FAIR

Centre for Experimental
Research on Fairness,
Inequality and Rationality

Contents

Words from the Director

Over the past year, our team at FAIR has worked hard to further our understanding of how to address the challenges of inequality. We have produced impactful research that is recognised worldwide, with papers accepted for publication in all the top journals in economics. Our research insights have also contributed to important policy discussions both nationally and internationally.

FAIR has hosted more than 120 events this year. We have organised conferences both locally and internationally, PhD courses for young talented researchers, book-signing events with leading scholars, and many online workshops with collaborators. We have welcomed more than 100 visitors from across the world who, together with the dedicated FAIR Team, have contributed to a vibrant research environment and the FAIR spirit. We are particularly proud of the six FAIR PhD students who defended their theses this year.

FAIR is engaged in many large-scale data collections. We have now successfully completed the data collection for "The Childhood Gap Project", marking a significant milestone in our ongoing efforts, and three large-scale global data collections on the moral mind. We are very proud of having established the Data Infrastructure Unit, which is key to our efforts to produce transparent and robust research.

Looking ahead, we are excited to keep growing, building partnerships and making a positive impact on society. In this annual report, I am happy to share the exciting work we have been doin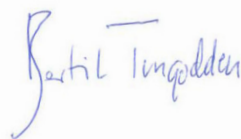g. Our mission to understand inequality and its impact on society is at the heart of everything we do. We are proud of our achievements and grateful for the support we receive.

Together, we can make a meaningful difference in addressing the challenges of inequality and contribute to a fairer world. The annual report gives you a glimpse into the various activities happening at FAIR.

Enjoy!

Sincerely,

Bertil Tungodden

Photo by Helge Skodvin

Director, Centre for Experimental Research on Fairness, Inequality and Rationality (FAIR)

About FAIR

FAIR is a Centre for Experimental Research on Fairness, Inequality and Rationality. The Centre has three research groups: the Centre for Empirical Labor Economics (CELE), The Choice Lab (TCL) and Development Economics (DEV).

" Our aim is to conduct ground-breaking experimental research on how to address inequality in society.

FAIR has over 60 team members, including the Scientific Coordination Group, faculty, visiting professors, leading collaborators, PhD students, administrative staff, the FAIR Insight Team and affiliated researchers, in addition to many short and long-term guest researchers.

NHH Norwegian School of Economics is the host institution of FAIR and is strongly committed to this research initiative. FAIR represents a critical step for the long-term development of excellent research at NHH. The Centre FAIR is situated at the Department of Economics at NHH and was established as a Centre of Excellence (CoE) in 2017 with funding from The Research Council of Norway.

Scientific Highlights

FAIR researchers contributed to the academic discourse by publishing working papers and articles in a wide range of journals, including the top five economics journals. These publications play a pivotal role in shaping policy discussions at both national and international levels.

Total number of publications: 25　I　Number of journals: 20

The Value of a High School GPA

The Review of Economics and Statistics (forthcoming 2024)

Fanny Landaud, Éric Maurin, Barton Willage, Alexander L.P. Willén

Building Bridges and Widening Gaps: Efficiency Gains and Equity Concerns of Labor Market Expansions

The Review of Economics and Statistics (forthcoming 2024)

Aline Bütikofer, Katrine V. Løken, Alexander L.P. Willén

Higher-Achievement Schools, Peers and Mental Health

The Economic Journal

Aline Bütikofer, Katrine V. Løken, Rita Ginja, Fanny Landaud

Beliefs about Racial Discrimination and Support for Pro-Black Policies

- The Review of Economics and Statistics
- Ingar K. Haaland, Christopher Roth

The Spillover Effects of Labor Regulations on Earnings and Employment

- Journal of Public Economics
- Samuel Dodini

Wealth and charitable giving – Evidence from an Ethiopian lottery

- Journal of Development Economics
- Vincent Somville, Andreas Kotsadam

Competition and Career Advancement

- The Review of Economic Studies
- Julian V. Johnsen, Ku Hyejin, Kjell G. Salvanes

Justifying Dissent

- The Quarterly Journal of Economics
- Ingar K. Haaland, Christoper Roth, Leonardo Bursztyn, Georgy Egorov, Aakaash Rao

Life at FAIR

FAIR aims to be a vibrant research hub where people meet, discuss and develop projects. This year, FAIR hosted over 100 guests and over 120 events, including workshops, conferences and seminars.

Guests

In 2023, FAIR continued to welcome guests from all over the world. Our guests share new research ideas, mentor our young researchers and help spread the word about our vibrant research hub in Bergen, Norway.

FAIR events 2023

- 12 Workshop and Conferences
- 25 Seminars
- 3 Online Seminars
- 32 Coffee Meetings
- 7 Pizza & Presentations
- 23 Breakfast Meetings
- 8 Computer Fridays

Events

Participant photo, Berlin.

Hike to Stoltzekleiven.

Bergen-Berlin Behavioural Economics Workshop

🗓 **28 March 2023**

FAIR and Berlin Behavioral Economics Group hosted a Behavioural Workshop in Berlin. This workshop included four sessions with a total of 12 presentations, addressing questions related to moral hazard, misperceptions and behaviour in high-stakes situations. In 2024, the workshop will be hosted by FAIR in Bergen.

PhD Course in Behavioural Economics with Shachar Kariv

🗓 **14 – 17 August 2023**

FAIR organised a PhD course led by Shachar Kariv (University of California, Berkeley) titled "Confronting Decision Theory and Experimental Data". Forty students actively engaged in the 4-day long course, which provided them with the opportunity to present and discuss their work. The course closely examined the intersection of theoretical and experimental research on preferences for personal and social consumption and attitudes to risk, time and inequality.

