

Summaries of Articles

Brain Drain, R&D-Cost Differentials and the Innovation Gap

by Fabio Mariani

This paper aims at explaining why countries with comparable levels of education still experience notable differences in terms of R&D and innovation. High-skilled migration, ultimately linked to differences in R&D costs, might be responsible for the persistence of such a gap. In fact, in a model where human capital accumulation and innovation are strategic complements, we show that allowing labor outflows may strengthen educational incentives in the lagging economy if migration is probabilistic in nature, but at the same time reduces the share of innovative production. Income (growth) might be consequently affected, and a positive migration chance is very unlikely to act as a substitute for educational subsidies.

Keywords: Innovation, Education, Brain drain.

JEL Classification: F22, O3, I2, J24.

Is Competition or Collusion in the Product Market Relevant for Labour Markets?

by Fabian Bergès and Stéphane Caprice

In non-union models, there is an ambiguous relationship between collusion on the product market and the resulting impact on the labour market. We can derive some conclusions by assuming a dual labour market with qualified and unqualified workers and taking into account the efficiency effect when employing qualified workers. The framework adopted here consists of two firms competing to hire workers on the qualified labour market, and then competing (or colluding) on the product market to sell their production. While qualified workers are heterogeneous in their specialization, firms sell imperfect substitute goods on the product market.

First, if the two firms collude in setting prices on the product market, this leads to an increase in the symmetric equilibrium wage in the qualified labour market, as well as a rise in productivity. Unions are not considered. Second, although the number of unqualified workers hired decreases along

with the total employment, the wage bill can rise because of intensified competition on the qualified labour market.

Keywords: Rent-sharing, employment, oligopoly, collusion.

JEL Classification: J21, J31, L13, Q13.

Firms, Workers' Management Practices and Extension of Unemployment Duration : An econometric Analysis

by Eric Delattre and Marie Salognon

This paper accounts for the empirical links between the plurality of institutional forms and the unemployment duration in order to appreciate the firms' function, through workers' management styles, in rising unemployment duration and in constructing the workers' employability. Using the TDE-LMT longitudinal survey (DARES), we conducted a microeconomic study of the duration of individuals' first unemployment period in accordance with the firms' variables and work relation variables. Results show that certain management practices of firms largely influence the individual's unemployment pathway and partly concur to construct the workers' vulnerability to long term unemployment.

Keywords: unemployment duration, workers' management practices, firms, institutional forms.

JEL Classification: J53, J4, J64.

The Survival of Young Cultural Firms: The Role of Geographic Clusters

by Xavier Greffe and Véronique Simonnet

This paper uses data from the Information System on New Firms (Système d'information sur les nouvelles entreprises, SINE) to study the determinants of cultural firms' lifetime in France. 47.5% of cultural firms started since 1998 have not survived their sixth year in business. This proportion is closed to the proportion of firms which died the first six years but hides differences according sectors and periods of time. The incidence rate of artistic firms is high the first four years but decreases over time. The audiovisual firms have a constant incidence rate and the firms dealing with cultural products an incidence rate which increases after two years of existence. Duration and limited-dependent variable models are employed to ascertain the importance of geographical clustering in firms' survival. New cultural firms profit from the presence of other cultural firms. This effect tends to explain the productivity of the cultural clustering, whether they are qualified cultural pole of competitiveness or cultural district.

Keywords: Cultural economy, cultural clusters, duration models, geographical concentration.

JEL Classification: C41, L25, R12.

What Role for Incentives in the Management of Teaching Staff ?

by Françoise Larré and Jean-Michel Plassard

In the era of the economy of knowledge and learning, education has become a major issue and teacher has become a very important variable in the process of producing education. *Incentives as performance-pay* for teachers are frequently suggested as a way of improving teacher performance and educational *outcomes in schools*, but the empirical evidence to date on its effectiveness is mixed.

This paper offers a review of both the theoretical and empirical literature on education experiment and reforms that alter the incentives that teachers face. Arguments for and against teacher incentives are studied. In particular, we examine i) the difficulty in monitoring and evaluation teacher performance, ii) the specific issue of team production in a context of rewarding individual teacher performance and iii) the multi-tasks problem when only some of which are measured and incentivized.

Keywords: performance pay, teacher incentives, evaluation, group and individual incentives, multi-tasks.

JEL Classification: I21, I28, J33, J45, M52.