

Summaries of Articles

Financial instability, political crises and contagion, by V. Vaugirard

This paper studies banking liquidity crises under the assumption that the government may have private benefits in bailing-out a collapsing banking sector for reputation concerns. This political distortion feeds political uncertainty, as citizens may not agree with a bailout decision and overthrow the government. This paper shows that higher political uncertainty increases both financial and political instabilities as it enlarges the set of parameters for which bank runs and the dismissal of the government are optimal. Higher political uncertainty may stem from the occurrence of a politico-financial crisis in another similar country. Contagion takes place if citizens update their beliefs on the type of their government. Doing so, they may reinforce their beliefs that the government is self-interested and bank bailouts are not socially optimal.

Keywords: banking liquidity crisis, bailout, political crisis, contagion.

JEL Classification: F3, G2, D8.

Heterogeneous anchoring in dichotomous choice valuation framework,
by E. Flachaire, G. Hollard, S. Luchini

This article addresses the important issue of anchoring in contingent valuation surveys that use the double-bounded elicitation format. Anchoring occurs when responses to the follow-up dichotomous choice valuation question are influenced by the bid presented in the initial dichotomous choice question. Specifically, we adapt a theory from psychology to characterize respondents as those who are likely to anchor and those who are not. Using a model developed by Herriges and Shogren (1996), our method appears successful in discriminating between those who anchor and those who did not. An important result is that when controlling for anchoring – and allowing the degree of anchoring to differ between respondent groups – the efficiency of the double-bounded welfare estimate is greater than for the initial dichotomous choice question. This contrasts with earlier research that finds that

the potential efficiency gain from the double-bounded questions is lost when anchoring is controlled for and that we are better off not asking follow-up questions.

Keywords: anchoring, contingent valuation, heterogeneity, framing effects.

JEL Classification: Q26, C81, D71.

Uncertainty on the global effect or on the lags of monetary policy: robust policy and activism, by D. Laskar

We compare two cases of uncertainty which have led to traditional arguments for less activist monetary policies: One, where the uncertainty concerns the global effect of policy, as in Brainard (1967); and the other where the uncertainty is about the lags, as in Friedman (1960). We show that a bayesian approach leads to similar results in both cases, but that it is only in the case of uncertainty about lags that an approach in terms of robustness (through a minimax criterion) necessarily leads to less activism. Moreover, in that case, the robust policy is even less activist than what a bayesian approach would give.

Keywords: robust policy, uncertainty, activism.

JEL Classification: E50, E60, D81.

Du modèle économique de Spence à la nouvelle sociologie économique de White, by P. Rème

This paper examines the way in which Harisson White (the sociologist, founder of the american « New Economic Sociology »), has borrowed from the economist, Michael Spence, his model of the employer/employee relationship in asymmetric information situations, and built his own model of markets from it.

More precisely, we show that the apparent similarity (introduced by the methodological element borrowed from Spence) actually hides deep differences between the two authors, and we attempt to determine to what extent it can shed some new light on the relationships between economics and sociology.

Keywords: market economic model, economic sociology, social networks.

JEL Classification: L11, A14.