Conference selfie.

Tokyo, Japan.

International Conference on Economics of Global Interactions

📅 **11 – 12 September 2023**

FAIR and the University of Bari hosted the 13th edition of the "Economics of Global Interactions: New Perspectives on Trade, Factor Mobility, and Development" in Bari, Italy. The keynote speakers were Martina Viarengo (Geneva Graduate Institute) and Lant Pritchett (Oxford's Blavatnik School of Government).

Symposium on Economic Experiments in Developing Countries (SEEDEC)

📅 **29 – 30 September 2023**

In collaboration with GRIPS – National Graduate Institute for Policy Studies, FAIR held the 12th "Symposium on Economic Experiments in Developing Countries" (SEEDEC) in Tokyo, Japan. The conference aims to bring together a community of scholars who employ laboratory experimental methods for research in low and middle-income countries. The keynote speakers were Yasuyuki Sawada (University of Tokyo) and Deborah Cobb-Clark (University of Sydney). In 2024, the conference will be returning to Bergen.

FAIR Day

📅 **19 September 2023**

The annual FAIR Day was hosted at the House of Culture in Bergen city centre. The day included presentations by researchers showcasing their ongoing projects and team-building activities.

Speed presentations.

Research discussions.

Predoctoral Fellows.

Welcome remarks.

Team-building activities.

Guest Lectures and Book Signings

Uri Gneezy

📅 **26 September 2023**

Mixed Signals: How Incentives Really Work

Matthias Sutter

📅 **6 November 2023**

Behavioral Economics for Leaders

FAIR Seminars

Every semester, FAIR organises a seminar series where top researchers from various fields present their latest research.

WomEN at FAIR

Project Manager: Aline Bütikofer

The RCN project Women in Economics Network (WomEN) is a platform for interactions among female economists with the aim of promoting gender balance in academic leadership positions. The project is rooted in FAIR and mainly focused on research exchange and increasing the visibility of research by female faculty members in 2023.

Public economics course, Stockholm University.

The project enabled both the outgoing and incoming research exchange. The WomEN travel grants enabled our young faculty members and PhD students to visit workshops, specialised PhD courses and co-authors abroad. A particular highlight was our strong presence at the Nordic Public Policy Symposium in Stockholm in December, where both faculty members and students got to participate and disseminate their research to an excellent international audience. In addition, we hosted young and established female researchers including Anya Samek and Yun Xiao, who shared their experiences and tips on publication, writing and leadership with female faculty-members and students during networking lunches.

WomEN also started a networking opportunity for young researchers in economics in Bergen and Oslo with a two-day workshop featuring young scholars from both cities. This new initiative aims to enable greater collaboration among female researchers across these two research hubs and increase the network of female researchers. In addition, WomEN also engaged in outreach to society through participation in government commissions, research dissemination presentations

for companies such as Shell or our NHH alumni, and through a social media campaign during International Women's Day.

This year's highlight was the recruitment of Abigail Adams-Prassl (Oxford University) as a visiting professor to FAIR and the Department of Economics. She works on topics within the economics of inequality, and she has a large passion for helping young females thrive and succeed in economics. Her input will be instrumental in the promotion of gender balance and highlighting the work of female faculty-members at FAIR.

FAIR Day. Photo by Helge Skodvin.

Leading researchers at FAIR.

Achievements

In 2023, FAIR team members received various distinguished awards.

Katrine V. Løken

The Fridtjof Nansen Award for Young Researchers

The Norwegian Academy of Science and Letters prestigious prize for excellent research in economics, in the category of humanities and social sciences.

Chair of an expert group on early childhood policies

Appointed by the Ministry of Education.

Kjell G. Salvanes

Elected as President of EALE, European Association of Labour Economists

Appointed to the European Social Survey Scientific Advisory Board

Kjetil Bjorvatn

NHH Inspirational Teaching Award 2023

Bertil Tungodden

Appointed to the European Economic Association Strategy Committee

Irene Marta Brusini

Valeria Solesin Award 2023

The prize is given to extraordinary papers and master's theses on the following topic: "Female talent as a crucial factor to develop the economy, ethics, and meritocracy in Italy".

New Grants

Ingar K. Haaland received the Young Researcher Talent Grant for his project "Media Bias and Political Polarization" – 8 million NOK

Ingar K. Haaland, along with Chris Roth and Felix Chopra, is embarking on a pioneering exploration of the media's role in shaping public opinion and political divisions. In a rapidly evolving media landscape, their work promises to offer essential insights into the dynamics of media influence.

PhD Defences

Oda Sund

Essays on Inequality Acceptance and Meritocracy
10 January 2023

René Karadakic

Essays on Economic Inequality and Mobility
2 June 2023

Sara Abrahamsson

Essays on Empirical Labor and Health Economics
24 May 2023

Pablo Ignacio Soto Mota

Essays on Unethical Behaviour
4 September 2023

Kjetil Madland

Three chapters on Fairness Preferences
30 May 2023

Alessandro Pizzigolotto

Essays on Empirical Political Economy and Household Behaviour
29 August 2023

Photo by Hundven-Clements.

Research from: The Choice Lab

Second-Best Fairness: The Trade-off between False Positives and False Negatives

By Alexander W. Cappelen, Cornelius Cappelen and Bertil Tungodden | American Economic Review, vol. 113 (9)

Photo by Ronny Rondona on Unsplash.

