



OBSERVATOIRE DE L'ÉPARGNE EUROPÉENNE

**Call for Tenders 2013 :**  
**Contracts for conducting research in the field of savings in Europe**

The Observatoire de l'Épargne Européenne is currently seeking out contracts for the realisation of European research projects on the following themes, selected by its Advisory Committee:

**Theme 1: Savings invested in bonds**

**Theme 2: The effects of the great recession on European household savings behaviour and long-term beliefs**

Funding offered by the OEE is generally between 10-50k €. Research is expected to be completed within one or two years.

Please find tendering specifications below.

**Submissions of proposals by a team combining academic researchers and professional specialists are particularly welcome.**

Tenders and requests for additional information may be submitted by e-mail to the following addresses:

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Please note that the submission deadline is **May 21, 2013**.

## Project 1: Savings invested in bonds

The OEE would be interested in a study that would focus on household savings invested in bonds. The distribution of bonds in the population varies greatly from one country to another since it depends on the Government's debt securities distribution policy. For instance in Italy and Belgium, Governments issue a large part of their securities directly to individuals, while other states, such as France, issue their securities almost exclusively to institutional investors through Primary Dealers. However, the number of corporate bonds issuances in which individuals can take part has increased in most countries. The study funded by the OEE could be twofold.

A first descriptive section would analyse direct household bond holdings. Survey data and national accounts series could be used to assess differences in bond holdings in terms of amounts and investment breakdown (Government debt securities, corporate bonds...). Macroeconomic data could be used to complete the analysis in order to describe the institutional evolutions from one country to another and to determine the conditions under which some European countries succeeded in ensuring the issuance of their debt securities to individuals.

A second section would focus on the adequacy of household bond holdings according to various criteria. The aim would be to understand individuals' interest in investing their savings in bonds. Taking into account the flat interest rate curve in the current economic climate, rate and inflation risks or investment duration have become important concerns in the decision to hold bonds. To what extent can the investment in bonds be consistent with the life cycle, according to the duration of debt instruments and the period of holding (short or long)? Is the risk of corporate bonds well rewarded? What are the advantages of inflation-linked bonds? In the light of new prudential regulations in the banking and insurance sectors, what is the best form of investment in bond holdings for individuals: direct holdings, through bond funds or life insurance products? This section could also mention the differences in costs of debt securities issuances for the issuer according to final investors (individual or institutional).

## **Project 2: The effects of the great recession on European household savings behaviour and long-term beliefs**

The current financial crisis – also known as the great recession – is affecting job security, earnings, statutory retirement ages, replacement rates and even real retirement income in many European countries. Youth unemployment is particularly severe in Southern Europe, while temporary layoffs and dismissals are affecting senior workers. Both financial and real estate wealth levels have been negatively impacted by falls in stock, bond and housing prices.

In some countries, macro-economic data reveals a reduction in consumer spending and an increase in household savings. This could suggest that households believe that the crisis will have permanent effects. However, this could also be interpreted as an increase in precautionary saving in response to greater uncertainty. The aggregate data therefore provides little indication concerning the permanent or temporary nature of the macro shock affecting Europe, as well as the degree of risk-sharing that is taking place. And the yield curve is of limited interest in this perspective because of the huge impact that the QE strategy currently used by central banks has on this curve.

Household survey data from European countries can help shed light on whether households perceive the macro shock to have a permanent or temporary nature. Country-specific variables such as debt level, Keynesian spending policy, supply-side policy and structural reforms on the labour market explain individual beliefs about the long-term growth of the economy. These beliefs may explain how households have modified their savings and consumption behaviours.

Countries also differ in their welfare state provision, family ties, demographic factors and sovereign debt levels. Micro data can also be used to analyse the role of self-insurance and informal insurance mechanisms in smoothing consumption of the households most directly affected by the crisis. In particular, consumption and wealth data covering both the pre-crisis and the crisis period, should be used to analyse the role played by the welfare state, the accumulated assets (financial and real estate) and the family (for example, providing support for the young, as revealed by the widespread and increase in cohabitation of different generations not only in Southern Europe, but also in other European countries).

The study should cover at least two different European countries and comparisons between the United States and Europe would be useful.