

TILEC

TILEC Annual Report 2007



TILEC

ANNUAL REPORT 2007

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FOREWORD

This annual report appears at the time when TILEC celebrates its fifth anniversary. On 14 April 2008, we will organize a large-scale conference on ‘Market Governance and Innovation’, during which we will try to identify the ways in which markets can be set up so as to facilitate innovation. The conference programme displays presentations from law and economics, from academics and practitioners, and has both TILEC research lines (‘Institutions, Competition and Regulation’ and ‘Law and Finance’) represented. The programme, hence, reflects the balance that we strive to achieve at TILEC.

Five years ago, in February 2003, the official start of TILEC was celebrated with a conference on the law and economics of sports. That was a small-scale conference and this annual report shows how far we have come since then. TILEC has grown to an institute that regroups more than 50 researchers from the Faculties of Law and of Economics and Business Administration at Tilburg University, with a budget that is an order of magnitude larger than it was at that time. The emphasis has shifted somewhat since the start: there is now a clearer focus on academic research and less on contract activities. TILEC now seeks to cooperate with partners from the private and public sectors by means of sponsorship agreements.

While this annual report can provide a good idea of our activities, it probably cannot convey the excitement experienced in daily work. It shows the output, but not the process by means of which that output was produced. As our mission statement indicates, this internal process is as important: we want to create the best environment for our members to carry out their academic activities. In referring to our Wednesday meetings, one of our members remarked: “Before I came here, I was looking forward to the weekends; now I am always looking forward to the Wednesdays.” We are very thankful to our funders and our members for making such a stimulating research environment possible.

Eric van Damme
Pierre Larouche

[1 March 2008]

Eric van Damme (left)
and Pierre Larouche



The Tilburg Law and Economics Center (TILEC) was created in 2002 as a joint research centre of the Faculty of Economics and Business Administration (FEB) and the Faculty of Law (FRW) of Tilburg University. It was evaluated positively in 2005.

For the participating researchers from the two Faculties, TILEC's mission is to provide support for, and stimulate, joint research activities, thereby enhancing the intellectual climate for research at Tilburg University. Towards the outside, TILEC aims to belong to the top in Europe and to be recognized as a leading centre in its areas of activity also in the US.

TILEC research is distinguished by the following characteristics:

- (i) *Interdisciplinary*: TILEC research integrates law and economics together on an equal footing, or at least includes substantial input from the other discipline;
- (ii) *Innovative*: TILEC brings law and/or economics further, and opens up new perspectives. Whilst this might imply that it leaves established paths in each discipline, it remains state-of-the-art at the technical and methodological level;
- (iii) *Fundamental*: TILEC research addresses basic questions of each discipline, including the relationship between the two disciplines and how they can mutually strengthen each other.
- (iv) *Relevant*: TILEC research is inspired by real world problems and aims to contribute to the ultimate solution of these problems.

I. TILEC: HIGHLIGHTS FROM 2007

2007 was a good year for TILEC. With a new budget plan and a second TILEC Agreement signed by the two parent faculties, each of these covering the five-year period 2007-2011, a stable framework for the future was established.

The new funds, containing among others substantial extra support (an additional € 750k) from the Executive Board of Tilburg University, allowed TILEC to hire **tenure-track assistant professors** in the Faculty of Economics and Business Administration, namely Amrita Ray Chauduri and Cédric Argenton. Amrita strengthens our presence in the area of international trade. A parallel tenure-track position has been created at the Faculty of Law and it is hoped that it will be filled in 2008. Cédric, whose work is about industrial organization and competition policy, is the new research coordinator of TILEC (on the side of economics). As of 1 April 2008, Ilse van der Haar will join him as research coordinator on the side of law. At that point in time, the management team of TILEC will be complete again, and of a size commensurate to that of TILEC. With a membership of over 50, about equally divided between law and economics, with roughly two-thirds of the people working in the research line 'Institutions, Competition and Regulation' and one-third in 'Law and Finance', it seems that TILEC has grown large enough. The challenge now is to **deepen the interdisciplinary cooperation** between legal scholars and economists in the fields covered by TILEC.

Two professors associated to TILEC introduced themselves to a larger audience by given their **inaugural lectures**. In January, Hans Degryse, who holds the chair of Financial Market Regulation sponsored by the Netherlands Authority for the Financial Markets (AFM) in the Department of Finance, gave his inaugural talk on 'Competition in Financial Markets: Does Market design Matter?'. In May, Erik Brouwer, who holds a part-time chair on 'Competition and Innovation' sponsored by PricewaterhouseCoopers in the Department of Economics, held his inaugural speech on 'How (Not) to Boost Innovation.' On each of these two occasions a special workshop devoted to the research domain of the chair was organized as well.

In April, **Qualcomm**, a leading US technology company, **decided to sponsor** TILEC research on competition policy, intellectual property law and innovation. A first installment of US\$ 400,000 (€ 300,000) was received in 2007. The grant was obtained through the efforts of Damien Geradin and was given in recognition of the high quality of his work. Damien will lead TILEC research in this area. In 2007, several activities already took place in this context. In January, TILEC brought together in Brussels some 80 industry players, government officials and academics for a high-level workshop to discuss patenting, the licensing policies of standard-setting organizations, and the competition law issues raised in this domain. In October, TILEC announced a **grant competition** to provide funding for legal and economic research **on the interplay between innovation, intellectual property and competition policy**.

The best three proposals for papers in this area were awarded € 15,000 each and the possibility to present their results in a workshop to be held in Tilburg in December 2008. In November, together with the University of Bologna, TILEC organized a high-level workshop on patent policy and innovation, in which several distinguished researchers presented their views on the trade-offs between patent quantity and patent quality.

In April, TILEC was invited by the Dutch Healthcare Authority (NZa) to participate in a competition among university research groups to establish research cooperation with the NZa and to provide education services related to **competition and regulation in health care markets**. The NZa indicated its willingness to invest € 200,000 per year over a four-year period in the venture. **TILEC** joined forces with Tranzo (an institute of the Faculty of Social and Behavioural Sciences, which focuses on transformation in the health care sector¹) and, building on existing groups within the Faculties of Law and of Economics and Business Administration, managed to make a strong proposal, involving some 20 faculty members from Tilburg University, which was **eventually chosen by the NZa**. Plans were worked out in more detail in the Fall. Jan Boone agreed to become the overall director of the new research group, a research plan was drawn up, and the contract between the NZa and the University was signed in January 2008. With senior appointments being finalized, the research group will be ready to start in March 2008. At the junior level, further appointments will be made in the Spring of 2008.

In December, **Jan Boone** was awarded a prestigious VICI grant by the Netherlands Organization for Scientific Research (NWO) for his proposal on competition and innovation in health care markets. The grant, € 1.25 million over a period of five years, will allow Jan to hire junior researchers to conduct this research with him. One of the main questions to be addressed is whether, because of market failures in the health care market (incomplete information of patients, and the paying party being different from the one that consumes the services), there may be more innovation in this sector than would be socially desirable. Jan's VICI grant strengthens and completes the research programme arising from the contract with the NZa and confirms TILEC's leading position in this area.

In the same month, the European Commission awarded **Bert Willems** a Marie Curie grant. This grant (about € 120,000 over a period of 2 years) will allow Bert to conduct research on investments in electricity markets. Bert will study how generator firms make their investment decisions in a competitive electricity market and whether governments should regulate the security of supply. Meanwhile, TILEC works on strengthening its position in the field of **energy** research. In particular, it was one of the founders of **UNECOM**, an interdisciplinary project grouping scholars in economics, business administration and law from five universities (Bremen, Bochum, Delft, Tilburg and Vienna) to investigate ownership unbundling

¹ See www.uvt.nl/tranzo/.

of energy networks. TILEC extramural fellow Gert Brunekreeft, (now at Jacobs University Bremen) is the project leader². At the initiative of Bert Willems, TILEC has also sought cooperation with the Dutch Ministry of Economic Affairs, the Dutch electricity regulator (DTe-NMa), and the Netherlands Bureau for Economic Policy Analysis (CPB) to start a **new seminar series on energy economics**. The aim of the series is to create a discussion platform for Dutch energy economists, to bridge the gap between policy-makers and academics and to improve the economic foundation of the Dutch and European energy policy. The TILEC contribution to the seminar series is facilitated by financial support from Essent, a leading Dutch energy company. The first seminar (about wind energy) was scheduled for February 2008.

At the organizational level, 2007 was marked by the setup of a **European network** of research centres with focus on the **law and economics of competition policy and economic regulation**. In May, the foundations were laid in a meeting in Brussels in which seven leading institutes participated: the Amsterdam Center for Law and Economics (ACLE), the Center for Infocommunications Law of the Hungarian Academy of Sciences (IJC), the Center for Competition Policy at the University of East Anglia (CCP), the Centre for Markets and Public Organizations of the University of Bristol (CMPO), the Robert Schuman Center for Advanced Studies at the European University Institute in Florence, the Max-Planck Institute for Research on Collective Goods in Bonn, and TILEC. The institutes decided to strengthen cooperation in several areas, such as the exchange of Ph.D students and faculty members, the exchange of data, and the joint organization of conferences and workshops. The first scientific event held under the banner of the network took place in Bonn, at the Max-Planck Institute, in December. This workshop on the law and economics of competition policy discussed issues ranging from procedural requirements in cartel cases to how decision-makers in competition cases are influenced by their experience, with each paper presented by a lawyer being

discussed by an economist, and vice-versa. With a total of 20 presentations and some 50 participants, the workshop was a great success, showing the potential of the network for the future.

TILEC research efforts in 2007 are described in greater detail in Section 3. Several broad themes may already be distinguished. Under the guidance of Pierre Larouche, the researchers working on **telecommunications and information markets** focused their efforts largely on issues



Inaugural meeting, European Network 10-11 May

² More details can be found at www.unecom.de.

related to network neutrality (should the current system of best-efforts routing for the Internet be replaced by differentiated quality of service offerings? what are the legal issues arising therefrom, and is regulatory intervention needed?) and to technological neutrality (the principle that regulation should be neutral as between different technologies). Presentations were held in various seminars, both internally and with speakers from abroad, and the results were reported at conferences and in discussion papers. The Dutch Ministry of Economics Affairs sponsored part of this research.

In the area of **financial markets** – where TILEC research is **sponsored by the Netherlands Authority for the Financial Markets (AFM)** – several open events were organized in 2007. In January, a special workshop on how market design and market microstructure affect the liquidity and efficiency of financial markets took place in Tilburg. In February, a special seminar was held in Amsterdam on the practices and impact of hedge funds and private equity funds. On this occasion, the trade-offs between increased regulation and self-regulation were particularly discussed. In October, a special seminar devoted to market cleanliness and insider trading was again held at the premises of the AFM in Amsterdam. During the year, various seminars focussed on the Market in Financial Instruments Directive (MiFID) and on the Market Abuse Directive (MAD). In the area of banking, the trade-off, if any, between competition and stability was particularly studied, while the effect of banking competition and the internal structure of banks on the lending to small and medium-sized firms was a center of attention as well.

An important topic of attention in 2007 was **not-for-profit (NFP) organisations** and whether they require specific treatment. For example, in the Netherlands 14% of all jobs are provided by NFPs and important parts of certain sectors, such as the health sector are, for the time being, reserved for NFPs. What would be the consequences if these segments were opened up to for-profits? These questions were addressed in a workshop organized together with CPB and the Ministry of Economic Affairs, as well as in several discussion papers, with Jens Prüfer being a steady contributor to the debate. Jens' research suggests that increased competition in the market may induce a shift away from the NFP form and that market liberalization may not necessarily improve welfare. That issue also arose in research that TILEC **conducted on behalf of VGN**, the organization of providers for care for the handicapped in the Netherlands. The specific question addressed in that research was: how mergers between NFPs should be evaluated? The TILEC report for VGN concluded that, while the EC Guidelines for the evaluation of horizontal mergers can be broadly followed, the actual implementation has to take into account the institutional characteristics of the sector, and in particular that providers are NFPs. The report also concluded that, since price is regulated, competition may take place in the quality dimension, giving rise to specific issues: there is lack of data about service quality and about the choice behaviour of patients; in addition patients may not be able to exert effective choice as a consequence of quality not being transparent. The **relation between com-**

petition and quality in health care markets was discussed more generally in a workshop that TILEC co-organized with CPB and the Dutch Ministry of Economic Affairs, where lessons from the experiences in the UK and the US were drawn. This topic will be an important item in the agenda of the NZa-TILEC research group on health care markets referred to above.

Within the context of the **EU Network of Excellence on Common Principles of European Contract Law (CoPECL)**, TILEC is coordinating the work of the Economic Impact Group (EIG), mainly through the involvement of Filomena Chirico. The EIG performs a broad economic assessment of the draft rules of European contract law. Two broad questions are on the agenda: (i) from an economic point of view, is it desirable to harmonise certain rules at the European level? and (ii) if so, are the drafts prepared by various legal subgroups in CoPECL adequate? Two meetings of the EIG took place in 2007. The first one, in April in Brussels, was devoted to a general discussion of the project as well as to the presentation of the first papers. Additional papers were discussed at the second meeting organized in December in Barcelona, in cooperation with Fernando Gomez of the University Pompeu Fabra. Other meetings will follow in 2008 and 2009. By the end of the project, in 2009, a collection of economic papers covering the main elements of CoPECL will be completed and released to the European institutions and the general public.



Inauguration Hans Degryse

So, 2007 was a lively year at TILEC, filled with exciting research. Next to the activities that were explicitly mentioned above, it was business as usual with **many regular meetings and conferences**. During the academic year, TILEC members, mainly those working in the research line 'Institutions, Competition and Regulation', met every Wednesday morning for a series of informal activities. ClubMed meetings discuss recent interesting legal cases, the Industrial Organization reading group

discusses recent papers from the scientific IO literature, while in the WIP meetings TILEC members discuss their own recent pieces of work. Every month, usually on Friday, there is a "double-header" seminar in which a topic is discussed both by a legal scholar and an economist. Details on all these meetings can be found in Appendix C of this report, along with more information about the larger conferences and workshops that were organized.

