



IUI, The Research Institute of Industrial Economics
Stockholm

IUI YEARBOOK 2003/2004

Foreword

While the performance of the Swedish economy in the recent cyclical downturn has been reasonably good, there is an increasing awareness that the present course of the economy is not sustainable in the long run, for example due to demographic trends that are common to most European countries. As there is a significant increase in the share of old-age pensioners in the population, the burden of financing an increasing welfare state will fall on a decreasing share of people active in the labor market. The problems are exacerbated by the decline in effective hours worked by those still of an active age.

Leading politicians have suggested that in the longer term, there is a need for tax increases in the order of magnitude of 10 percentage points of GDP to rescue the welfare state. On top of a tax burden that is already highest in the OECD area and indeed too high for a well-functioning economy, this course of action would, in my view, be devastating for the economy and our future welfare.

A more constructive solution high on the political agenda is to work for an increase in labor supply. A significant increase in the number of people employed in the private sector would certainly alleviate the problem of financing the welfare state. To an extent this can be achieved by a transformation to the private sector of activities that presently are in the public sector. But there is also a need for a general expansion of employment in the business sector.

An increase in employment in the business sector requires a better economic climate for private firms, an obvious relation more than often overlooked in the debate on labor supply. An increase in employment in the private sector by a couple of hundred thousand people requires a broad expansion of economic activities in that sector, which includes starting up new firms, expanding existing firms and localizing international activities to Sweden. We could not expect such a development without a determined political effort to improve the conditions for the business sector. To be successful, however, such an effort requires a knowledge of the relative importance of the driving forces of business activities.

Here, the research activities at IUI can provide important contributions. When it comes to factors determining international firms' decision of localization, IUI has a long and continuous tradition of research that has given us important insights. I am convinced that we will get new and important contributions from the new IUI survey of the activities of Swedish multinational firms that is just underway.

In a new project, IUI investigates which factors are decisive in driving invention-based entrepreneurship and which factors are important for

commercializing these inventions. An investigation of the relation between ownership taxation and the creation and growth of small firms is also underway.

By doing research that meets high academic standards in areas of great relevance for economic policy, IUI gives an important contribution to the qualified policy debate.

Stockholm 2004

Björn Hägglund
Chairman of IUI

Contents

	<i>Page</i>
Presentation of IUI	9
News at IUI	13
Other Activities	14
Conferences, Workshops and Courses	23
Current Research Programs	24
Program 1 Knowledge Accumulation, Human Capital and Economic Growth	25
1.1 Empirical Analyses of the Relations between Education, Training, Productivity and Wages	25
1.2 Individual Choices and Labor Market Institutions: How Are Income and Earnings Differences between Individuals and Groups Generated?	26
1.3 Evolution and Bounded Rationality in Economics	27
Program 2 Industrial Organization and International Specialization	28
2.1 Foreign Direct Investment (FDI), Industrial Organization and Trade Patterns	28
2.2 Competition Policy: Understanding and Evaluating Cooperation between Firms	29
2.3 Industrial Re-Organization: Understanding Changing Market Structures and Trading Patterns	30
2.4 Enlargement of the European Single Market	31
2.5 Globalization and Changes in Ownership Policy in Post-War Sweden	32
2.6 International Integration and Domestic Competition	33
2.7 Commercialization of Swedish Patents	34
Program 3 Economics of the Welfare State	35
3.1 The Advanced Welfare State	35
Publications	36
Books	36
Dissertations	38

Booklets	39
Working Papers	43
Seminars	46

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Presentation of IUI

The IUI Foundation (Stiftelsen Industriens Utredningsinstitut) is an independent non-profit research institution founded in 1939 by the Federation of Swedish Industries (Sveriges Industriförbund) and the Swedish Employers' Confederation (Svenska Arbetsgivareföreningen). At present, the main part of IUI is financed by the Confederation of Swedish Enterprise, which also elects the IUI board.

Located in central Stockholm, IUI conducts both empirical and theoretical research on economic issues of importance for long-term industrial development in Sweden. The emphasis is, however, on applied economics.

IUI has always had a high academic profile. Altogether, 59 dissertations in economics originate here, and a significant part of IUI's work has been published in international scientific journals and books. Many Swedish professors of economics have also spent part of their research careers at IUI. It is certainly the aim of IUI to continue to meet the challenges posed by the quality requirements of the international academic community. To achieve this, research is concentrated to a limited number of areas. The two main research programs pursued at IUI are: (1) Knowledge Accumulation, Human Capital and Economic Growth and (2) Industrial Organization and International Specialization.

Organization

The majority of the IUI research staff hold a doctorate in economics. The staff size has been fairly stable over the years, comprising the equivalent of 15–20 full-time researchers.

IUI's board of directors consists of leading industrialists. The board appoints the director of IUI and approves the budget and the research projects. The organization of research projects follows academic principles, and researchers publish their results in academic journals. Affiliated researchers have full academic freedom in their choice of methodology and, naturally, in the conclusions they draw. The board neither approves nor is responsible for any results published.

IUI conducts open academic seminars and maintains many formal and informal relations with leading universities and other research institutions around the world. The international contacts are extensive and foreign scholars regularly visit the institute. Generous contributions from the Marianne and Marcus Wallenberg Foundation make many of these activities possible. In 1996, IUI also initiated a seminar series on "Human Capital and Economic Growth" where leading international scholars are invited to give their views on current research and policy

issues in this field. This highly appreciated seminar series would not be possible without financial support from AstraZeneca and Stora Enso.

Financial Sources

The Confederation of Swedish Enterprise provides about 55 percent of the budget. The remainder of the financial support primarily comes from various research funds in the form of grants for specific projects. Generous financial support from the following bodies is gratefully acknowledged: the European Commission, Jan Wallander's and Tom Hedelius' Foundation, the Office of Labour Market Policy Evaluation, the Swedish Research Council and the Marianne and Marcus Wallenberg Foundation.

Board of Directors

The board of directors is appointed by the principal and comprises leading industrialists, as well as the director of the principal.

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News at IUI

There is a growing awareness of the important role played by independent entrepreneurs in a modern innovation system. Today, firms with fewer than 500 employees account for about 20% of business R&D investments in the OECD area. To fully exploit the potential value of an entrepreneurial innovation, complementary assets such as distribution networks, marketing channels, financial resources, manufacturing know-how and brand names are often needed assets, typically held by venture capitalists and large established firms. Hence, we observe a significant amount of collaboration between different types of agents in the innovation industry. IUI has therefore launched a project studying the welfare effects of different types of collaboration between entrepreneurs, venture capitalists and established firms in the innovation industry. Another related project analyzes how entrepreneurial R&D projects are financed in Sweden and how different types of financing, governmental versus private, affects the success of the R&D spendings. As part of this research agenda, IUI hosted a workshop on the theory and application of networks in June 2004, which attracted around 30 leading researchers in the field from all over the world.