It is often impossible to know with certainty whether someone is deserving. Decision-makers must then rely on indirect and imperfect indicators of deserving-ness. As a result, decision-makers must trade off giving some individuals more than they deserve, false positives, against giving others less than they deserve, false negatives. This trade-off represents a fundamental challenge in the design and implementation of policies both in the public and the private sectors.

To illustrate how the trade-off between false positives and false negatives may affect policy design, consider the debate about undeserving claimants receiving unemployment benefits. Unemployment compensation is intended for involuntarily unemployed individuals, i.e. individuals who are unable to obtain employment despite being willing and able to work. Typically, therefore, unemployment compensation schemes impose eligibility requirements on recipients. If these requirements are strict, however,
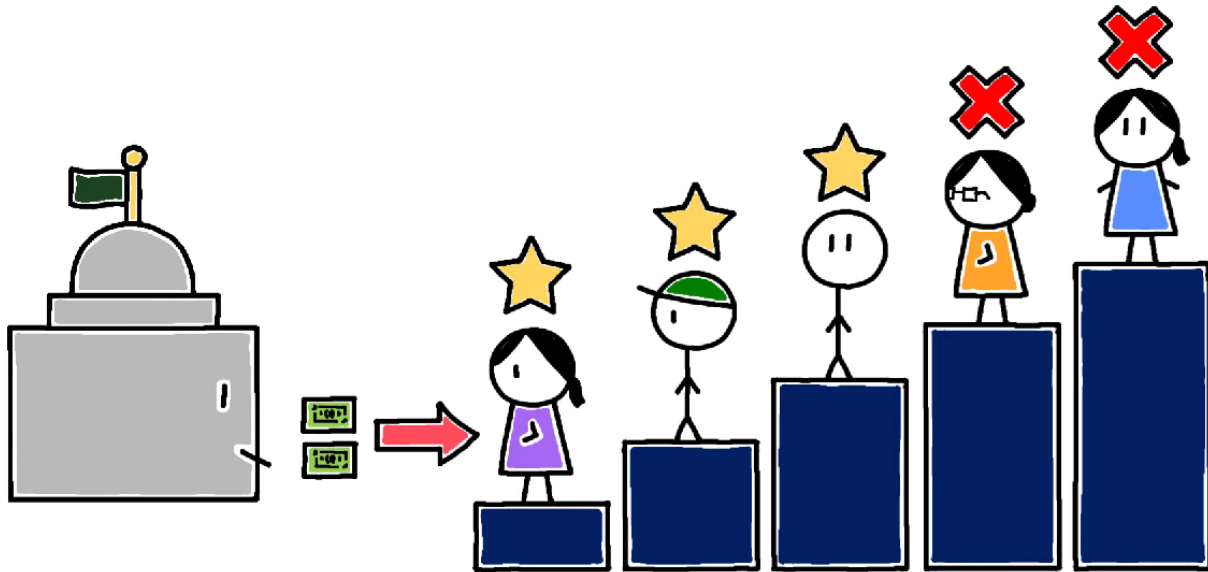
Created by Hoai-Luu Nguyen for Econimate.

some involuntarily unemployed may fail to meet them; if they are lean, some voluntarily unemployed may satisfy them. Hence, the strictness of the eligibility criteria reflects a trade-off between false positives and false negatives.

In the paper "Second-best fairness: The trade-off between false positives and false negatives", we present the results from a large-scale experimental study of how people trade off false positives and false negatives when deciding whether to pay an individual, with 26,500 participants recruited from the general populations in the US and Norway.

The participants in our study act as third-party spectators and decide whether to pay a worker who has filed a claim. In the main experiment, the spectators decide whether to pay a worker who has filed a claim for
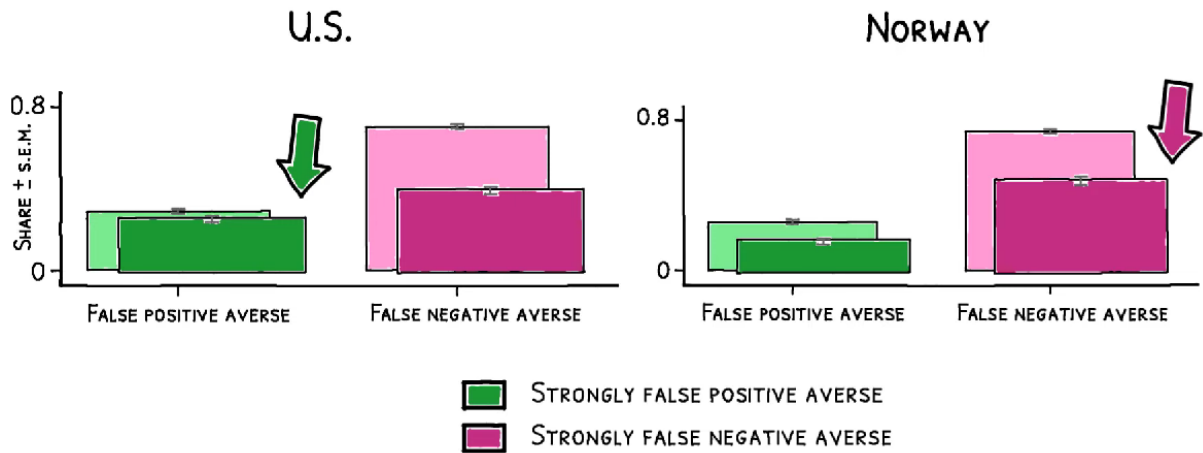
Figure 2; Strongly False Positive Averse spectators do not pay when the probability of a false claim is 25%, and Strongly False Negative Averse spectators pay when the probability of a false claim is 75%. Created by Hoai-Luu Nguyen for Econimate.

compensation that only workers who were not offered work are entitled to. We randomly assign each spectator one of five treatments that differ in the probability of the worker having filed a false claim for compensation. By varying this probability, we identify how the spectators trade off the probability of a false positive against the probability of a false negative when deciding whether to pay the compensation.

