# Summary of articles

*Unemployment and Capacity Under-Utilisation in a Tobin's q Model*,
by David de la Croix

A dynamic contracting model with endogenous prices, wages and investment is presented. It accounts for capital and labour underutilization at steady state and displays various patterns of unemployment rate and capacity utilization rate co-movements as a function of demand and supply shocks. The main determining elements of unemployment are the unit cost of capital, the intensity of competition in the product market, the magnitude of uncertainty and union characteristics.

*Journal of Economic Literature* classification numbers: E20.

*Economic Measurement of Capital and Profitability*,
by Francisco Javier Escribá-Pérez & José Ramón Ruiz-Tamarit

In this paper, we intend to offer a critical review of the different concepts of capital and the different methods which are used to measure it. At the same time, we propose an endogenous approach which tries to measure the capital stock in terms of value, explicitly referring to depreciation as an economic variable decided by the firm. Applying this procedure to the Spanish macroeconomic data, we observe a big capital destruction since the mid-seventies which is not mentioned in official statistics.

*Journal of Economic Literature* classification numbers: E22.

*Public Provision of Private Goods and User Charges*,
by Alessandro Balestrino

This paper deals with the question whether uniform provision of a purely private good should be implemented at the social optimum, in a second best economy where personalised lump-sum transfers are not feasible, but no market failure exists. The answer is that it depends on the balance of private and social gains and losses from public provision: necessary conditions for the optimality of uniform provision are derived and discussed. The sensitivity of these conditions to changing rules for the choice of the user charge is also investigated, and it is suggested that public provision is most likely to be optimal when it is free of charge. Finally, it is emphasized that the assumption that a perfect substitute for the publicly provided good is not available plays a crucial role in obtaining the above results.

*Journal of Economic Literature* classification numbers : H42.

*Bayesian Tests for Co-Integration in the Case of Structural Breaks: An Application to the Analysis of Wage Moderation in France*,
by Michel Lubrano

This paper considers a special non-linear time series problem, that of testing for co-integration in a Bayesian framework when there is a break in the co-integrating relationship. It is shown that a partial linearization of the likelihood function solves many puzzling questions, in particular identification and common factor restrictions which are originally imbedded in the model. A generalization of the Jeffreys' *prior* is derived for the dynamic parameter which monitors co-integration. The procedure is applied to a one time much debated question in France which concerns the wage regulation policy implemented at the beginning of the eighties.

*Journal of Economic Literature* classification numbers : E24, C11, C22.

*L'effet d'intervalle sur le marché à terme de la Bourse de Bruxelles*,
by Natacha Defrère

In this paper, we analyse the intervalling effect on the Brussels Forward Market. The empirical study is carried on nineteen Belgian stocks quoted on this Market from the introduction of the Computer Assisted Trading System (C.A.T.S.), beginning of 1989, until the 31st of December 1992. The existence of an intervalling effect on the Brussels Forward Market is highlighted, the estimated systematic risks depend on the length of the interval chosen to calculate the returns. As far as the Generalized AutoRegressive Conditional Heteroscedasticity (GARCH) model is concerned, the results show that the beta coefficients still depend on the differencing interval and do not perform better than the Ordinary Least Square estimated betas. Thus the intervalling effect doesn't seem to be due to conditional heteroscedasticity. It also appears that the Scholes and Williams' and the Dimson's models produce beta coefficients for a one-day interval which are closer to the asymptotic betas than the Ordinary Least Square estimated betas based on daily observations. We may therefore conclude that models such as Scholes and Williams' and Dimson's can "improve" the estimated beta coefficients.

*Journal of Economic Literature* classification numbers : G14.