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Tilburg Law and
Economics Center

TILEC Annual Report 2008



TILEC
ANNUAL REPORT 2008

Mailing address:

TILEC

Tilburg Law and Economics Center

P.O. Box 90153

5000 LE Tilburg

The Netherlands

Phone: + 31-13 466 8789

Fax: + 31-13 466 3073

e-mail: TILEC@uvt.nl

www: www.tilburguniversity.nl/tilec

Visiting address:

Warandelaan 2

Building Montesquieu

5037 AB Tilburg

the Netherlands

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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 stimulates 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.

FOREWORD

The Tilburg Law and Economics Center (TILEC) celebrated its fifth anniversary in 2008. We started as a small center, born out of the will of a few colleagues to bring the collaboration between lawyers and economists one step further. Five years down the road, that small center has already evolved into a figurehead for research at Tilburg University, with some 60 members, a constant output of quality research and topical activities and a budgetary footprint close to € 2 million. This success is the work of TILEC members and staff, and it would not have happened without the steady commitment of our parent faculties, the Faculty of Law and the Faculty of Economics and Business Administration, and the support of the Central Board of Tilburg University.

To celebrate its fifth anniversary, TILEC organized a conference devoted to "market governance and innovation" in April 2008. Prominent speakers explained how market forces pressured all participants, firms, consumers, regulators, into reconsidering their options so as to adjust to, and often foster, innovation, a major source of economic growth. That research theme is gaining in significance at TILEC, with the support of private sponsors such as Qualcomm and PriceWaterhouseCoopers.

At TILEC, innovation comes in the form of novel partnerships between legal scholars and economists, researchers and market participants. 2008 thus marked the implementation of the pioneering collaboration between TILEC and the Dutch Health Care Authority (NZa). This large-scale effort is meant to deliver policy-relevant, scientific results about the functioning of health care markets. Those markets are characterized by many imperfections and despite their enormous impact on welfare, it is not clear how to organize them. Delimiting the respective boundaries (and shapes) of government interventions and market solutions is a particularly acute problem here, which necessitates large investments in economic and legal expertise.

TILEC is proud to be a leader in academic research on market governance. In modern economies, the good functioning of markets is often taken for granted, but the open market economy does not exist in a vacuum. It results from a subtle balance between the definition and enforcement of well-designed rules, the incentives of economic agents and the norms that affect their behavior. As the collapse of financial markets



Pierre Larouche (left) and Eric van Damme (right)

last year exemplified, this balance is fragile and markets can unexpectedly unravel, at considerable economic costs. The larger crisis which is now unfolding bears testimony to the relevance of our research and at the same time challenges us to revisit fundamental issues. The crisis should not provide an excuse to unravel our commitment to open markets, but rather an occasion to gain a better understanding of what the State must watch upon to make markets work. This annual report is meant to give you an idea of our activities and findings in 2008.

Eric van Damme, Pierre Larouche

TILEC Directors

1. TILEC: HIGHLIGHTS FROM 2008

At the beginning of 2008, TILEC signed a four-year **cooperation agreement** with the Dutch regulator for the health care sector (NZa) to conduct research on competition in health care markets that should ultimately enable the NZa to better regulate the sector and reach better outcomes for Dutch citizens. To that end, the NZa agreed to invest € 200,000 per year over four years, while various units from Tilburg University, including TILEC, cooperate in matching that level of investment. During the year, the research group was set up and a research program developed. Two part-time professors were appointed. On the side of economics, Marcel Canoy joined from the Bureau of Economic Policy Advisors (BEPA) to European Commission President Barroso. On the side of law, Wolf Sauter, who currently works at the NZa, was appointed. Wolf previously held a professorship at the University of Groningen. The NZa-TILEC team was also strengthened by Leigh Hancher, who ended her term at the WRR (Scientific Advisory Council for the Dutch Government) and can now devote more of her time and energy to academic research at TILEC. At the assistant professor level, Catherine Schaumans joined the team. Catherine is an economist who defended her doctoral dissertation about the structural estimation of entry games, with special applications to the markets for health professionals, in Leuven (Belgium), under the supervision of Frank Verboven. A Ph.D. student, Christoph Schottmüller, started to work in this area, thanks to a grant from CentER. Christoph finished his Diploma (Economics) in Mannheim but knew Tilburg already from his time as an exchange student. In the coming years, the research group on health care markets should considerably add to the stock of knowledge about those markets. Meanwhile, some activities already took place in 2008, most notably two **courses on the industrial organization and regulation of health care markets** (one introductory and one advanced) at the offices of the NZa, each attended by some 20 employees of the NZa.

