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CENTRE D'ETUDES PROSPECTIVES  
ET D'INFORMATIONS INTERNATIONALES

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## *FOCUS*

### **Demographics, World Imbalances and Growth**

The world seems more and more trapped in a paradox. Whereas rich, ageing countries should provide finance to poorer, younger ones, the opposite has actually occurred, at least as far as the United States is concerned. Controversy has raged over the sustainability of this pattern of world financing. The INGENUE model can be used to think about possible adjustments scenarios to a "more normal pattern" [INGENUE (2005b)].

INGENUE is a model dedicated to the study of wealth accumulation and economic growth following on from sequentially-differentiated ageing in different parts of the world. In the model, the world is made up of ten regions. It is a dynamic OLG growth model, capable of determining patterns in current account balances and foreign assets, drawing on basic assumptions concerning population forecasts and the speed of technological catching-up in backward regions.

In the US, a return of interest rates towards neutral levels will allow the age structure of households over the life-cycle to be the primary determinant of savings flows. The US current account balance should thus move back to a sustained surplus after 2010.

If and when such an adjustment occurs, questions will arise about engines for world growth and the spillover effects that can be anticipated. INGENUE has been used to explore a scenario in which the driving force of the world economy will be the catching-up of China and then India, throughout the first half of this century [INGENUE (2005a)]. To maximise productivity enhancement the growth factor in these large countries, the redeployment of the growth regime towards domestic demand is a top priority. The best way is to improve social welfare systems vastly, and above all to extend their

coverage.

In the INGENUE baseline scenario, Europe will be a slow-growth region and a pervasive world creditor with an appreciating real exchange rate [INGENUE (2005b)]. Such a rentier position in the world economy may be suitable for European households who will enjoy capital income and gains in purchasing power for imported goods. But the continuous slowing down of growth entails mounting financial constraints on pay-as-you-go retirement systems, and risks of more adverse developments than anticipated in the baseline scenario. Given that demographic trends are all-important, the economic consequences of possible errors in population forecasts have been thoroughly investigated [Aglietta and Borgy (2006)]. There is uncertainty concerning fertility rates that are transmitted to the working age population a generation later. Thus, there is a 25% probability that the population growth rate will not reach more than 0.5% a year from 2030 onwards. This occurrence would magnify the constraints on public finances. Finding ways of mitigating these future constraints is a matter of public concern that has been long debated in a closed- or regional-economy framework. INGENUE has shed some light on studying pension reforms in Europe, within the global framework.

Alongside the baseline policy of keeping the net replacement ratio, three alternatives policies have been simulated with the model [INGENUE (2005c)]: a funding policy that keeps the contribution rates constant and develops institutional saving, a policy of enhancing the labour force via increasing the participation ratio and postponing the retirement age and an immigration policy.

The best policy to support average consumption per capita is to raise the participation ratio, because it raises expected income over the whole the life-cycle (European households have to finance a shorter retirement period). In contrast, a strong inflow of migrants slows down real wage growth, as it takes place. A funding policy requires wealth accumulation that restrains consumption per capita, as long as the savings rate is hiked up (given the fact that the public retirement system is being made less generous). Distributional consequences also favour a larger labour force. The funding policy entails a sacrificed generation (households who are aged above 35 years when this pension reform is put in place), which is obliged to save and does not have enough time to substitute for the loss of public benefits. The migratory policy benefits mainly older people who keep their replacement ratio, financed noticeably by young immigrants.

Note: INGENUE is the offspring of a team that includes the following authors: Michel Aglietta (University of Paris X-Nanterre ECONOMIX and CEPII), Vladimir Borgy (CEPII), Jean Chateau (OECD), Michel Juillard (University of Paris VIII-Saint Denis and CEPREMAP), Jacques Le Cacheux (Université of Pau and the Pays de l'Adour and OFCE), Gilles Le Garrec (OFCE) and Vincent Touzé (OFCE and Institute for Political Studies – IEP, Lille).