2. MEMBERS, VISITORS, AND MANAGEMENT

2.1 MEMBERS

In 2007, the number of TILEC members grew from 46 to 52. The number of senior members grew from 27 to 33, and the number of junior members grew from 17 to 19. In total, TILEC welcomed 11 new members, 7 at senior level and 4 at junior level. 5 members left TILEC, including 2 junior members who completed their Ph.D. education. More details can be found in Tables 1 and 2 of Appendix A.

2.2 NEW TILEC MEMBERS

On the side of the Faculty of Economics and Business Administration, 6 new members joined TILEC, all at the senior level. On the side of the Faculty of Law, 5 junior members joined. 6 persons were newly appointed as extramural fellows.

Senior level

Gregor Langus joined TILEC and the Department of Economics in January as a researcher for an NWO (Dutch Science Foundation) project directed by Jan Boone. Gregor's research areas are competition policy and industrial organisation. At TILEC, he worked on applied empirical work in the area of competition and innovation and on applied theoretical work on predation in networks.

Wolf Wagner, who had been working as an assistant professor at the Department of Economics since 2004 and who was an associate to the TILEC-AFM network on financial market regulation, formally joined TILEC in February 2007. Wolf obtained a Ph.D in Economics from Tilburg University in 2002. Prior to rejoining Tilburg he stayed at the Stockholm School of Economics and Cambridge University. He is still affiliated with the Cambridge Endowment for Research in Finance. His work is in the area of financial markets, banking and regulation.

Sigrid Suetens started working at the Department of Economics on 1 March 2007. Sigrid obtained a Ph.D degree in Applied Economics from the University of Antwerp in June 2005. In her Ph.D thesis she used economic experiments to test models of R&D cooperation and to examine the determinants of cooperation in general dilemma environments. At Tilburg University, she was hired as a post-doc researcher as part of the VIDI project of Wieland Müller. Part of Sigrid's current and future research is about testing theoretical models of

strategic behaviour and entry deterrence. In addition, she is working on a field study about the law of small numbers and on topics related to reciprocity and strategic cooperation.

Marco Da Rin, a member of the Finance Department at the Faculty of Economics and Business Administration, joined TILEC in May 2007 in the research area 'Law and Finance'. Among other projects, Marco currently conducts research on the regulation of entry and firm creation with Alessandro Sembenelli and Marina Di Giacomo at Turin University.

On 1 September 2007, **Cédric Argenton** started his job as assistant professor in the Department of Economics and TILEC research coordinator (on the side of economics). Cédric came from the Stockholm School of Economics, where he wrote his doctoral thesis in economics under the supervision of Jörgen Weibull. Cédric specialized in industrial organization and has an interest in competition policy and regulation. So far, his research has focused on product quality regulation and exclusivity contracts. Before his time in Sweden, Cédric studied public policy at Sciences Po, Paris, law at the University of Paris 1—Panthéon-Sorbonne, and economics at Boston University, USA.

Amrita Ray Chaudhuri also joined TILEC on 1 September 2007, as an assistant professor at the Department of Economics. Amrita is working on topics in industrial organization, international trade and environmental economics. The focus of her work so far has been on the effects of trade liberalization and environmental policy on merger activity. After completing her master in economics at McGill University, Montréal, Amrita successfully defended her doctoral thesis entitled 'Mergers under trade liberalization' under the supervision of Hassan Benchenkroun.

Junior level

In January 2007, **Barbara Gábor** joined TILEC and the Department of Business Law on a part-time basis. Barbara is working on her doctoral dissertation at the European University Institute in Florence (Italy) under the supervision of Fabrizio Cafaggi. Her dissertation deals with institutional competition models in competition law and corporate governance and finance.

In April 2007, **Natalia Fiedziuk** became a TILEC junior member. Natalia is an M.Phil. in Law student at Tilburg University. Natalia was one of the top two students in the M.Phil. programme in 2006-2007, thereby receiving funding to complete her Ph.D. at Tilburg University. Her Ph.D. research investigates the remaining usefulness of Article 86(2) EC in the light of recent developments in competition law and State aid law.

Faysal Barrachdi started his M.Phil. at the Faculty of Law in September 2007 and became a junior member of TILEC. His research interests include private equity and hedge funds.

As of 1 September, **Robert Dijkstra** began his Ph.D under the supervision of Maurits Barendrecht. Robert's research focuses at the liability of financial supervisors from a law and economics perspective.

Vince Marti Fraga started his M.Phil. in Law in September 2007 and became a junior member of TILEC. His research interests center on intellectual property and competition law. Vince participated in the TILEC cross-subsidy project commissioned by Essent.

Extramural Fellows:

On 1 June 2007, **Wolf Sauter** started with TILEC as an extramural fellow. Wolf's main affiliation is with the Dutch Healthcare Authority (NZA) as competition expert. He has previously worked as research fellow in the law department at the European University Institute in Florence (where he obtained his Ph.D in 1996 on the relationship between competition law and industrial policy) and at the Zentrum für Europäische Rechtspolitik (ZERP) Bremen, and as professor of economic law at the University of Groningen. Wolf has also worked as an attorney in private practice in Brussels, as senior policy adviser at The Netherlands' independent authority for posts and telecommunications (OPTA) and at the financial markets directorate of the Dutch Ministry of Finance, and as case handler on secondment to DG Competition in Brussels. Wolf has published primarily in the fields of telecommunications and competition law. His main current and future research interests are in healthcare and competition.

Elena Carletti joined TILEC as extramural fellow as of September 2007. Elena is an associate professor at the Center for Financial Studies in Frankfurt. Previously she was assistant professor in Mannheim University, and Tutorial Fellow in Finance at the London School of Economics. Elena holds a Ph.D in Economics from the London School of Economics, a Doctorate in Economics from the University of Bologna, and completed her habilitation at the University of Mannheim. Elena's research interests lie in the areas of banking, corporate governance and finance, antitrust and regulation. In 2007, she worked on bank consolidation and competition policy, capital regulation, and stakeholders' capitalism.

2.3 MEMBERS LEAVING

Unfortunately, TILEC also had to bid farewell to several members. On 15 March 2007, **Ingrid Liedorp** quit TILEC to pursue her studies at the College of Europe, Bruges.

On 1 September 2007, with the completion of his Ph.D., **Matthijs Nelemans** left Tilburg University and TILEC to start working at law firm De Brauw Blackstone in Amsterdam.

On the same date, **Peter Szilagyi** took a position as lecturer in finance at Cambridge University's Judge Business School.

On 1 October 2007 **Saskia Lavrijssen** was appointed associate professor at the University of Utrecht.

On 1 December 2007, **Gregor Langus** took a position in the team of the Chief Economist at DG Competition, European Commission.

Matthijs, Saskia, Gregor and Peter accepted to become extramural fellows of TILEC.

2.4 VISITORS

Throughout the year, TILEC hosted a number of distinguished seminar speakers; see the complete list in Appendix C. In July, **Scott Masten**, an expert on relational contracting from the University of Michigan, paid a two-week long visit to the Center.

2.5 APPOINTMENTS, PRIZES, HONORS

Jan Boone was awarded a VICI grant by the Dutch National Science Foundation for his proposal on 'competition and innovation in health care markets'. The grant (€1.25 million) will allow Jan to set up a research group in this area.

Ting Jiang, a junior member of TILEC, won the 2007 Award of the Best Project at ESNIE summer school for her research project 'understanding and combating corruption with leniency'. The prize comes with an invitation to give a paper at ESNIE 2008. The prize was awarded by Douglas North, a Nobel Memorial Prize in Economics winner in 1993.

The European Commission appointed TILEC director **Pierre Larouche** as special adviser to Viviane Reding, member of the Commission responsible for Information Society and Media. Pierre will provide advice to the Commissioner and her staff on certain aspects of the Commission's upcoming proposals for reform of the European regulatory framework for electronic communications.

Jérémie Lefebvre, a junior member of TILEC, received the Netspar prize for the best M.Phil. thesis related to pensions and aging. The subject of the thesis is the assessment and measurement of longevity risk in pension annuities. It was supervised by Bertrand Melenberg and Anja De Waegenare (Department of Econometrics).



Jérémie Lefebvre (right)

Ingrid Liedorp won the third price in the yearly Encore thesis-prize for her paper "Level playing field: Een nader onderzoek naar verschillen tussen aanbieders van medisch specialistische zorg".

Laura Parret was appointed as member of the Belgian Competition Council by the Belgian government. Cartels or abuses of dominant position as well as the more complicated mergers are brought before this authority after investigation.

María Fabiana Penas and her co-author Vasso Ioannidou (Tilburg University) got a grant from the Federal Deposit Insurance Corporation (FDIC) of US\$ 10.000 for their project 'Deposit insurance and bank risk-taking: internal ratings and loan spreads'.

Bert Willems was awarded a Marie Curie Fellowship by the European Commission. The grant (about € 120,000 over a period of 2 years) is meant to improve the career perspectives of young researchers by broadening their scientific and generic skills. It will allow Bert to conduct his research project about investments in electricity markets.

2.6 MANAGEMENT, BOARD AND SECRETARIAL SUPPORT

In September 2007, Cédric Argenton joined the TILEC management team as research coordinator on the economics side. The other members of the management team are Eric van Damme and Pierre Larouche, directors of the Center, and Leonie de Jong, administrative coordinator. TILEC lost its research coordinator on the law side when Saskia Lavrijssen left for an associate professorship in Utrecht. Ilse van der Haar will succeed Saskia as of 1 April 2008.

Formal responsibility for TILEC rests with a Board consisting of one professor from each of

the participating faculties (the director of the research institute or the vice-dean for research) and a third person linked with Tilburg University. At the end of 2007, the TILEC Board was made up of Theo Camps (Berenschot Consultancy and TIAS Business School), Dick den Hertog (Vice-Dean, Faculty of Economics and Business Administration), and Jan Vranken (Vice-Dean, Faculty of Law). In practice, the Board assumes an advisory role. It acts as a sounding board for the TILEC management team and as a link with the parent faculties. The management team and the Board meet twice a year to discuss strategic issues.

The secretarial support is provided by Ingrid Meeder and Elvira van Vliet.

On 1 January 2007, in accordance with the TILEC Agreement, the responsibility for TILEC administrative coordination, human resources management, and accounting shifted from the Faculty of Law to the Faculty of Economics and Business Administration.

3. RESEARCH

3.1 OVERVIEW

In 2007, TILEC members continued to be very active in research. Table 3.1 gives an overview of their output. The numbers show that our two research lines ‘Institutions, Competition and Regulation’ and ‘Law and Finance’ are now well established and generate a sizeable flow of high-quality academic pieces.

	2007	2006	2005	2004	2003
<i>Academic publications</i> , including	82	118	67	91	60
Articles in refereed journals	28	34	25	21	18
Articles in other journals	15	28	15	18	13
Chapters in books	27	32	21	44	21
Monographs and edited books	7	21	8	8	8
Dissertations	5	3	2	-	-
<i>Professional publications</i>	25	19	22	20	28
<i>Discussion papers</i> , including	45	54	47	56	62
TILEC Discussion Paper series	35	35	33	25	20
Other discussion papers	10	19	18	31	42
<i>Popularising contributions</i> , including	4	27	29	50	55
Articles	4	13	20	18	42
Interviews	-	14	9	8	13

Table 3.1: Overview of number of publications, see appendix B for a definition of categories.

On the basis of the classifications used by the research groups or centers of its parent faculties, TILEC aimed to make available to its researchers a list of scientific journals, including interdisciplinary outlets, classified as A or B for the purpose of assessing the quality of research output. Unfortunately, since the content and significance of this list depended on the outcome of discussions elsewhere, it could not be finalized in 2007, as planned. The management team will continue to attend to it in 2008.

Meanwhile, several researchers published in scientific journals that are currently recognized as ‘excellent’ or ‘very good’ by the Faculty of Economics and Business Administration. For instance, in the research line ‘Law and Finance’, Hans Degryse and Steven Ongena published “The impact of competition on bank orientation” in the *Journal of Financial Intermediation*. Recent banking theories stress the importance of relationship banking, but they disagree on whether competition tends to foster relationship-based or transactional banking. Using a unique dataset containing detailed information on bank–firm relationships, the authors find that bank branches facing stiff local competition engage considerably more in relationship-based lending. These results illustrate the fact that competition and relationships do not necessarily come in separate packages.

The research line on ‘Institutions, Competition and Regulation’ also placed pieces in highly-regarded journals. For example, Wieland Müller (with co-authors Steffen Huck, Kai A. Konrad and Hans-Theo Normann) published “The merger paradox and why aspiration levels let it fail in the laboratory” in the *Economic Journal*. This article studies bilateral mergers in experimental Cournot markets with initially three or four firms. It is well-known that, in theory, such mergers are never profitable, as a merged firm is led drastically to reduce its output as a result of its enhanced market power. Although, initially, the standard Nash equilibrium concept predicts total outputs rather well, in the experiment merged firms produce significantly more output than their competitors. As a result, mergers are *not* unprofitable. The authors’ explanation for these findings is based on the notion of aspiration levels: the merged entity strives to maintain the same level of profit as before and this fact is taken for granted by all other players. The same logic can be shown to operate as well when a new firm enters a market. These results have bearing on the empirical evidence accumulated on actual mergers.

As for law, to the extent that quantitative output measurement methods exist and are recognized, they speak in favor of TILEC. In particular, the Social Science Research Network (SSRN) monitors the number of downloads of the discussion papers that are posted on its website. Two TILEC members, Damien Geradin and Joe McCahery, appear among the Top 100 law authors, comforting Tilburg University’s position as the first law faculty outside of the US on the basis of downloaded papers in the last twelve months (February 2008 ranking). In addition, TILEC members continued to publish books or chapters with the best international academic publishers. For instance, Maurits Barendrecht and Stéphanie van Gulijk co-wrote (with others) *Principles of European Law; Vol. 2: Service Contracts*, as part of the Study Group on a European Civil Code, published at Oxford University Press. This set of principles ranks amongst the most innovative achievements of the Study Group, touching as it does a relatively novel area of the civil law. The principles will feed into the CoPECL project, with which TILEC is also linked via the Economic Impact Group (EIG) described earlier.

