# Summary of articles

*L'arbitrage entre équité et efficacité en matière d'emploi et de salaires*, by Jacques Drèze.

The equity-efficiency trade off associated with wages and employment is considered from two angles. First, a simple model is used to investigate under what conditions minimum wages are a more efficient instrument of redistributive policy than taxes and transfers. A necessary and sufficient condition is that the dead weight loss associated with one franc of taxes exceeds the (absolute value of the) elasticity of employment with respect to net wages. Second, the model is extended to uncertainty and incomplete markets. It is shown that, in the absence of an adequate mechanism bringing about efficient risk-sharing among all agents (in particular among shareholders and workers), a form of downward wage rigidity is Pareto-improving.

*Journal of Economic Literature* classification numbers : 026, 821.

*Unemployment in a Cournot Oligopoly Model with Ford Effects*, by C. d'Aspremont, R. Dos Santos Ferreira et L.-A. Gérard-Varet.

A simple general equilibrium model of imperfect competition is introduced with special attention given to the labour market. An extended Cournot equilibrium is defined for any money wage taken as given by the producers. Under some assumptions involuntary unemployment may arise, that is unemployment whatever the given money wage. Specific examples are considered.

*Journal of Economic Literature* classification numbers : 021, 022, 023.

*Employment in Disequilibrium : a Disaggregated Approach on a Panel of French Firms*, by Brigitte Dormont.

The purpose of this paper is to understand disequilibrium phenomena at a disaggregated level. By using data on French firms, we carry out the estimation of labor demand model with two regimes, which correspond to the Keynesian and classical hypotheses. The results enable us to characterize classical firms as being particularly good performers : they have more rapid growth, younger productive plant and higher productivity gains and profitability. Classical firms stand

out, with respect to their production function, by higher growth rate of disembodied technical progress and, with respect to their accumulation behaviour, by more rapid investment and replacement rates which lead to the rejuvenation of their capital stock. But the production-employment elasticities and production-capital elasticities, as well as the accelerator, are identical for classical and Keynesian firms.

*Journal of Economic Literature* classification numbers : 820.