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INGENUE (2005b), INGENUE 2: A Long Term Intertemporal World Model for the 21st Century, *mimeo*, December, 2005.

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## ON THE RESEARCH AGENDA

### The Changing Patterns of Fiscal Policy Spillovers in Europe

This study documents how the “domestic” and “cross-border” effects of fiscal policy have changed over time in the European Union and the United States. Fiscal policy in our framework is represented by net government receipts (total receipts minus transfers) and government spending (government consumption plus government investment). We measure fiscal policy effectiveness by multipliers indicating the percentage variation of GDP, following a tax cut or a spending increase of a given amount. For data availability reasons, we focus our analysis on three OECD countries (the US, the UK and Germany) as concerns the domestic effects of tax and spending policies. Furthermore, we explore how

expansionary fiscal measures in Germany have spilled over to the seven largest European Union countries. We rely on a structural vector autoregression (sVAR) econometric framework, similar to the one proposed by Perotti (2005), but extended to encompass transnational effects. The model is first estimated for a sample ranging from 1971 to 2004 and second for 17-year rolling windows of data, to account for possible time-variations in fiscal multipliers.

Our results can be summarized as follows:

- i) Over the whole sample, we find that domestic tax multipliers are significantly positive and larger than spending multipliers for all the three countries under scrutiny.
- ii) There is clear evidence that tax multipliers have been declining whereas spending shocks have been substantially stable, though in the UK they have in fact become slightly non-Keynesian (*i.e.* negative) in the last part of the sample, for windows of data starting after 1980. Financial market deregulation may play an important role in accounting for the declining effects of tax policies since it gives the opportunity to households to smooth their consumption more easily, allowing consumption to be less dependent on disposable income.
- iii) Cross-border spillovers are generally found to be positive, in the sense that a fiscal expansion in Germany raises GDP abroad, at least in neighboring and smaller countries. This may suggest that the trade channel for the transmission of fiscal shocks dominates the interest rate channel, and this would predict a “beggar-thy-neighbor” effect (declining foreign GDP) due to the rise of the common interest rate.

Agnès Bénassy-Quéré & Jacopo Cimadomo

PEROTTI, R., Estimating the Effect of Fiscal Policy in OECD Countries, *CEPR Working Paper* No 4842, January 2005.

### **Vertical Production Networks: Evidence from France**

A large share of international trade is under the control of Multinational Corporations (MNCs) and intra-firm trade has become a sizeable component of international trade. MNCs’ motivation to proceed with FDI is twofold: market access and cost savings. The market access strategy is believed to prevail in developed markets. In contrast, in developing markets, low local costs can be exploited through the fragmentation of labour-intensive production segments.

This study aims at identifying the determinants of vertical intra-firm trade using data on French companies following Hanson, Mataloni and Slaughter (HMS, 2005) and distinguishing developing from developed countries.

The results have provided some differentiated evidence on the vertical pattern of production networks according to affiliates’ location:

In developing countries, a decline in wages of less-skilled labour as well as in transportation costs increases the vertical segmentation of production, as expected.

In developed countries, French multinationals tend to export more to their affiliates located in higher skilled countries. Elasticities for wages of skilled wage-earners in our estimation are much higher than in HMS’s findings: MNCs are more prone to export towards countries with a more skill-intensive composition of labour. Among the other variables of interest, partnership has been given special attention. Some French MNCs strike partnerships in developed countries in order to benefit from skilled input in foreign firms, along with intra-firm trade.

In both developing and developed countries, the elasticities found with respect to transport costs are weaker than those of HMS. Our estimations point to a lower tendency of French multinationals (relative to US ones) to adjust their export flows towards their affiliates, in the wake of transportation cost shocks. The results obtained for the corporate tax rate and tariffs show that MNCs are likely to benefit from special arrangements with the foreign countries’ authorities. We also investigate whether vertical production networks imply multiple production stages. To do so, we separate out affiliates that export their production back to France from those affiliates that do not. Results for market potential then substantiate a mix of vertical and horizontal, intra-firm

trade. We check the sensitivity of our results by focussing on capital- and labour-intensive products. For the latter, market access seems to be the main motive behind MNCs' strategies.