3.2 TILEC AND THE OUTSIDE WORLD

Throughout 2007, TILEC and its members kept in touch with social and economic developments, and they were active in various policy discussions.

In European **competition policy**, the highlight of 2007 was undoubtedly the judgment of the Court of First Instance in *Microsoft*, reviewing the Commission decision of March 2004. In a long and detailed judgment, the Court upheld the Commission decision (save for the appointment of a monitoring trustee). TILEC members, including Damien Geradin and Pierre Larouche, were among the specialists interviewed by the Dutch and European press to comment upon the decision when it was issued. TILEC was also represented in a specialist workshop on the US and EC cases at Northwestern University in November. More work is to be done on the judgment and its aftermath as part of the TILEC research programme, in particular as it concerns competition policy, innovation and intellectual property, an area that receives growing attention from TILEC researchers (see TILEC DP 2007-05, 2007-20 and 2007-33).

After a meeting with Commission officials in 2006, TILEC members met with officials from the Dutch national competition authority (NMa) in June, to discuss a number of topics of common interest. The meeting was very fruitful and cemented the good working relationship with the NMa, where in 2007 TILEC member Jan Boone held the position of Economic Advisor.

In response to a request by OPTA (the Dutch regulatory authority for telecommunications), TILEC contributed to a study of Decisio, a consultancy, on the relevance of indirect pricing constraints present at the retail level for the relevant market definition and assessment of market power at the wholesale level. One question is whether such indirect constraints should be taken into account at the stage of market definition, or at the assessment stage. Assessing the strength of such restraints is even more important. The report argued that it did not matter at what stage these constraints were taken into account, as long as they were. It illustrated how such constraints could be assessed in theory and presented some practical applications.³

During the year, TILEC also responded to the call for comments by the European Commission on its draft guidelines for non-horizontal mergers, which have in the meantime been finalized.⁴

³ The report can be found at www.opta.nl/asp/nieuwsenpublicaties/onderzoeken/document.asp?id=2329

⁴ The TILEC response can be found in the section 'Contributions to discussions and consultations' on the TILEC website.

In 2007, a number of **network industries** went into regulatory reform cycles. Looming large over all of this was the issue of investment in new and upgraded infrastructure, often coupled with innovation. TILEC members took part in a project of the Dutch Scientific Council for Government Policy (WRR) concerning investment in infrastructure in network industries (see DP 2007-31). In the energy sector, DP 2007-34 showed that market mechanisms for the allocation of electricity transmission capacity should be introduced only if sufficient investment in the network is guaranteed or if market power in regional markets can be curtailed. Similar concerns were behind the US discussion on network neutrality, i.e. whether the State should intervene to prevent Internet service providers from abandoning the current best-efforts model in favour of an Internet with multiple quality of service levels (implying the possibility of differentiation or even discrimination among various content items). TILEC members had already picked up the issue last year as far as economics was concerned. In 2007, the legal issues were canvassed (DP 2007-30), in a project financed in part by the Dutch Ministry of Economic Affairs. The resulting paper was presented in numerous scientific and policy conferences.

In the Fall of 2007, the Commission tabled reform proposals for both electronic communications and energy regulation. In both cases, the Commission is proposing that a European-level regulatory agency be created, and that Member States be obliged or at least allowed to break up vertically-integrated incumbents. TILEC has been involved in both debates. In the energy sector, TILEC is participating in UNECOM, an international project to investigate the legal, economic and business aspects relating to the unbundling of incumbents. In the electronic communications sector, TILEC members have spoken on the issues arising from reform proposals in various fora, and have been advising policy-makers.

In particular, the Dutch Ministry of Economic Affairs asked TILEC to contribute to the discussion on the organization of regulatory supervision of the electronic communication market in the Netherlands. In response to this request, Eric van Damme, Philip Eijlander, Pierre Larouche and Bert Willems co-authored the paper "De toekomst van het toezicht op communicatiemarkten in Nederland", which was presented at a workshop at the Ministry, attended by market participants, researchers and representatives from the Ministry. TILEC concluded that an independent sector-specific regulator for electronic communications markets, in which OPTA and the Commissariaat voor de Media (CvdM, the supervisory agency for the media) would be brought together, would be desirable, provided that concurrent powers were given to this regulator.⁵

⁵ The TILEC report on this matter (in Dutch) will be made available as soon as the Ministry has given permission.

In the postal sector, agreement was reached on a new EC directive to complete the liberalization of the sector. In line with the position taken by TILEC researchers in reports and articles produced ahead of the policy-making discussions, the Commission has chosen not to compel Member States to regulate downstream access to incumbent postal networks. Similarly, in the Netherlands, the government has decided not to impose any downstream access regulation.

Pension reform was also high on the policy agenda in 2007. TILEC members Jan Boone and Eric van Damme contributed to the discussion on the modernization of the Dutch pension system. This discussion, related to the compulsory nature of the system (neither individuals nor firms have free choice of a pension fund) is not new, but it received new impetus as a result of attempts to move towards a single European market for pensions. In that context the question arose whether the Dutch system, with all its compulsory elements, could violate internal market and competition rules. Focusing on the economic aspects, the authors concluded that various aspects of the current Dutch system are efficiency-improving and that a drastic overhaul does not seem to be needed.⁶

As far as the research line in ‘Law and Finance’ was concerned, the downturn looming in the US economy as a result of the **subprime mortgage crisis** dominated the headlines. TILEC members are involved in research work concerning how banks take risks depending on the functioning of the loan market (DP 2007-10 and DP 2007-15).

In the absence of full transparency and appropriate governance measures, the role of **private equity** across a broad range of global industries has also raised serious policy concerns. In February, a TILEC-AFM research network seminar on the topic was held in Amsterdam. In the quest for a balance between hard regulation and soft guidelines, TILEC member Joseph McCahery was among the international specialists invited to make a presentation at the OECD Experts Meeting on Private Equity in June 2007. Subsequently, the OECD involved him and TILEC member Erik Vermeulen in research on the key regulatory issues facing the private equity industry and the different approaches that regulators have developed in Europe and North America. In this context, Erik Vermeulen was invited to give testimony to the European Economic and Social Committee of the European Parliament in December 2007 on the need for non-binding standards for private equity and the appropriate level of government intervention that is needed to remove inefficiencies and enforce disclosure of sufficient information.

In addition, the increasing popularity of **ethical investment** has led TILEC members to inquire into the performance of socially-responsible investment funds (DP 2007-12 and 2007-13), so as to provide empirical and quantitative evidence to assess how these funds compare to the rest of the market.

⁶ The report can be found at www.netspar.nl/research/output/nea/marktwerking.pdf.

3.3 RESEARCH FINDINGS

3.3.1 Institutions, Competition and Regulation

In 2007, TILEC members active in the research line on ‘Institutions, Competition and Regulation’ worked in four main fields. A few pieces looked at the legal institutions that provide the basis for markets to operate. The bulk of research continued developing the general theory of public intervention on markets, while paying specific attention to the interplay between innovation and competition policy and to the problems of a handful of important industries.

The first strand of pieces considers **legal institutions**. DP 2007-02 studies **civil trials where litigants differ in resources** and capabilities and tries to identify the theoretical impact of asymmetry on outcomes. There are numerous issues at stake. In a legal dispute between a corporation (say an insurance company) and an individual (an injury victim), will the former have an advantage? Do time limits on discovery save litigation costs and improve access to justice in such disputes? In conflicts about custody, or divorce, where either party may initiate as plaintiff, who will initiate the legal proceedings? It is shown that, since they can threaten with aggressive litigation, advantaged (“richer”) parties benefit more when they are plaintiffs than when they are defendants. Time limits on discovery have no real effect in saving legal costs and improving access to justice. In lawsuits about custody or divorce, to avoid a costly procedure, the disadvantaged (“poorer”) party will initiate the lawsuit to challenge the advantaged. The advantaged party goes along with this and scales back expenditure.

DP 2007-03 analyzes the **optimal organizational form** of a privately-owned entity, where the choice is among for-profit firms, nonprofits, and cooperatives. In recent years, the New York Stock Exchange, MasterCard, VISA, and a myriad of British financial institutions announced their plans to demutualize, that is, to transform from a cooperative into an investor-owned firm. These specific events illustrate a broader trend of organizational change in the financial sector. Organizational choice is also an issue in retailing, the professional services or in the course of privatization of public services. Why the change? It is found that in theory firms provide the lowest level, and nonprofits the highest level, of quality. Efficiency, however, depends on the intensity of competition, the decision-making process within the organization and production technology. Cooperatives are optimal when decision-making costs are low but, otherwise, they are dominated by either nonprofits or firms. Finally, changes in the competitive environment affect organizational choice. Increased competition induces a shift towards firm organization and away from the nonprofits form, a possible rationale for the recent wave of demutualization.

Lawyers and economists alike continued their research effort on delineating the efficient contours of public intervention on markets, under the form of **competition policy or sector-**

specific regulation. In all cases where competition delivers efficient outcomes, a reason for public intervention may be the lack thereof. This said, it remains to come up with sensible **indices of competition** in order to focus on the right industries. This measurement issue is fraught with misconceptions, an issue tackled by DP 2007-14, which proposes a new measure: the elasticity of a firm's profit with respect to its cost level, or PE. A higher value of this index signals a higher intensity of competition. With firm-level data, this index is compared to some other popular measures of competition, such as the price-cost margin (PCM). PE and PCM are highly correlated on average. However, PCM tends to misrepresent the development of competition over time in markets with few firms and high concentration, that is, in those markets that are considered for public intervention in the first place! So, just when it is needed the most, PCM fails, whereas PE does not. It should therefore be considered a more reliable measure of competition.

DP 2007-07 revisits the **leniency programmes** that have become the main tool for competition authorities to detect, disband and, hopefully, deter cartels. Most of the existing literature has studied models involving identical firms. A question then naturally arises: are leniency programs efficient in asymmetrical markets as well? A game-theoretical model, which allows for asymmetry and predatory pricing, is constructed to provide an answer. Leniency programs do not always lead to a breach of trust among cartel members. They may have the opposite effect in the sense that they strengthen cartel stability or may even lead to abuse of market power. A relatively large firm can indeed use coercion to remove the option to a smaller firm to self-report to the authorities, thus removing the risk of prosecution posed by the program. In industries characterized by a certain degree of asymmetry in market shares and high sunk costs, this is an even the most likely scenario. In view of this limitation, a number of policy implications are provided. In particular, policies aimed at the removal of the threat of retaliation need to be considered in order to convict and deter these asymmetric cartels.

DP 2007-32 touched upon the vexatious problem of **excessive pricing** under Article 82 EC. Excessive pricing falls under competition law only in a limited number of jurisdictions. In addition, Article 82(a) EC and equivalent national provisions allowing competition authorities and courts to control excessive prices charged by dominant firms have been enforced only infrequently compared to the bulk of the case law on abuses of dominance. Clearly, competition authorities have focused their attention on exclusionary pricing measures seeking to foreclose competitors rather than on exploitative practices. This is in line with a growing consensus that competition authorities are ill-suited to carry out price controls, a task which is better left to sector-specific regulators. The paper argues that controlling prices should indeed be limited to exceptional circumstances. Moreover, where such circumstances justify them, given the inherent risks of costly mistakes and unintended adverse effects, price controls should be based on a sound economic analysis of market characteristics and carried out with the utmost caution.

DP 2007-24 contains a thorough examination of how European courts attribute measures either to the **public or the private sphere** in their free movement and competition case law, and in particular those areas of EU law that deal with the interface of the public and the private sphere such as *effet utile*, public undertakings, special and exclusive rights and services of general economic interest, as well as state aids, public authority and public interest exceptions. The two competing theoretical frameworks traditionally put forward, i.e. the ordoliberal school of law and economics, and the *service public* approach to public services, cannot completely explain the law. Rather, proportionality and pre-emption, and Community law doctrines such as functionalism, teleology and subsidiarity play an overriding role.

Should **mergers among non-profit organizations** be regulated differently than mergers among for-profit firms? The relevant empirical literature is highly controversial; the theoretical literature is scarce. DP 2007-22 analyses this question by modelling duopoly competition with quality-differentiated products. The welfare effects of mergers to monopoly between firms are compared to the effects of mergers between nonprofits dominated by consumers, workers, suppliers, or pure donors. Mergers among firms as well as mergers among most types of nonprofits do not increase welfare. Mergers among consumer-dominated nonprofits, however, can improve welfare. Two implications follow: (i) for competition law and regulation, "non-profit" might be too crude a label: the interests that are represented matter, and (ii) mergers among certain non-profit organizations should not necessarily be treated in the same way as mergers among for-profit firms, a notion that is currently absent in current merger guidelines both in the US and the EU.



Innovation and its relationship with competition policy and regulation received considerable attention from TILEC researchers in 2007. Innovation is a key factor of economic growth and a concern for competition authorities and regulators striving to maintain the dynamic efficiency of markets. DP 2007-08 presents a new **econometric model** to provide insight about **the innovation process**. The model analyses the sales out of new products. It accounts for the fact that even among firms for which R&D is a permanent activity, a fraction does not have sales of innovative products during a two-year observation period. It fits those industries in which the fixed costs of product introduction are a major concern in the decision making-process. Using data from the Dutch part of the Community Innovation Survey (CIS), those fixed costs are esti-

mated. R&D intensity, competition and market structure all have a positive impact on the sales of new products. The most important factors to decrease the fixed cost threshold of introduction are product-related R&D investments, R&D subsidies and knowledge spillovers. Those findings bear a lot on the design of an efficient industrial policy.

