

Summaries of Articles

Staggered contracts and persistence : microeconomic foundations and macroeconomic dynamics, by Jean-Pascal Bénassy

We develop in this article a new form of wage contracts similar in spirit to those developed by Calvo (1983), and integrate these contracts into a dynamic stochastic general equilibrium model. Rational wage setting by utility maximizing trade-unions is explicitly modelled. We derive the optimal wage contracts, and compute the dynamic macroeconomic response to monetary shocks. It is shown that, unlike in most traditional models, this response can display strong persistence, a hump shaped response and positive autocorrelations in output and employment variations. All these results are obtained in a model with explicit closed-form solutions.

Keywords : Persistence, Staggered wages, Wage contracts.

Journal of Economic Literature classification numbers : E32, E52.

Education supply, economic growth and the dynamics of skills, by Vincent Barthélémy and Philippe Michel

This paper examines the dynamics of the skill supply and its incidence on economic growth in the presence of education policies. When there are indivisibilities in the financing of human capital, small differences in the initial distribution of skills may greatly affect the stationary distribution : the economy may end up in a “low skill trap”, or in a high skill equilibrium. The model implies that for some ranges of initial distributions there will be intergenerational immobility. Finally, cross-country differences in long-term macroeconomic adjustment to education policies may be attributed, among other factors, to the existence of a congestion effect in the education system.

Keywords : growth, education, human capital, social mobility.

Journal of Economic Literature classification numbers : I21, I28, O4.

Algorithmme de fictitious play et cycle, by Richard Baron, Jacques Durieu and Philippe Solal

Fudenberg and Kreps (1993), Young (1993), and Sela and Herreiner (1999) suggest that the convergence in beliefs of the Fictitious Play process is not an appropriate notion of what it means to learn an equilibrium. Consequently, we consider the convergence in strategies in two Fictitious Player coordination games. We distinguish two cases according to the initial beliefs of the players. First, if the initial beliefs of the players consist of a pair of pure strategies, we show that the Fictitious Play process converges in strategies in every coordination game. Second, if the initial beliefs of the players consist of a pair of completely mixed strategies, we show that the Fictitious Play process converges in strategies in some categories of coordination games. In this way, we give a complete characterization of the conditions which ensure the convergence in strategies of the Fictitious Play process.

Keywords : Beliefs, Fictitious Play, Learning, Nash equilibrium.

Journal of Economic Literature classification numbers : C72, D83.

Importations parallèles sur le marché automobile européen : une analyse en termes de différenciation verticale, by Séverine Haller and Marie-Hélène Jeanneret

Important price gaps on European car markets give rise to parallel imports between countries of the European Union. Will this “gray market” make prices to converge towards a unique and lower price? This paper analyses price strategies of a car producer which sells its product in two countries. In its own country its situation is monopoly whereas in the other country he is in competition with another producer. The product is sold by an exclusive dealing network in both country. One or several arbitragists can enter the domestic market to supply the good at a better price. We show that when the imported good has a lower perceived quality than the “authorized” product, and according to the degree of competition in the foreign country, it can be in the interest of the producer to let the arbitragist enter the market. Thus, the domestic firm can go on make different prices in the two countries.

Keywords : Automobile, Parallel Imports, Vertical Differentiation, Competition Policy.

Journal of Economic Literature classification numbers : L62, L13, L4.

Développement durable et rapports Nord-Sud dans un modèle à générations imbriquées : Interroger le futur pour éclairer le présent, by Alban Verchère

We present a prospective model with two economies. The North has stabilized his GHG stock whereas the South continue to emit externalities without mean to avoid them. These externalities have both an impact on the South production and on the North welfare. We then show that the late

internalize these externalities by investing in the ecological wealth of the South in order to reach a balanced growth path throughout a sustainable criteria is verified; whereas these “green investments” do not permit the South to know such a favourable issue.

Keywords : Sustainable development, North-South relations, Overlapping generations.

Journal of Economic Literature classification numbers : D91, H23, 013.