At the same time, TILEC worked hard on strengthening its position as an expertise center in the field of **energy markets**, in particular in the areas of market design, competition policy and regulation. TILEC's work in this field is coordinated by Bert Willems, now an assistant professor in the Department of Economics. Part of TILEC's energy research is sponsored by Dutch energy company **Essent**. The contract with Essent, which was signed originally in 2003, runs for extendable periods of two years. In 2008, the contract was extended again. Another part of TILEC's energy research is funded by 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 of energy networks. TILEC extramural fellow Gert Brunekreeft (now at Jacobs University Bremen) is the project leader. On the personnel front, new resources were drawn in. Bastian Henze started

to work on a doctoral thesis in the economics department on the regulation of investments in network industries. He will apply elements from experimental and regulatory economics. Emmanuel De Corte started to work as an external TILEC PhD student on the limitations of competition policy in the energy sector. Justin Dijk was hired as a part-time research assistant to contribute to the energy research.

In 2008, TILEC welcomed Panagiotis Delimatsis as assistant professor for **international trade** law. Panagiotis' position is partly financed through the additional funding granted to TILEC by the Central Board of Tilburg University for the period 2007-2011. Panagiotis also holds the first of the new tenure-track appointments introduced in the Faculty of Law. His position is a complement to the one of Amrita Ray Chaudhuri in the Faculty of Economics and Business Administration. Panagiotis came from the University of Berne and previously held positions at the World Trade Institute, the WTO Appellate Body Secretariat, the United Nations Conference on Trade and Development (UNCTAD) and the University of Neuchâtel, Switzerland. Panagiotis' current research agenda includes trade in financial services and their relationship with energy security and climate change. This appointment strengthens TILEC's presence in the area of trade, globalization and competitiveness.

An additional project that started at TILEC in 2008 concerns the **economics of crime**. It aims at explaining the reasons behind the drop in the crime rate observed in most developed countries in the past decade. Research in this area is sponsored by the Dutch **Police Academy** (Commissie Politie en Wetenschap) with matching funding from the Faculty of Economics and Business Administration and TILEC. The project started in the summer of 2008 with Ben Vollaard as principal investigator and will run for three years. Ben will try to disentangle the factors that have caused the crime drop: increased effectiveness in enforcement, more extensive private precaution measures, or other factors.

2008 was filled with research activities. On 14 April 2008, TILEC celebrated its **fifth anniversary** with a conference on "**Market Governance and Innovation**". The day was opened with a keynote speech by Carel Maske from Microsoft who discussed how an innovative firm navigates the maze of international competition laws and regulations that constrain its behavior. In the morning session, Suzanne Scotchmer (University of California, Berkeley) and Gustavo Ghidini (University of Milan and LUISS, Rome) focused on the interplay between innovation, intellectual property law and competition law, addressing these issues from an economic and legal perspective, respectively. In each case, the presentation was discussed by an academic, a regulator and a business representative. The second session focused on issues related to the financing of innovation. The invited speakers Mike Wright (Nottingham University) and William

Megginson (University of Oklahoma) discussed the role of private equity firms and the recent rise of accelerated seasoned equity underwritings. The day was closed with a panel of distinguished academics, regulators and representatives from the business community which debated whether (and how) regulation could stimulate innovation and the extent to which regulation was in turn influenced by innovation. The day was well-attended and gave rise to stimulating discussions.

In addition, TILEC organized four workshops and acted as co-organizer for four others in 2008. In June, TILEC hosted a half-day workshop on the **private enforcement of competition law**, a theme inspired by the current attempts by the European Commission at stimulating private damage actions so as to improve on the deterrence of violators and the compensation of victims. The opening lecture was given by Eddy de Smijter from the European Commission. Jeroen Kortmann (University of Amsterdam) commented from the point of view of general liability law. The presentations by Frank Verboven (Leuven), Jan Tuinstra (University of Amsterdam) and TILEC member Wieland Müller then focused on the question of the computation of the various damages resulting from a price-fixing agreement (or other violations of competition law), especially on the way harm is apportioned at various levels in the production and consumption chain.