Three discussion papers dealt with the **interplay of competition policy and intellectual property in the context of complex patent arrangements surrounding standard setting**. DP 2007-05 addresses the perceived risk for opportunistic licensing behaviours, patent hold-up, and royalty stacking. It concludes that it appears unlikely that any of these problems is in fact widespread, and that many of the proposed ex ante solutions (auctions, term disclosures) would likely cause more difficulties and unintended consequences than they could correct. In the end, the extant FRAND regime typical of modern SSOs appears a remarkable compromise. DP 2007-20 then discusses whether competition authorities should intervene against purported excessive royalty claims in the course of patent license negotiations. Controlling royalties involves significant theoretical and practical difficulties that should not be underestimated. Placing caps on rates may also produce a range of unintended negative consequences: it may harm innovation (by reducing the profits of firms that make risky investments) and impede dynamic competition (by decreasing incentives for new firms to enter into licensing markets subject to price control). DP 2007-33 examines whether limits should be put to the availability of injunctive relief to patent holders, especially in the case of “non-practicing” patent holder or whenever the patent in question is but one component of a larger, complex product incorporating multiple patented technologies. Proposals to that effect rest upon an overly restrictive theoretical basis and are therefore likely to result in substantial “false positives”.

DP 2007-09 sheds some light on the yet-unexplored principle of **technological neutrality**, starting with the emergence of the principle during the review process of EC telecommunications regulation. Relying on arguments drawn from economics as well as communications science, four rationales for technological neutrality are identified, centering upon non-discrimination, sustainability, efficiency and consumer protection, respectively. The interpretation and implications of technological neutrality can differ depending on the rationale chosen.

In a broader perspective, how can **regulation** be designed to **foster investment in innovative major infrastructure projects** now outstanding in network industries, such as the upgrade to Next Generation Networks in telecoms? DP 2007-31 provides a critical legal contribution to the debate. When the focus of regulation moves away from increasing efficiency on a constant-asset basis (“fat trimming”) to ensuring that assets are correctly replaced and upgraded over time, weaknesses in institutional design come to the fore. Both structural solutions – including separation – and behavioural solutions – including so-called regulatory holidays – raise significant difficulties. Here the ex ante/ex post distinction obscures the debate. The appropriate standard should be that investors are not subjected to more risk than with com-

parable investments elsewhere. An ex ante statement of the conditions under which ex post intervention will take place might well be the best option.

These general questions are also at the core of some of the research done on **specific sectors** of the economy. DP 2007-16 looks at the **telecommunications** sector. In the light of converging services for voice, data, and video, it discusses the challenges for telecommunications regulation from a European perspective. The Netherlands, a country with excellent conditions for facilities-based competition, is discussed as a case in point. With dynamic issues at the heart of the debate, the role of regulation and government intervention more generally is to create and possibly to sustain conditions among networks to upgrade their networks and to provide innovative services. A new look at current regulation suggests that a drastic overhaul may be needed.

DP 2007-28 discusses what institutional model is best able to address the identified deficiencies in the enforcement of EC **electronic communications** regulation, i.e. the lack of consistency and independence of the national regulatory authorities. An examination of the three paradigmatic models otherwise available in EC law reveals that the current ‘network-based’ model is basically sound. While it should be strengthened and supplemented, it should not be replaced. The paper argues that it is time to move beyond these ‘basic’ questions of institutionalization to the more fundamental question of the constitutionalization of this model, through a debate on the legitimacy and accountability of its central construct: the European Regulators Group.



*Ilse van der Haar (left),
Pierre Larouche (middle)
Filomena Chirico (right)*

DP 2007-30 seeks to assess exactly where and how the **network neutrality** discussion taking place in the United States is relevant in the EU context, and thus where Europeans should be concerned. Secondly, where there is a concern, it looks to EC law to ascertain whether it already provides a response or whether further action at the legislative or regulatory level would be needed. The paper tackles three contentious issues of the net neutrality debate: discrimination, blocking user access to content and access-tiering. It does so by first singling

out the markets affected by such practices, then analysing the competitive situation therein and finally discussing EC law response to the concerns thus identified. Moreover, the analysis is put in the perspective of the more general discussions surrounding the appropriate infrastructure policy in the EU.

DP 2007-01 describes and analyzes the modes of governance in the **Dutch social housing sector** from 1850 to 2006. Each such mode has been established to achieve a specific welfare policy, changing over time in accordance with the political priorities of the day. For example, central planning and mass production characterized the reconstruction period between 1945 and 1965. The paper identifies the welfare policies for five consecutive periods and compares each with the corresponding mode of governance implemented. It shows that in some periods the chosen mode of governance could not achieve the welfare aims that the sector was supposed to deliver. The case raises the more general question as to which mode of governance is optimal for the achievement of a specific welfare policy? This question is answered by applying an analytical framework based on separating the institutional power domain from the welfare value domain. The proposed framework also facilitates the discussion about the concept of a social enterprise and the embedding of a service of general interest in the European Union.

DP 2007-06 and 2007-29 consider the **health-care sector**. In 2005, competition was introduced in parts of the hospital market in the Netherlands. Using a unique dataset of transaction and list prices between hospitals and insurers in the years 2005 and 2006, DP 2007-06 estimates the influence of buyer and seller concentration on the negotiated prices in the first two years after the institutional change. The concentration of insurers is shown to have a significantly negative impact on the hospital price-cost margin. There is a significant impact of idiosyncratic effects on market outcomes, which is consistent with the fact that the Dutch hospital sector is not yet in a long-run equilibrium.

DP 2007-29 sets out the history of the services of general economic interest (SGEI) concept in EU law, to examine whether that concept might provide a useful regime for those hospital services that cannot at present be fully subjected to the free market and where solidarity-based state provision is not an option, or is no longer desirable. Especially, since the European Court of Justice decision in *Altmark*, national governments may be expected to become increasingly proactive in designating SGEI in order to achieve immunity from State aid law. Universal service obligations (USO) that guarantee universal access are one of the most important examples of the way SGEI are operationalised, for which this paper proposes a structured test. Finally, as regards the proportionality test applied to SGEI this paper suggests that in the absence of Community-level standards for SGEI this means testing whether intervention is manifestly disproportionate, whereas in cases where pre-emption by Community legislation has taken place, the least restrictive means test applies.

The **energy sector** is the object of a lot of attention from policy-makers, both at the national and European levels. The liberalization of the electricity sector increases the need for realistic and robust models of the oligopolistic interaction of electricity firms. DP 2007-22 compares the two most popular models: Cournot and the Supply Function Equilibrium (SFE), and tests which model describes the observed market data best. Using identical demand and supply specifications, both models are calibrated to the German electricity market by varying the contract cover of firms. The results show that each model explains an identical fraction of the observed price variation. It is therefore suggested to use Cournot models for short-term analysis, as more market details, such as network constraints, can be accommodated. As the SFE model is less sensitive to the choice of the calibration parameters, it might be more appropriate for long-term analysis, such as the study of a merger.

However, is liberalization enough? Should European policy-makers wishing to improve the allocation of resources in the electricity sector content themselves with providing market-based incentives? DP 2007-34 studies the welfare implications of using **market mechanisms to allocate transmission capacity in recently liberalized electricity markets**. It addresses the issue as to whether access to this essential facility should be traded on a market, or whether the incumbent should instead retain exclusive usage rights. It is shown that granting exclusive use to the incumbent might be optimal if the capacity of the grid is small and the incumbent can reduce production costs by taking advantage of interregional production-cost differences. This result runs counter to the intuition that arbitrage leads markets to function better. The reason is that when competition is imperfect, arbitrage may reduce productive efficiency. Thus, market mechanisms for the allocation of electricity transmission capacity should be introduced only if sufficient investment in the network is guaranteed or if the market power of the incumbent is curtailed in at least one of the regional markets in which it operates.

In any case, why is market liberalization an important policy instrument in the EU in some sectors, such as network industries, but not in others, such as the **gambling industry**? DP 2007-25 wonders why in certain sectors the consumer benefits of liberalization are stressed, while in others these are neglected and the focus is exclusively on the negative side effects. It proposes an economic interpretation of the proportionality test formulated by the European Court of Justice in its *Gambelli* judgment and argues that this might lead to a less restrictive policy towards gambling and games of chance. A side consequence is that the new Dutch gambling law might violate Article 49 of the EC Treaty, at least in that the Dutch government has not demonstrated that the state monopoly is a measure that is proportional to the aims that are pursued.

Academia also is affected by the general trend toward the intensification of competition as a way to improve outcomes. DP 2007-11 studies competition among clubs in which the status of club members is the crucial added value accruing to fellow club members through social interaction within the club (e.g. in country clubs, academic faculties, or internet communi-

ties). In the course of competition for new members, clubs trade off the effect of entry on average status of the club and candidates' monetary payment via an entrance fee. It is shown that the best candidates join the best clubs but they pay higher entrance fees than some lower-ranking candidates. Various decision rules and organizational set-ups are distinguished, in particular majority voting, unanimity, and meritocracy. From a second-best welfare perspective, the unanimity rule leads to inefficient exclusion of some candidates, while meritocracy leads to inefficient inclusion. The main policy implication is that consensus-based clubs, such as many academic faculties in Europe, could improve the well-being of their members if they liberalized their internal decision-making processes.

DP 2007-27 considers the issue of scientific journals. In the economics profession, articles are published very slowly. Many authors have five-year submission-to-print stories. This happens at a time when decisions on tenure, promotion and the allocation of research funds are more and more based on quantitative measures, which mostly means publications and citations. As papers can only be submitted to one journal at a time, reviewers and editors have some monopoly power. This leads to strategic behaviour and gaming of authors and, consequently, of editors and referees. The paper proposes a new publication mechanism that could drastically change the situation. The starting point is to improve the poor incentives referees face while reviewing and advancing a paper. A well-designed auction market could replace the current system for submitting papers and lead to a strict Pareto-improvement of equilibrium. In plain English: all parties involved - authors, readers, editors and referees - would gain from a switch to the suggested system.

3.3.2 Law and Finance

In 2007, the 'Law and Finance' research line focused on three main themes. First, the sponsoring of the Dutch financial markets regulator (AFM) has induced further research on the *regulation, organization and supervision of financial markets*. A first set of papers within the TILEC-AFM research network studies **competition between financial markets**. DP 2007-015, which summarizes the inaugural lecture of Hans Degryse on the occasion of the installation of the TILEC-AFM Chair on Financial Market Regulation, discusses the impact to be expected from the Market in Financial Instruments Directive (MiFID) employing existing theoretical arguments and empirical evidence. The empirical evidence, mainly stemming from the US, shows that, in general, the competition effect of coexisting financial trading systems seems to dominate the fragmentation effect. That is, market quality improves when financial markets coexist. This result is particularly strong for competition between electronic communication networks and dealer markets like Nasdaq; however, it is less strong for competition between crossing networks and other trading systems. To the extent that the empirical results can be applied for Europe, it is argued that competition from new trading platforms will, to say the least, not be harmful in terms of market quality or investor protection. DP 2007-17 discusses dynamic competition between two types of financial markets, a dealer market (DM) and a

crossing network (CN) for three different informational settings: transparency, "complete" opaqueness of all order flows, and "partial" opaqueness (with observable trades at a dealer market). A key result is that the interaction of trading systems generates systematic patterns in order flow for the transparency and partial opaqueness settings. The precise nature of these patterns depends on the degree of transparency at the CN. It is found that the coexistence of a CN and DM produces greater trader welfare than a DM in isolation. Also, more transparent markets lead to greater trader welfare but may reduce overall welfare.

The **organizational structure of financial institution and its implications** for lending technology and banking competition is a second topic of research within the TILEC-AFM research network. Does the way in which banks are organized internally matter for competition and hence customers? This question poses itself acutely for example in the unfolding ABN-AMRO case, and is researched both theoretically and empirically in DP 2007-18 and 2007-19. It is shown that the organizational structures of both the rival banks and the lending bank matter for branch reach and loan pricing. The geographical footprint of the lending bank is smaller when rival banks are large and hierarchically organized. Such rival banks may rely more on hard information. Geographical reach increases when rival banks have inferior communication technology, have a wider span of organization, and are further removed from a decision unit with lending authority. Rival banks' size and the number of layers to a decision unit also soften spatial pricing. Thus, the organizational structure and technology of rival banks in the vicinity does influence local banking competition.

A second, related theme deals with *banking competition*. DP 2007-10 links banking competition with **financial stability**. In the last decades, deregulation and globalization have substantially increased competition in the banking sector. Influential recent research has suggested that this may benefit financial stability. The argument is that when banks compete more, lending rates fall and the profits of entrepreneurs increase. As a result, entrepreneurs have more to lose from a default and engage less in risky activities, thus benefiting banking stability. DP 2007-10 challenges this view, and argues that banks have a desired amount of risk they want to take on. When entrepreneurs become less risky due to more competition, banks have an incentive to simply neutralize this by switching to higher risk lending. Banks may even more than overcompensate the effect of safer entrepreneurs. This is because lower lending rates erode their profits, and thus increase banks' desired amount of risk.

DP 2007-26 studies banking competition and **loans to small- and medium-sized firms (SMEs)**. Over the past decades, credit-scoring technologies have tremendously developed but bankers often rely on their experience and distrust the blind use of quantitative information. Thus, the decisions to grant a loan and the financial conditions attached to it are taken on the basis of a mixture of statistical methods ("rules") and subjective judgments ("discretion"). A model of the determinants of interest rates to SMEs in the US and Belgium is estimated.

Unexplained deviations from a very predictive linear loan-pricing model are interpreted as evidence of the banks' discretionary use of market power in the loan rate-setting process. From the analysis, it emerges that "discretion" plays a large role if (i) loans are small and uncollateralized; (ii) firms are small, risky and difficult to monitor; (iii) firms' owners are older, and (iv) the banking market where the firm operates is large and highly concentrated. Overall, the costs banks face in searching information and borrowers' difficulty to switch lenders seem to be the main sources of market power in the credit market.