The paper provides several important insights into the nature of people's second-best fairness preferences. First, we show that most people are more concerned with false negatives than false positives, and that this asymmetry in second-best fairness preferences is robust across economic environments. Second, we find that people have strong preferences for avoiding one of the mistakes; the vast majority of people are either strongly false negative averse or strongly false positive averse. Third, we document systematic differences between the US and

Norway in second-best fairness preferences. In particular, we establish across the different experiments that there is a larger proportion of people who are strongly false positive averse and a smaller proportion who are strongly false negative averse in the US than in Norway. Finally, we show that second-best fairness preferences relate to political affiliation and policy attitudes: right-wing people are more likely to be strongly false negative averse than non-right-wing people, and false negative averse people are more supportive of redistributive policies than false positive averse people.

Our results suggest that political disagreements about how to design such policies may not only reflect differences in first-best fairness views or beliefs about people's deservingness, but also fundamental differences in how people trade off false positives and false negatives in their policy considerations.

Research from: Centre for Empirical Labor Economics

Designing Disability Insurance Reforms: Tightening Eligibility Rules or Reducing Benefits?

By Andreas Haller, Stefan Staubli and Josef Zweimüller | Econometrica, vol. 92 (1)

If you want to reduce the cost of disability insurance, should you make eligibility stricter or reduce benefits? This paper provides a sufficient statistics framework to analyse the trade-offs between these two policy levers, and quantifies them empirically.

Despite improving health, higher material living standards and less physically demanding working conditions, the number of disability insurance (DI) recipients has risen rapidly over the past decades in most OECD countries. The increasing financial burden of DI programs has led many governments to implement DI reforms that aim explicitly at reducing the DI program inflow and DI expenditures. While restrictive DI reforms lessen the financial burden for taxpayers, they also impose utility losses on individuals with a disability. The welfare consequences ultimately depend on how DI reforms address this incentive-insurance trade-off.

In this paper, we study the incentive-insurance trade-offs for the two main DI policy parameters: (i) eligibility rules and (ii) benefit levels. While optimal DI benefits have been studied in previous work, our analysis of optimal DI eligibility rules is new. It turns out that the welfare analysis of the stricter rules is different from the one of lower benefits. While a DI benefit reduction

Photo by charlesdeluvio on Unsplash.

affects all—including the most disabled—DI recipients, stricter DI eligibility rules affect only DI applicants who no longer qualify for DI benefits under the stricter rules. Stricter rules may affect only few applicants, but their insurance losses may be substantial. In other words, the two policies affect individuals differentially, and their welfare effects become a question of targeting: Who loses how much? Answering this question is tricky. The advantage of our framework is that we can directly compare the welfare effects of the two (rather different) policy parameters based on sufficient statistics that can be identified using data.

If a government wishes to curb DI expenditure, our framework will reveal whether it would be better to reduce DI benefits or set stricter DI eligibility rules. For this comparison we need to compare their relative insurance losses to their relative incentive costs. We capture the incentive costs of the respective instrument by a "fiscal multiplier," the total fiscal cost savings of a DI reform relative to the "mechanical" fiscal effect (the hypothetical cost savings absent any change in behaviour). Any difference between total and mechanical cost savings is due to the DI reform distorting individual behaviour (DI applications and labour supply).

Evaluating the relative insurance losses of stricter eligibility and lower benefits is challenging because they affect individuals with different intensities, and we cannot directly observe utility losses in the data. We make progress on this front by deriving upper and lower bounds of the relative insurance losses and we show that the relative insurance-loss bounds can be inferred from spousal labour supply responses. The idea here is that stronger spousal labour supply responses to a disability shock imply that the household is less insured against the disability risk and therefore values DI benefits more.

For the empirical implementation of our framework, we exploit two Austrian DI reforms and estimate their effects using population data from Austrian administrative DI registers. The first DI reform was implemented in 2003 and changed the pension formula, resulting in substantially lower DI benefit levels for some individuals, though less so for others. The quasi-experimental variation in benefit levels over time and across individuals allows us to identify the causal effect of DI benefits. The second DI reform was implemented in 2013 and tightened DI eligibility rules. Specifically, the reform raised the "relaxed screening age" (RSA), the critical age above which not only medical but also vocational factors are taken into account in the DI assessment process. Once workers reach the RSA, access to DI benefits becomes much easier and DI award rates increase strongly. Before 2013, the RSA was 57. The 2013 DI reform increased it step-wise to age 60. The RSA increase allows identification of the causal effect of stricter rules through a comparison of cohorts: The older (control) cohort still faces the lenient pre-reform DI rules with the RSA at age 57. In contrast, the younger

(treated) cohorts are subject to tight DI rules at age 57, and the RSA only applies from age 58 (or 59) onward.

Our reduced-form estimates reveal that both DI reforms generated significant behavioural responses, substantially lowering DI program costs. We estimate a fiscal multiplier of reduced DI benefits of around 1.4. That is, reducing DI benefits by one Euro creates an additional 40 Cents in cost savings because fewer individuals apply for DI benefits. We find even stronger behavioural responses for stricter eligibility rules and estimate fiscal multipliers between 2.0 and 2.5.