The IUI research on multinational companies has had great impact and has contributed to a more objective economic-political debate and a more constructive approach concerning the internationalization of companies. The increasing relocation of enterprises to low-cost countries and the removal of the enterprises' central units, which have both attracted much attention, have created a great interest in issues related to the internationalization of enterprises. In order to understand how globalization affects business in Sweden and the Swedish economy, IUI has decided to carry out a new study of multinational companies with businesses in Sweden. This survey will be a follow-up of the institute's previous surveys, the first of which was launched in 1965.

During the academic year 2003/2004, the IUI staff has undergone several changes. Katariina Hakkala, formerly at Stockholm School of Economics, and Helena Svaleryd, formerly at Stockholm University, have been recruited to further strengthen IUI's research position in international economics. Moreover, Yves Zenou, formerly at University of Southampton, has been recruited to strengthen the research position in human capital and labor economics. In addition, Jakob Eliasson and David Zimmermann have joined IUI as research assistants. Research assistants Christina Håkanson and Gulay Özcan have left IUI to pursue doctoral studies in economics at Stockholm University.

Other Activities

Jonas Björnerstedt is currently working on a theory of bilateral oligopoly. Together with Johan Stennek, he has developed a model of intermediate goods markets, where both buyers and sellers have market power. Jonas Björnerstedt also works together with Andreas Westermark, Uppsala University, on issues of strategic discrimination between workers. In a joint work with Johan Stennek and Andreas Westermark, incentives for horizontal and vertical mergers in intermediate goods markets are investigated. Jonas Björnerstedt presented his paper “Bilateral Oligopoly” (with Johan Stennek) at a seminar at Lund University, and he presented the paper “Strategic Discrimination” (with Andreas Westermark) at Uppsala University.

Sven-Olof Fridolfsson has worked on various projects related to mergers and acquisitions. In cooperation with Johan Stennek, he has examined the possibility of identifying the welfare effects of mergers by analyzing stock market data. He has also devoted work to discussing appropriate objectives for merger control and has started a project (with Aldo Gonzalez, University of Toulouse) for the purpose of evaluating administrative procedures associated with merger control. In the spring of 2004, his paper “Holdup of Endogenous Mergers” (with Johan Stennek) was accepted for publication in *International Journal of Industrial Organization*. He presented the paper “Industry Concentration and Welfare – On the Use of Stock Market Evidence from Horizontal Mergers” (with Johan Stennek) at several Swedish academic institutions as well as the bi-annual conference of the Society for Advanced Economic Theory (SAET2004) at Rhodos, Greece.

Mattias Ganslandt's research during 2003/2004 has primarily focused on the economic and legal aspects of competition policy and intellectual property rights. In cooperation with Richard Friberg at Stockholm School of Economics, he continued an empirical project to assess the welfare effects of international trade and competition with differentiated products. With Pehr-Johan Norbäck, he worked on a project to evaluate the competitive effects of mergers and acquisitions in oligopolistic markets. Mattias Ganslandt presented the paper “Do Mergers Result in Coordinated Effects?” at several seminars and conferences. He also started a project on the competitive effects of vertical price control and vertical restraints in international markets with Keith Maskus at University of Colorado and continued to work on the welfare effects of parallel trade. The paper “Parallel Imports and the Pricing of Pharmaceutical Products: Evidence from the European Union” (with Keith E. Maskus) has been accepted for publication in *Journal of Health Economics*. He wrote a commission report for the Swedish Competition

Authority entitled *Analys av retursystemets effekter på handel och konkurrens med kolsyrade läskedrycker i den svenska dagligvaruhandeln* (published in KKV 2003:3). In addition, he coordinated the International Competition Network in Stockholm (Icon) and arranged a workshop on Competition Policy, also in Stockholm. In 2004, he was elected president of the Network of Liberal Economists in Sweden and was also secretary of the Swedish Economic Association.

Katariina Hakkala joined IUI in October 2003 after finishing her PhD at Stockholm School of Economics. Two of the thesis chapters, “Corporate Restructuring and Labor Productivity Growth” and “Location of R&D and High-Tech Production by Vertically Integrated Multinationals” (with Karolina Ekholm), have been published as IUI working papers. The latter was presented at the Swedish Network for European Studies in Business and Economics’ (SNEE) conference in Mölle. She is currently involved in various projects related to multinational firms. Together with Helena Svaleryd and Pehr-Johan Norbäck, she studies how firms’ decisions on the location of production and exports are affected by institutional factors such as corruption in a country. She also studies the effect of “centers of excellence” on the location of R&D activities by Swedish multinationals. Together with Magnus Blomström, Hiroshi Ono and Patrik Gustavsson at Stockholm School of Economics, she has initiated a project examining FDI and human capital. In addition, she is project leader for IUI’s survey on Swedish international enterprises 2003.

Henrik Horn has spent most of the year working on the economic/legal aspects of the World Trade Organization Agreement, in particular its Dispute Settlement mechanism, which is the two-tier compulsory adjudication system in the WTO. With regard to the substantive obligations, Henrik Horn has sought to understand the workings of the National Treatment provision, which is a core undertaking in the GATT/WTO system, roughly requiring members not to use domestic policy instruments as a substitute for trade policies. Henrik Horn presented this work at the Nordic International Trade Seminar in Copenhagen in May. He has also continued his work in the American Law Institute project “Principles of International Trade Law: The World Trade Organization”, which he heads together with Petros C. Mavroidis University of Neuchatel, Switzerland, and Columbia University, USA. Within this project, Henrik Horn wrote the report “United States – Preliminary Determination with Respect to Certain Softwood Lumber from Canada: What is a Subsidy?” (with Petros Mavroidis) and “European Communities – Trade Description of Sardines: Textualism and its Discontent” (with Joseph H.H. Weiler, New York University). These reports are forthcoming in the volume

Principles of International Trade Law: The WTO Case Law of 2002, Henrik Horn and Petros C. Mavroidis (eds), Cambridge University Press, 2004. Henrik Horn and Petros C. Mavroidis also wrote the paper “Which WTO Provisions are Invoked by and against Developing Countries?”, forthcoming in *The Millennium Project Task Force No 9*, edited by Patrick Messerlin and Ernesto Zedillo, 2004. Furthermore, Henrik Horn wrote the paper “WTO-avtalet och dess efterlevnad” (The WTO Agreement and its Implementation), forthcoming in the supplementary textbook *Internationell Ekonomi*, SNS Förlag, Stockholm, 2004.