Michel Fouquin, Laurence Nayman & Laurent Wagner

HANSON, G., MATALONI, R. & SLAUGHTER, M., Vertical Production Networks in Multinational Firms, *Review of Economics and Statistics*, Volume 87, N° 4, 664-678, 2005.

### **Interest Rates and Stock Markets: an Empirical Study of International Financial Integration**

Since the beginning of the 2000s, financial markets have experienced numerous crises. However, such crises are not a new phenomenon and financial history is characterised by various episodes of slumps in the prices of monetary and financial assets. What seems to be new is that these crises have taken an international dimension and become world-wide. In other words, international markets have become increasingly linked. Various elements could explain this deepening financial integration: the reduction of information costs, the improvement in trading systems technology, the creation of new financial instruments, the relaxation of legal constraints, and so on. These various factors can stimulate international capital movements.

Based on these observations, the aim of this research is to study the dynamics of financial integration between the United States and the euro area. To this end, we investigate the behaviour of interest rates and stock prices. Among other tests, we test if the uncovered interest rate parity is valid in the long run, together with a detailed study of the dynamics of real interest rates. We also evaluate financial integration through a study of stock prices and returns.

Vladimir Borgy & Valérie Mignon

### **Wages and the Labour Market in China**

The analysis of China's labour market and wage trends follows two approaches.

A first approach raises the question of the durability of low wage costs. The wages of rural workers and migrants, who make up the bulk of China's manufacturing labour force, remained almost stagnant from 1995 to 2003, while urban wages have been rising rapidly. But the labour shortages which appeared in 2003 in some coastal areas led to wage increases for rural migrants. The analysis focuses on two factors which will determine the evolution of the labour market: migration policy and demographic trends. A preliminary conclusion is that the downward pressure on wages for low-skilled workers will remain strong over the next five years, but that starting from 2010-2015, the decrease in the working-age population and the ageing of active population should exert an upward pressure on wages.

The second approach focuses on the spatial wage disparities in urban areas. New Economic Geography attests to the importance of proximity to consumers in the wage determination process. The research is concerned with the role of economic geography in explaining the spatial structure of individual wages in China. Using a New Economic Geography style model and a database on around 10,000 Chinese workers, the research examines to what extent proximity to markets can explain inter-individual wage heterogeneity. After controlling for individual skills, it is shown that a significant fraction of inter-individual differences in terms of the return to labour can be explained by the geography of access to markets of their location. The study investigates the respective contribution of the national and international components of the impact of market access on wages, and whether the relationship between market access and wages holds for all types of workers or depends on characteristics such as the sector, the firm type or the level of qualification.

Françoise Lemoine & Sandra Poncet

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## ***DATABASES***

### **Measuring the Impact of New Varieties on Import Growth and Import Price Indices**

Recent advances in trade theory have underlined the role of new varieties (i.e. of the "extensive margin") in explaining trade patterns. Under imperfect competition and increasing returns to scale,

global shocks can lead to new varieties entering a country, impacting on the whole domestic market. Such changes may have important consequences on the structure of international trade. New varieties may also have macroeconomic consequences, through pro-competitive and supply-variety effects, notably on import price levels.

