Summaries of Articles

Altruistic bequests and non-negative savings, by Stéphane Lambrecht

This paper builds on the class of models studying the game interaction between an altruistic benefactor and a selfish recipient. An altruistic parent's bequest is transferred to his selfish son after the former's death and we assume that it is not a valid collateral for bank loans. This is equivalent to adding a non-negativity constraint on savings to the standard bequest model. A crucial mechanism at work is that the son's choice of a level of action can seriously dwarf his budget set. When Becker's result holds, the credit constraint places an upper bound on the strategic savings of the Samaritan's dilemma type. But the constraint on savings also causes the shrinkage of the validity domain of the Rotten Kid Theorem because it may lead both poor and rich heirs to behave unoptimally from the family point of view.

Keywords : altruism, liquidity constraints.

Journal of Economic Literature classification numbers : D10, D64, D91.

Concurrence imparfaite, variabilité du taux de marge et fluctuations endogènes, by Thomas Seegmuller

We study the emergence of endogenous fluctuations in an overlapping generations model where there is Cournot competition with free entry. The mark-up is variable and the returns to scale are increasing. We analyze the role of mark-up variability and increasing returns on the local indeterminacy and on the occurrence of endogenous cycles. We show that endogenous deterministic and stochastic fluctuations can emerge if the increasing returns are small and closed to constant returns. Moreover such fluctuations can appear when the labor demand is decreasing and has a slope weaker than the labor supply.

Keywords : Endogenous fluctuations, imperfect competition, mark-up variability.

Journal of Economic Literature classification numbers : D43, E32.

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Prix de transfert optimaux et comportement stratégique des multinationales, by Thierry Madiès

The purpose of this paper is to deal with two features of the multinational behaviour not found in previous models of transfer pricing. First on the contrary to earlier literature, we assume that quantity (or price) decisions are no more centralised but are delegated to exporting and importing affiliates. Second, we underline the importance of strategic interactions with other firms in local markets to calculate the optimal transfer price. We find that the existence of Cournot (or Bertrand) competition on local markets implies that the transfer price should deviate from the marginal cost of the exporting affiliate because of three effects : (1) a profit shifting effect; (2) a stratégic effect on the foreign market; (3) a cost effect on the national market. The optimal transfer price generally depends on both the nature of the competition and the relative magnitude of the later effects. Finally the paper deals with both cost asymetries effects on the transfert price charged by the multinational and conditions under which the multinational will forclose the rival firm when it supply to the rival an input that is monopolised.

Politique d'infrastructure et choix de localisation dans un modèle de signal, by Jean-Philippe Tropeano

Firms spatial polarization is well documented. This paper supplies a new argument in favor of spatial agglomeration : a firm locates close to a competing firm in order to signal to consumers a high quality product. In other words, tough competition induced by spatial agglomeration is a way to signal to consumers that the quality of the firm's product is high enough so as to endure such competition. Indeed, we show that a new entrant locates close to the incumbent only if the quality of the new entrant is high enough. Moreover, we claim that a transport cost decrease magnifies this agglomeration process. As a result, a small decrease in transport cost is likely to lead to a global welfare loss. Hence, we stress that public policy should support only large transport infrastructure investment.

Cotisations employeurs, cotisations employés et emploi.
Qui doit financer les dépenses sociales ?, by Frédéric Gavrel and Isabelle Lebon

This paper studies the effect of the distribution of social contributions between employers and employees on the labour cost. We use a union monopoly model with a budget equilibrium constraint of social accounts. Unlike cases of completely decentralized and fully centralized bargaining,

the intermediate situation of partial centralization shows an impact of this distribution. An increase in the employers share lowers the labour cost leading then to more employment.

Keywords : Social contributions, equilibrium unemployment, wage bargaining.

Journal of Economic Literature classification numbers : J38, J58.

Le problème de la coordination dans la controverse Hayek-Keynes, by Abdallah Zouache

Our analysis of inter-individual coordination in the Hayek-Keynes controversy allows us to distinguish two coordination problems. First, *Hayek's coordination problem* is a temporary one. It is the result of exogenous informational shocks perturbing the interactions between individuals. It leads to the concept of temporary unemployment. Second, *Keynes's coordination problem* is a persistent one. It results from endogenous interactions between individuals evolving in interdependant markets. It leads to Keynes's concept of involuntary unemployment.

Keywords : Hayek, Keynes, coordination.

Journal of Economic Literature classification numbers : B22, E12, E32.