Tilec workshop private enforcement of competition law 20 June

In the same month TILEC organized the third roundtable of the Economic Impact Group of the CoPECL network, which studies the desirability and possibility of **harmonizing contract law in Europe**. The meeting, which took place at the International University of Venice, discussed various aspects of the Draft Common Frame of Reference for European Private Law, such as the optimal remedy for contractual breach and the need for including a duty of good faith in the law and, if so, under which form.

In December, in connection with the Ph.D. defense of Paul Nillesen, a workshop took place on the **future of regulation in energy markets**. The key question addressed here was how to move from the current system, with its emphasis on cost-cutting and static efficiency, to one that provides efficient incentives for innovation and network investment. In this context, Per Agrell (Louvain-la-Neuve) stressed the need for coordination at the European level. Gert Brunekreeft (Bremen) pointed to the advantages associated with cost-plus regulation. Michael Pollitt (Cambridge) argued that important lessons can be learned from the developments in telecommunications, while Jos Blommaert (Essent) commented on various developments from a business perspective.

The first workshop on **innovation, intellectual property and competition policy (IIPC)** took place in December. In this workshop, the prize-winning papers from the first IIPC competition were presented. This competition, organized by TILEC and funded through a general sponsorship agreement between TILEC and **Qualcomm Inc.**, was announced in 2007 and the winning papers were selected in early 2008. 31 entries participated in the competition, of which 3 were finally selected for the allocation of a research grant. On 15 December, winning authors presented the first results of their projects. Michael Ward (University of Texas at Arlington) and Darshak Patel (University of Kentucky) discussed empirical tests for creative destruction in the pharmaceutical industry. Scott Baker (University of North Carolina at Chapel Hill) and Claudio Mezzetti (Warwick) proposed a model of optimal patent jurisprudence, characterizing the behavior of a court wishing to deal with the flow of patent infringement lawsuits. Bruce Kobayashi and Joshua D. Wright (both from George Mason University) discussed the intrusion of competition law into standard-setting problems, which tended to be dealt with by other areas of law, thus raising the question of the existence and contours of limits on antitrust. The workshop had been opened by a presentation by jury member Vincenzo Denicolò (Bologna) about the possible ways to determine the allocation of royalties across patent holders in those standard-setting contexts.



Tilec IIPC workshop 15 December

The Competition Workshops that have taken place in The Hague since the end of the 1990s are a joint initiative of the Dutch Ministry of Economic Affairs, the Dutch Bureau for Economic Policy Analysis (CPB) and Tilburg University. In 2008, two meetings took place. The first, in January discussed the pros and cons of **competition in the banking sector**. Two questions were key: Can competition help or hurt the stability of the banking system? Can competition pose a threat to relationship banking? The workshop, featuring presentations by Arnoud Boot (Amsterdam), Nicola Cetorelli (Federal Reserve Bank of New York) and Michel van Leuvensteijn (CPB), suggested that competition was desirable but also that its intensity in the Euro area seemed to be decreasing, a trend that is a matter for long-term concern and should not be overlooked in the discussions about the current financial crisis.

A second workshop, in June, focused on the relation between **competition policy and consumer protection**. Developments in 'behavioral law and economics' that put emphasis on the mistakes that consumers routinely make and demonstrate that more choice may lead to more, and more serious, mistakes force reconsideration of the standard model of consumer sovereignty and at the same time bring to the fore normative questions related to paternalism. Various aspects related to these ideas were discussed by Mark Armstrong (University College London), Peter Kooreman (Tilburg University) and Marije Hulshof (Dutch Consumer Authority).

In February 2008, a new **workshop series on energy economics** was launched by TILEC, in cooperation with the Dutch Competition Authority (NMa), the Dutch Ministry of Economics Affairs and the Netherlands Bureau for Economic Policy Analysis (CPB). The series aims at bridging the gap between policy-makers and academics in this area. Two meetings took place in 2008, and both were extremely well-attended. The February meeting investigated the **consequences of** the addition of large-scale **wind energy for competition** on the energy market. Xander van Tilburg (ECN) discussed the pros and cons of various subsidy schemes for the stimulation of green energy, while Karsten Neuhoff (Cambridge) argued that in the future energy prices may become more volatile and that, at certain times, problems of market power may become more acute.