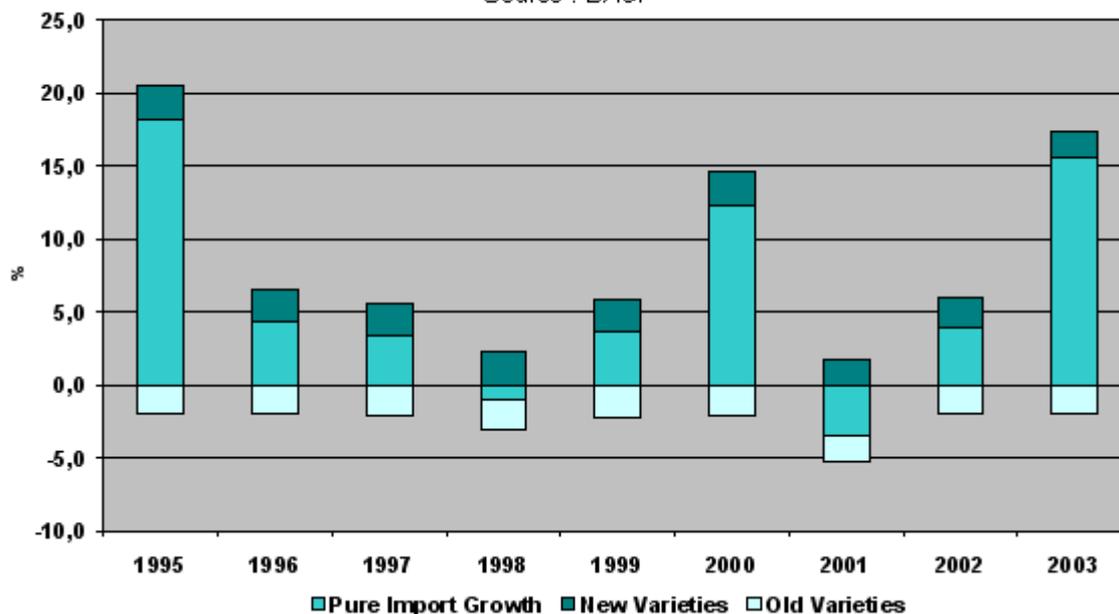
A project is currently being conducted at the CEPII to investigate the extent of new varieties in international trade, using the BACI database.<sup>1</sup> The objective is both to explain the growth of trade in terms of “extensive” vs. “intensive margins” and to measure the bias that would occur in ignoring these new varieties, in price index calculations.

The first stage of this project consists in decomposing the growth of imports (for each importer-industry pair) into an “extensive” and an “intensive” component. The extensive component refers to the appearance of a new variety or the disappearance of an old variety of goods. The intensive component refers to changes in the imported value of a given variety. The results for the world trade of all products are summarized in the following graph. The annual growth of total imports (in value) recorded in BACI is split into three components:

- i) “pure” import growth, computed by adding the variation of flows between periods t-1 and t;
- ii) growth due to imports of “new varieties”, *i.e.* records in BACI of new exporters for a given good in a given importing country;
- iii) changes in the imported value due to “old varieties”, *i.e.* varieties that were imported in period t-1 but are no longer in t.

### Decomposition of Import Growth

Source : BACI



The main conclusion of this work is that, whereas the share of “pure” import growth always accounts for more than 90% of the total change in the imported value, the “extensive” margin may also be large. Indeed, the growth of imports due to new varieties is around 2% per year. On average, this is more or less compensated by disappearing varieties, but this is not true any longer at the country level. Moreover, this does not mean that changes in the array of imported varieties are neutral, as some old varieties may be replaced by new varieties that are cheaper, of better quality, etc.

A second stage of this work seeks to examine the impact that these new/disappearing varieties have on each country’s import price level. To this end, it uses a method proposed by Feenstra (1994),<sup>3</sup> that allows the bias caused by omitting new varieties in international price indices to be measured. This method has recently been used by Broda and Weinstein (2004),<sup>4</sup> and applied to the US import price index, over the 1972-2001 period. According to these authors, the conventional import price is overvalued by approximately 1.2 percent per year, when new varieties are omitted. With respect to

Broda and Weinstein (2004), the main advantage of using BACI lies in its exhaustive country coverage. This allows import price biases to be computed for a very large set of importers, to be compared, and then to infer which benefits each importing country derives from the entry of new producers into the world trade system.

Guillaume Gaulier & Isabelle Méjean

1- As BACI is a sectoral bilateral database, it is not really possible to identify different "varieties" among trade flows for a given industry, produced by a given country. In this work, a "variety" is defined as a specific hs6-good, produced in a given country. This is consistent with the Armington assumption that goods are differentiated across countries.

2- Usually, price indices computed from the BACI database use a Tornqvist formula that integrates new varieties with a one-year lag.