Ulf Jakobsson is director of IUI and chairman of the Swedish Economic Association. Together with Magnus Henrekson at Stockholm School of Economics he is working on a project studying the development of corporate ownership in Sweden. So far, the work has resulted in a number of joint articles. The article “The Swedish Model of Corporate Ownership” is forthcoming in *Who Will Own Europe? The Internationalisation of Asset Ownership in Europe*, Harry Huizinga, Lars Jonung (eds.), Cambridge University Press. Another recently completed paper is “The Swedish Corporate Control Model: Historical Roots and Current Quandary”. Together with Pontus Braunerhjelm at SNS and Thomas Andersson at Jönköping School of Economics, Ulf Jakobsson is working on a book discussing Swedish economic policy choices to meet the challenges posed by the forces of globalization. He is also participating in a project at the Royal Academy of Engineering Sciences analyzing the present and future role of manufacturing production in the Swedish economy. Ulf Jakobsson has also taken an active part in the Swedish economic policy debate as regular columnist in the Swedish daily *Svenska Dagbladet*.

Assar Lindbeck has concentrated his work to welfare-state arrangements. Recently published papers in this field are “The Gains from Pension Reform” (with Mats Persson), *Journal of Economic Literature*, 2003, “Social Norms and Welfare State Dynamics” (with Sten Nyberg and Jörgen W. Weibull), *Journal of the European Economic Association*, 2003, “An Essay of Welfare State Dynamics” in Bo Södersten (ed.), *Globalization and the Welfare State*, Palgrave MacMillan Ltd, 2004, “Improving the Performance of the European Social Model – The Welfare State over the Life Cycle” in Jordi Gaul (ed.), *Building a Dynamic Europe*, Cambridge University Press, 2004, “Sjukskrivning som ett socialt fenomen” (with Mårten Palme and Mats Persson), *Ekonomisk Debatt*, 2004. He is now working on the paper “Alternatives to the Stability and Growth Pact” (with Dirk Niepelt) and “Socio-economic Interactions in China – Towards a Chinese Welfare State”.

Tobias Lindqvist has worked on various projects related to experimental economics and mergers and acquisitions. His paper “Mergers by Partial Acquisition” was presented at EEA’03 in Stockholm and EARIE’03 in Helsinki and his other paper on this topic, “Acquisition Strategies: Empirical Evidence of Outsider-Toeholds”, was presented at NORIO’03 in Copenhagen. He has been a guest researcher at Universidad de San Andrés in Buenos Aires for six months, where he also gave a seminar on his paper “Bubbles and Experience: An Experiment on Speculation” (with Martin Dufwenberg, University of Arizona, and Evan Moore, Auburn University Montgomery). This paper was also presented at the Summer Institute on Bounded Rationality in Psychology and Economics’03 in Berlin. In November 2003, he published a final remark on his ranking of economists and institutions in Sweden in *Ekonomisk Debatt*. On September 26, 2003, Tobias Lindqvist defended his thesis “Essays on Mergers and Financial Markets” for the degree of Doctor of Philosophy.

Pehr-Johan Norbäck has been working on various projects related to multinational firms. This work has mainly involved examining how firms' decisions in research and development interact with their choice of expanding their sales abroad and how markets abroad are served. Together with Lars Persson, he is working on the project “Investment Liberalization and Privatizations”, which studies the pattern and welfare effects of acquisitions, and new investments in liberalized markets and with Lars Persson and Jonas Vlachos, he studies the tax effects of profit shifting activities by multinational firms. Other projects include “Vertical FDI Revisited” (with Henrik Braconier and Dieter Urban) and “Efficiency and Market Structure – the Case of Poland” (with Karl-Markus Modén and Lars Persson). His paper “Reconciling the Knowledge Capital Model” (with Henrik Braconier and Dieter Urban) was accepted for publication in *Review of International Economics* and “Privatization Policy in an International Oligopoly” (with Lars Persson) was accepted in *Economica*.

Lars Oxelheim has maintained his affiliation with IUI while holding a full-time professorship (chair) in International Business and Finance at Lund University. His current research focuses on the implications of macroeconomic disturbances for corporate performance and issues related to economic and financial integration. During the year, he had a paper accepted by *Journal of Multinational Financial Management* and papers published in *Journal of Banking and Finance*, *Journal of Applied Corporate Finance* and *Financial Analysts Journal*. He published one book (with Jens Forssbaeck), *Money Markets and Politics – A Study of European Financial Integration and Monetary Policy Options*, Edward Elgars, and one co-authored/edited book (with Pervez Ghauri),

The European Union and the Race for Inward FDI in Europe, Elsevier. He also contributed one chapter to *International Business and the Eclectic Paradigm*, edited by John Cantwell and Raj Narula, Routledge. He presented new research at conferences in Dublin, Porto, Orlando and Denver. Lars Oxelheim is chair of the Swedish Network for European Studies in Economics and Business. In that capacity, he has edited and co-authored (with Sverker Gustafsson and Nils Wahl) the network's annual publication *EU, Skatterna och Välfärden – Europaperspektiv 2004*, (*European Perspectives 2004*), Santérus Förlag, Uppsala. He also organized the network's sixth annual conference in Mölle on *European Economic Integration in Swedish Research*. During the year, Lars Oxelheim served on the editorial board of *Management International Review*, *International Business Review* and *Treasury Affairs*.

Lars Persson is the Deputy Director of IUI and a CEPR research affiliate. The paper "Privatization Policy in an International Oligopoly" (with Pehr-Johan Norbäck) was accepted for publication in *Economica*. He is currently working with Pehr-Johan Norbäck on the project "Investment Liberalization and Privatizations", which studies the pattern and welfare effects of acquisitions and new investments in liberalized markets. Together with Pehr-Johan Norbäck and Jonas Vlachos, he studies the tax effects of profit shifting activities by multinational firms. Other projects include "Mergers and Entry" (with Christina Håkanson and Dan Kovenock), which studies the interaction between incentives for mergers and entry in oligopolistic industries and "Efficiency and Market Structure – The Case of Poland" (with Karl-Markus Modén and Pehr-Johan Norbäck). Jointly with Pehr-Johan Norbäck he also started the project "The Organization of the Innovation Industry", which studies the interaction between entrepreneurs, venture capitalists and oligopolists in the innovation industry. In June 2004, he organized an international conference on the theory and application of networks with Yves Zenou in Vaxholm. He gave talks at University of Kiel and a CEPR conference on competition policy in international markets.

María Sáez-Martí joined IUI in September 2003, after spending a year as an Associate Professor in Royal Holloway, University of London (UK). She has been working on various projects related to cultural transmission, discounting, political economy and health economics. In cooperation with Jörgen Weibull, she has continued her research on altruism and discounting. Their paper "Discounting and Altruism towards Future Decision Makers" is forthcoming in *Journal of Economic Theory*. Her paper "The Aging of Society, Health Services Provision and Taxes" (with Ulf Gerdtham and Douglas Lundin) was accepted for publication in *Journal of Population Economics*. She has been working on two new projects with Anna

Sjögren, which deal with the effect of deadlines on economic performance and the timing of education (IUI WP 614 and IUI WP 618). She has continued her work on political economy with Douglas Lundin and has started a new project with Yves Zenou where they study the role of cultural transmission and discrimination on working attitudes. She presented her work on discounting at the Meeting of the European Economic Association in Stockholm in 2003.