To estimate bounds on the insurance losses of stricter DI eligibility rules relative to lower DI benefits, we exploit spousal labour supply responses. Empirically, we document that stricter eligibility rules are associated with higher spousal earnings among DI entrants. Interpreted through our model, this finding implies that the insurance loss of stricter eligibility is smaller than the loss of lower benefits.

Taken together, our empirical results suggest a clear ranking for Austrian DI policies: stricter DI eligibility rules dominate reduced DI benefits as a policy tool for rolling back the DI program. They generate higher fiscal savings and impose smaller insurance losses on affected workers.

Photo by Marco Süssi on Unsplash.

Research from: Development Economics

The Tanzania Study – Understanding Child Development in the Early Years and in Adolescence

By Ingvild Almås, Bet Caeyers, Orazio Attanasio, Pamela Jervis, Pallavi Prabhakar, Charlotte Ringdal, Marianne Moreira, Theresa Betancourt, Marc Bornstein, Ester Elisaria, Honorati Masanja and Costas Meghir

In the FAIR annual report 2019, we presented the Tanzania study – Understanding child development in the early years and in adolescence, which at the time had just started. The project has developed substantially since then. Here we provide a brief summary of developments and discuss one of the articles that has used data and knowledge from this project, entitled "Economics and Measurement: New measures to model decision making", now forthcoming in Econometrica.

The projects

Understanding the process of child development, from in-utero, through the first early years of life and adolescence and into adulthood, is of significant importance to researchers and policymakers world wide. Yet, there is still much we do not know about this process and how policies aiming at improving child development work. In particular, we lack substantial evidence from the low- and middle- income countries, as much of the research on child development has been conducted in Western, Rich and Industrial settings, as discussed by Heinrich, Heine and Norenzayan in their 2010 article in Behavioral

and Brain Sciences. In this project, we combine the use of randomised control trials (RCTs), longitudinal data collection and smaller scale controlled ("lab-in-the-field") experiments to gain a better understanding of this process in the context of Tanzania.

The work on early years is conducted within the Kizazi Kijacho ("next generation") project, led by Bet Caeyers and Ingvild Almås. Within this project, we have already conducted a few rounds of data collection, the latest of which being the baseline for the RCT in early 2023 designed by the project's Research Team. The design estimates the impacts of a parenting programme

Photo by Emmanuel Ikwuegbu on Unsplash.

(facilitated by a novel digital app, digital monitoring system, scalable and with a holistic approach of child development) and a cash transfer scheme. In 2024, midline data collection for the RCT will take place when children are on average 12 months old, whereas the end-line data collection is planned for 2025. In addition, the longitudinal data collection, starting in-utero, as well as the "lab-in-the-field" with parents of young children, will be started in 2024. We have been quite successful in fundraising for this project, including an ERC grant and a large grant from the Norwegian Research Council.

The work on adolescents has been started by our RCT, titled World of Work, seeking to understand the main obstacles for adolescents to be productive when dropping out of, or graduating from, school. We conduct an RCT featuring a podcast on the World of Work. Both base-line data and midline data collection were conducted in 2023. This work has been fully funded by the Norwegian Research Council and is led by Vincent Somville.

A first paper

The first published article that uses data from the Tanzania study on children and adolescents is the article titled "Economics and Measurement: New measures to model decision making", by Almås, Attanasio and Jervis (2023), part of the Research Team in Kizazi Kijacho. The paper emphasises the need for novel measurement tools in the study of economic behaviour in general, and in studies of child development in particular. The paper contributes to the empirical evidence by discussing existing innovative measurement tools to understand parental behaviour, and using a subset of these to discuss important differences between mothers and fathers. We also use data on child investment and a measurement

system to study the determinants of child development for children aged 0 to 3 years old.

Focusing first on the differences between mothers and fathers, we study among other things, mothers' and fathers' allocation preferences, namely to what extent mothers and fathers prefer to allocate resources to food expenditure, schooling or other consumption goods, and whether they prioritise children or themselves in their allocations. To do so, we use an allocation survey instrument developed by the researchers in Kizazi Kijacho (Almås, Attanasio, Jervis and Ringdal in 2021, working paper): Either the mother, the father or the couples jointly, are asked to choose an allocation of a cash transfer. The findings are that mothers prefer to allocate somewhat more to food and clothing for children than fathers do. This evidence, in isolation, suggests that, despite the effects being rather small, that it may be better to target mothers than fathers with transfers, as mothers prefer to allocate more to children than fathers do.

However, in order for such targeting to have an effect on outcomes, mothers also need to be sufficiently empowered to act on their preferences. A big challenge in this respect is how to measure female empowerment within the household – an issue that is relevant for many welfare programs. Indeed, many existing cash transfer schemes and other welfare programs target women as recipients. The main argument is that women are better at prioritising nutrition and child consumption more generally, and as such the targeting leads to better consumption choices for the household, rather than having men as recipients. However, the empirical evidence on how such targeted transfers affect household consumption allocations in different contexts around the world is relatively scarce. The paper shows that mothers' power may be limited, as when we ask couples to allocate, choices closely resemble those of fathers, and not a weighted average of the mother and father allocation choices, which we would expect if mothers had power to influence household decisions. We use a novel survey instrument to measure power in household decision making designed by Almås, Armand, Attanasio and Carneiro in their Economic Journal article from 2018, to show that mothers do indeed have much less decision-making power than fathers.

Finally, in modelling parental behaviour, we also measure beliefs about returns on investing in child development as developed by Attanasio, Cunha and Jervis in 2019 (working paper). The paper finds that mothers and fathers are different. Whereas mothers and fathers have about the same beliefs concerning returns on investment in high initial-condition children, mothers have significantly higher believed returns on investment in low initial-condition children.