3- FEENSTRA, R., New Products and the Measurement of International Prices, *American Economic Review*, 84(1), p157-177, 1994.

4- BRODA, C. & WEINSTEIN, D., Globalization and the Gains from Variety, *NBER Working Paper*, N° 10314, 2004.

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## EVENTS

### The WTO: The Costs of a Non-Agreement

4 July 2006

The CEPII has recently tried to assess the various outcomes of the Doha Development Round, using the MIRAGE model, the MACMap and GTAP databases, as well as available estimates of barriers regulating trade in services and the costs linked to the issue of trade facilitation. This work, presented during the meeting by Yvan Decreux and David Laborde, has made it possible to build several scenarios for each outcome and their likely consequences: cuts in customs duties on goods trade, total free trade for goods, cuts in the barriers to trade in services, reductions in customs duties for agriculture by the North, etc. These analyses suggest that the negotiation process is limiting itself to hardline positions, at the risk of not covering other essential issues.

### Franco-German Foreign Trade

21 June 2006

French exports have been growing much less quickly than German exports, since the start of the 2000s. France appears to benefit less from the dynamic growth of certain regions of the world, and the gap with Germany is hard to explain using conventional measures of competitiveness. The meeting discussed the recent report written for the French Council of Economic Analysis by Partick Artus (Ixis CDC-Ixis) and Lionel Fontagné (CEPII) and which provides some answers to this problem, by highlighting new issues. The discussion allowed the main reasons for France's poor performance and relative weakness to be identified, and led to a debate on the key recommendations for economic policy which these trends imply. Emmanuel Lefevre (AFII, Frankfurt) and Philippe Mills (CAS) discussed with the authors their analysis and recommendations, which run contrary to much conventional wisdom, by stressing the microeconomic dimension of this problem.

### China's Industrial Policy

20 June 2006

In recent years, competition has led companies to seek out low production costs, leading to a reorganisation of production processes worldwide. China has been one of the main beneficiaries of this externalisation process. A key question which follows on from this is whether China's success in labour-intensive production can be reproduced in sophisticated sectors with high value-added. To shed light on the strengths and weaknesses of China's industrial policy, Andrea Goldstein (OECD) examined China's aerospace industry and Joël Voisin-Ratelle (ARCEP) presented China's model for developing information technology.

### Personal Bankruptcy

12 June 2006

The fifth Forum on Economic Policy, coorganised by the IDEP, the Banque de France, the Banque de France Foundation for research in monetary, banking, and financial affairs, welcomed Michelle White (Professor of Economics at the University of California) to present her work on personal bankruptcy. US legislation in this field has indeed been changed recently, with the aim of favouring debtors and not just creditors. The presentation examined the economic case for personal bankruptcy. Prof White also mentioned the impact of bankruptcy policy on the availability of credit, the number of bankruptcy procedures and the probability of becoming self-employed. She went on to examine the effects of the recent reforms.

## Japan's Economic Outlook and its Monetary Policy

2 June 2006

This meeting of the Forum of Franco-Japanese Economists discussed the current boom of the Japanese economy. If the economy grows until November 2006, the current boom will turn out to be longer than the mythical "Izanagi" boom, which ran for 57 months, from November 1965 to July 1979. Generally, favourable trends in domestic and foreign demand make this likely, even though there are some doubts about the international environment, especially concerning the price of oil. The Bank of Japan's decision to end its quantitative policy on 9 March, after five years, does not seem to have had a notable impact on the economy, though the looming end to the zero interest rate policy has led to some worries about the risks of deflation.