The second workshop, in October, discussed what needs to be done to come to a truly integrated **single European energy market**. Martin Godfried (European Commission), Boaz Moselle (The Brattle Group) and Mette Bjørndahl (Norwegian School of Economics, Bergen) introduced the audience to the plans of the Commission, discussed the incentives for regional integration and investment in cross-border transmission, and explained the lessons that could be learned from the Scandinavian market integration experience. All in all, a sobering picture was presented: a lot of difficult and

detailed work will need to be done before the single European energy market becomes a reality.

Two TILEC members successfully defended their doctoral dissertation in 2008. Ilse van der Haar can be said to be the first real TILEC Ph.D. While TILEC was proud to report the **successful Ph.D. defenses** of some junior members of TILEC in the past, those researchers were already at Tilburg University when TILEC started its operations. Ilse was partially hired on TILEC funds and worked squarely within the context of the TILEC Agreement, being supervised by Pierre Larouche at the Faculty of Law but also being in close contact with Jan Boone at the Faculty of Economics. On 5 December, Ilse successfully defended her thesis "The principle of technological neutrality: Connecting EC network and content regulation". In the same month, Paul Nillesen successfully defended his thesis "The future of electricity distribution regulation: lessons from international experience". Paul was an external Ph.D. student, working at PriceWaterhouseCoopers, and supervised at Tilburg University by Eric van Damme. Paul's thesis is a collection of papers, some new and some already published in such journals as the *Electricity Journal*, *Energy Economics* and the *Journal of Regulatory Economics*.

Several of TILEC's members received **honors** or **prestigious grants** in 2008. Sigrid Suetens received a VENI grant from the Dutch National Science Foundation (NWO). The grant (in the amount of € 208,000) will allow Sigrid to work on her research project about "The (limited) rationality of altruism out of self-interest". Sigrid's research resorts to laboratory experiments to investigate the extent to which established insights from standard economics have to be modified if regularities discovered in behavioral economics are taken into account. Sigrid will investigate whether altruistic behavior stems from self-interest and whether it is calculative or follows certain rules of thumb. TILEC Ph.D. student Natalia Fiedziuk won a NWO grant worth € 147.000 for her project entitled "What role is left for the public service exception in the light of the recent evolution of EC competition law?" TILEC Ph.D. student Jun Zhou was awarded a 2008 Young Economist Award by the European Economic Association (EEA) for his paper "Jackpot Justice: The Value of Inefficient Litigation," which was presented at the EEA Annual Meeting in Milan.

This section reports about the main developments at TILEC and the major events that took place in 2008. However, internal meetings, although less visible to the outside, are as important in bringing lawyers and economists together. Every week, TILEC members meet to discuss recent work, recent developments in competition law, or recent additions to the academic literature in industrial organization. Once a month they meet to listen to two outside speakers, one from Law, the other from Economics,

who discuss a common theme from the point of view of their respective disciplines. In 2008, TILEC held 8 such double-header seminars. In addition, some 11 more seminars were organized jointly with CentER, the research center of the Faculty of Economics or CTLD, a research center of the Faculty of Law. All those meetings ensure that the Tilburg research soil remains fertile. In 2008, it indeed nurtured 47 entries in the **TILEC Discussion Paper series**, a number which has never been so high. This series is now hosted on the Social Science Research Network (SSRN) website, which guarantees high visibility. As a matter of fact, some pieces are heavily downloaded.

In this respect, TILEC is proud to announce that in the SSRN download ranking, Damien Geradin now takes the 14th position of law authors in the world, and the 1st in Europe (ranking 14 January 2009). With 51 papers on line, Damien reaches a large audience on a wide variety of competition law issues, such as excessive pricing, remedies, the link between competition law and sector-specific regulation, and innovation. TILEC is equally proud of the fact that Luc Renneboog now takes the 14th position of business authors in the world, and the 4th in Europe (ranking 15 January 2009). With 81 papers on line, Luc reaches an enormous audience on a wealth of corporate governance and financial market issues, such as mergers and acquisitions, ethical investment, dividend policy, IPOs, insider trading and financial distress. Ultimately, this work will find its way to **high-quality publication outlets**, the standard by which TILEC output is to be judged. Details are provided in Appendix B to this report.

