors, inflation targeting generates higher employment and profits than membership in a monetary union. The second paper, “Fiscal Activism under Inflation Targeting and Non-atomistic Wage Setting” considers a game between the government, an independent central bank and non-atomistic wage setters in a model with monopolistic competition. The paper combines the literature on fiscal/monetary interactions with the literatures on strategic interaction between central banks and large wage setters and on strategic interaction between the government and centralised trade unions. Implications of inflation targeting and fiscal activism for the labor market outcome are discussed. The results suggest that while inflation targeting may discipline wage setters, activist fiscal policy generates higher real wages and lower employment. The main explanation is that unions exploit the government and make it assume responsibility for some of the cost of high wages. The third paper, “The Swedish Real Exchange Rate under Different Currency Regimes” presents evidence on the behavior of the Swedish real exchange rate relative to Germany under different currency regimes 1973:1-2001:4. The results suggest that the real exchange rate is cointegrated with Swedish and German productivity. In the short run, the exchange rate regime has mattered for the dynamics of the real exchange rate. Deviations from long-run equilibrium have been adjusted more quickly when the nominal exchange rate has been allowed to float freely.

In June 2007, JOSE MAURICIO PRADO JR defended his thesis *Essays on Public Macroeconomic Policy*. The first paper, “Government Policy in the Formal and Informal Sectors”, quantitatively investigates the interaction between the firms’ choice to operate in the formal or the informal sector and the government policy on taxation and enforcement. The essay accounts for the key aspects in the data and backs out country-specific enforcement levels. It is shown that the welfare gains from policy reform can be fairly large and the distortions associated with informality account for a factor of almost 2 of the output per capita difference between the richest and the poorest countries. The second paper, “Determinants of Capital Intensive and R&D Intensive Foreign Direct Investments”, shows that better protection of property rights has a significant positive effect on R&D but not on capital intensive capital flows. There is evidence that an increase in workers’ bargaining power results in a reduction of capital and technologically intensive foreign investment. Presidential regimes appear to be less able than parliamentary ones, in delivering policies that attract R&D intensive capital flows. The third paper, “Ambiguity Aversion, the Equity Premium, and the Welfare Costs of Business Cycles”, examines the potential importance of consumers’ ambiguity aversion for asset prices and how consumption fluctuations influence consumer welfare. It finds that consumers are willing to pay over 10% of consumption to reduce endowment fluctuations to zero.

Theses in Progress 2006/2007

DAVID VON BELOW is working on a thesis dealing with the economics of climate change. He will spend the academic year 2007/08 at London School of Economics as a Visiting Research Student.

ERIKA FÄRNSTRAND DAMSGAARD worked on topics related to economic growth and intellectual property rights. Her paper “Patent Scope and Technology Choice” analyzes how patent scope affects incentives for innovation and the probability of innovation in a two-firm model with an incumbent and an entrant. She finds that an increase in patent scope increases innovation provided that the incumbent firm has a high incentive to innovate and the patented technology has a small advantage relative to alternative technologies. However, when the model is extended to allow for Stackelberg competition or licensing, it becomes much less likely that a broad patent scope increases innovation. Erika has also worked on a joint paper with Per Krusell titled “The World Distribution of Income: Country TFP in a Nelson-Phelps World”. In this paper, they construct a stochastic dynamic general equilibrium model of the world distribution of income, where individual countries invest in TFP. The main finding is that even under the assumption that all countries have identical technologies for TFP accumulation, the world distribution of TFP across countries can be asymmetric; it is twin-peaked.

DARIA FINOCCHIARO has been working on topics related to asset prices and monetary policy. Recently, in many industrialized economies house prices have undergone major fluctuations, which have drawn the attention of policymakers and academics towards the developments in housing markets and their implications for monetary policy. The paper “Do Central Banks React to House Prices”, co-authored with Virginia Queijo von Heideken, asks whether the U.S. Fed, the Bank of Japan and the Bank of England have reacted to house price inflation. Daria and Virginia study the responses of these central banks by estimating a structural model for each country where credit constrained agents borrow using real estate as collateral. The main result is that house price movements did play a separate role in the U.K. and Japanese central bank reaction functions in the last years, while they did not in the U.S.