Anna Sjögren does research on the importance of socio-economic background and gender for educational and occupational choices, labor market outcomes and mobility. During the fall of 2003, she presented joint research with María Sáez-Martí on deadlines and the timing of education at University of Bergen in Norway (IUI WP 614 and IUI WP 618). Anna Sjögren also worked with Anne Boschini, Stockholm University, on the preference for gender segregation in academic co-authorships. This research was presented at seminars at the Department of Economics and SOFI at Stockholm University, and at IUI during the spring of 2004. She has continued working on the project “Intergenerational Mobility, Occupational Choice and the Incentive Structure”. In December 2003 and in April 2004, Anna Sjögren organized and hosted the AstraZeneca-StoraEnso Seminars on Human Capital and Economic Growth. The invited speakers were Daron Acemoglu, Massachusetts Institute of Technology (MIT) and Kevin M. Murphy, University of Chicago.

Per Skedinger wrote “Recruitment to Sheltered Employment: Evidence from Samhall, a Swedish State-Owned Company” (with Barbro Widerstedt) and “In Sweden, Anti-Globalizationists Dominate Public Discourse, Econ Profs Do Little” (with Dan Johansson). In April, the latter paper was presented at the 2004 Association of Private Enterprise Education (APEE) Conference in Nassau, Bahamas. Per Skedinger continued working on issues related to the economics of disability. In a joint project with Per Johansson, various types of classification errors in the awarding of disability pensions in Sweden are examined. To this end, data on self-reported disability in the supplementary Labour Force Surveys and records on disability kept by the public employment service have been matched with data on the awarding of disability pensions. Per Skedinger also embarked on a new project on the employment effects of minimum wages and collected data on minimum wages in several industries. In September 2003, he acted as the faculty opponent of Anders Stenberg at Umeå University.

Johan Stennek is currently doing research on mergers & acquisitions (with Sven-Olof Fridolfsson and Tobias Lindqvist) and bilateral oligopoly (with Jonas Björnerstedt and Andreas Westermark). Johan Stennek and Sven-Olof Fridolfsson had their paper “Hold-up of Anti-Competitive Mergers” accepted for publication

in *International Journal of Industrial Organization*. A book on efficiency defense is under publication by Edward Elgar, including a chapter by Lars-Hendrik Röller, Johan Stennek and Frank Verboven. Johan Stennek is a member of the CEPR-RTN project on Competition Policy in International Markets, a research network on mergers and competition in international markets. He is also associate editor of the *International Journal of Industrial Organization* (IJIO) and a Centre for Economic Policy Research (CEPR) and Center for Business and Policy Studies (SNS) research affiliate. During the year, Johan Stennek has become member of the Council for Competition Research at the Swedish Competition Authority.

Helena Svaleryd has worked on different, mainly empirical, projects since she joined IUI in January 2004. Together with Pehr-Johan Norbäck and Katariina Hakkala, she investigates the impact of corruption on foreign direct investment using the IUI data base on multinational firms. Within the research program “Individual Choices and Labor Market Institutions”, she and Jonas Vlachos are studying the influence of supply-side changes in human capital on the direction of technological change. She is also initiating a project with Anna Sjögren which will study the impact of the cost of child care on fertility, using the nationwide day-care fee reform in 2002.

Roger Svensson is currently doing research about the commercialization of Swedish patents. The paper “Kommersialisering av patent i medicin- och hygiensektorn” was published in *Ekonomisk Debatt* 2003. He finished the collection of a new database of Swedish patents. Three empirical papers are in progress, analyzing how different factors influence: 1) whether patents are commercialized; 2) the outcome of commercialization; and 3) the survival of patents. In particular, these papers analyze how government subsidies affect outcomes. Roger Svensson also continues his research project on consulting firms and services. Specific issues about the consulting sector that he investigates are procurement, knowledge transfer and effects on competition when government authorities sell consulting services. The article “Visits to the Clients when Tendering for New Consulting Contracts: Sourcing Information or Influencing the Client?” was published in *Applied Economics*.

Thomas Tangerås has completed the papers “Unilingual versus Bilingual Education System: A Political Economy Analysis”, (with Javier Ortega), and “Rational Voter Turnout: Evidence from 232 Norwegian Referendums”, (with Morten Søberg). Further, he has started work on a paper with the preliminary title “Merger in a Regulated Industry”, where he will study the interplay between optimal regulatory and optimal merger policy. Thomas Tangerås gave presentations at the Annual Meeting of the European Association for Research in

Industrial Economics (EARIE) in Helsinki, at IUI, Stockholm University and Uppsala University.

Jonas Vlachos has been a guest researcher at the Graduate School of Business at University of Chicago during the year (from October 2003), where he has been working on projects on technological change (with Helena Svaleryd) and the harmonization of stock legislation. The latter has resulted in the paper “Does Regulatory Harmonization Increase Bilateral Asset Holdings?” (IUI WP 612). In Chicago, Jonas Vlachos also started a project on owner control, competition and discrimination with Professor Luigi Zingales. Together with Lars Persson and Pehr-Johan Norbäck, he has been working on issues on acquisitions, taxation and entrepreneurship. During the year, Jonas Vlachos has presented his work at University of Chicago and the European Central Bank in Frankfurt. Recently, he became an affiliated researcher of the Centre for Economic Policy Research, CEPR.

Yves Zenou’s main research consists of better understanding social interactions between agents in the context of education, crime and labor markets. He is currently working on four different projects. In the first, he analyzes how differences in educational outcomes between majority and minority groups depend on social valuations in society. The second project focuses on the patterns of social interaction in the labor and crime markets in situations where networks can provide information either on vacant jobs or crime opportunities. The third project analyzes the impact of segregation on the labor market outcomes of minority workers and if policies such as affirmative action and employment subsidies can improve their outcomes. The last project is empirical and the aim is to examine the job finding methods of different ethnic groups. The following papers have recently been published or accepted for publication: “Racial Beliefs, Location and the Causes of Crime” (with Thierry Verdier), *International Economic Review*, 2004, “Social Networks and Crime Decisions. The Role of Social Structure in Facilitating Delinquent Behavior” (with Antoni Calvo-Armengol), *International Economic Review*, 2004, “Organized Crime, Corruption and Punishment” (with Maurice Kugler and Thierry Verdier), forthcoming in *Journal of Public Economics*, “The Labor-Market Effects of Spatial Mismatch” (with Jan K. Brueckner), *Journal of Labor Economics*, 2003, “Private Versus Public Schools in Post-Apartheid South African Cities. Theory and Policy Implications” (with Harris Selod), *Journal of Development Economics*, 2003; “Spatial Mismatch, Search Effort and Urban Spatial Structure” (with Tony E. Smith), *Journal of Urban Economics*, 2003, “Urban Labor Economic Theory”, forthcoming in *Companion to Urban Economics*, Richard Arnott and Daniel McMillen (eds.), Boston: Blackwell

Publishing, and “A Discrete-Time Stochastic Model of Job Matching” (with Tony E. Smith), *Review of Economics Dynamics*, 2003. In June 2004, he organized an international conference in Vaxholm on the theory and application network together with Lars Persson.