2. MEMBERS, VISITORS, AND MANAGEMENT

2.1 MEMBERS

In 2008, the number of TILEC members grew from 52 to 60. The number of senior members grew from 33 to 41. The number of junior members remained stable at 19 members. In total, TILEC welcomed 12 new members: 8 at the senior level and 4 at the junior level. Among those, 5 were recruited as part of new projects while 3 were already affiliated with Tilburg University. 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.

2.1.1 New TILEC members

On the side of the Faculty of Economics and Business Administration, 7 new members joined TILEC: 5 at the senior level and 2 at the junior level. On the side of the Faculty of Law, 5 new members joined TILEC: 3 at the senior level and 2 at the junior level.

Senior level

Marcel Canoy joined Tilburg University as a professor of economics in the Spring of 2008. Marcel defended his Ph.D. thesis entitled "Bertrand meets the fox and the owl, essays on the theory of price competition" at the University of Amsterdam in 1993. After holding various academic positions at CEPREMAP in Paris, the Catholic University of Leuven and the University of Maastricht, Marcel moved to the Netherlands Bureau for Economic Policy Analysis (CPB), the economic think-tank of the Dutch government, where he headed the 'competition and regulation' department. He joined the Bureau of European Policy Advisers (BEPA), the think-tank of European Commission President Barroso on 1 June 2005. In BEPA he worked inter alia on the European social model, the single market, migration, youth health and Sen's capabilities approach. In addition to his academic appointment, Marcel works as chief economist for economic consultancy Ecorys Netherlands.

Panagiotis Delimatsis started as assistant professor of international trade law in September. Panagiotis previously held positions with the WTO Appellate Body Secretariat, the United Nations Conference on Trade and Development (UNCTAD), and the International Centre for Sports Studies in Neuchâtel, Switzerland. He has considerable expertise in the fields of regulation of international trade, trade in services in particular, as well as EC law. His main fields of research interest include regulatory diversity in services, regulatory reform and principles of good governance in the

services domain, and the effects of domestic regulatory structures on factor mobility. Financial services are also an important sectoral component of his research. Panagiotis regularly advises governments and undertakes projects relating to international trade and developing countries' participation.

Peter de Goeij has been an assistant professor of finance at Tilburg University since September 2003. He graduated from Tilburg University with a master degree in econometrics. At the Catholic University of Leuven he obtained a master degree in economics and a PhD in economics with a specialization in financial econometrics. Peter has published in the *Journal of Banking and Finance*, *Journal of Empirical Finance*, *Journal of Financial Econometrics* and *Finance Research Letters*. His research interests cover various fields, such as multivariate GARCH models, behavioral finance, financial econometrics and asset pricing. His current research deals with the behavior of financial analysts and financial markets.

Willem Hoyng, professor of intellectual property law at Tilburg University, is managing partner of law firm Howrey Europe. Before joining Howrey in 2003, Willem was a partner in De Brauw Blackstone Westbroek's IP Department. Willem's practice primarily consists in litigating in the field of intellectual property law (in particular patent law and trademark law). Willem does so before all the national courts but also regularly litigates before the European Court of Justice and the European Patent Office. Willem has a number of landmark decisions to his name, including *Vredo/Veenhuis*, *BAT/Doucal*, *Van Bentum/Kool and Dijkstra/Saier*. Willem is also involved in advising on European patent strategies and coordinating and conducting European patent proceedings. He is the adviser of various innovative Dutch and foreign multinationals, including pharmaceutical and biotechnological companies.

Tobias Klein started as an assistant professor in the department of econometrics and operations research in 2007 and joined TILEC the year after. From 1998 to 2002 he studied economics at the University of Mannheim where he also defended his Ph.D. dissertation in 2006. In 2001-2002 he was a visiting Ph.D. student at the University of California, Berkeley, and in 2004-2005 he visited University College London on a Marie Curie Fellowship. Tobias is trained in econometrics, empirical industrial organization, and labor economics. His Ph.D. thesis is concerned with theoretical work on the use of instrumental variables in applied work. Tobias has worked on eBay's reputation mechanism and in particular the impact of strategic behavior by users on the informational content of reputation measures. In more recent work he has investigated the effect on the nature of competition of the possibility for firms to buy stakes in competitors.

