



The American Economic Review, Vol.111, No.3, March 2021

The American Economic Review (AER) is the oldest economics journal of the American Economic Association (AEA) that was established in 1911, just 26 years after the AEA's constitution. The journal launches issues on a monthly basis and publishes selected papers of general interest in the field of economic sciences. The March 2021 issue of AER includes eight (8) research papers, as follows:

- Rank Uncertainty in Organizations, by Marina HALAC, Elliot LIPNOWSKI, and Daniel RAPPOPORT. This paper studies the principal's optimal incentive scheme that implements work as a unique equilibrium and characterizes how agents' ranking and compensation vary with asymmetric effort costs.

- What Motivates Paternalism? An Experimental Study, by Sandro AMBUEHL, B. Douglas BERNHEIM and Axel OCKENFELS. This paper experimentally examines the context of people intervening in others' choices, and particularly when, why, and how people intervene in other people's choices.

- Social Media, News Consumption, and Polarization: Evidence from a Field Experiment, by Ro'ee LEVY. This paper estimates the effects of social media news exposure by conducting a large field experiment randomly offering participants subscriptions to conservative or liberal news outlets on Facebook, where the results suggest that social media algorithms may limit exposure to counter-attitudinal news and thus increase polarization.

- Knowledge Spillovers and Corporate Investment in Scientific Research, by Ashish ARORA, Sharon BELENZON, and Lia SHEER. This paper studies how corporate investment in research is linked to its use in the firm's inventions, and to spillovers to rivals and reveals that private returns to corporate research depend on the balance between two opposing forces.

- Job Displacement Insurance and (the Lack of) Consumption-Smoothing, by Francois GERARD and Joana NARITOMI. This paper studies the spending profile of workers who experience both a positive transitory income shock (lump-sum severance pay) and a negative permanent income shock (layoff), showing that workers increase spending at layoff percent despite experiencing long-term loss.

- The Efficiency of Race-Neutral Alternatives to Race-Based Affirmative Action: Evidence from Chicago's Exam Schools, by Glenn ELLISON and Parag A. PATHAK. This paper explores whether Chicago Public Schools (CPS) plans are effective substitutes for racial quotas, now employing a race-neutral, place-based affirmative action system at its selective exam high schools.

- The Abolition of Immigration Restrictions and the Performance of Firms and Workers: Evidence from Switzerland, by Andreas BEERLI, Jan RUFFNER, Michael SIEGENTHALER, and Giovanni PERI. This paper studies a reform that granted European cross-border workers free access to the Swiss labor market and had a stronger effect on regions close to the border, revealing effects mainly driven by firms that reported skill shortages before the reform.

- The Financial Transmission of Housing Booms: Evidence from Spain, by Alberto MARTIN, Enrique MORAL-BENITO, and Tom SCHMITZ. This paper examines the context of the Spanish housing boom, where a quantitative model disciplined by cross-sectional estimates indicates that the crowding-out effect was substantial but temporary, and had been fully absorbed by the end of the boom.

Full-text access of the published papers is available through an institutional subscription or using AEA member username and password credentials.

The link to the AER issues is: <https://aeaweb.org/journals/aer>.

Journal Review by Dimitrios TSOTAS, Ph.D., RSI J