Conferences, Workshops and Courses

In December 2003, Professor Daron Acemoglu, Massachusetts Institute of Technology, was invited to give a public lecture and a mini course within the AstraZeneca-StoraEnso Seminar Series on Human Capital and Economic Growth. Professor Acemoglu is one of the leading researchers in this field and the focus of the mini course was on returns to skills and wage inequality and endogenous technology and the labor market. The title of Professor Acemoglu's public lecture was "Human Capital and the Nature of Technological Progress". Kjetil Storesletten, University of Oslo, and Gunnar Wetterberg, Swedish Confederation of Swedish Professionals (SACO), were invited to discuss the findings.

Furthermore, in April 2004, Professor Kevin Murphy, University of Chicago, one of the leading researchers on human capital and economic growth, was invited to give a mini course and a public lecture in the AstraZeneca-StoraEnso Seminar Series. The focus of the mini course was on inequality and social economics. Professor Murphy's public lecture "The Economic Value of Improvements in Health" was discussed by Måns Rosén, Centre for Epidemiology at the National Board of Health, and Magnus Johannesson, Stockholm School of Economics.

Together with the Swedish Competition Authority, IUI organized a workshop on competition policy and competition law in April 2004. The workshop, which took place in Stockholm, gathered 35 scholars in law and economics.

During three days in June 2004, IUI arranged a workshop on the importance of networks for the functioning of economic activity. The conference was held in Vaxholm outside Stockholm and attracted almost 30 leading researchers in the field from all over the world.

Current Research Programs

Program 1 Knowledge Accumulation, Human Capital and Economic Growth

- 1.1 Empirical Analyses of the Relations between Education, Training, Productivity and Wages
- 1.2 Individual Choices and Labor Market Institutions: How Are Income and Earnings Differences between Individuals and Groups Generated?
- 1.3 Evolution and Bounded Rationality in Economics

Program 2 Industrial Organization and International Specialization

- 2.1 Foreign Direct Investment (FDI), Industrial Organization and Trade Patterns
- 2.2 Competition Policy: Understanding and Evaluating Cooperation between Firms
- 2.3 Industrial Re-Organization: Understanding Changing Market Structures and Trading Patterns
- 2.4 Enlargement of the European Single Market
- 2.5 Globalization and Changes in Ownership Policy in Post-War Sweden
- 2.6 International Integration and Domestic Competition
- 2.7 Commercialization of Swedish Patents

Program 3 Economics of the Welfare State

- 3.1 The Advanced Welfare State

1 Knowledge Accumulation, Human Capital and Economic Growth

Contemporary economic research has identified knowledge accumulation as the prime engine of growth. Differences in the rate of knowledge investments have been offered as the main explanation for differences in growth performance on both the macro and the micro level. IUI's research in this area has been oriented toward microeconomic issues, particularly the role of education and the functioning of the labor market. To secure sustainable growth, it is necessary that the returns on investments in education compensate for their costs. Similarly, without the right incentive structure within the economy, labor may not be optimally allocated from a social point of view. International differences in incentive structures may also induce labor to move between countries and thus, a proper microeconomic setting is necessary for growth to materialize at the macro level.

1.1 Empirical Analyses of the Relations between Education, Training, Productivity and Wages

One purpose of this project is to compare wage levels and returns to education across countries. A related issue concerns the relation between education and labor demand involving, e.g., the effect of minimum wages on the employment of skilled workers. A third analysis considers the interaction between human capital and information technology and how this interaction affects productivity growth. In a fourth line of research, the fact that human capital can be upgraded through training outside the regular education system is recognized through studies analyzing the effects of firm-financed training and individual, privately financed, training. A fifth issue considers whether employer incentives in the wage-setting for high-skilled workers differ between multinational and domestic firms.

Responsible for the project: Per Skedinger and Erik Mellander

Participating researcher: Christina Håkanson

1.2. Individual Choices and Labor Market Institutions: How Are Income and Earnings Differences between Individuals and Groups Generated?

The project analyzes the interplay between demand and supply side effects and institutions in generating income and earnings differences between individuals and groups. The project is organized around two themes. The first studies income generation and earnings differences via processes and institutions influencing individual human capital accumulation and career choice. Within this theme, the effects of ability uncertainty and business cycles on career choice and the timing of education are studied, as are temporary and part-time employment as results of strategic discrimination and their consequences for human capital accumulation. The second theme is the effect of labor market institutions and the supply of human capital on wages, employment and productivity. Within this theme, the effects of minimum wages and payroll taxes on employment and income distribution are studied using Swedish micro data. Furthermore, the effect of the supply of human capital on the direction of technological change is studied on industry level data for the OECD countries.

Responsible for the project: Anna Sjögren

Participating researchers: Jonas Björnerstedt, María Sáez-Martí, Per Skedinger, Helena Svaleryd, Jonas Vlachos and Yves Zenou

1.3 Evolution and Bounded Rationality in Economics

The main objective of the project is to apply tools from evolutionary game theory in analyses of central economic issues within areas such as macroeconomics and financial economics, paying special attention to the possibility of multiple equilibria, where small changes in the environment can trigger large changes in the aggregate, via changed micro incentives. Evolutionary game theory can provide hitherto little used powerful tools for economic analysis. A second objective is to deepen the knowledge of the foundations of bounded rationality in decision making and strategic interaction, by studying the evolutionary adaptation of learning behavior in games. Part of the research will be devoted to connecting this theory with experimental research in economics and behavioral sciences, in particular studies of how human subjects play, and learn to play, games in laboratory experiments. This is an important development of high relevance for the theoretical modeling of bounded rationality.

Responsible for the project: María Sáez-Martí

2 Industrial Organization and International Specialization

Throughout the history of IUI, this research program has been of crucial importance. Since the 1960s, the institute has undertaken comprehensive studies on the behavior of Swedish multinational firms (MNFs) and their influence on the Swedish economy. The emphasis of the studies has been on the location of production across countries and its implications for the pattern of specialization and trade in the Swedish manufacturing sector. Research in this area emanates from a detailed survey sent out approximately every fourth year to all Swedish MNFs. The database was updated in 1999. A new survey is presently under way.