DP 2007-15 studies the relationship between **credit default swaps (CDS) and loan pricing** to U.S. corporates. Changes in CDS spreads have a significantly positive impact on loan spreads and explain about 25% of subsequent monthly changes in aggregate loan spreads during 2000-2005. Moreover, they turn out to be the dominant determinant of loan spreads, and explain loan rates much better than similarly-rated bonds.

Finally, DP 2007- 35 studies investment in a **shared automated teller machine (ATM) network** and investigates whether firms have the correct incentives and whether consumers make the proper usage decisions, when new technologies become available. It is shown that banks substantially underinvested in the shared ATM network and thus provided too little geographic coverage. This contrasts with earlier findings of strategic overinvestment in networks with partial incompatibility. Furthermore, consumer usage of the available ATM network is too low because of the zero retail fees for cash withdrawals at branches. A direct promotion of investment (through subsidies or other means) can improve welfare, but the introduction of retail fees on cash withdrawals at branches would be more effective, even if this does not encourage investment per se.

The third theme deals with the question as to whether **ethical or social considerations** influence stock prices. In DP 2007-12 and 2007-13, it is investigated whether investors are willing to pay a price for ethical considerations. They may need to pay a price when investors exhibit an aversion to unethical/asocial corporate behaviour. In contrast, maybe investors do not need to pay a price at all if social responsible investment (SRI) screening unveils new information about firms such that an active investment strategy allows investors to reap higher returns. The evidence presented in both papers shows that investing in ethical or SRI funds is costly; the funds have underperformed conventional investment funds by 5% per annum. However, there is evidence that some SRI funds are outperforming other ethical funds: the SRI funds with a higher number of SRI screens have better returns even after controlling for well-known risk factors. These results support the hypothesis that the screening process generates value-relevant non-public information and that SRI screens help fund managers to pick stocks.

4. EDUCATION

4.1 MASTER PROGRAMS

In 2007, TILEC continued to be involved in education, mainly via the masters programs of its parent faculties in which many TILEC members play a central role. These comprise the track on 'Competition and Regulation' within the M.Sc. in Economics at the Faculty of Economics and Business Administration, and the M.A./LL.M. in International Business Law at the Faculty of Law.

Within the Faculty of Economics and Business Administration, the track 'Competition and Regulation' is part of the M.Sc. in Economics, which started in the academic year 2005-2006, when the Faculty introduced the Bachelor-Master structure. Courses with an interdisciplinary focus include a seminar on Liberalization and Regulation (taught by Ilaria Mosca, Bert Willems and Gijsbert Zwart), a seminar on Privatization, Regulation, Productivity and Competitiveness (taught by Eric van Damme and Erik Brouwer), and a seminar on Competition Policy (taught by Jan Boone). The track is popular among students: its "market share" within the M.Sc. in Economics rose from 1/3 in 2005-2006 to 2/3 in 2006-2007. It also attracts a considerable number of students from the M.Sc. in International Economics and Finance, with a market share of 40% within the two programs combined. An evaluation of the programme, carried at the end of academic year 2006-2007, concluded that on average students found the courses to be interesting and challenging and valued the opportunity to do an internship, making good use of the contacts of TILEC with firms, regulatory agencies, associations, research institutions and ministries.

Within the Faculty of Law, the LL.M. in International Business Law was redesigned to respond to the demands of students for even more business-oriented courses. Offerings with an interdisciplinary focus include a course on Business Law and Economics (taught by Filomena Chirico), a course on Banking and Securities Regulation (taught by Joseph McCahery), and a seminar on Advanced Competition Law and Economic Regulation (taught by Damien Geradin, Pierre Larouche and Eric van Damme). The LL.M. programme is the largest English-language master programme at the Faculty of Law and it is very successful in attracting and placing students. Many courses in this program also attract the attention of students from the Faculty of Economics and Business Administration.

In the TILEC Agreement that was signed by the parent faculties in 2007, it is stated that "[p]arts of these two programs can be integrated so as to bring FEB and FRW masters students in contact with each other." Although the description above shows that this goal is achieved to some extent, more formal integration possibilities are currently explored.

In addition, TILEC has started putting more emphasis on its presence in the M.Phil. (research master) programmes of its parent faculties. In the M.Phil in Economics, Cédric Argenton is responsible for a Law and Economics course. A similar course was set up in the M.Phil. in Law by Pierre Larouche.

4.2 PH.D PROGRAMME AND PH.D DISSERTATIONS

TILEC does not have its own Ph.D programme, but doctoral students who become TILEC members are provided with regular supervision by a team of academic experts from both the Faculty of Economics and Business Administration and the Faculty of Law.

In 2007, four Ph.D theses were successfully defended at TILEC. In addition, our new hire, Amrita Ray Chaudhuri, successfully defended her Ph.D thesis at McGill University. Some details are provided below.

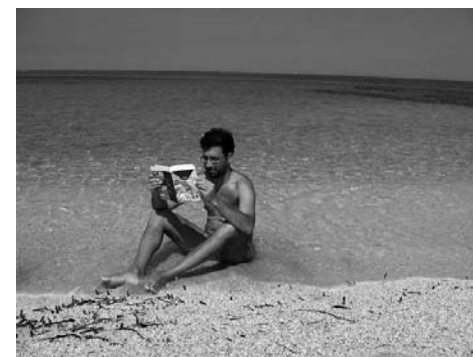
Sofia Johan defended her thesis ‘The Law and Economics of Private Equity Financing: Empirical Essays’, supervised by Joe McCahery, on 16 May 2007. Her doctorate was awarded *cum laude*. In her thesis, Sofia investigated and analyzed the key issues within the investment and divestment process of international private equity financing from both a legal and economic perspective. The thesis mainly addressed the supply of private equity from Dutch institutional investors to fund managers, the contractual relationship between institutional investors and fund managers, managerial compensation, the home bias of private equity managers and the readiness of entrepreneurial firms to “go public”, be they venture capital backed or not, and the motivation for institutional investors to allocate capital to socially responsible private equity. This in-depth investigation was only possible with the use of unique datasets which were hand-collected with considerable effort. The thesis forms the basis for several papers, some of which were published in the *Journal of Banking and Finance*, *European Financial Management*, *Financial Markets and Portfolio Management*, and the *Journal of Business Ethics*.

Karin Lutikhuis defended her thesis ‘Corporate recovery, de weg naar effectief insolventierecht en opposities’, supervised by Reinout Vriesendorp, on 22 June 2007. Karin’s empirical and theoretical research has shown that the insolvency procedure is less important than expected and that it hardly achieves its goals: maximization of the proceeds for the joint creditors, preservation of the company and preservation of employment. Furthermore, her research results show that companies do not use the insolvency procedure on a large scale in order to circumvent the protection of their employees. Apart from the question as to whether the insolvency procedure achieves its goals, it is unclear whether this is done efficiently. Another important conclusion is that the legislature and doctrine seem to concentrate too much on the insolvency procedure instead of informal restructuring.

Matthijs Nelemans defended his thesis ‘The Prohibition of Market Manipulation’, supervised by Marc Groenhuijsen and François Kristen, on 30 November 2007. The European prohibition of market manipulation, included in the Market Abuse Directive, covers both disseminating false or misleading information and trading shares to initiate a price change or to cause an artificial price. Matthijs argues that this prohibition poorly characterizes market manipulation. His thesis provides an economic background to the relevant issues, formulates narrower definitions and offers guidelines. One of his papers will be published by the *Valparaiso University Law Review*.

Peter Szilagyi defended his thesis ‘Corporate Governance and the Agency Costs of Debt and Outside Equity’, supervised by Luc Renneboog, on 17 December 2007. His dissertation addresses the two main principal-agent problems in the context of the firm: that management may seek private benefits instead of maximizing shareholder value, and that shareholders may expropriate creditors by increasing the riskiness of the firm. The first half of the dissertation focuses on the creditor-shareholder conflict by investigating the bondholder wealth effects of corporate restructuring. The second half re-examines the effectiveness of two mechanisms available to shareholders to contain managerial discretion: dividend policy and the submission of proxy proposals. The first chapter of Peter’s thesis has been accepted for publication in *European Financial Management*, with the remaining chapters still under review at leading international journals.

Amrita Ray Chaudhuri defended her thesis ‘Mergers under Trade Liberalization’ on 30 November 2007, at McGill University, Montréal. Her thesis, supervised by Hassan Benchenkroun, asks how the incentives of firms to participate in domestic and cross-border mergers respond to trade liberalization between countries. She builds a dynamic endogenous merger model to theoretically investigate this issue. She also examines whether horizontal mergers become more desirable to society as trade is liberalized. The first chapter of her thesis has been published in the *Review of International Economics*.



Annual Report readership

5. SPONSORSHIP, GRANTS AND CONTRACT RESEARCH

In 2007, TILEC's budget amounted to about € 1.3 million. About half of that amount was provided by Tilburg University (at various levels). For the remainder, research at TILEC was funded by the following organizations:

- AFM
 - o For the TILEC-AFM research network
- Decisio
 - o For joint research on indirect restraints, in response to a request by OPTA
- Essent
 - o For research on energy markets
- European Union
 - o For research carried out in the context of the COPECL project
 - o For the participation in the European Corporate Governance Training Network (ECGTN)
- Hiil
 - o For the research project 'Convergence and Divergence of National Legal Orders'
- NWO
 - o For the research project of Ting Jiang
 - o For the research project of Maartje de Visser
 - o For the research project of Jun Zhou
- Ministry of Economic Affairs
 - o For research on network neutrality
 - o For research on the organizational structure of the various regulatory agencies in the Netherlands
 - o For research with PricewaterhouseCoopers on how to search for markets that might be plagued by competition problems
- Netspar
 - o For a position paper discussing the pros and cons of introducing more competition in the Dutch pension system

- NGI (the Next Generation Infrastructures project, coordinated by TU Delft)
 - o For the project on State aid and infrastructure
 - o For the Unecom project
- Vewin
 - o For the research project of Tamara Wielders
- VGN
 - o For research on how to evaluate mergers between providers of care for disabled persons

APPENDIX A: MEMBERS

Members	2002	2003	2004	2005	2006	2007
Total numbers, of whom:	19	27	34	36	44	52
- <i>Senior</i> , of whom:	19	25	22	21	27	33 ⁷
- Institutions, Competition and Regulation	17	21	18	16	19	22
- Law and Finance	2	4	4	5	8	12
New members since previous period	-	7	3	3	9	6
Departures since previous period	-	1	6	4	3	2
Research commitment (fte)	3.7	4.7	5.4	5.0	8.5	9.9
- <i>Junior</i> , of whom:	-	2	12	15	17	19
- Institutions, Competition and Regulation	-	1	8	9	10	16
- Law and Finance	-	1	4	6	7	3
New members since previous period	-	2	10	5	6	5
Completion of Ph.D.	-	-	-	2	2	2
Departures since previous period	-	-	-	-	2	3
Research commitment (fte)		0.3	1.5	6.3	7.5	5.9

Table 1: TILEC membership as of 31 December 2007

⁷ One senior member is active in both research lines.

Member	Commitment	Position				Research Line		Since
	(fte) ⁸	Ph.D (junior)	Lect./UD	Sen. Lect./UHD	Professor	ICR ⁹	L&F ¹⁰	
Faculty of Law								
Birgitte Andersen ¹¹	0.1	•				•		2007
Maurits Barendrecht	0.1				•	•		2003
Faysal Barrachi	0.0	•				•		2007
Machiel Bolhuis	0.1	•				•		2006
Adiba Bouichi	0.1	•					•	2005
Filomena Chirico	0.8		•			•		2005
Robert Dijkstra	0.1	•				•		2007
Eckart Ehlers	0.2	•				•		2004
Philip Eijlander	0.1				•	•		Founding
Christoph van der Elst	0.1				•		•	2006
Natalia Fiedzuk	0.1	•				•		2007
Barbara Gábor	0.1	•				•		2007
Damien Geradin	0.6				•	•		2005
Stéfanie van Gulijk	0.1	•				•		2005
Ilse van der Haar	0.8	•				•		2004
Leigh Hancher	0.0 ¹²				•	•		Founding

⁸ Research time committed to TILEC in fte (full time equivalent)⁹ Institutions, Competition and Regulation¹⁰ Law and Finance¹¹ Inactive due to maternity leave¹² On leave in 2007 because of work at WRR (Scientific Council for Government Policy)

Member	Commitment	Position				Research Line		Since
	(fte) ²	Ph.D (junior)	Lect./UD	Sen. Lect./UHD	Professor	ICR ₃	L&F ₄	
Sofia Johan	0.2		•				•	2003
Pierre Larouche	0.4				•	•		Founding
Alan Littler	0.8	•				•		2005
Karin Luttikhuis	0.1		•				•	2005
Vince Marti Fraga	0.0	•				•		2007
Joe McCahery	0.4				•		•	Founding
José Mulder	0.1	•				•		2006
Laura Parret	0.1		•			•		Founding
Theo Raaijmakers	0.1				•		•	2005
Erik Vermeulen	0.4				•		•	2003
Maartje de Visser	0.8	•				•		2004
Tamara Wielders	0.6	•				•		2006

Member	Commitment	Position				Research Line		Since
	(fte)	Ph.D (junior)	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
Faculty of Economics and Business Administration								
Cédric Argenton	0.7		•			•		2007
Jan Boone	0.4				•	•		Founding
Erik Brouwer	0.4				•	•		2006
Amrita Chauduri	0.6		•			•		2007
Eric van Damme	0.4				•	•		Founding
Hans Degryse	0.6				•		•	2006
Ting Jiang	0.6	•				•		2006
Jérémie Lefebvre	0.6	•					•	2006
Lapo Filistrucchi	0.6		•			•		2006
Ilaria Mosca	0.4			•		•		2006
Wieland Müller	0.1				•	•		2004
Steven Ongena	0.1				•		•	2006
Maria Fabiana Penas	0.1		•				•	2006
Jan Potters	0.1				•	•		Founding
Jens Prüfer	0.6		•			•		2006
Luc Renneboog	0.2				•		•	Founding
Marco da Rin	0.1			•			•	2007
Pieter Ruys	0.2				•	•		Founding
Zhen Shi	0.1	•					•	2006
Sigrid Suetens	0.1		•			•		2007

Member	Commitment	Position				Research Line		Since
	(fte)	Ph.D (junior)	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
Wolf Wagner	0.1		•			•	•	2007
Bert Willems	0.5		•			•		2006
Jun Zhou	0.6	•				•		2004
Gijsbert Zwart	0.2			•		•		2005

Table 2: Membership overview as of 31 December 2007

Extramural Fellows as of 31 December 2007**Paul de Bijl**, Netherlands Bureau for Economic Policy Analysis, The Netherlands**Gert Brunekreeft**, Jacobs University, Germany**Riccardo Calcagno**, Free University Amsterdam, The Netherlands**Elena Carletti**, University of Frankfurt, Germany**Gregor Langus**, European Commission, Belgium**Saskia Lavrijssen**, University of Utrecht, The Netherlands**Evgenia Motchenkova**, Free University Amsterdam, The Netherlands**Matthijs Nelemans**, De Brauw Blackstone, The Netherlands**Wolf Sauter**, Dutch Healthcare Authority, The Netherlands**Peter Szilagyi**, Judge Business School, Cambridge University**Allesandro Tajana**, Linklaters, Belgium**APPENDIX B: PUBLICATIONS BY TILEC MEMBERS**

The following publications all appeared in 2007. They are classified in accordance with the KNAW “standard evaluation protocol 2003-2009 for public research organizations.”¹³

B1 ACADEMIC PUBLICATIONS**B 1.1 Refereed journals****Boone, J.**

“Welfare improving employment protection”, *Economica*, **74**, 381-396, (with M.V.K. Belot and J.C. van Ours).