Wolf Sauter joined Tilburg University in the Spring of 2008 as professor of health care regulation. Wolf defended his Ph.D. thesis on EU competition law and industrial policy, with a study on telecommunications liberalization, at the European University Institute (EUI) in Florence in 1996 (with distinction). He has been a research fellow at the EUI and at the Centre for European Law and Policy (ZERP) in Bremen, as well as a professor of economic law at the University of Groningen. Wolf Sauter previously worked as an attorney in private practice in Brussels, as a national expert and case handler at the Directorate General for Competition at the European Commission, and as administrator at the Dutch Telecommunications Authority (OPTA) and the Dutch Ministry of Finance. At present, in addition to his academic appointment, he works as a competition expert at the Dutch Healthcare Authority (NZa).

Catherine Schaumans started as an assistant professor in the department of economics in September. Catherine recently defended her dissertation at KU Leuven under the supervision of Frank Verboven and Hans Degryse. Her research has focused on the impact of entry regulation on the market for pharmacists, on supply-induced demand for health care and on the strategic interaction between general practitioners and specialists associated to the introduction of mandatory referral (or 'gatekeeping') schemes.

Ben Vollaard joined TILEC and the Department of Economics in August 2008 to work in the field of the economics of crime. Previously, he worked as an analyst at the Netherlands Bureau for Economic Policy Analysis (CPB) and at the RAND Corporation, and as a reporter for Dutch quality newspaper NRC Handelsblad. He holds a Ph.D. in Policy Analysis from the RAND Graduate School and an MSc in Economics from Erasmus University Rotterdam.

Junior level

Emmanuel De Corte became a member of TILEC in August 2008. Emmanuel currently works on his doctoral dissertation about the liberalization of the energy market, under the supervision of Pierre Larouche and Bert Willems. Besides, he also works as program coordinator for industrial management at the University College West Flanders in Kortrijk, where he teaches energy law and environmental law. Emmanuel holds academic degrees in several fields: Bachelor in Economics, Master in Law, Master in Finance, Qualified High School Teacher, and MBA (Vlerick Management School). He previously worked for LNG and petrochemicals shipping company Exmar, GfE Energy Management, Suez, the federal Belgian energy regulator (CREG), and the Belgian federal energy ministry.

Annette Hirschfeld joined TILEC in August 2008 as a full-time researcher. Prior to working at TILEC, she worked as attorney-at-law at an international law firm where she specialized in intellectual property litigation and later worked as legal counsel at Philips. Her research focuses on patents and antitrust. Besides, she coordinates the research programme and activities of TILEC in the field of innovation, intellectual property and competition policy.

Simone Keunen studied liberal arts and sciences at University College Utrecht, where she graduated *magna cum laude* in 2007. She majored in the social sciences, specifically in economics, international law and theater. In 2008, she obtained her M.Sc. degree in Economics at Tilburg University, where she is currently pursuing her M.Phil. degree.

Christoph Schottmüller is working in the department of economics as a Ph.D. researcher. He is supervised by Jan Boone. Christoph comes from Germany and studied from 2004 to 2008 at the University of Mannheim (Germany). During this time he spent one year in Tilburg as an exchange student. His research interests lie in the field of industrial organization and competition policy in the health and home care sector.

2.1.2 Members Leaving

In 2008, TILEC also bid farewell to several members. In September **Jun Zhou** left to start working at London Economics, a leading economic consultancy.

In November **Filomena Chirico** left to take up a position at the European Commission, in Unit C-4 (State Aid) of DG Competition.

2.2 Visitors

In addition to seminar and conference speakers, several researchers stayed for some time at TILEC in 2008 in order to take advantage of the research climate and work with TILEC members.

Soham Baksi, from the University of Winnipeg, visited TILEC in July and August. Soham worked with Amrita Ray Chaudhuri on the interaction between trade policy and environmental policy.