2.1 Foreign Direct Investment (FDI), Industrial Organization and Trade Patterns

IUI's unique database on MNFs will be pooled with country data to analyze the factors attracting FDI and the implications of FDI for the specialization of small open economies in manufacturing and trade. Can changes over time be related to shifts in FDI flows, and what are the driving forces behind FDI? Are corporate headquarters likely to become more footloose? What impact does a high degree of internationalization have on wages and demand for labor? How is the process of transferring technology within MNFs organized, and can the impact of such transfers on productivity be measured? How do MNFs facilitate the transfer of technology and growth? Recent theoretical contributions in trade, location and growth will be combined with the theory of the firm in the analyses.

Responsible for the project: Pehr-Johan Norbäck

Participating researchers: Mattias Ganslandt, Katariina Hakkala, Helena Svaleryd and Jonas Vlachos

2.2 Competition Policy: Understanding and Evaluating Cooperation between Firms

In a well-functioning market economy, firms both compete and cooperate. Cooperation can take many different forms, from mergers to joint ventures and looser forms of cooperation. Cooperation concerns a wide range of areas, such as the adoption of common standards, joint research and development and the shared use of common resources. Such forms of cooperation may be part of the competitive process bringing benefits to consumers: they may reduce the cost of product development and hence, speed up the development of new and better products, or they may enhance inter-operability. However, collaboration among competitors can also be detrimental to competition. Price fixing and sales volume targeting are the prime examples of these detrimental factors. Other, less obvious, examples include agreements between large producers and local distributors facilitating the introduction of products on new markets. The problem is that such agreements can also be used to exclude other entrants who would intensify competition and put downward pressure on prices. To separate socially beneficial cooperation from harmful cooperation and design appropriate policy measures, we need to understand both the driving forces behind the firms' collaboration and their consequences for social welfare.

Responsible for the project: Lars Persson and Johan Stennek

Participating researchers: Jonas Björnerstedt, Sven-Olof Fridolfsson, Henrik Horn, María Sáez-Martí and Thomas Tangerås

2.3 Industrial Re-Organization: Understanding Changing Market Structures and Trading Patterns

At present, we witness a restructuring of production and trading patterns of historical proportions in the world economy. One of the most striking ingredients in the ongoing transformation is the current merger wave. According to some observers, these mergers are a reaction to policy reforms such as trade and investment liberalization, deregulation of industries and privatization. An interesting feature of the current wave is the increasing importance of cross-border mergers.

Another spectacular change is the IT-revolution in business-to-business relations. Internet business simplifies firms' contacts with suppliers and customers, and is expected to have a profound impact on industry structure, trading patterns and, ultimately, the efficiency of intermediate goods markets. The purpose of this project is to contribute to a better understanding of these changes in market structures and trading patterns. Four (sub-) projects are concerned with mergers, while two projects are concerned with trading patterns in intermediate goods markets.

Responsible for the project: Lars Persson and Johan Stennek

Participating researchers: Jonas Björnerstedt, Sven-Olof Fridolfsson, Henrik Horn, Tobias Lindqvist, Pehr-Johan Norbäck, Helena Svaleryd, Roger Svensson and Jonas Vlachos

2.4 Enlargement of the European Single Market

The European Union's (EU) Single Market Program (SMP) is about to be extended in two important dimensions: First, the development of the EU Enlargement Program implies that industries in the new member countries will gradually be integrated into the Internal Market. Second, the Internal Market will be extended to also include services.

One of the most important observed features of the integration of the European economy is the strong increase in foreign direct investments among member countries in the manufacturing sector following the implementation of the Single Market Program in 1993. These investments, both in the form of mergers and acquisitions and greenfield investments, have led to efficiency improvements in production, a better use of new technologies and a challenge to established domestic oligopolies in many industries. Yet, in many industries successful integration has not taken place and strong incumbent firms have been able to protect their markets from competition.

Moreover, the Single Market Program for Services and the Enlargement Program will have a profound impact on the growth of different regions in Europe. It has been a great concern for many policy makers that some countries might be hurt in this process.

The first purpose of this research program is to determine under what circumstances foreign firms can successfully enter liberalized industries. The second purpose is to determine the regional welfare consequences of changes in firms' investment behavior following the extension of the SMP. By fulfilling these purposes, we aim at contributing to the understanding of how to reform legal institutions in EU to achieve an efficient extension of the SMP.

Responsible for the project: Mattias Ganslandt, Pehr-Johan Norbäck and Lars Persson

Participating researchers: Sven-Olof Fridolfsson, Henrik Horn, Katariina Hakkala, Tobias Lindqvist, Helena Svaleryd, Roger Svensson, Jonas Vlachos and Yves Zenou

2.5 Globalization and Changes in Ownership Policy in Post-War Sweden

This project studies the dramatic turnaround of ownership policies and ownership structure that has taken place in Sweden. After World War II, Swedish ownership policies were guided by a socialist vision, where the ultimate goal was the abolition of private ownership. These policies came to an end in the early 1980s. Since then, a large number of Swedish firms have been acquired by or have merged with foreign firms. At the same time, there has been a rapid increase in the foreign ownership share on the Swedish Stock Exchange.

The march towards socialism, signified by the wage-earners' fun proposal has turned into a convergence towards the Anglo-Saxon model of capitalism. A central question in the project is whether this fast turnaround is merely the logical consequence of current globalization, or whether this tendency is further reinforced by economics vis-à-vis the Swedish business sector. Another question that will be investigated in the project is whether the convergence in ownership structure also leads to a convergence towards the Anglo-Saxon model when it comes to economic policies in general.

Responsible for the project: Magnus Henrekson and Ulf Jakobsson

2.6 International Integration and Domestic Competition

The general theme of this project is to study the microeconomic linkages between international market integration and domestic competition. More specifically, the project is divided into three sub-projects:

In the first sub-project, the intention is to analyze how the expected efficiency gains from institutional reforms to liberalize trade and investment are affected if firms in imperfectly competitive industries adopt business strategies to induce market segmentation. What are the effects of policies for preventing strategic market segmentation and enhancing market integration, e.g. international standards and international producer liability?

The purpose of the second sub-project is to analyze the potential conflicts between the current law on intellectual property rights and further market integration, e.g. the conflict between patents and international arbitrage. In particular, it will analyze the dynamic and static efficiency of intellectual property rights with respect to both spatial and time dimensions. The theoretical results will be tested on detailed micro-data from the pharmaceutical industry.

Finally, in the third sub-project, the intention is to analyze how information technology, in particular personal computers and the Internet, can enhance market integration. The purpose is to study the effects on consumer behavior when search costs are reduced. Political and institutional barriers to individual imports – e.g. technical standards and taxation – will be analyzed. The aim is to test the theoretical results on data from the retail industry.