“Optimal unemployment insurance with monitoring and sanctions”, *Economic Journal*, **117**, 399-421, (with P. Fredriksson, B. Holmlund and J.C. van Ours).

“The simple economics of bunching. Optimal taxation with quasi-linear preferences”, *Journal of Public Economic Theory*, **9**(1), 89-105, (with A.L. Bovenberg).

Degryse, H.A.

“Interbank exposures: an empirical examination of contagion risk in the Belgian banking system”, *International Journal of Central Banking*, **3**(3), 123-172, (with G. Nguyen).

¹³ The categories are defined as follows:

Academic publications: Scientific papers aimed at an audience of scientists and researchers.

Refereed journals: academic journals that employ an anonymous peer referee system separated from the editorial staff.

Books: included only if they are written for a learned audience and report results of scientific research.

Professional publications: scientific papers, books, book chapters and reports aimed at a broader professional audience, intending dissemination of scientific knowledge.

Discussion papers: papers published in discussion paper series of TILEC, Center, CEPR, etc. that have not yet been published as academic or professional publications.

Popularizing contributions: informal pieces written for a general audience and aimed at a broad dissemination of ideas.

Contrary to the impression conveyed by the classification, how to treat a particular piece or outlet is not always obvious. The following list is indicative. TILEC makes no representation as to the exact status of any given piece of research for formal evaluation purposes.

Degryse, H.A. and S. Ongena

"The impact of competition on bank orientation", *Journal of Financial Intermediation*, **16**, 399-424.

Filistrucchi, L.

"Estimating market power in a two-sided market: The case of newspapers", *Journal of Applied Econometrics*, **22**(7), 1247-1266, (with E. Argentesi).

Geradin, D

"The Logic and Limits of Ex Ante Competition in a Standard-Setting Environment" , *Competition Policy International*, **3**(1).

Johan, S.A.

"Regulatory Harmonization and the Development of Private Equity Markets", *Journal of Banking and Finance*, **31**(10), 3218-3250, (with D. Cumming).

"Advice and Monitoring in Venture Finance", *Financial Markets and Portfolio Management*, **21**(1), 3-43, (with D. Cumming).

"Socially Responsible Institutional Investment in Private Equity", *Journal of Business Ethics*, **75**(4), 395-416, (with D. Cumming).

Mosca, I.

"Decentralization as a determinant of health care expenditure: Empirical analysis for OECD countries", *Applied Economics Letters*, **14**(7), 511-515.

Müller, W.

"The merger paradox and why aspiration levels let it fail in the laboratory", *Economic Journal*, **117**, 1073-1095, (with S. Huck, K.A. Konrad and H.T. Normann).

"Conjectural variations and evolutionary stability: The case of finite population", *Journal of Evolutionary Economics*, **17**(1), 53-61, (with H.T. Normann).

Potters, J.J.M.

"Opinions on the tax deductability of mortgages and the consensus effect", *De Economist*, **155**(2), 141-159, (with E.C.M. van der Heijden and J.H.M. Nelissen).

"Leading-by-example and signaling in voluntary contribution games: An experimental study", *Economic Theory*, **33**(1), 169-182, (with M. Sefton and L. Vesterlund).

Potters, J.J.M. and S. Suetens

"Bertrand colludes more than Cournot", *Experimental Economics*, **10**(1), 71-77.

Renneboog, L.

"The incentive to give incentives: On the relative seniority of debt claims and managerial compensation", *Journal of Banking and Finance*, **31**(6), 1795-1815, (with R. Calcagno).

"Does ownership matter? A study of German and UK IPOs", *Managerial Finance*, **33**(7), 368-387, (with M. Goergen).

"Control structures and payout policy", *Managerial Finance*, **33**(1), 43-64, (with G. Trojanowski).

"Why do public firms go private in the UK?", *Journal of Corporate Finance*, **13**(4), 591-628, (with T. Simons and M. Wright).

Ruys, P.H.M.

"Stability, specialization, and social recognition", *Division of Labor & Transaction Costs*, **2**(2), 83-110, (with R.P. Gilles and E.A. Lazarova).

"The consensus value: A new solution concept for cooperative games", *Social Choice and Welfare*, **28**(4), 685-703, (with Y. Ju and P.E.M. Borm).

"Modes of governance in the Dutch social housing sector", *Annals of Public and Co-operative Economy*, **78**(3), 381-413, (with J. Bruil and H.G. Dix).

Szilagyi, P.

"Covered interest parity arbitrage and long-term dependence between the US dollar and the Yen", *Physica A: Statistical Mechanics and its Applications*, **376**, 409-421, (with J.A. Batten).

Wagner, W.B.

"Aggregate liquidity shortages, idiosyncratic liquidity smoothing and banking regulation", *Journal of Financial Stability*, **3**, 18-32.

"Financial development and the opacity of banks", *Economics Letters*, **97**(1), 6-10.

"International risk sharing and government moral hazard", *Open Economies Review*, **18**(5), 577-598.

"The liquidity of bank assets and banking stability", *Journal of Banking and Finance*, **31**(1), 121-139.

B 1.2 Other journals**Barendrecht, J.M.**

“Beter procesrecht of kaders met kansen?”, *Nederlands Juristenblad*, 82(1), 2-9, (with C.M.C. van Zeeland).

“Richtpunten voor massale geschillen: het schikkingsspel in de aandelenleaseaffaire”, *Nederlands Juristenblad*, 82(41), 2605-2612, (with C.J.M. van Doorn).

Elst, C. van der

“How to squeeze the minority shareholders and how to sell-out to majority shareholders? – an overview of the rules in five European member states”, *European Company Law*, 3, 19-25, (with Van den Steen).

“New Liquidation Rules, Antitrust Laws, Independence Requirements for Auditors and Liability Rules for Board Members”, *European Company Law*, 3, 26-29.

Littler, A.

“The regulation of gambling at European level: The balance to be found”, *ERA Forum*, 8, 357-371.

McCahery, J.A.

“The equilibrium content of corporate federalism”, *Corporate Practice Commentator*, 48(4) 855-939, (with W. Bratton).

McCahery, J.A. and E.P.M. Vermeulen

“Corporate government, protection and performance in the Netherlands”, *Revue Trimestrielle de Droit Financier*, 3, 95-100.

“The breaktrough rule and implementation of the takeover directive in the Netherlands”, *Revue Trimestrielle de Droit Financier*, 1, 29-30.

“Traditional and innovative approaches to legal reform: ‘the New Company Law’”, *European Business Organization Law Review*, 8(1), 7-57, (with M. Hisatake and J. Saito).

Renneboog, L.

Case study: “Valuating Ryanair's Expansion to Turkey: An application of discounted cash flows (case A) and real options (case B)”, European Case Clearing house. Case 107-039-1, software 107-039-4, teaching note 107-039-8, software to Teaching note 107-039-9 (with E. Ultee).

“Leveraged and management buyouts in Europe: are target firms overvalued?”, *MCA – Tijdschrift voor Organisaties en Control*, 11(3), 16-28, 2007.

Ruys, P.H.M.

“The choice of a health care provider in Eritrea”, *Health Policy*, 80(1), 202-217, (with G. Habtom).

“Traditional risk-sharing arrangements and informal social insurance in Eritrea”, *Health Policy*, 80(1), 218-235, (with G. Habtom).

Zwart, G.T.J.

“Vertical separation of the Dutch energy distribution industry: An economic assessment of the political debate”, *Intereconomics – Review of European Economic Policy*, 42(6), (with M. Mulder and V. Shestalova).

B 1.3 Book chapters**Barendrecht, J.M.**

“Het probleem achter de klant”, in A.F.M. Brenninkmeijder (Ed.), *Werken aan behoorlijkheid. De nationale ombudsman in zijn context*, Den Haag: BJu, 91-107.

Damme, E.E.C. van

“How Specific is the Regulation of Gambling?”, in *Economic Aspects of Gambling Regulation EU and US Perspectives*, T. Coryn, C. Fijnaut and A. Littler (eds), Martinus Nijhoff Publishers, 185-194.

Degryse, H.A. and S. Ongena

“Rules, discretion and loan rates”, in D. Evanoff (Ed.), *Proceedings of the Federal Reserve Bank of Chicago conference on bank structure and competition*, Chicago: Federal Reserve Bank, (with G.M. Cerqueiro).

Ehlers, E.

“The Amsterdam and Berlin Fora and the Forum Process in European Energy Policy”, in M. Roggenkamp, U. Hammer (Eds), *European Energy Law Report IV*, Intersentia, 109-134.

Elst, C. van der

“Opportunities in the M&A aftermarket: squeezing out and selling out”, in G. Gregoriou and L. Renneboog (eds.), *Corporate Governance and Regulatory Impact on Mergers and Acquisitions: Research and Analysis on Activity Worldwide Since 1990*, Massachusetts: Elsevier, 191-242, (with L. Van den Steen).

Elst, C. van der and E. Vermeulen

“Vennootschapsrecht”, in W. Weterings (ed.), *De economische analyse van het recht*, Den Haag: Boom, 157-180.

Johan, S.A.

“The Profile of Venture Capital Exits in Canada”, in L. Renneboog, ed., *International Mergers and Acquisitions Activity since 1990: Quantitative Analysis and Recent Research*, Elsevier, (with D. Cumming).

McCahery, J.A.

“Legal options: Towards better EC company law regulation”, in S. Weatherill, (Ed), *Better Regulation*, Oxford: Hart, 219-245, (with G. Hertig).

“EU takeover regulation and the one share one vote controversy”, in G. N. Gregoriou and L. Renneboog (eds), *International Mergers and Acquisitions Activity Since 1990, Recent Research and Quantitative Analysis*, Elsevier, (with A. Khachuryan).

McCahery J.A. and E.P.M. Vermeulen

“How should we regulate private equity and hedge funds?”, *Private equity en aandeelhoudersactivisme*, Amsterdam: Amsterdam Center for Corporate Finance, 89–98.

“Monitoring and enforcement of corporate governance in the Netherlands”, in *Bouwen en bezinning. Regels van wenselijk en onwenselijk financieel recht* (Serie vanwege het van der Heijden Instituut, 95), Deventer: Kluwer, 235-249.

Ongena, S.

“Comments and observations on the paper ‘Financial and real integration’ by Baier, S.L., & Dwyer, G.P.”, in P. Savona, I. Hasan & C. Zazzara (Eds.), *Money, derivatives, innovation and growth*, fifth colloquium of the Associazione Guido Carli and Fondazione Cesifin Albert Predieri.

Parret, L.Y.J.M.

“Bewijs in mededingingszaken: alles kan, veel mag?”, in P. Londers, S. Sroka and B. Allemeersch (Ed.), *Bewijsrecht*, Brussel: Larcier.

“Sport en overheidssteun: Europa stelt grenzen maar laat toch veel ruimte”, in A. Vermeersch (Ed.), *Sport en Europa*. Academia Press.

“L'accès au juge dans l'ère post-modernisation”, in *Le droit de la concurrence*, Brussels: Larcier, 91-115.

Raaijmakers, M.J.G.C.

“Aant. 2:323, onderdeel 4f: Vernietiging juridische fusie”, in J.B. Huizink & A. Bos (Eds.), *Rechtspersonen, Losbladige editie* (Groene Serie, 4), Deventer: Kluwer, (with G.J.H. van der Sangen).

“Art. 2:308 aantekening, onderdeel 3f-h: De gevolgen van het SEVIC-arrest op grensoverschrijdende juridische fusies”, in J.B. Huizink & A. Bos (Eds.), *Rechtspersonen, Losbladige editie* (Groene Serie, 4), Deventer: Kluwer, (with G.J.H. van der Sangen).

“Art. 333, aant. sub f (rollluikfusie)”, in J.B. Huizink & A. Bos (Eds.), *Rechtspersonen, Losbladige editie*, (Groene Serie, Kluwer, 4), Deventer: Kluwer, (with G.J.H. van der Sangen).

“Art. 334, aant. 6 (uitstoot door middel van juridische fusie na openbaar bod – rechtspraak)”, in J.B. Huizink & A. Bos (Eds.), *Rechtspersonen, Losbladige editie* (Groene Serie, 4), Deventer: Kluwer, (with G.J.H. van der Sangen).

Renneboog, L.

