

Summaries

AK growth models: new evidence based on fractional integration and breaking trends

J. Cunado, L.A. Gil-Alana and F. Pérez de Gracia

According to AK growth models, permanent changes in investment rates have permanent effects on a country's rate of economic growth. Jones (*Quarterly Journal of Economics*, 1995, 110, 495-525) finds strong evidence against this prediction studying the time series properties of GDP growth rates and investment output ratios in fifteen OECD countries for the period 1950-1988. In this paper, we test the same hypothesis in four OECD countries using a longer span of data (1870-2002 for Canada, the UK and the US, and 1885-2002 for Japan). Moreover, instead of using classic approaches, which are based on stationary $I(0)$ or unit roots $I(1)$ processes, we use methodologies based on fractional integration. After examining the order of integration of GDP growth rates and non-residential investment ratios for these countries, we do not find much evidence against the "growth effects" prediction of AK models. In fact, we only find clear evidence against this theory for the UK case.

Key words: growth models, fractional integration.

JEL Classification – C22, O40.

Decompositions of Income Inequality Measures: the Case of Gini and Entropy Coefficients

Stéphane Mussard and Michel Terraza

Income inequality measures involve two sub-classes of decomposable measures: those decomposed by sub-groups and those decomposed by income source. The former enables one to compute between- and within-group indices. The latter allows for gauging the inequality related to each factor of income (labour income, capital income, social taxes, etc.). The aim of this article is, on the one hand, to review the construction of the two decomposition techniques and, on the other hand, to point out the underlying debate they lead to, and particularly the convergence towards the use of a simultaneous method based on both decompositions.

Key words: Decompositions, Entropy, Gini.

JEL Classification – D63, D31.

Labour Market Policies and Bargaining by Economic Sector in a Matching Model

Olivier L'Haridon and Franck Malherbet

Labor contracts' redefinition and severance's modalities are of particular importance in the European debate on the contours of labor market reform. This debate relies on the impressive literature devoted to the link between labor market institutions and economic performance. It's however striking that most of the contributions in this field has eluded one important source of divergence across European countries namely the level at which wage bargaining takes place. The motivation of this article is to consider, from a theoretical viewpoint, the very nature of the interactions between the wage bargaining's level and the labor market policies. In this perspective, we appeal to a search and matching model in the style of Pissarides (2000) in an economy made up of a number of industries. In such a framework we demonstrate that wage bargaining at the industry level leads to an inefficient resource allocation. We next show that well designed labor market policies permit to reach a first best allocation.

Key words: Labor Market Policies, Wage Negotiations, Unemployment.

JEL Classification – J41, J48, J60.

Corruption and Mobilisation of Public Income: an Econometric Analysis

Gbwepo Attila, Gérard Chambas and Jean-Louis Combes

In this paper, we analyze the relationship between corruption and public revenues. An empirical investigation of panel data (125 countries and covering the period 1980-2002) makes it possible not to reject the hypothesis that corruption has a negative effect on public revenues collection. However, the impact is different on the various components of revenue. This is because different rent opportunities are created by corruption which seems to modify public revenues structure in favour of customs tariffs revenues while reducing direct and indirect taxes such as VAT. It also appears that a major channel of corruption is the weakening of the tax morality which in this study is captured by various public service delivery variables.

Key words: Corruption; public revenue, developing countries, panel data.

JEL Classification – H2, O10, O17, C33.