ANDERS FREDRIKSSON’s current thesis work consists of two theoretical projects on the informal economy in developing countries. The first project, “Informal Firms, Migration to Formality and Government Policy”, tries to understand how the decision of informal

firms to invest, grow and possibly become formal is influenced by factors specific to informality. The factors the paper focuses on are, first, the effect of the illegal nature of the informal firm on firm production and investment and, second, the large entry costs to formality that are seen in many developing countries. This project was presented at the Nordic Conference in Development Economics in Copenhagen in June, 2007. Entry costs to formality can consist of obtaining necessary permits and licenses from the government bureaucracy. In many countries, a special business segment has developed, helping firms and private agents when interacting with the bureaucracy, called “dispatching”. This business has developed not only to help firms and private agents, but also as a means to extract rents. In the second project, “Dispatchers”, he models the dispatching sector. He does not only focus on the decision of firms whether to use the sector when “becoming formal” but sets up a general model of how government, bureaucrats, dispatchers and firms interact.

JOHAN GARS joined the IIES at the beginning of 2007. He spent the spring mainly doing course work and teaching (he was one of three TAs on Macro II). His research has so far focused on analyzing the strategic interaction between agents fishing in the same waters. One complication is that the agents can typically be assigned different fishing waters, while it is practically impossible to assign property rights to the fish, which is the resource of actual interest. To capture this, the analysis is based on an ecosystem model with a spatial dimension, so that the movement of the fish between different fishing waters can be taken into account. The interaction is modeled as a differential game.

VIRGINIA QUEIJO VON HEIDEKEN is working on topics related to financial frictions, long-term interest rates volatility and Bayesian estimation. In her first paper, “How Important are Financial Frictions for the U.S. and the Euro Area?” (IIES Seminar Paper No. 738), she evaluates the importance of frictions in credit markets for business cycles in the U.S. and the Euro area. Her results indicate that financial frictions are relevant in both areas, and the size of such frictions is larger in the Euro area. In “Monetary Policy Regimes and the Volatility of Long-Term Interest Rates”, she studies the case of a central bank that cannot observe the natural rate, i.e., the underlying rate of unemployment that generates stable inflation. She shows that when the central bank underestimates the natural rate, it sets a higher inflation than its own target to reduce unemployment. Since natural rate errors are very persistent, she shows how this raises expectations of future inflation and future interest rates, and how it can explain a great deal of the observed volatility in long-term interest rates. In “Do Central Banks React to House Prices?”, a joint paper with Daria Finocchiaro, they use economic theory as well as statistical methods to show that the Bank of Japan and the Bank of England have reacted to house price inflation increasing interest rates, while the U.S. Fed has not.

JENS HENRIKSSON came to the IIES in January 2007 as a third year graduate student after being the State Secretary responsible for economic policy and international financial affairs at the Ministry of Finance in Sweden. Jens Henriksson is a senior policy fellow at BRUEGEL, a Brussels located think tank. In June, he published an essay identifying ten lessons he learnt during the Swedish budget reinforcement in the 1990's. At the IIES he is working on a more formal paper on budget consolidation as a signaling game between an independent central bank and a fiscal authority. In January 2008 Jens Henriksson will take up a position as Executive Director at the IMF in Washington.

MARTIN BECH HOLTE's interests are mainly within the fields of political economics and macroeconomics. This year, Martin has mainly been working on one project, titled "Income Taxation, Talent Identification, and CEO Pay". In this paper, he builds an equilibrium model of CEO pay, where the main objective is to study whether the steep increase in CEO pay over the past decades is related to more pronounced career incentives created by lower income taxes. The focus is on firms' ability to identify the most talented individuals for promotions, and how this ability to identify talent improves when income taxes fall and the career incentives of workers become stronger. A number of theoretical predictions are derived, showing, for instance, how such an improvement in talent identification will raise the sensitivity of CEO pay to the market value of the CEO's company, and how this varies across the human-capital intensity of industries. Finally, a number of empirical observations are provided that are in line with these predictions.