## Global Development Finance 2006: Mobilizing Finance and Managing Vulnerability

24 May 2006

Each year, the World Bank and the CEPII organise a presentation of the *Global Development Finance* report, and this year they were joined by the French Council of Economic Analysis. *Global Development Finance 2006* shows that global private capital flows to transition and developing countries have reached record levels, despite uncertainties relating to the price of oil, the rise in interest rates and growing balance of payments disequilibria. At the same time, growth in developing countries has exceeded 5%, for the third year in a row. These capital inflows have mainly favoured emerging countries, which have been able to bring down their debt levels and build up foreign reserves. Nevertheless, many countries still rely exclusively on official development aid flows. Reflecting trade flows, South-South capital flows are now greater than North-South flows. The former could contribute to investment and development of the poorest countries, in as far as they implement reforms to improve their business climate and allow capital outflows too. Uri Dadush and Andrew Burns (World Bank), Christian de Boissieu (CAE), Michel Fouquin and Jérôme Sgard (CEPII) participated in the roundtable discussion.

## China and Energy

27 April 2006

Since the start of the new millennium, China has accounted for 50% of the increase of world energy demand. China's growth has accelerated (running at nearly 10% since 2003), and its energy consumption has risen even faster (+15%). This (restricted) seminar looked at the following issues: the cyclical and structural nature in the rise of China's elasticity of demand for energy; the outlook for coal, which is its main source of energy; the long term outlook for China's oil import needs, and their impact on global equilibria. Speakers at the seminar addressed these major issues concerning the future of the Chinese and world economies. They included: Jonathan Sinton (International Energy Agency), Zhao Jianping (World Bank), Derek Riley (European Council of Economists), Hubert Loiseleur des Longchamps (Total), Pascal Colombani (A.T. Kearney), Jean-Marie Chevalier (European Centre for Raw Materials), Yves Cochet (French Deputy and former Minister).

## Japan's Growing Political Role in Asia

27 April 2006

Japan has acquired the three dimensions of economic power (industrial, trade and financial power), and is the world's second largest economy. At the same time, it has for long taken a low profile on the international political stage. But, Japan appears now to be exercising a new, more dynamic role in this field. This new meeting of the Forum of Franco-Japanese Economists allowed several issues to be discussed, including: Japan's role in East Asia, relative to China and Korea, the regional dimension of Japan's political model, the capacity to react to China's exacerbation of regional rivalries and the consequences for trade, as well as the sourcing and transportation of raw materials, especially energy.

## (Foreign) Competition and Labour Market Regulation

24 April 2006

Work by the OECD shows that product market liberalisation is correlated with labour market deregulation, the former apparently preceding the latter. Furthermore, recent trends (moderate wage growth, working time) especially in France and Germany, in exposed sectors, suggest that the intensity of foreign competition may play a role in changes to labour market institutions. From a theoretical point of view, the literature on these interactions is limited, despite some pertinent contributions. This workshop, organised jointly by the CEPII and the CDC Institute for Research, aimed to review recent research in this field. Papers in French or English are available on the CEPII's web site.

6 April 2006

The CEPII Business Club and Ubifrance have been organising an annual conference on Asia, since 2001. Once again, China's growth this year has surpassed the most optimistic forecasts, and is profiting the rest of Asia. But 2005 also saw further efforts in favour of regional organisation going ahead, especially at the Kuala Lumpur summit, and which should lay the basis for the creation of an Asian Community. While the goal of a Community still seems to be some way off, numerous trade agreements of all sorts (bilateral, multi-country and even regional) are being reached. The meeting allowed this regionalisation process to be reviewed, both from a geopolitical and an economic point of view, and to assess its impact on the "rest" of the world. The meeting also provided an opportunity to outline achievements by European and French companies in the region.

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## *WORKING PAPERS*

### **Short-Term Fiscal Spillovers in a Monetary Union**

N° 2006-13, July

In this paper, a simple, two-country, static model is developed in order to analyse short-run fiscal spillovers in a monetary union, depending on (i) the way fiscal policy is implemented (expenditures versus net taxes), (ii) the strength of the supply-side channel of tax policies compared to the demand-side channel, and (iii) the extent of central bank accommodation. It is shown that both an expansion in spending and a tax cut produce positive spillovers on foreign output, provided the central bank accommodates the shock, and apart from when tax cuts have large, supply-side effects. If the central bank does not accommodate the shock, the spillovers of a fiscal expansion are generally negative. However, fiscal spillovers may be positive in the case of a tax cut because induced disinflation reduces, or even reverses, the reaction of the central bank. Due to financial liberalisation, it is possible that demand-side channels of fiscal policy have become less powerful compared to supply-side channels. To the extent that interest-rate variations are smooth, this could reduce the positive spillover of an expansion in spending, while pushing the spillover of a tax cut into negative territory.

