

THE REVIEW OF ECONOMIC STUDIES

Vol. 86(1) No. 306

Innovation and Top Income Inequality	1
Philippe Aghion, Ufuk Akcigit, Antonin Bergeaud, Richard Blundell and David Hemous	
The Elusive Pro-Competitive Effects of Trade	46
Costas Arkolakis, Arnaud Costinot, Dave Donaldson and Andrés Rodríguez-Clare	
Strategy-proofness in the Large	81
Eduardo M. Azevedo and Eric Budish	
Public R&D Investments and Private-sector Patenting: Evidence from NIH Funding Rules	117
Pierre Azoulay, Joshua S. Graff Zivin, Danielle Li and Bhaven N. Sampat	
An Empirical Model of Wage Dispersion with Sorting	153
Jesper Bagger and Rasmus Lentz	
Breaking the Glass Ceiling? The Effect of Board Quotas on Female Labour Market Outcomes in Norway	191
Marianne Bertrand, Sandra E. Black, Sissel Jensen and Adriana Lleras-Muney	
The Price Effects of Cash Versus In-Kind Transfers	240
Jesse M. Cunha, Giacomo De Giorgi and Seema Jayachandran	
Efficient Sovereign Default	282
Alessandro Dovis	
Correlation Neglect in Belief Formation	313
Benjamin Enke and Florian Zimmermann	
State Taxes and Spatial Misallocation	333
Pablo D. Fajgelbaum, Eduardo Morales, Juan Carlos Suárez Serrato and Owen Zidar	
Inference on Directionally Differentiable Functions	377
Zheng Fang and Andres Santos	
Financial Intermediary Capital	413
Adriano A. Rampini and S. Viswanathan	

January 2019

OXFORD
UNIVERSITY PRESS

THE REVIEW OF ECONOMIC STUDIES

The review was started in 1933 by a group of young British and American Economists. It is published by The Review of Economic Studies Ltd, whose object is to encourage research in theoretical and applied economics, especially by young economists, and to publish the results in *The Review of Economic Studies*.

EDITORIAL COMMITTEE

Managing Editors

ANDREA GALEOTTI, *London Business School*
NICOLA GENNAIOLI, *Bocconi University*
VERONICA GUERRIERI, *University of Chicago*
CHRISTIAN HELLWIG, *University of Toulouse*

DIRK KRUEGER, *University of Pennsylvania*
ÁUREO DE PAULA, *University College London*
UTA SCHOENBERG, *University College London*
ADAM SZEIDL, *Central European University*

Journal Manager

ANN LAW, *London School of Economics*

Secretary and Business Manager

CATHERINE M. THOMAS, *London School of Economics*

Foreign Editors

MANUEL AMADOR, *University of Minnesota*
FRANCISCO BUERA, *Washington University in St. Louis*
SYLVAIN CHASSANG, *New York University*
ARNAUD COSTINOT, *Massachusetts Institute of Technology*
MELISSA DELL, *Harvard University*
PASCALINE DUPAS, *Stanford University*
CHAO FU, *University of Wisconsin at Madison*
MARINA HALAC, *Yale University*
PETER HANSEN, *University of North Carolina*
NAVIN KARTIK, *Columbia University*
PATRICK KLINE, *University of California, Berkeley*

FRANCESCA MOLINARI, *Cornell University*
GUILLERMO ORDONEZ, *University of Pennsylvania*
ANDRES SANTOS, *University of California, Los Angeles*
STEFANIE STANTCHEVA, *Harvard University*
JON STEINSSON, *University of California, Berkeley*
JOHANNES STROEBEL, *New York University*
BRUNO STRULOVICI, *Northwestern University*
ANDREW SWEETING, *University of Maryland*
EBONYA WASHINGTON, *Yale University*
ALEXANDER WOLITZKY, *MIT*
PIERRE YARED, *Columbia University*

Editorial Board

PHILIPP KIRCHER (*Chair*), *European University Institute and University of Edinburgh*

JOHANNES ABELER, *Oxford University*
ALP ATAKAN, *Koc University*
DAVIDE CANTONI, *Ludwig-Maximilian University*
THOMAS CHANEY, *Sciences Po*
NICOLAS COEURDACIER, *Sciences Po*
FRANCESCO DECAROLIS, *Bocconi University*
SWATI DHINGRA, *London School of Economics*
DAVID DORN, *University of Zurich*
MIKE ELSBY, *University of Edinburgh*
RUBEN ENIKOLOPOV, *Universitat Pompeu Fabra and New Economic School*
NICOLA FUCHS-SCHÜNDL, *Goethe University Frankfurt*
ALESSANDRO GAVAZZA, *London School of Economics*
JEANNE HAGENBACH, *Sciences Po*
BÅRD HARSTAD, *University of Oslo*
XAVIER d'HAULTFOEUILLE, *CREST*
NAGORE IRIBERRI, *University of the Basque Country, EHU-UPV*
TORU KITAGAWA, *University College London*
PETER KONDOR, *London School of Economics*
MIKLÓS KOREN, *Central European University*
DENNIS KRISTENSEN, *University College London*
STEPHAN LAUERMANN, *Bonn University*
KATRINE LOKEN, *University of Bergen*
KALINA MANOVA, *University College London*
ALBERTO MARTIN, *CREI, Universitat Pompeu Fabra*

IAN MARTIN, *London School of Economics*
MONICA MARTINEZ-BRAVO, *CEMFI*
FILIP MATEJKA, *CERGE-EI*
GUY MICHAELS, *London School of Economics*
KURT MITMAN, *IIES, Stockholm University*
ANDREAS MOXNES, *University of Oslo*
MARTIN OEHMKE, *London School of Economics*
ELIAS PAPAIOANNOU, *London Business School*
DANIEL PARAVISINI, *London School of Economics*
EDUARDO PEREZ-RICHET, *Sciences Po*
MARIA PETROVA, *IPEG Barcelona*
GIACOMO PONZETTO, *CREI, Universitat Pompeu Fabra*
CHRISTOPH ROTHE, *University of Mannheim*
EDOUARD SCHAAL, *CREI, Universitat Pompeu Fabra*
FLORIAN SCHEUER, *University of Zurich*
PHILIPP SCHMIDT-DENGLER, *University of Vienna*
JOHANNES SPINNEWIJN, *London School of Economics*
JAKUB STEINER, *CERGE-EI*
VINCENT STERK, *University College London*
OLIVIER TERCIEUX, *Paris School of Economics*
MICHELE TERTILT, *University of Mannheim*
DIMITRI VAYANOS, *London School of Economics*
FABIAN WALDINGER, *University of Munich*
MIRKO WIEDERHOLT, *Sciences Po*
TAKURO YAMASHITA, *University of Toulouse*
NOAM YUCHTMAN, *London School of Economics*