Responsible for the project: Mattias Ganslandt

2.7 Commercialization of Swedish Patents

Sweden is top-ranked in the world with respect to R&D spending, granted patents and publications in academic journals. However, we do not have many small, fast-growing, technology-intensive firms, and the commercialization of intellectual capital is relatively slow in Sweden, as compared to other countries. The purpose of this project is to empirically analyze the commercialization process of intellectual capital in Sweden by following individual patents. Three research issues in particular are analyzed: 1) The reasons why patents are commercialized or not; 2) Factors influencing the outcome of the commercialization of patents; and 3) The reasons why patents are “killed” by their owners before expiring. For each of these issues, it is also investigated how government subsidies affect the outcome.

Responsible for the project: Roger Svensson

3 Economics of the Welfare State

Analyses of the welfare state have mainly considered problems of a static nature. The overall purpose of this research program at IUI is to study the welfare state from an evolutionary point of view. How does the design of welfare systems influence the incentive structure, and thereby the behavior of economic agents? In addition, issues such as capital accumulation in the welfare state and the role of institutions in economic performance will be considered.

3.1 The Advanced Welfare State

This project aims at investigating the dynamic effects of welfare state policy on individual behavior. Particular attention is directed toward the interaction between social norms and incentives and their economic implications. Another part of the project aims at analyzing the links between income distribution, employment, and growth in the welfare state. So far, the work has resulted in a number of articles. The next goal is to bring the results together in two books on the dynamics of the welfare state, one of which will include technical papers, while the other will consist of more popularly written papers.

Responsible for the project: Assar Lindbeck

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Working Papers

2004

- 624. *Commercialization of Patents and External Financing during the R&D-Phase.* Roger Svensson
- 623. *On the Static Efficiency of Secondary Bond Markets.* Lars Oxelheim and Michael Rafferty
- 622. *Parallel Imports and the Pricing of Pharmaceutical Products: Evidence from the European Union.* Mattias Ganslandt and Keith E. Maskus
- 621. *Do Mergers Result in Collusion?* Mattias Ganslandt and Pehr-Johan Norbäck
- 620. *City Structure, Job Search, and Labor Discrimination. Theory and Policy Implications.* Harris Selod and Yves Zenou
- 619. *Corporate Restructuring and Labor Productivity Growth.* Katariina Hakkala
- 618. *Deadlines and Distractions.* María Sáez-Martí and Anna Sjögren
- 617. *Who's Who in Crime Networks. Wanted the Key Player.* Coralio Ballester, Antoni Calvó-Armengol and Yves Zenou
- 616. *Location of R&D and High-Tech Production by Vertically Integrated Multinationals.* Karolina Ekholm and Katariina Hakkala
- 615. *Equilibrium Search Unemployment with Explicit Spatial Frictions.* Etienne Wasmer and Yves Zenou
- 614. *On the Timing of Education.* Anna Sjögren and María Sáez-Martí
- 613. *Trapped, Delayed and Handicapped.* Anna Sjögren and Susanna Sällström
- 612. *Does Regulatory Harmonization Increase Bilateral Asset Holdings?* Jonas Vlachos
- 611. *The Effects of Internationalization on CEO Compensation.* Lars Oxelheim and Trond Randøy

2003

- 610. *Demand Uncertainty, Mismatch and (Un)Employment.* Mohamed Jellal, Jacques-François Thisse and Yves Zenou
- 609. *Ethnic Diversity, Market Structure and Risk Sharing in Agrarian Societies.* Mohamed Jellal and Yves Zenou
- 608. *Privatization Policy in an International Oligopoly.* Pehr-Johan Norbäck and Lars Persson

607. *Search Activities, Cost of Living and Labor Markets*. Eleonora Patacchini and Yves Zenou
606. *Efficiency Wages, Urban Unemployment and Housing Consumption*. Yves Zenou
605. *Privatization and Restructuring in Concentrated Markets*. Pehr-Johan Norbäck and Lars Persson
604. *Endogenous Asset Ownership Structures in Deregulated Markets*. Pehr-Johan Norbäck and Lars Persson
603. *Do Oppositional Identities Reduce Employment for Ethnic Minorities?* Harminder Battu, McDonald Mwale and Yves Zenou
602. *Racial Beliefs, Location and the Causes of Crime*. Thierry Verdier and Yves Zenou
601. *Social Networks and Crime Decisions: The Role of Social Structure in Facilitating Delinquent Behavior*. Antoni Calvó-Armengol and Yves Zenou
600. *Organized Crime, Corruption and Punishment*. Maurice Kugler, Thierry Verdier and Yves Zenou
599. *Bottled Water – A Case of Pointless Trade?* Richard Friberg and Mattias Ganslandt
598. *The Firm as a Pool of Factor Complementarities*. Assar Lindbeck and Dennis J. Snower
597. *Recruitment to Sheltered Employment: Evidence from Samhall, a Swedish State-Owned Company*. Per Skedinger and Barbro Widerstedt
596. *Voter Turnout in Direct Democracy: Theory and Evidence*. Morten Søberg and Thomas P. Tangerås
595. *An Essay on Welfare State Dynamics*. Assar Lindbeck
594. *Who Wants Political Integration? Evidence from the Swedish EU-Membership Referendum*. Jonas Vlachos
593. *The Swedish Model of Corporate Ownership and Control in Transition*. Magnus Henrekson and Ulf Jakobsson
592. *Employer-Sponsored Training in Stabilisation and Growth Policy Perspectives*. Christina Håkanson, Satu Johanson and Erik Mellander
591. *Car Age, Taxation, Scrappage Premiums and the ELV Directive*. F. Mikael Sandström
590. *Reconciling the Evidence on the Knowledge Capital Model*. Henrik Braconier, Pehr-Johan Norbäck and Dieter Urban
589. *Ethnic Diversity and Civil War*. Thomas P. Tangerås and Nils-Petter Lagerlöf

588. *Bubbles and Experience: An Experiment on Speculation*. Martin Dufwenberg, Tobias Lindqvist and Evan Moore
587. *Improving the Performance of the European Social Model – The Welfare State over the Life Cycle*. Assar Lindbeck