“Who disciplines the management of poorly performing companies?”, in R. van Frederikslust, J. Ang and S. Sudarsanam (Eds.), *Corporate governance and corporate finance: A European perspective*, Oxford: Routledge, 313-346, (with J. Franks and C. Mayer).

“Why are the levels of controls so different in German and UK companies? Evidence from initial public offerings”, in R. van Frederikslust, J. Ang and S. Sudarsanam (Eds.), *Corporate governance and corporate finance: A European perspective*, Oxford: Routledge, 191-220, (with M. Goergen).

“Understanding mergers and acquisitions: Corporate governance and regulatory issues”, in G. Gregoriou and L.D.R. Renneboog (Eds.), *Corporate governance and regulatory impact on mergers and acquisitions: Research and analysis on activity worldwide since 1990*, Massachusetts: Elsevier, 1-18, (with G. Gregoriou).

“Understanding mergers and acquisitions: Corporate governance and regulatory issues”, in G. Gregoriou and L.D.R. Renneboog (Eds.), *Corporate governance and regulatory impact on mergers and acquisitions: Research and analysis on activity worldwide since 1990*, Massachusetts: Elsevier, 1-18, (with G. Gregoriou).

“The long-term operating performance of European mergers and acquisitions”, in G. Gregoriou and L.D.R. Renneboog (Eds.), *International mergers and acquisitions activity since 1990: Recent research and quantitative analysis*, Massachusetts: Elsevier, 79-116, (with M. Martynova and S. Oosting).

“Ownership, managerial control and the governance of companies listed on the Brussels stock exchange”, in R. van Frederikslust, J. Ang and S. Sudarsanam (Eds.), *Corporate governance and corporate finance: A European perspective*, Oxford: Routledge, 285-312.

Renneboog, L. and P.G. Szilagyi

“How do bondholders fare in mergers and acquisitions?”, in G. Gregoriou and L.D.R. Renneboog (Eds.), *International mergers and acquisitions activity since 1990: Recent research and quantitative analysis*, Massachusetts: Elsevier, 117-134.

B 1.4 Monographs and edited books**Barendrecht, J.M. and S. van Gulijk**

Principles of European law. Service contracts, Oxford: Oxford University Press, (with C.E.C. Jansen, M.B.M. Loos, A.P. Pinna, R.M. Cascao).

Geradin, D.

Global Competition Law and Economics, Oxford: Hart Publishing (with E. Elhauge)

Littler, A.D.

Economic aspects of the regulation of gambling; EU and US perspectives, Leiden: Martinus Nijhoff Publishers, (with C.J.C.F. Fijnaut and T. Coryn).

McCahery, J.A. and E.P.M. Vermeulen

Understanding (un)incorporated business forms (Russian Translation). Moscow: National Council of Corporate Governance.

Nelemans, M.

Het verbod van marktmanipulatie, serie Recht en Praktijk Financieel Recht deel 1, Deventer: Kluwer.

Renneboog, L.

Corporate governance and regulatory impact on mergers and acquisitions: Research and analysis on activity worldwide since 1990, Massachusetts: Elsevier, (with G. Gregoriou).

International mergers and acquisitions activity since 1990: Recent research and quantitative analysis and recent research, Massachusetts: Elsevier, (with G. Gregoriou).

B 1.5 Dissertations**Chaudhuri, A.R.**

Mergers under trade liberalization, 30 November 2007, McGill University, Montréal.

Johan, S.A.

The law and economics of private equity financing: Empirical essays, 16 May 2007, Tilburg University.

Luttikhuis, A.P.K.

Corporate recovery, de weg naar effectief insolventierecht en opposities, 22 June 2007, Tilburg University.

Nelemans, M.

Het verbod van marktmanipulatie, 30 November 2007, Tilburg University.

Szilagyi, P.G.

Corporate governance and the agency costs of debt and outside equity, 17 December 2007, Tilburg University.

B 1.6 Inaugural lectures**Brouwer, E.**

Innovatie en concurrentie: op zoek naar de bron van welvaart en vooruitgang, Inaugural lecture, 25 May 2007, Tilburg University.

Degryse, H.

Competition on financial markets: does market design matter?, Inaugural lecture, 19 January 2007, Tilburg University.

B 2 PROFESSIONAL PUBLICATIONS**B 2.1 Articles in professional journals****Damme, E.E.C. van**

“Concurrentiebeleid en consumentenbeleid”, *Economisch Statistische Berichten*, 92(4508), 37-42.

“Concurrerende examenbeoordelingen door wetenschappers”, *Tijdschrift voor het Economisch Onderwijs*, 4, 180-183.

“De modernisering van de interne Europese markt”, *Economisch Statistische Berichten*, 92(4524), 765-765.

“Eindexamen 2007 economie: Adam wie?”, *Economisch Statistische Berichten*, 92(4512), 380-380.

“Gescheiden werelden”, *Economisch Statistische Berichten*, 92(4508), 250-250.

“Marktwerving: Time-out of intensivering”, *Markt en Mededinging*, 10(3), 65-67.

“Met discussie beter begrip welvaartsbegrip”, *Economisch Statistische Berichten*, 92(4519), 605-605.

“Netwerkneutraliteit”, *Economisch Statistische Berichten*, 92(4504), 124-124.

“Nieuwe wet, weer geen kansen?”, *Economisch Statistische Berichten*, 92(4516), 509-509.

“Reactie op: Eindexamen 2007: Adam wie?”, *Economisch Statistische Berichten*, 92(4515), 477-477.

“Taximarkt: Transparantie of tranendal?”, *Economisch Statistische Berichten*, 92(5420), 636-636.

Degryse, H.A.

“Competition between exchanges, what to expect from MiFID?”, *Bank- en Financiewezen*, 71(7), 453-459.

Degryse, H.A. and S. Ongena

“Competition and regulation in retail banking: Background paper”, *Competition and Regulation in Retail Banking*, OECD Competition Committee Roundtable, 69, 15-58.

Dijkstra, R.J.

“Een pleidooi voor beperkte aansprakelijkheid van financieel toezichthouders wegens falend toezicht”, *Tijdschrift voor Financieel Recht*, 5, 140-147.

Ehlers, E.

“Rechtsfragen zum Ownership ‘Unbundling’”, *InfrastrukturRecht*, 259-265, (with J.-C. Pielow).

Elst, C. van der

“Europees handelen in vennootschappen: een groeimarkt”, *Accountancy & Tax*, 2, 12-18.

“Commerce européen de sociétés: un marché en croissance”, *Accountancy & Tax*, 2, 12-18.

“Corporate Governance, Jaarverslag en Transparantie: een moeilijke driehoeksverhouding”, *Maandschrift Accountancy & Bedrijfskunde*, 27(1), 3-13.

McCahery, J.A. and E.P.M. Vermeulen

“How should we regulate private equity and hedge funds?”, *Maandblad voor Accountancy en Bedrijfseconomie*, 81 (special), 344-350.

“Is de nieuwe BV aantrekkelijk in internationaal verband?”, *Tijdschrift voor de Ondernemingsrechtpraktijk (TOP)*, 2, 263-271.

Mosca, I.

“In beweging voor de fysiotherapeut”, *Economisch Statistische Berichten*, 92(4516), 506-508, (with S. van der Geest, F. Pellikaan and M. Varkevisser).

Nelemans, M.

“Annotated Case: Versatel”, *Jurisprudentie Onderneming en Recht*, JOR 2007/245.

Prüfer, J.

“Dark clouds over the internet?”, *Telecommunications Policy*, 31, 144-154, (with E. Jahn).

Raaijmakers, M.J.G.C.

“De VOC in de ontwikkeling van het Nederlandse ondernemingsrecht, bespreking van H.J. den Heijer, De geotrooieerde compagnie, de VOC en de WIG als voorlopers van de naamloze vennootschap”, *Weekblad voor privaatrecht, notariaat en registratie*, 138(6696), 116-120.

Vermeulen, E.P.M.

“De grensoverschrijdende rol van Europese rechtspersonen”, *Weekblad voor Privaatrecht, Notariaat en Registratie (WPNR)*, 138(6721), 723-731.

B 3 DISCUSSION PAPERS

B 3.1 TILEC Discussion Papers

DP 2007-001 Pieter H.M. Ruys, Jan Bruil and Henry Dix

Modes of governance in the Dutch social housing sector

DP 2007-002 Jun Zhou

In Litigation: How Far Do The "Haves" Come Out Ahead?

DP 2007-003 Patrick Herbst and Jens Prüfer

Firms, Nonprofits, and Cooperatives: A Theory of Organizational Choice

DP 2007-004 Hans Degryse

Competition on Financial Markets: Does Market Design Matter?

DP 2007-005 Damien Geradin & Anne Layne-Farrar*The logic and limits of ex ante competition in a standard-setting environment***DP 2007-006 Damien Geradin & Anne Layne-Farrar***Market Structure and Hospital-Insurer bargaining in the Netherlands***DP 2007-007 Daniel Leliefeld and Evgenia Motchenkova***To Protect in order to Serve, adverse effects of leniency programs in view of industry asymmetry***DP 2007-008 Erik Brouwer, Tom Poot and Kees van Montfort***The innovation threshold***DP 2007-009 Ilse van der Haar***Technological Neutrality; What Does It Entail?***DP 2007-010 Wolf Wagner***Loan Market Competition and Bank Risk-Taking***DP 2007-011 Jens Prüfer and Uwe Walz***How does clubs' organizational design affect competition among clubs?***DP 2007-012 Luc Renneboog, Jenke ter Horst and Chendi Zhang***The Price of Ethics: Evidence from Socially Responsible Mutual Funds***DP 2007-013 Luc Renneboog, Jenke ter Horst and Chendi Zhang***Socially Responsible Investments: Methodology, Risk Exposure and Performance***DP 2007-014 Jan Boone, Jan C. van Ours, and Henry van der Wiel***How (not) to measure competition***DP 2007-015 Lars Norden and Wolf Wagner***Credit Derivatives and Loan Pricing***DP 2007-016 Paul W.J. de Bijl and Martin Peitz***Innovation, convergence and the role of regulation in the Netherlands and beyond***DP 2007-017 Hans Degryse, Mark Van Achter, and Gunther Wuyts***Dynamic Order Submission Strategies with Competition between a Dealer Market and a Crossing Network***DP 2007-018 Geraldo Cerqueiro, Hans Degryse and Steven Ongena***Distance, Bank Organizational Structure, and Credit***DP 2007-019 Geraldo Cerqueiro, Hans Degryse and Steven Ongena***The Impact of Organizational Structure and Lending Technology on Banking Competition***DP 2007-020 Damien Geradin***Abusive pricing in an IP licensing context: An EC competition law analysis***DP 2007-021 Erik Brouwer***Innovatie en mededinging: op zoek naar de bron van welvaart en vooruitgang***DP 2007-022 Jens Prüfer***Competition and Mergers among Nonprofits***DP 2007-023 Bert Willems, Ina Rumiantseva and Hannes Weigt***Cournot versus Supply Functions: What does the data tell us?***DP 2007-024 Wolf Sauter & Harm Schepel***'State' and 'market' in the competition and free movement case law of the EU courts***DP 2007-025 Eric van Damme***Liberalising Gambling Markets: Lessons from Network Industries?***DP 2007-026 Geraldo Cerqueiro, Hans Degryse and Steven Ongena***Rules versus Discretion in Loan Rate Setting***DP 2007-027 Jens Prüfer and David Zetland***An Auction Market for Journal Articles***DP 2007-028 Maartje de Visser***Revolution or Evolution – what Institutional Future for EC Communications Law?***DP 2007-029 Wolf Sauter***Services of general economic interest (SGEI) and universal service obligations (USO) as an EU law framework for curative health care***DP 2007-030 Filomena Chirico, Ilse van der Haar, Pierre Larouche***Network neutrality in the EU*

DP 2007-031 Pierre Larouche*Europe and investment in infrastructure with emphasis on electronic communications***DP 2007-032 Damien Geradin***The necessary limits to the control of “excessive” prices by competition authorities – A view from Europe***DP 2007-033 Vincenzo Denicolò, Damien Geradin, Anne Layne-Farrar, and A. Jorge Padilla***Revisiting injunctive relief in high-tech industries with non-practicing patent holders***DP 2007-034 Gerd Küpper and Bert Willems***Arbitrage in energy markets: Competing in the incumbent’s shadow***DP 2007-035 Stijn Ferrari, Frank Verboven, Hans Degryse***Investment and usage of new technologies: evidence from a shared ATM network***B 3.2 TILEC reports****Report 2007-001 Eric van Damme, Pierre Larouche and Saskia Lavrijssen***Reactie TILEC op het consultatiedocument “Theoretisch kader liberalisering vrije beroepen in de zorg”*

Report for NZa.

Report 2007-002 Ingrid Liedorp, Saskia Lavrijssen and Eric van Damme *Fusiecontrole in de gehandicaptenzorg*

Report on request of VGN.

De werking van indirecte prijsdruk bij marktanalyse

Report by Decisio BV in cooperation with TILEC.

