

Summaries

Public Investment and non linear Effects of Fiscal Deficits

Alexandru Minea, Patrick Villieu

We propose a simple growth model in which the influence of fiscal deficits on public investment depends upon the ratio between public debt and GDP. When the public debt ratio is small, raising fiscal deficits yields positive effects, since public consumption may negatively adjust to the extra debt burden. However, when the public debt ratio is important, public consumption may no longer exert this role, and raising fiscal deficits reduces public investment. Our analysis using a panel data for OECD countries confirms the existence of non linear effects of fiscal deficits on public investment.

Key words: deficit, public investment, non-linear effects of fiscal policy.

JEL Classification – H62, H63, E62.

Normative Foundations of Active Labour Market Policies: a Perspective from Modern Theories of Justice

Ai-Thu Dang, H el ene Zajdela

This paper is aimed at calling into question the normative foundations of active labour market policies, especially the strategy to “make work pay” by analysing the « revealed preferences » through public decision making process. We use J. Rawls, R. Dworkin and A. Sen’s theory of justice as well as N. Fraser’s theory of recognition to highlight the underlying assumptions of active labour market policies and to assess the nature of responsibility they define.

Key words: Active labour market policies, « Making Work Pay », theories of justice, personal responsibility, social responsibility, real freedom, recognition.

JEL Classification – A13, D63, J2, I38.

Threat of Exit as a Source of Bargaining Power

Fabian Bergès, Claire Chambolle

This article analyzes a simple two-period model where two homogenous manufacturers compete to supply a monopolist retailer. We show that if manufacturers are vulnerable (i.e if they are likely to exit the market in case of insufficient orders in the first period), they may exploit their threat of exit to capture the whole first period industry profit. Indeed, the retailer will accept to pay the high price to the manufacturers in order to secure upstream competition in the second period. Results are robust under different market structures or contract types.

Key words: Bargaining power, market entry, vertical contract.

JEL Classification – L14, D21, Q12.

Are income-based and direct outcome measures of poverty substitutable? Investigation on the basis of the ROC curve

Alessio Fusco

The practical utility of the non monetary approaches of poverty is assessed on the basis of the study of the overlap between income and direct outcome measures of poverty. The use of the graphic method of the curve of the *Receiver Operating Characteristics* allows, contrary to the approach traditionally used, to assess the degree of overlap independently of the threshold of deprivation. The application of this methodology to the data of the *European Community Household Panel* shows a significant discrepancy between these approaches, hence advocating for a complementary, rather than substitutable, use of these approaches and for further research on the methods of measurement of multidimensional poverty.

Key words: Income poverty, Material Deprivation, Receiver Operating Characteristic.

JEL Classification – I32.