Turning to the determinants of child development, we study actual investment in children and show that couples' preferences, beliefs and female decision-making power have predictive power with respect to a couple's actual investment in children.

kizazi kijacho
Research for the next generation

Selected Projects

Freedom to Choose

The Research Council of Norway | **Project Manager:** Alexander W. Cappelen and Hallgeir Sjåstad
Funding: Research Council of Norway (RCN)

The project investigates how perceptions of free choice shape behaviour and political attitudes.

Firm power, worker power, and the structure of labor markets

The Research Council of Norway | **Project Manager:** Alexander L.P. Willén
Funding: Research Council of Norway (RCN)

The project studies the power dynamics between employer and employee. Employers' power is growing and workers are organising to a lesser extent than before. The shift in the balance of power affects today's employees through changes in job opportunities and risks. In a larger societal picture, the changed balance of power could affect economic efficiency and equity.

Intra-household resource allocation and targeted transfers

The Research Council of Norway | **Project Manager:** Ingvild Almås
Funding: Research Council of Norway (RCN)

The project studies parental preferences and behaviour, and in particular whether mothers and fathers differ in their allocation preferences and behaviour regarding children.

Fairness and the Moral Mind

European Research Council — Established by the European Commission

Project Manager: Bertil Tungodden
Funding: European Research Council (ERC)

The project provides a novel study of the moral mind and inequality acceptance. It explores how personal responsibility and individual freedom shape inequality acceptance, including the critical aspect of drawing the moral circle. It also conducts international studies across 60 countries to understand distributive behaviour and cultural transmission of moral preferences.

Reducing Inequality Through Complementarities in Investments in Education and Health

The Research Council of Norway

Project Manager: Aline Bütikofer
Funding: Research Council of Norway (RCN)

The project investigates how inequalities in education, income and physical and mental health, which pose considerable challenges to the well-being of children, can be mitigated by exploiting potential policy complementarities.

The World of Work – Improving the transition from school to the labor market in Tanzania

The Research Council of Norway

Project Manager: Vincent Somville
Funding: Research Council of Norway (RCN)

The project collaborates with several Tanzanian partners to design and test innovative ways to increase youth (self-) employment.

The environmental laboratory: New technology and behavioral economics for increased recycling

The Research Council of Norway | **Project Manager:** Mathias P. Ekström
Funding: Research Council of Norway (RCN)

This large field experiment shows that financial incentives are effective in fostering long-term pro environmental behaviour, while remaining unpopular among citizens.

Criminality, Victimization and Social Interaction

erc European Research Council
Established by the European Commission | **Project Manager:** Katrine V. Løken
Funding: European Research Council (ERC)

This project looks into questions concerning criminal network formation, peer effects in prison, costs of domestic violence, costs of mass shootings, and how and why rehabilitation-oriented sentencing can improve defendants' mental health conditions.

Automated Away? Causes and Consequences of robots on Jobs and Families

The Research Council of Norway | **Project Manager:** Kjell G. Salvanes
Funding: Research Council of Norway (RCN)

The project analyses the causal relationships between technological change and the restructuring of firms and how the labour market and workers and their families are affected by such changes.

Reporting Guidelines

The Research Council of Norway | **Project Manager:** Erik Ø. Sørensen
Funding: Research Council of Norway (RCN)

A collaboration with the Berkeley Initiative for Transparency in the Social Sciences (BITSS), to investigate the potential impact of clearer reporting guidelines on researchers' ability to improve their reporting of pre-registered hypotheses.

FAIR Insight Team

FAIR Insight Team (FIT) connects FAIR with key stakeholders in both society and the general public through the initiation of applied research projects and by communicating research findings. FIT is organised as a research programme at SNF – Centre for Applied Research at NHH – with the programme leadership located at the Department of Economics. FIT has 15 team members, with co-directors Kjetil Bjorvatn and Kjell G. Salvanes. Below, we highlight a FIT project on the impact of behavioural nudges and financial incentives to increase recycling, in collaboration with BIR, one of Norway's leading waste management companies.

Financial incentives or norm nudges to promote proenvironmental behavior? Experimental evidence from recycling

By: Mathias P. Ekström, Kjetil Bjorvatn, Hallgeir Sjåstad
Funding: Research Council of Norway (RCN)

Climate change is the most pressing challenge of our generation, causing loss of biodiversity and threatening both human health and political stability. Key to addressing the problem is identifying effective, feasible and scalable interventions that foster long-term pro-environmental behaviour change. For example, responsible consumption and production is a UN development goal, and a specific objective is to increase the share of waste being recycled (UN, 2023). Citizens in the European Union and the United States alone generate approximately 500 million metric tons of municipal solid waste every year, of which only 49% (EU) and 32% (U.S.) are recycled or composted. It is without doubt that increasing the recycling rate further, both in the developed and the developing world, would contribute positively to the mitigation of climate change. The current research directly addresses how that goal can be achieved.

In a large, pre-registered, natural field experiment spanning 18 months, 40 apartment blocks and more than 2,000 households, we partnered with the waste management company in the city of Bergen, Norway, to test two approaches to promoting the recycling of residual waste: financial incentives or a social norm-nudge, as well as the combination of the two. Before February 1, 2022, opening the general waste container was free of charge for all households in the study, after that date we randomised households in one half of the condominiums to face a financial incentive intended to promote recycling, while the other half continued without the incentive. By removing paper, plastic and other recyclable material from their general waste, households can reduce the number of openings and thereby save money by avoiding the fee. However, households can also save money by disposing of the same amount of general waste on fewer occasions, or by disposing of the general waste

elsewhere (e.g. in the condominium's paper or plastic container). Hence, whether such an incentive promotes the quantity and quality of recycling is far from obvious. The social norm-nudge was inserted as the first paragraph in a general letter about recycling sent to all households in January 2022. The social norm-nudge clearly stated both the injunctive and a descriptive norm: that recycling is good for the environment and something most Norwegians do.

