

Summaries of Articles

Animal spirits in cash-in-advance economies,

by Stefano Bosi, Frédéric Dufourt and Francesco Magris

The possibility of indeterminacy and sunspot fluctuations in dynamic rational expectations models has been often questioned on empirical grounds, for such models are widely believed to rely on implausibly high degrees of increasing returns to scale and/or other controversial calibrations of economic fundamentals. In this paper, we study the occurrence of such phenomena in a standard (one-sector) optimal growth model with endogenous labor supply and a partial cash-in-advance constraint on consumption purchases. We show that, under standard preferences and constant returns to scale in production, indeterminacy typically prevails for an *arbitrarily small* amplitude of the liquidity constraint. We also analyze the cyclical properties of the model submitted to technological and beliefs disturbances and observe that it performs as well as comparable indeterminate models in the literature.

Keywords: Cash-in-advance, indeterminacy, business cycles.

JEL Classification: D90, E32, E41.

Short-run and long-run marginal costs of joint products in linear programming, by Axel Pierru

In standard microeconomic theory, short-run and long-run marginal costs are equal for production equipment with adjusted capacity. When the production of joint products from interdependent equipment is modeled with a linear program, this equality is no longer verified. The short-run marginal cost then takes on a left-hand value and a right-hand value which generally differ from the long-run marginal cost. In this article, we demonstrate and interpret the relationship existing between long-run marginal cost and short-run marginal costs for a given finished product. That relationship is simply expressed as a function of marginal capacity adjustments (determined in the long run) and marginal values of capacities (determined in the short run).

Keywords: Microeconomics, marginal cost, linear programming.

JEL Classification: D20, C61

Du paradoxe libéral-parétien à un concept de métaclassement des préférences, by Herrade Igersheim

The purpose of our paper is to argue that Sen's liberal paradox compels to choose a new formalism in terms of metaranking of preferences. One should complete the traditional structure of preferences by taking individual motivations into account. We show first that all the endeavours to resolve the impossibility of the Paretian liberal aim at expressing the values and motivations of the individuals. We then argue that the concept of metaranking of preferences is justified by this purpose. Finally, we submit a resolution of the impossibility of the Paretian liberal according to this notion.

Keywords: Paretian liberal paradox, collective choice, metaranking of preferences.

JEL Classification: D6, D7.

Polysémie des approches monétaires de la pauvreté : le dilemme rural-urbain au Sénégal, by Jean-Paul Minvielle

It is usually admitted that poverty in Africa is mainly rural. This opinion is confirmed by the analysis made on the basis of the incidence of poverty. Two methodological choices influences this result : firstly the use of a single poverty line for the whole country, secondly the focusing on the sole incidence of poverty. The use of different poverty lines for the different regions of the country, combined with the use of others indicators like the number of poors and their income deficit, shows that urban poverty is not as limited, compared to the rural one, as usually said for certain.

Keywords: Poverty, monetary poverty, urban poverty, rural poverty, poverty index, statistical methods, Senegal, Africa.

JEL Classification: I31, I32.

Préférences par rapport au risque et marchés à terme : le cas d'une quantité incertaine, by Benoît Sévi

This paper studies the optimal hedging policy of a risk-averse firm facing both price and quantity uncertainties. In an expected utility framework, prudence in the Kimball's (1990) sense is shown to play a major role in the characterization of the optimal hedging policy. More surprising is the possibility of conflicting effects between risk aversion and prudence, when the firm wishes to speculate.

Keywords: Quantity risk, multiplicative risk, forward trading, risk aversion, prudence.

JEL Classification: D81, G10.