Summaries of Articles

Does Demand and Price Uncertainty affect Belgian and Spanish Corporate Investment ?, by Marga Peeters

This paper investigates empirically the influence of uncertainty on corporate investment. Uncertainty of demand, output prices and investment prices are measured by the standard deviation of (pre-)filtered Belgian (1984-1992) and Spanish (1983-1993) panel data, and included as explanatory variables in the investment equations derived from a neo-classical model with financial constraints. GMM-results indicate that investment behaviour towards output price uncertainty differs significantly in conjecture with a firm's size and leverage.

Keywords : Investment, uncertainty, financial factors.

Journal of Economic Literature classification numbers : C23, C52, D21, D92.

Smooth Transition Garch Models : a Bayesian Perspective, by Michel Lubrano

This paper proposes a new kind of asymmetric GARCH where the conditional variance obeys two different regimes with a smooth transition function. In one formulation, the conditional variance reacts differently to negative and positive shocks while in a second formulation, small and big shocks have separate effects. The introduction of a threshold allows for a mixed effect. A Bayesian strategy, based on the comparison between posterior and predictive Bayesian residuals, is built for detecting the presence and the shape of non-linearities. The method is applied to the Brussels and Tokyo stock indexes. The attractiveness of an alternative parameterisation of the GARCH model is emphasised as a potential solution to some numerical problems.

Journal of Economic Literature classification numbers : C11, C22, C51, G14.

Non-équivalence ricardienne, chocs fiscaux et fluctuations dans une petite économie ouverte, by Vladimir Borgy and Jean-Olivier Hairault

The aim of this paper is to assess the ability of different fiscal shocks to account for the fluctuations in the French economy considered as a small open economy. To that end, we develop a dynamic stochastic general equilibrium model perturbated by technological and fiscal shocks in which the Ricardian equivalence hypothesis does not hold. It turns out that taking into account technological and fiscal shocks improves the reproduction of the stylised facts of the labour market.

Keywords : Ricardian equivalence, dynamic stochastic general equilibrium model, fiscal policy.

Journal of Economic Literature classification numbers : E30, E62, H31

Une analyse économique de la sécession, by Grégoire Rota Graziosi

The purpose of this article is to provide an economic analysis of secession. It can be viewed as an immediate successor of the works of Alesina and Spolaore (1997), Berkowitz (1997) and Bolton and Roland (1997). We use a spatial representation of the population to study the heterogeneity of individual's preference in public goods. In a two-region country, the size has two antagonist effects on individual utility. On one hand, as the country grows, the individual fiscal pressure goes down. And on the other hand, more and more people feel frustrated by the production of public good in an unique place, the capital. Without revenu disparities, we show the center prefers the secession. A normative view ends this analysis. We conclude that unilateral secession reduces the two-region welfare.

Keywords : Public good, referendum, secession, union.

Journal of Economic Literature classification numbers : D2, H2, H7.