Agnès Bénassy-Quéré

### **Can Firms' Location Decisions Counteract the Balassa-Samuelson Effect?**

N° 2006-12 July

This paper studies determinants of relative price levels in a New Trade framework. The model combines a Balassa-Samuelson mechanism, explaining Purchasing Power Parity (PPP) deviations in the non-traded goods sector, and an endogenous location of firms leading to PPP deviations in the traded goods sector. Calibrating the model with OECD data, the study shows that PPP deviations in the traded goods sector can either lessen or strengthen the Balassa-Samuelson effect, depending on the share of traded goods in consumption. Moreover, under general equilibrium, the real exchange rate also depends on the relative size of countries, through the Home Market Effect.

Isabelle Méjean

### **Who's Afraid of Tax Competition? Harmless Tax Competition from the New European Member States**

N° 2006-11 June

This paper investigates the tax sensitivity of foreign direct investment (FDI) in the context of EU enlargement to Eastern European countries. Using two alternative specifications of a gravity equation, it shows that the E25 is heterogeneous, as far as the determinants of FDI location are concerned. However, the results are at odds with the usual consensus: while tax differentials do impact on FDI in the EU15, they are shown to have had no impact on the new member states, during the period of analysis (1990-2002). Similarly, other factors such as unit labour costs and price-competitiveness fail to explain FDI inflows to the new EU member states. Simulation exercises run on statutory taxation attempt to assess empirically the impact of various tax convergence scenarios. They are shown to imply limited changes in FDI inflows (on the basis of FDI flows and tax differentials observed in 2002).

Amina Lahrèche-Revil

### **A Quantitative Assessment of the Outcome of the Doha Development Agenda**

N° 2006-10 May

Different options contemplated by the negotiators of the Doha Development Agenda are assessed using the Computable General Equilibrium model MIRAGE, the MACMap and GTAP databases, existing

estimates of protection in the services sector, as well as estimates of the administrative and transaction costs to be reduced by trade facilitation measures. In all scenarios (with the exception of "free trade"), we consider that the "G90" will not be requested to liberalise. Export subsidies in agriculture are completely eliminated, taking into account the 2013 deadline agreed in Hong Kong in December 2005, and domestic farm support is halved. When an average 36% linear cut in tariffs is implemented in the industrial and in the agricultural sectors (but with a reduction limited to 25% for sensitive products in the latter sector), we end up with a "Round for nothing". At the opposite end of the spectrum, free trade in goods would lead to welfare gains of USD 232 billion for the world economy (expressed in 2005 terms). There is, however, more to be gained for the world economy from a 25% cut of the barriers in services, than from a 70% tariff cut in agriculture in the North and a 50% cut in the South. On the top of this, a successful trade facilitation agenda would be equivalent to doubling official development aid to Sub-Saharan Africa countries after 2020. In the latter case, how to finance such a program remains a challenging issue.

Yvan Decreux & Lionel Fontagné

## **Disparities in Pension Financing in Europe: Economic and Financial Consequences**

N° 2006-09 May

We present a quantitative analysis of the impact of differential ageing and pension reforms on capital and labour markets and, in particular, on intra-European capital flows. To this end, we develop a stylised general equilibrium model with overlapping generations of heterogeneous agents, for the three largest European countries: France, Germany and the United Kingdom. The model presents a structure halfway between pure general equilibrium models, with rigorous microeconomic foundations, and accounting models in which the macroeconomic environment remains exogenous. We show that the dynamics of capital accumulation and pension-scheme sustainability are totally different, depending on the assumptions made about economic openness. Two main conclusions may be drawn from the examination of the various prospective scenarios. Firstly, the critical assumptions for PAYG systems are the future trend of the global factor productivity and the behaviour of agents in terms of activity and labour market participation. Secondly, in the long run, resorting to debt financing seems to be a dead-end as a means to finance retirement systems.