Using data from households' access keys, container weights, waste audits, as well as baseline and follow-up surveys, we find that monetary incentives do work. People who need to pay 10 NOK (around 1 USD) to open the gene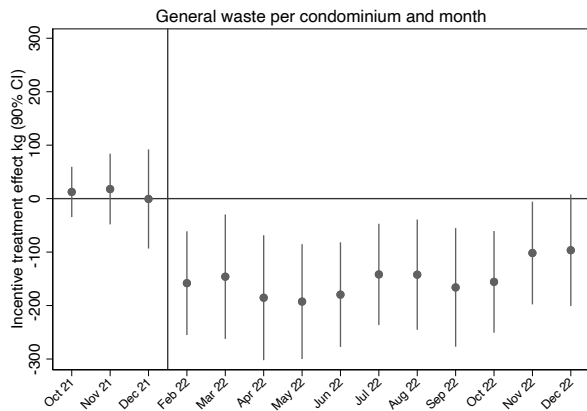ral waste container use it less frequently, and they recycle more of their waste. Consistent with this explanation, we observe an immediate decrease in the weight of the general waste container (see Figure 1) and an increase in the weight of recycled plastic and paper. Furthermore, waste audits reveal that there is a higher fraction of general waste in the general waste container and no evidence of leakage to the containers for recycled material. In contrast to these positive changes, the social norm message has no effect on behaviour. Survey data provide further support for these conclusions (see Figure 2), while also pointing to a potential drawback of using financial incentives, as they decrease satisfaction with the waste company. In a broader perspective, our results show that green incentives can have big impact, though they are unpopular among customers and voters.
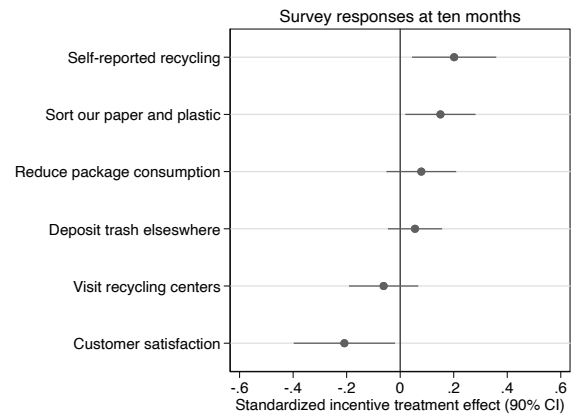

Figure 1: General waste per month. The graph shows the incentive treatment effect on the weight in kg of general waste collected by condominium and month. The treatment effects are estimated using panel OLS regression, with standard errors clustered by condominium using the wild bootstrap method.

Figure 2. Survey outcomes. The graph shows the standardised incentive treatment effects for six separate questions asked in our endline survey ten months after the intervention (N= 821). The treatment effects are estimated using simple OLS regression, with standard errors clustered by condominium using the wild bootstrap method.

Data Infrastructure Unit

The FAIR Data Infrastructure Unit (DIU) is an administrative support unit with the primary objective of facilitating the collection and processing of data for our researchers. Additionally, it plays a crucial role in ensuring compliance with both local and national standards and regulations. By serving as an interface between researchers and various data providers, the DIU consolidates experiences and fosters strong relationships with key data providers, such as Statistics Norway, other public authorities and survey providers. The unit also remains current with evolving procedures and expectations on the part of data suppliers. This not only streamlines the data-collection process for researchers, but also enables the DIU to achieve economies of scope and scale, ultimately reducing the overall costs to FAIR associated with interactions with these suppliers.

The DIU provides valuable assistance to FAIR researchers in addressing personal data protection concerns. This includes ensuring the proper filing of personal data notifications, data management plans and IRB applications.

Furthermore, the DIU actively develops expertise and competence in effectively representing FAIR researchers in discussions with data protection officers and other regulatory bodies, both at NHH and externally.

The DIU is proficient in managing metadata and documentation using open standards such as Dublin Core and those of the Data Documentation Initiative. This expertise enables the unit to archive research data in both institutional and open repositories, ensuring long-term data preservation in accordance with the FAIR principles (Findable, Accessible, Interoperable and Reusable). Additionally, the unit keeps a record of research assistants and balances supply and demand for research assistance.

The Unit consists of two Research Data Managers, a Project Coordinator and the Compliance Officer. The Compliance Officer is a FAIR co-PI and heads the DIU.

Sebastian Fest
Research Data Manager

Main responsibilities: Surveys and experimental data-collection, coordinating student assistants.

Viktor Olof Nilsson
Research Data Manager

Main responsibilities: Administrative and historical data.

Kata Urban
Project Coordinator

Main responsibilities: Procurement of survey services, contracting and administrative support.

