

## Summary of articles

*A theory of the optimal amount of public ownership of land*, by Bertrand Crettez, Claire Loupias et Philippe Michel

A major issue in reforming previously planned economies is the creation of assets markets. In this paper, it is argued that the mere characteristics of the assets to be privatized matter. Indeed, private ownership of land diverts resources from more productive activities. This suggests that for a given economy, there exists an optimal rate of public ownership of land. It is the purpose of this paper to provide a theory of such rate. We make use of a two-sectors overlapping generations model economy with land and capital. We find a version of the second welfare theorem: the command optimum can be decentralized using one and only one instrument, *i.e.* the rate of land publicly held. We call such a rate the optimal rate of public ownership of land.

*Journal of Economic Literature* classification numbers: D90, H82, O41, Q15.

*The impact of macroeconomic policies in an oligopolistic economy with Summers*, by Dick Damania et Peter Summers

This paper examines the impact macroeconomic policies in a system where the product market is modelled as an oligopolistic supergame in which potential entrants incur sunk entry costs. It is shown that policies which affect the interest rate, influence both the degree of competition in the industry and the structure of the industry. Moreover, it is demonstrated that when sunk entry costs are introduced in to the model firms respond in an asymmetric manner to policy changes. These results suggest that the economy may exhibit hysteresis.

*Journal of Economic Literature* classification numbers: D43, E63.

*Hétérogénéité des firmes, croissance et intégration économique*, by Taoufik Rajhi

This paper develops a model of endogenous growth with an “increasing variety of the intermediate goods” sector that is composed of technologically heterogeneous firms competing monopolistically. The structure of the market is determined endogenously. For the purpose, two variables are of great interest: the degree of hétérogénéité among firms and the minimum technological threshold required for new firms’ entry. The analysis shows, contrarily to the homogeneous case, that

surviving firm profits are positive and that the technological competition between firms increases the average productivity of the industry as well as the economic growth. One also shows that the economic integration between two countries with a different degree of heterogeneity benefits, in terms of growth, to the less competitive economy. Paradoxically, the integration process is accompanied by a reorganization of the common market benefitting the firms of the most competitive industry.

*Journal of Economic Literature* classification numbers : F12, F15, O40.

*Une approche alternative du zonage*, by Gilles Duranton

This paper analyzes some possible effects of urban zoning. Congestion costs as well as agglomeration economies are explicitly modelled in our setting. The city is viewed as a collection of homogeneous areas wherein some agglomeration economies take place. Within each area, firms and households compete for land. Transport costs to go from one area to the other are submitted to congestion. The interplay between congestion costs and economies of agglomeration imply market equilibria for which the concentration of economic activity in the center is either too important or insufficient. Efficiency can be re-established with a simple fiscal instrument if the concentration of economic activity is too high or through quantitative restrictions when it is too low. However, the practical use of these instruments remains difficult given the sensibility of optimal urban organization to some parameters which are difficult to estimate.

*Journal of Economic Literature* classification numbers : R14, R52.

*La mesure selon Jevons et Walras : une divergence de méthode*, by Pascal Revoy

By reformulating the theory of value, Jevons and Walras find themselves confronted with the following problem : on which algebraic system should they establish the homogenization of goods ? Both authors have their own particular method. The study of the differences between them throws new light on their positions. This examination is especially salient insofar as it facilitates a reconstructive process based on the findings of the Jevonian and Walrasian systems.

*Journal of Economic Literature* classification numbers : B49, D46.