Jean Chateau & Xavier Chojnicki

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## *RECENT PUBLICATIONS*

### *ECONOMIE INTERNATIONALE*, QUARTERLY

#### **No 105, 1st Quarter 2006**

##### **Avant-propos**

Valérie Mignon & Federico Trionfetti

##### **Migrations et marché du travail dans l'espace européen**

El Mouhoub Mouhoud & Joël Oudinet

##### **L'hétérogénéité de la relation épargne-investissement : un indicateur de la dynamique d'intégration économique ? Une application au cas européen**

Samuel Maveyraud-Tricoire

##### **Peut-on parler de déficits jumeaux pour la Turquie ? Une étude empirique sur la période 1988-2000**

Thomas Jobert & Irem Zeyneloğlu

##### **Les régimes monétaires en Australie, 1977-2000 : une mise en perspective à l'aide d'un indicateur de distorsion du taux de change réel**

Jean-François Hoarau

##### **La contagion de la crise asiatique : dynamiques de court terme et de long terme**

*Economie Internationale* publishes papers dealing with a wide range of issues in applied international economics. Papers cover topics like macroeconomics, money and finance, trade, transition, European integration and regional studies. *Economie Internationale* especially encourages the submission of articles which are empirical in nature and emphasises the rigour of empirical analyses and data processing. With articles being submitted from economists in universities, central banks and private financial institutions worldwide, the journal achieves a considerable diversity and provides many viewpoints on international economic and financial questions. Papers can be submitted, following certain rules.

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## NEWS IN BRIEF

Agnès Bénassy-Quéré was appointed Director of the CEPII, as of 5 July 2006. She takes over from Lionel Fontagné, who was Director from March 2000 onwards. Lionel Fontagné is returning to the University of Paris 1 Panthéon-Sorbonne, where he has been a Professor of Economics since 1994, but will still work with the CEPII, as a Research Associate. Agnès Bénassy-Quéré holds a PhD and is a university professor in economics. She began her career in the Forecasting Department of the French Ministry of Economy and Finance (1991-1992), before becoming a lecturer at the University of Cergy-Pontoise (1992-1996), professor at the University of Lille 2 (1997-1998), Deputy Director of the CEPII (1998-2000) and professor at the University of Paris X-Nanterre (2001-2004). In 2004, she returned to the CEPII as Deputy Director. Agnès Bénassy-Quéré is a member of France's *Commission Economique de la Nation*, of the "Shadow ECB Council" and the *Cercle des Economistes*. She also teaches at *Ecole Polytechnique* and at *Cachan Ecole Normale Supérieure*. Her research primarily covers the international monetary system and European macroeconomic policy. She has published numerous articles on these issues, as well as some academic textbooks.

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## FORTHCOMING

### Taiwan : réformes internes et enjeux des relations économiques avec la Chine

Organised by the CEPII Business Club  
5 September 2006

### Comment rendre la mondialisation socialement acceptable ?

Organised by the *Groupe d'analyses de la mondialisation*  
12 September 2006

### L'économie mondiale 2007

Organised by the CEPII  
13 September 2006

### Redéploiement du capitalisme mondial

Organised by Groupama Asset Management, the CIREM and the CEPII  
21 September 2006

### Le Brésil de Lula : quel bilan pour un second mandat ?

Organised by the CEPII Business Club  
27 September 2006

### Fourth Annual Conference of the Euro-Latin Study Network on Integration and Trade (ELSNIT)

Organised by the IDB and the CEPII  
20-21 October 2006

### Ouverture et innovation sur les marchés financiers émergents

Conference organised by the CEFI, the CEPII, the CNCE, Ixis-Cib, MACROFI, the French Embassy in Beijing, *Revue économique* and TX Investment Consulting Co., 27 & 28 March 2007

1st November 2006

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