

Summaries of Articles

Incertitude scientifique et décision publique : le recours au Principe de précaution, by Tania Bouglet, Thomas Lanzi and J.-C. Vergnaud

In this paper, we formalize two criteria of decisions which try to convey two different interpretations of the Precautionary principle. The first criterion corresponds to the maximization of the minimum of the expected utility whereas the second criterion corresponds to the minimization of the maximum of the regret expectation. We apply those two criteria in an economic problem where uncertainty is assessed by a family of probabilities. We show that there is a distance of probabilities for which the choices induced by the two criteria are different. Especially, we show that in this case, the second criterion always induces the more cautious decision contrary to the first criterion, decisions are the same elsewhere.

Keywords : public decision, information, precautionary.

Journal of Economic Literature classification numbers : D70, D81, D83.

Efficient procurement with quality concerns, by Pierre-Henri Morand and Lionel Thomas

In this paper, we design the optimal procurement mechanisms when bidders are privately informed on efficiency and on observable but neither verifiable nor contractible quality. We show that most of the optimal procurement institutions are mixed procedure implying both separation and pooling. Thus, the existing take-it-or-leave-it offers and procurement auction appear only as polar cases. Moreover, we show that separation and pooling may affect the allocative efficiency of the procurement in a counter-intuitive way, such that a less bunching mechanism can be a more inefficient one.

Keywords : mechanism design, procurement, non-contractible quality.

Journal of Economic Literature classification numbers : D44, D82.

Éléments sur l'actualisation et l'environnement, by Katheline Schubert

The choice of a discount rate is central in project evaluation, all the more since the project's horizon is distant. The controversy about the appropriate discount rate has been given a new life about environmental projects, characterized by very remote costs and/or benefits, reduced to a trivial level by discounting. This paper is a survey of the recent literature on discounting and the environment. The first proposal in this literature consists in replacing the usual social welfare function, namely the discounted utilitarian one, by another social welfare criterion, based on intergenerational equity issues. The second approach is descriptive rather than prescriptive, and justifies by psychological considerations the use of a time-decreasing pure rate of time preference. The third approach justifies by future uncertainty the use of a time-decreasing consumption social discount rate. We underline that it is very difficult to determine the "good" procedure for choosing a discount rate. The arguments that lead to adopt a time-decreasing social consumption discount rate are nevertheless very convincing, and the paper argues in favour of this approach.

Keywords : discounting, environment, Intergenerational equity, social welfare criteria.

Journal of Economic Literature classification numbers : D6, H43, Q56.

Real exchange rates and real interest rates : a nonlinear perspective, by Frédérique Bec, Mélika Ben Salem and Ronald MacDonald

In this paper we use a Threshold AutoRegressive (TAR) model to capture the nonlinear dynamics of monthly real effective exchange rate data for the G7 countries. The novelty of our approach relates to the use of the real interest differential as the switching variable. This choice allows us to consider jointly the nonlinearity and nonstationarity issues using recent advances in asymptotic theory. We find that the null of linearity is easily rejected against the nonlinear model for all currencies considered. Further, for five out of the seven countries, where the null of unit root is rejected, we report evidence of quite rapid mean reversion.

Keywords : real exchange rate, threshold autoregressive model, unit-root.

Journal of Economic Literature classification numbers : F41, C22.

Interest rate rules and macroeconomic stabilization, by Mark Weder

High degrees of relative risk aversion induce indeterminacy in cash-in-advance economies. This paper finds that Taylor-style policies can preempt such sunspot equilibria. Specific policy recommendations depend on the fundamentals of the economy, i.e. the empirically true value of coefficient of relative risk aversion.

Keywords : cash-in-Advance economies, Taylor rules, sunspot equilibria.

Journal of Economic Literature classification numbers : E32, E52.