Cross-subsidies in the electricity sector Eckart Ehlers, Bert Willems and Vince Marti Fraga

Report on request of Essent

B 3.3 Contributions to discussions and consultations**Boone, J. B. Gabor, I.M. van der Haar, G. Langus, P. Larouche, J. Prüfer and M. de Visser.***Contribution of the Tilburg Law and Economics Center (TILEC) to the Commission’s call for comments on the draft Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings.***Littler, A.D.***Memorandum in response to the call for evidence by the internal market sub-committee of the House of Lords regarding the European Commission’s review of the single market.***B 3.4 Discussion Papers published in other series****Da Rin, M. and M.F. Penas***“The effect of venture capital on innovation strategies”, NBER working paper, no. 13636, November 2007.***Geradin, D.***“Royalty stacking in the high tech industries: separating myths from realities”, CEMFI Working Paper No. 0701, (with A. Layne-Farrar and A.J. Padilla)***Mosca, I.***“Online auctions and healthcare”, NZa Research Paper, May 2007.**“Market share and price in Dutch home care: Market power or quality?”, NZa Research Paper, December 2007, (with M. Pomp and V. Shestalova).***Müller, W.***“Allais for all, Revisiting the paradox”, CentER Discussion Paper, 2007-99, (with S. Huck).***Ongena, S.***“Hardous times for monetary policy: What do twenty-three million bank loans say about the effects of monetary policy on credit risk?”, CentER Discussion Paper, 2007-75, (with G. Jimenez and J. Saurina).***Potters, J.J.M.***“Technology adoption subsidies: An experiment with managers”, Tinbergen Institute Discussion Paper 07-082-3, (with R.F.T. Aalbers, E.C.M. van der Heijden, D.P. van Soest and H.R.J. Vollebergh).***Wagner, W.***“The marketability of bank assets and managerial rents: Implications for financial stability”, Discussion Paper Series 2: Banking and Financial Studies 2007, 12, Deutsche Bundesbank Research Centre, (with F. Fecht).**“Bank behavior with access to credit risk transfer markets”, Research Discussion Papers, 4/2007, Bank of Finland, (with B. Goderis, I. Marsh, J. Vall Castello).*

Zwart, G.T.J.

“The economics of promoting security of energy supply”, *European Investment Bank’s research series papers*, 12(2), (with M. Mulder and A. ten Cate).

B 4 POPULARIZING CONTRIBUTIONS

B 4.1 Articles in newspapers

Damme, E.E.C. van

“Kansspelwet werkt betuttelend”, *Het Financieele Dagblad*, 20 August 2007, 7-7.

Larouche, P.

“Discussie zal niet stilvallen”, *Het Financieele Dagblad*, 20 September 2007.

McCahery, J.A. and E.P.M. Vermeulen

“ABN oordeel ondernemingskamer juist”, *Het Financieele Dagblad*, 25 May 2007.

“Aim market: Columbian joints the gang of Aim cheerleaders”, *Daily Telegraph*, 18 September 2007.

B 4.2 Other

Argenton, C.

“Comment juger les juges?”, *Commentaire*, 30 (119), 789-792.

Damme, E.E.C. van

“Veel marktwerkingsbeleid steunt op ideologie en niet op wetenschap”, *Christen Democratische Verkenningen*, 28, 37-43.

Ongena, S.

“The impact of short-term interest rates on risk taking: Hard evidence”, *VoxEU.org*, 17 October 2007.

APPENDIX C: ACTIVITIES

C 1 EVENTS

C 1.1 Seminars

2 February 2007

Cédric Argenton, Stockholm School of Economics
Exclusive Quality

2 February 2007

Fan Zhang, Northwestern University
Inference about Proposed Horizontal Mergers with Efficiency Gains

5 February 2007

Amrita Chaudhuri, McGill University
Trade Liberalization and Endogenous Mergers: Results from a Dominant Firm Model.

6 February 2007

Beata Javorcik, The World Bank, Washington DC
Does Services Liberalization Benefit Manufacturing Firms? Evidence from the Czech Republic

9 February 2007

Milton Mueller, Syracuse University
The Mobile Internet and Net Neutrality

Pierre Larouche, TILEC

Network Neutrality and European Law.

23 February 2007 (TILEC-AFM seminar)

Winfred Knibbeler, Freshfields Bruckhaus Deringer
Application of merger rules in the banking sector.

Steven Ongena, TILEC

The economic impact of merger control, what is special about banking.

12 March 2007 (TILEC-AFM/Finance seminar)

Franklin Allen, Wharton - University of Pennsylvania
Financing firms in India.

15 March 2007

Howell Jackson, Harvard University (TILEC-AFM seminar)
Public Enforcement of Securities Law: Preliminary Evidence.

23 March 2007

Federico Boffa, University of Bolzano
Exporting Collusion under Capacity Constraints: an Anti-Competitive Effect of Market Integration.

Bert Willems (TILEC)

Arbitrage in energy markets: competing in the incumbent's shadow.

24 May 2007 (TILEC-AFM seminar)

Uwe Walz, Goethe University Frankfurt
Tying Lending and Underwriting: Scope Economies, Incentives, and Reputation.

Joseph McCahery, TILEC

Bank Reputation in the Private Debt Market.

5 June 2007 (TILEC/Economics seminar)

Johan Stennek, Research Institute of Industrial Economics
Competition vs. Regulation in Mobile Telecommunications.

15 June 2007

Mario Pagliero, University of Turin
The Impact of Potential Labor Supply on Licensing Exam Difficulty in the US Market for Lawyers.

Laura Parret, TILEC

Self-regulation vs. competition in the market for legal services: a test case for modernised competition law.

25 June 2007 (TILEC-AFM/Finance seminar)

David Yermack, Stern School of Business - New York University
Where are the shareholders' mansions? CEOs' home purchases, stock sales, and subsequent company performance.

31 July 2007 (TILEC/Economics seminar)

Scott Masten, University of Michigan, Ross School of Business
Long-Term Contracts and Short-Term Commitment: Price Determination for Heterogeneous Freight Transactions.

3 September 2007 (TILEC-AFM/Finance seminar)

Ian Tonks, University of Exeter
Return persistence and fund flows in the worst performing mutual funds.

26 October 2007

Catherine Schaumans, Leuven University
Distinguishing between Competition and Complementarity effects in Entry Models: the case of Health professionals.

Wolf Sauter, Nederlandse Zorgautoriteit

Services of general economic interest (SGEI) and universal service obligations (USO) as an EU law framework for curative health care.

5 November 2007 (TILEC-AFM/Finance seminar)

Mark Seasholes, Haas School of Business, Berkely
Information Asymmetries, Common Factors, and International Portfolio Choice.

23 November 2007

Helder Vasconcelos, Universidade Católica Portuguesa, Porto
Efficiency Gains and Structural Remedies in Merger Control.

Alessandro Tajana, Johnson & Johnson, Law Department Europe
Remedies in merger control. In divestiture we trust?.

14 December 2007 (TILEC-AFM seminar)

Eric de Bodt, University of Lille
Legal insider trading and market efficiency"

François Kristen, Universiteit van Amsterdam
Getting inside the definition of inside information.

18 December 2007 (TILEC-AFM/Finance seminar)

Allen Berger, Federal Reserve Board
Why Do Borrowers Pledge Collateral? New Empirical Evidence on the Role of Asymmetric Information

C 1.2 Workshops and Conferences

12 January 2007, The Hague

Workshop on "Competition and Quality in Health Care Markets" organized by CPB,

Center, TILEC, the Ministry of Economic Affairs and the Knowledge Centre for Economic Regulation.

Speakers: **Martin Gaynor**, Carnegie Mellon University; **Carol Propper**, University of Bristol; **Mark Berg**, Plexus Medical Group

18 January 2007, Brussels

TILEC workshop on "Standardization, IP Licensing and Antitrust".

Speakers: **Josh Lerner**, Harvard Business School; **Alfonso Gambardella**, Bocconi University; **Gerald Masoudi**, US Dept of Justice, Antitrust Division; **Anthony Welan**, European Commission; **David Teece**, University of California at Berkeley; **Damien Geradin**, Tilburg University; **Jorge Padilla**, LECG; **John Hayes**, CRA International

19 January 2007, Tilburg

TILEC-AFM Workshop on "The microstructure of financial markets" in conjunction with the inaugural lecture of **Hans Degryse**.

Speakers: **Ekkehart Boehmer**, Texas A&M University; **Albert J. Menkveld**, Free University of Amsterdam

13 February 2007, Amsterdam

TILEC-AFM workshop "Understanding the influence of private equity and hedge funds"

Speakers: **Guido Ferrarini**, University of Genoa; **Gerald Spindler**, University of Göttingen; **Joseph McCahery**, TILEC; **Erik Vermeulen**, TILEC.

8 May 2007, The Hague

Workshop on "Do Non-For-Profits make a difference?" organized by the Dutch Ministry of Economic Affairs, CPB, Center, TILEC and the Knowledge Centre for Economic Regulation.

Speakers: **Bob Kuhry**, Dutch Social and Cultural Planning Office; **Patrick Francois**, University of British Columbia; **Marco Varkevisser**, SEOR and ECRi

25 May 2007, Tilburg

TILEC Workshop on "How (not) to boost innovation" in conjunction with the inaugural lecture of **Erik Brouwer**.

Speakers: **Alfred Kleinknecht**, TU Delft; **Bart Nooteboom**, Tilburg University; **Leon Oerlemans**, Tilburg University

2 October 2007, Amsterdam

TILEC-AFM workshop on "Market Cleanliness and Legal Insider Trading in Dutch Financial Markets".

Speakers: **Bas ter Weel**, AFM; **Jérémie Lefebvre**, TILEC

11 October 2007, Tilburg

Workshop on "Hedge Funds and Private Equity" organized by the TILEC-AFM research network and the Tilburg Center of Finance (TCF).

Speakers: **Marco da Rin**, Tilburg University; **Ludovic Phalippou**, University of Amsterdam; **Narayan Naik**, London Business School

16 & 17 November 2007, Bologna

Workshop on "Patent policy and innovation" organized by the University of Bologna and TILEC

Speakers: **Alfonso Gambardella**, Bocconi University; **Richard Gilbert**, University of California at Berkeley; **John Golden**, University of Texas; **Dietmar Harhoff**, Munich University; **Gerard Llobet**, CEMFI; **Klaus Schmidt**, Munich University; **Richard Schmalensee**, MIT; **Damien Geradin**, TILEC

C 1.3 TILEC Retreat

28 September 2007

José Mulder, TILEC

Compensation of crime victims: in theory & in practice

Barbara Gabor, TILEC

Exploring regulatory competition in the field of competition law in Europe

Jérémie Lefebvre, TILEC

An empirical look at insider trading in the Netherlands

Matthijs Nelemans, TILEC

Redefining Trade-Based Market Manipulation

Cédric Argenton, TILEC

Colluding to prey (and vice-versa)

Amrita Chaudhuri, TILEC

Trade Liberalization and Mergers

C 1.4 Club Med**17 January 2007**

Cases C-94/04 & C-202/04 that both deal with the question as to whether the absolute prohibition on derogation from the scale of lawyers' minimum fees in Italy constitutes a restriction on the freedom to provide services (Art. 49 EC).

14 February 2007

Case T-340/03, which deals with the question whether predatory pricing which does not allow either variable or full costs to be recovered, constitutes an abuse of a dominant position.

14 March 2007

Draft European Commission guidelines on the assessment of non-horizontal mergers.

18 April 2007

Case C-95/04 (British Airways).

16 May 2007

Jan Boone, Wieland Müller and Sigrid Suetens spoke about an economic experiment in which several Tilec members took part.

13 June 2007

Impala Judgement.

22 June 2007, NMA The Hague

Special Club Med at the NMA in The Hague to discuss various topics among which "experiments and competition policy" and "network neutrality"



ClubMed meeting

12 September 2007

US Supreme Court Case Leegin Creative Leather products, Inc. v. PSKS, Inc.

10 October 2007

CFI Judgement on Microsoft.

14 November 2007

Microsoft judgement (second part)

C 1.5 Work in Progress**10 January 2007**

Hans Normann: *The effects of cartel policy: Evidence from the German Power-Cable Industry.*

31 January 2007

Jens Prüfer: *Competition and Mergers among Nonprofits.*

7 February 2007

Lapo Filistrucchi: *The credit/debit card market as a two-sided market: open issues in research and regulation.*

7 March 2007

Maartje de Visser: *Judicial review of ERG and ECN documents.*

4 April 2007

Gregor Langus: *The impact of the main events in an antitrust investigation on the firm's stock-market value.*

6 June 2007

Ting Jiang: *Combating corruption with leniency.*

27 June 2007

Stijn Ferrari: *Coordination and Efficiency of Shared ATM Deployment.*

5 September 2007

Alan Littler: *The regulation of gambling.*

26 September 2007

Bert Willems: *Cross-Subsidies in the Electricity Sector*

3 October 2007

Lapo Filistrucchi: *Market definition in two-sided markets.*

31 October 2007

Pierre Larouche: *Europe and investment in infrastructure, with emphasis on electronic communications.*

7 November 2007

Barbara Gabor: *Regulatory competition in competition law.*

28 November 2007

Ilse van der Haar: *Emerging market or competing services? What road to take for the new Audiovisual Media Services Directive.*

C 1.6 IO Reading Group**24 January 2007**

Wieland Müller presents material from the book “Lectures on Antitrust” by Michael Whinston (2005).

28 February 2007

Gregor Langus presents Nevo (2000) “A practitioner's guide to estimation of random coefficients logit models of demand”, *Journal of Economics and Management Strategy* 9: 513-548.

21 March 2007

Gijsbert Zwart presents “Two-sided markets: a progress report” by Rochet and Tirole.

25 April 2007

Jens Prüfer introduces the book "Lawlessness and Economics: Alternative Modes of Governance (Gorman Lectures in Economics)" by Avinash Dixit (2004).

23 May 2007

Sebastian Gryglewicz presents material from the book "Lawlessness and Economics: Alternative Modes of Governance (Gorman Lectures in Economics)" by Avinash Dixit (2004).

20 June 2007

Sebastian Gryglewicz presents material from the book "Lawlessness and Economics: Alternative Modes of Governance (Gorman Lectures in Economics)" by Avinash Dixit (2004).

19 September 2007

Ting Jiang presents material from the book "Institutions and the Path to the Modern Economy: Lessons from Medieval Trade" by Avner Greif.

17 October 2007

Jan Boone presents material from “Government Failure versus Market Failure. Microeconomics Policy Research and Government Performance” by Clifford Winston.

21 November 2007

Amrita Ray Chaudhuri presents material from "Government Failure versus Market Failure. Microeconomics Policy Research and Government Performance" by Clifford Winston.

5 December 2007

Bert Willems presents "Legal vs Ownership Unbundling in Network Industries" by Helmuth Cremer, Jacques Crémer, and Philippe De Donder.



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