Maria Bigoni, from the Economics Department at Padua University, Italy, visited TILEC from May to July. During that period she worked with Sigrid Suetens on an experimental project about the effects of information on other players' past choices

on contributions in a public good game, and with Jan Potters on another experiment, testing a recent theoretical model of collusion with imperfect monitoring and flexible production.

Caterina Gianetti, from IMT Lucca, Italy, visited Tilburg University from March to December. During that period, Catarina interacted with Hans Degryse and Steven Ongena and worked on a piece about the relationship between relationship banking and firms' innovation rate.

Alessandro Sembenelli, from the University of Torino, visited TILEC in March. Alessandro worked with TILEC member Marco Da Rin on the impact of taxation and product market regulation on entry dynamics.

2.3 Management, board and secretarial support

TILEC has grown considerably since it was established in 2002. Growth requires change, which is why since 1 September 2008, TILEC has been operating according to a new administrative structure. The most prominent change is the creation of a new position of academic manager, filled by **Ilse van der Haar**. Ilse has concurrently taken up a position as assistant professor in the department of European and International Public Law at Tilburg University, where she specializes in competition law and electronic communications regulation. The two founding directors of the institute, **Pierre Larouche** (law) and **Eric van Damme** (economics) have stepped away from day-to-day management, and now concentrate on the strategic, long-term aspects of TILEC. The day-to-day management tasks have been taken over by the academic manager. Outside parties that would like to contact TILEC for general information on our members and their research, on-going cooperation opportunities, sponsoring or any other matters are kindly requested to contact Ilse.



Tilburg University

Research coordination is provided by Ilse van der Haar (law) and by **Cédric Argenton** (economics). Research coordinators seek to foster interdisciplinary research within TILEC, assist the directors in the scientific management of TILEC, provide scientific supervision for the TILEC activities and reports, and supervise TILEC members' contract research activities. They are the natural points of contact for members on research-related issues.

Directors and research coordinators make up the TILEC management team. A board consisting of the vice-dean for research of each parent faculty and a third professor from Tilburg University oversees and advises the management of TILEC. It meets twice a year. As of 31 December 2008, the TILEC board comprised **Dick den Hertog** (vice-dean, Faculty of Economics and Business Administration), **Jonathan Verschuuren** (vice-dean, Faculty of Law) and **Theo Camps** (Berenschot consultancy and Tias Business School).

In 2008 administrative coordinator Leonie de Jong and secretary Ingrid Meeder moved to other positions outside of TILEC. Since 15 May 2008, **Marlous Winters** has been working as TILEC administrative coordinator. In previous years, Marlous had worked for different companies such as Unilever, Vodafone and Achmea. During the whole year, secretarial support was provided by **Elvira van Vliet**.

3. RESEARCH

3.1 OVERVIEW

In 2008, TILEC members continued to be very active in research. The TILEC discussion paper (DP) series, which issues pieces of academic research that are ready for submission, has been hosted on the Social Science Research Network (SSRN) since 1 January 2008. 47 papers were released in 2008, the highest number ever at TILEC. Meanwhile, the flow of publications remained steady. (See Table 3.1)

	2008	2007	2006	2005	2004	2003
<i>Academic publications, including</i>	88	82	118	67	91	60
Journal articles	50	43	62	40	39	31
Chapters in books	30	27	32	21	44	21
Monographs and edited books	7	7	21	8	8	8
Dissertations	2	5	3	2	-	-
<i>Professional publications</i>	21	25	19	22	20	28
<i>TILEC discussion papers</i>	47	35	35	33	25	20
<i>Popularising contributions, including</i>			27	29	50	55
Newspaper articles	8	4	13	20	18	42
Interviews	n/a	n/a	14	9	8	13

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

Several TILEC researchers published their work in excellent academic journals. For instance, in the research line 'law and finance', **Wolf Wagner** placed "The homogenization of the financial system and liquidity crises" in the *Journal of Financial Intermediation*. Financial institutions, especially large banks, have reached beyond their traditional activities in recent years and have become more homogeneous as a result. Even though this brings about diversification gains, Wolf shows that the overall stability of the financial system may fall as an indirect consequence since institutions' incentives for taking on risk and supplying liquidity deteriorate. Optimal regulation should hence not become more lenient when all institutions simultaneously become more diversified. On the contrary, appropriately designed capital requirements, by discouraging excessive risk taking, should induce efficient loan selection and liquid-

ity choice, a conclusion that was apparently overlooked in the run-up to the current financial crisis.