Erik Ø. Sørensen
DIU Director and FAIR Compliance Officer

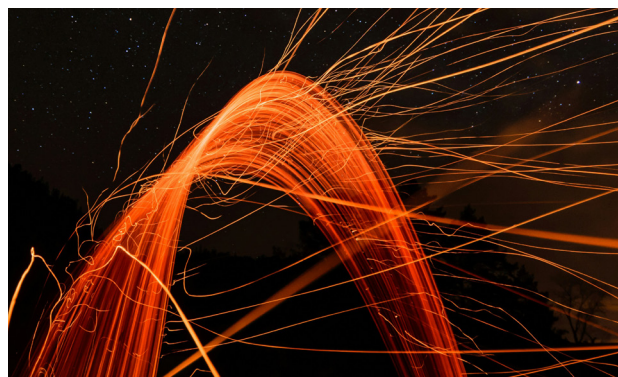**Main responsibilities:** IRB applications, data protection and data management procedures.

Photo by Johannes Groll on Unsplash.

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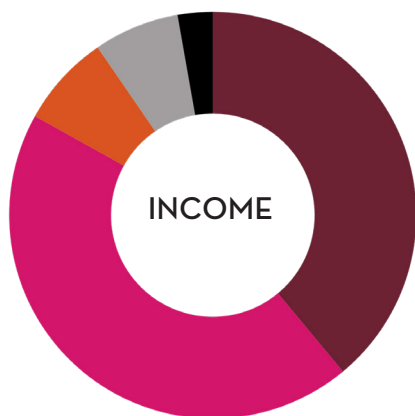
INCOME

- The Research Council of Norway **39%**
- Norwegian School of Economics **44,1%**
- EU funds **7,3%**
- International partners in-kind **6,8%**
- Other funds **2,8%**

INCOME	MNOK
The Research Council of Norway (RCN)	27,411
Norwegian School of Economics	31,045
EU funds	5,162
International & Norwegian partners in-kind	4,777
Other funds	1,957
Income, total	70,352
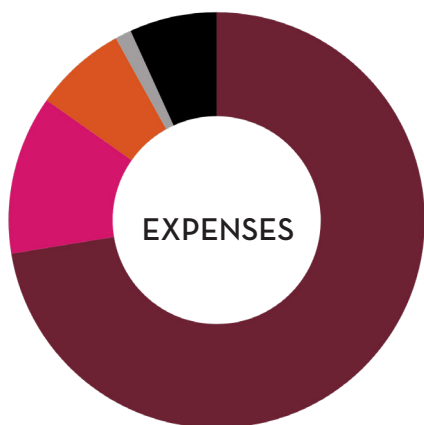
EXPENSES

- Payroll and indirect expenses **72,4%**
- Experiments, data purchase **12,4%**
- Other operating expenses **7,2%**
- RCN grants to international partners **1,3%**
- International partners in-kind **6,8%**

| EXPENSES	MNOK
Payroll and indirect expenses	50,950
Experiments, data purchase	8,698
Other operating expenses	5,039
RCN grants to international partners	888
International & Norwegian partners in-kind	4,777
Expenses, total	70,352

Outreach and Media
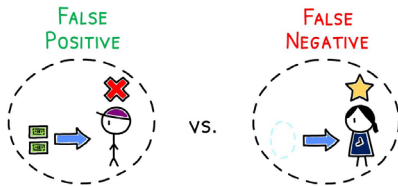
Econimate Video
Second-Best Fairness

Based on: Alexander W. Cappelen, Cornelius Cappelen, Bertil Tungodden. 2023. "Second-Best Fairness: The Trade-Off between False Positives and False Negatives." American Economic Review 113 (9): 2458-2485.

When it comes to welfare policy, how do we balance giving some individuals more than they deserve vs. giving others less than they deserve?
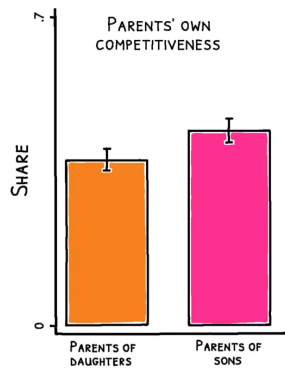
Econimate Video
Parental Decision-Making and Competitiveness: Econimate video

Based on: Jonas Tungodden, Alexander Willén. 2023. "When Parents Decide: Gender Differences in Competitiveness." Journal of Political Economy 131 (3): 751-801.

Parents make many decisions that affect children's long-run outcomes. One of these: how much competition should children be exposed to?

VoxEU Column: Health Economics
Domestic violence and the mental health and wellbeing of victims and their children

Manudeep Bhuller, Gordon Dahl, Katrine Løken, and Magne Mogstad | 27 February 2023

Nearly a third of women worldwide report some form of physical or sexual violence by a partner in their lifetime, yet little is known about the long-term mental health effects on victims or their children. This column studies the costs associated with domestic violence in Norway, where data allow offenders to be linked to victims and their children over time. Domestic violence incidents documented by police are associated with marital dissolution, decreased financial resources and lower test scores by children. These effects taper off over time for victims, but not for their children.

VoxEU Column: Gender

How gender norms are perceived across the world

Leonardo Bursztyn, Alexander Cappelen, Bertil Tungodden, Alessandra Voena, and David Yanagizawa-Drott | 29 June 2023

Recent work has documented that misperceptions of norms may exacerbate gender inequality and restrict women's freedom in Saudi Arabia. This column uses data from 60 countries across six continents, collected through the World Gallup Poll, to investigate whether such misperceptions are widespread or confined to a specific and somewhat unique context. The findings reveal that, in almost every country, the support for basic rights is underestimated, especially among men, suggesting that aligning perceived and actual views may be a promising policy intervention to raise female labour force participation. Misperceptions about the support for gender-based affirmative action have more complex potential implications.

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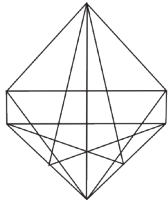
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