

## Summary of articles

### *Wealth distribution and fiscal policy*, by Sandrine Catania

This paper examines the long-run equilibrium wealth distribution in the context of a general equilibrium model in which heterogeneous agents are born into dynasties. When agents are born, they are randomly assigned to be either altruists or egoists. An altruistic agent cares about his progeny and so consumes part of his income (wages plus bequests) and bequeaths the rest to his heirs. These bequests determine the capital stock next period. An egoistic agent consumes all his income (wages plus bequests) leaving nothing to his heirs. Assuming that the probability that an altruist (egoist) is born to an altruist or an egoist follows a first-order Markov process, and given initial conditions on the distribution of wealth and bequests, the equilibrium dynamics of the economy can be characterised, and a stationary equilibrium (numerically) solved. This done, two fiscal policy tax/intragenerational transfer regimes are evaluated in terms of individual welfare and the distribution of wealth.

*Journal of Economic Literature* classification numbers : D31, D58, E62.

### *Quality choice and specialization in North-South trade*, by Luca Lambertini

We analyse trade in vertically differentiated goods between a rich and a poor country. In autarky two monopolists, selling a single product, operate in two countries which differ only for their per capita income. If trade opens, the firm operating in the poor country exports to the rich, giving rise to one-way trade. Consumers of the rich country and the firm of the poor country benefit from trade. Liberalization may hurt the consumers in the poor country if their per capita income is quite low vis à vis the one of the rich country. Trade in vertically differentiated goods brings about an overall gain if countries are quite far apart in terms of standard of living. Real wages increase in both countries as a result of trade, but relatively more in the rich country. As a remedy to the trade deficit, the rich country may set an import reducing tariff that, only under certain conditions, may benefit also the firm of the poor country and increase total welfare.

*Journal of Economic Literature* classification numbers : F12, F13.

*Multi-product cost functions: An application to the production characteristics of secondary education in Flanders*, by Mike Smet

This study estimates two multi-product cost functions for the entire population of 773 Flemish secondary schools supplying a six-year study program. From the estimated parameters of a quadratic and a generalised translog cost function the degree of ray and product specific (dis)economies of scale as well as the degree of (dis)economies of scope is determined. The paper also describes how marginal costs and cost elasticities can be derived. Three major study fields can be distinguished. Student loads in each of these study fields are used as output variables. Evidence is found for ray economies of scale and global economies of scope. Especially in technical education product specific economies of scale could be realised. Cost savings by supplying two study fields jointly (pairwise scope effects) are also considerable.

*Journal of Economic Literature* classification numbers : H52, I21, L31.

*Chocs asymétriques et dynamique du chômage dans un modèle à deux pays*, by J.O. Hairault

We use a two-country RBC model to study the unemployment dynamics after demand and supply asymmetrical disturbances. Monopoly unions at the firm level are responsible for unemployment. Beyond the traditional capital flows, asymmetrical shocks are transmitted abroad because wage bargaining relies upon consumption price index. Since supply and demand shocks induce opposite effects on the terms of trade, their implications for unemployment fluctuations are opposite.

*Journal of Economic Literature* classification numbers : D58, E32.

*Incitation à innover et taxe environnementale: le rôle de la conscience écologique*, by Dorothée Brécard

The aim of this article is to relate consumer's preference for green products, research and development investment decisions and the optimality of the taxation of industrial pollutants emissions with three stage games between regulators and firms of two countries (tax choice, innovation race and competition on the good market). We analyse various assumptions on the consumers preferences (homogeneous or differentiated green and non green products) and on the firms strategies (quantities or price competition). Without developing this models, we analyse each stage of games to conclude on the importance of the role of the consumers ecological consciousness in the determination of the optimal environmental policy.

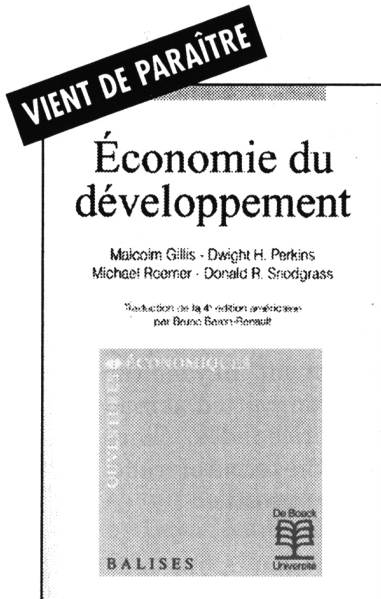
*Journal of Economic Literature* classification numbers : L11, Q28, H21.

# Économie du développement

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