2002

586. *International Financial Liberalization and Industry Growth*. Jonas Vlachos and Daniel Waldenström
585. *Social Norms and Welfare State Dynamics*. Assar Lindbeck, Sten Nyberg and Jörgen W. Weibull
584. *Minimum Wages and Employment in Swedish Hotels and Restaurants*. Per Skedinger
583. *Commercialization of Swedish Patents – A Pilot Study in the Medical and Hygiene Sector*. Roger Svensson
582. *Punctuality – A Cultural Trait as Equilibrium*. Kaushik Basu and Jörgen W. Weibull
581. *The European Social Model: Lessons for Developing Countries*. Assar Lindbeck
580. *The Gains from Pension Reform*. Assar Lindbeck and Mats Persson
579. *Vertical FDI Revisited*. Henrik Braconier, Pehr-Johan Norbäck and Dieter Urban
578. *School Vouchers in Practice: Competition Won't Hurt You!* F. Mikael Sandström and Fredrik Bergström
577. *Uniqueness in Infinitely Repeated Decision Problems*. Nicolas Vieille and Jörgen W. Weibull
576. *Exchange-Rate and Interest-Rate Driven Competitive Advantages in the EMU*. Niclas Andréén and Lars Oxelheim
575. *Discounting and Future Selves*. María Sáez-Martí and Jörgen W. Weibull
574. *Recognizing Macroeconomic Fluctuations in Value Based Management*. Lars Oxelheim
573. *Regulation of Cost and Quality under Yardstick Competition*. Thomas Tangerås
572. *Welfare Foundations of Discounting*. María Sáez-Martí and Jörgen W. Weibull
571. *The Impact of Macroeconomic Variables on Corporate Performance – What Shareholders Ought to Know?* Lars Oxelheim

Seminars

2004

Wednesday 16 June

Frode Steen, Norwegian School of Economics and Business Administration, Bergen: *On the Workings of a Cartel: Evidence from the Norwegian Cement Industry*

Co-author: Lars-Hendrik Röller

Wednesday June 9

Joakim Persson, Örebro University: *The Effects on GDP per Capita and Real Wages of Labor Immigration from the New EU Member Countries*

Co-author: Tomas Lindström

Wednesday June 2

Marcus Asplund, London Business School: *Price Discrimination in Oligopoly: Evidence from Swedish Newspapers*

Wednesday May 26

Lena Edlund, Columbia University, New York: *The Power of "I Do" – Individual vs. Parental Consent in Marriage*

Co-author: Nils-Petter Lagerlöf

Wednesday May 19

Björn Öckert, Institute for Labour Market Policy Evaluation (IFAU): *Is Early Learning Really More Productive? The Effect of School Starting Age on the Performance in School and the Labor Market*

Co-author: Peter Fredriksson

Wednesday May 12

Fredrik Sjöholm, Stockholm School of Economics: *Foreign Owners and Plant Survival*

Co-author: Andrew B. Bernard

Wednesday May 5

Anne Boschini, Stockholm University, and Anna Sjögren, IUI: *Is There a Revealed Preference for Gender Segregation? Evidence from Coauthorship Patterns*

Wednesday April 28

Thomas Ericson, Göteborg University: *The Effects of Wage Compression on Training: Swedish Empirical Evidence*

Wednesday April 14

Jan-Eric Nilsson, Dalarna University and Swedish National Road and Transport Research Institute: *Combinatorial Procurement Auctions – A Collusion Remedy?*
Co-author: Anders Lunander

Wednesday April 7

Aldo Gonzales, University of Toulouse: *Antitrust Enforcement and the Design of Disclosure Rules. An Application to Merger Control*

Wednesday March 31

Chloé le Coq, Stockholm School of Economics: *Long-Term Supply Contracts and Collusion in the Electricity Market*

Wednesday March 24

Håkan Holm, Lund University: *Fairness and Promises for Sale*
Co-author: Anders Danielsson

Wednesday March 17

Hans Carlsson, Lund University: *The Viability of Collusive Arrangements*
Co-author: Håkan Holm

Wednesday March 10

Marcel Jansen, University Carlos III, Madrid, and Institute for Study of Labor, Bonn: *Can Job Competition Prevent Hold-Ups?*

Wednesday March 3

Arvid Nilsson, Swedish Competition Authority: *Can Competition Raise Prices?*

Wednesday February 18

Rikard Forslid, Stockholm University: *Regional Policy, Integration and the Location of Industry in a Multiregion Framework*

Wednesday February 11

Astri Muren, Stockholm University: *Gender in Committees*
Co-authors: Martin Dufwenberg

Wednesday February 4

Trond Randøy, Agder University College and Agder Research, Kristiansand: *The Effects of Internationalization on CEO Compensation*
Co-author: Lars Oxelheim

Wednesday January 28

Coen N. Teulings, Tinbergen Institute and Erasmus University Rotterdam: *Search and the City*
Co-author: Pieter A. Gautier

Wednesday January 21

Antoni Calvó-Armengol, Universitat Autònoma de Barcelona: *Corporate Downsizing to Rebuild Team Spirit*
Co-author: Antonio Cabrales

Wednesday January 14

Katariina Hakkala, IUI: *Location of R&D and High-Tech Production by Vertically Integrated Multinationals*
Co-author: Karolina Ekholm

2003**Wednesday December 3**

Conny Olovsson, IIES, Stockholm University: *Why Do Europeans Work So Little?*

Wednesday November 26

Juuso Välimäki, Helsinki School of Economics: *Monopoly Pricing of Experience Goods*
Co-author: Dirk Bergemann

Wednesday November 19

Anna Nilsson, Stockholm University: *Crime, Unemployment and Labor Market Programs in Turbulent Times*

Co-Author: Jonas Agell

Wednesday November 12

James Markusen, University of Colorado at Boulder: *Export-Platform Foreign Direct Investment*

Co-authors: Karolina Ekholm and Rikard Forslid

Wednesday November 5

John Ekberg, Department of Economics, Stockholm University, and Rickard Eriksson, SOFI, Stockholm University: *Sharing Responsibility? Short- and Long-Term Effects of Sweden's "Daddy-Month" Reform*

Co-author: Guido Friebel

Wednesday October 29

Mattias Ganslandt, IUI: *Do Mergers Result in Coordinated Effects?*

Co-author: Pehr-Johan Norbäck

Wednesday October 22

Mathias Herzing, IIES, Stockholm University: *A Prisoner's Dilemma: Tariff Setting Game with an Escape Clause*

Wednesday October 15

Yves Zenou, IUI: *Social Networks and Crime Decisions: The Role of Social Structure in Facilitating Delinquent Behaviour*

Co-author: Antoni Calvó-Armengol

Wednesday October 8

Patrik Gustavsson, Stockholm School of Economics and Trade Union Institute for Economic Research (FIEF): *The Dynamics of European Industrial Structure*

Wednesday October 1

Paul Heidhues, Wissenschaftszentrum Berlin für Sozialforschung: *Private Monitoring in Auctions*

Co-author: Andreas Blume

Wednesday September 24

Charles Noussair, Emory University, Atlanta: *A Market With Frictions in the Matching Process: An Experimental Study*

Co-author: Timothy Cason

Wednesday September 17

Lars Hultkrantz, Örebro University: *Intelligent Economic Speed Adaption*

Co-author: Gunnar Lindberg

Wednesday September 10

Thomas Tangerås, IUI: *Voter Turnout – Evidence from 229 Referendums in Norway*

Co-author: Morten Søberg

Wednesday September 3

Mikael Priks, Center for Economic Studies, University of Munich: *Rent Extraction through Corrupt Officials – Default Risk and Monitoring Costs*