ANDREAS MUELLER worked on topics related to macroeconomics, monetary economics and currency unions. In his paper "A Currency Union Model with Heterogeneous Labour Markets" (with Mirko Abbritti) he analyzes how labor market rigidities affect inflation and unemployment differentials within a currency union and determines the implications for optimal monetary policy. Andreas also attended second year courses in the graduate program and spent the summer of 2007 at the research department of the Central Bank of Iceland (Sedlabanki).

MIRCO TONIN has continued to work on topics in labour economics and public finance. In a joint research project with Ann-Sofie Kolm, he has investigated the impact of in-work benefits in labour markets characterized by search frictions. The model accounts for endogenous wage formation and the financing of benefits through proportional taxation. Introducing or increasing in-work benefits increases labour force participation, employment, and search intensity by unemployed, while wages and the unemployment rate decline. The impact of benefits on job creation is an important factor behind employment growth. The analysis of financing reveals that increasing in-work benefits financed through a proportional tax rate is equivalent to reducing the "effective" bargaining

power of the worker. The model also identifies the conditions under which the labour force variables for the targeted group improve. He spent the summer of 2007 at the Central European University in Budapest.

GISELA WAISMAN's area of interest is political economy. She is currently working on two papers. The first is "Who is Hurt by Discrimination?". In this paper, the effects of discrimination of immigrants on the labor market are studied within a search and wage-bargaining setting including a risk of losing skills during the experience of unemployment. The negative effects of discrimination in the form of higher unemployment and lower wages spread to all workers, immigrants and natives, in all sectors of the economy. The effect is stronger for immigrants, but natives suffer as well. The second paper is "Do Attitudes towards Immigrants Matter?". Several studies provide evidence of negative attitudes towards immigrants at least since the late 1970s. From previous studies we know some characteristics that individuals with negative attitudes have in common. In some regions of the country, these individuals represent a higher share of the population. The purpose of this paper is to study how the regional variation in attitudes affects immigrants. We concentrate on refugees that have been placed by the government upon their arrival. Some of them had moved from this placement by 2003 (the last year in our study). We want to determine if the decision to move, where they move and their labour market outcomes are systematically related to the attitudes towards immigrants that the population of the placement municipality holds. Both papers are written together with Birthe Larsen.

DAVID YANAGIZAWA is working on topics in development economics and political economics. Together with Nancy Qian at Brown University, he studies the effects of United Nations Security Council membership on democracy and income in developing countries. He is also working on two other projects: (1) The Effects of Ethnic Propaganda upon Genocide Participation in the 1994 Rwanda Genocide, and (2) The Effects of Price Information Access upon Bargaining Power, Market Participation and the Adherence to the Law of One Price.

Seminars and Publications

Seminars

Seminars at the IIES normally take place on Tuesdays and Thursdays between 15.00 and 16.30. Most speakers (about 85% of the total) are non-Swedish. The people in charge of the seminars are David Strömberg, Jakob Svensson and Annika Andreasson (administration).

Information about seminars of past and current academic years is to be found on our web: www.iies.su.se/seminars.htm. Invitations and papers presented at seminars can be received electronically or by regular mail (most papers can be downloaded from the web).

Publications

A list of the IIES Seminar Papers is found on our web, where all papers from SP No. 600 are downloadable as pdf-files.

For the most exhaustive information on the publications of individual IIES researchers, visit their own web pages.

The theses of our Ph.D. students are published in our Monograph Series, where all monographs from Monograph No. 46 are downloadable as pdf-files.

The IIES Reprint Series was discontinued at the end of 2001. Our web contains a list of previous and recent publications



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