In the research line on 'institutions, competition and regulation', TILEC members also produced highly-regarded pieces. For example, **Alan Littler** published "Regulatory perspectives on the future of interactive gambling in the internal market" in the *European Law Review*. In this sector, long established state monopolies are pitted against private operators who seek to rely upon the free movement of services and the freedom of establishment to expand their markets. Consequently, there is an increasing body of case-law from the European Court of Justice. With EU Member States differing in their views as to how gambling should be regulated and the ability of the internet to facilitate cross-border gambling, the question of how interactive gambling should be regulated within the context of the internal market is ever present. The paper discusses the so-called "race to the bottom" in matter of regulation and the abuse of rights with the aim of giving some insights into the future regulation of this sector. After reviewing the existing case law, Alan concludes that the prospect of an internal market for interactive gambling is limited without the intervention of secondary legislation.

3.2 TILEC AND THE OUTSIDE WORLD

In the second half of 2008, the global economy entered what could be its worst crisis in decades, as a **liquidity crisis** caused confidence to evaporate in the financial sector. The rest of the economy then suffered a brutal slowdown.

These events pose a fundamental challenge to TILEC and its researchers. Despite all the expertise which went into designing and implementing market regulation, how could it all go so wrong? These questions will keep TILEC researchers and their colleagues around the world busy for years to come. Beyond the inquiry into the causes of the financial sector collapse, which is a massive endeavor in and of itself, basic questions arise among others about the role of the State in an open economy (certainly following the swift and massive intervention in the banking sector and now in other sectors), the amount of leeway to be given to firms to self-regulate or even self-monitor, the regulation of systemic risks or the level of knowledge and information required on the part of regulatory authorities in complex sectors such as financial services.

Some TILEC members had already begun to investigate financial markets well before the first signs of difficulties in past years. The TILEC 2007 Annual Report already featured some of those publications, and more research was conducted during 2008 (see TILEC DP 2008-02, 2008-03, 2008-13, and 2008-22). Among TILEC members, Hans

Degryse, Steven Ongena, Fabiana Peñas, and Wolf Wagner continue to research and publish on the behavior and performance of banks, as well as credit and liquidity risk regulation in the sector. Joe McCahery and Erik Vermeulen are also active in research on private equity, hedge funds and their future in a time of financial crisis. Joe is also working on the difficulties surrounding coordination among regulatory authorities in Europe. The TILEC/AFM Research Network, under the lead of TILEC-AFM chair holders Hans Degryse, Joe McCahery and Erik Vermeulen, will continue devoting its energy to this area in the future.



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As far as **competition policy and regulation** are concerned, the efforts undertaken by European governments to avoid a financial market collapse and mitigate the impact of the crisis on the whole economy have shifted the focus to State aid law in the second half of 2008. The European Commission found itself in the uncomfortable position of having to rule on Member State rescue packages in a political climate marked by urgency and fear. State aid, although high on the research agenda of TILEC members such as Leigh Hancher, is an area that is surprisingly under-researched in economics and will as a consequence undoubtedly attract the attention of several additional

members, moving to integrate the crisis and its impact in their ongoing research on competition law and regulation.

In 2008, a number of important events took place in the realm of competition law. The Commission issued its much awaited White Paper on damages actions for breach of the EC antitrust rules. This paper encompassed more modest proposals than originally expected on the basis of the Green Paper issued in 2005 and followed a different line of argument. TILEC contributed to the debate on the White Paper by organizing a workshop on 20 June 2008, bringing together Commission representatives, legal scholars and the main economist teams currently working on the thorny issue of damages estimation (see DP 2008-30 by Jan Boone and Wieland Müller).

The main topic of discussion throughout 2008, however, was the control of dominant firms under Article 82 EC. The year started with the final Commission decision in the long-standing Microsoft case, establishing the final terms of the settlement and bringing the total fine imposed on Microsoft to € 1,6 bn. (On the substance of the case, see DP 2008-21 by Pierre Larouche.) That decision is now pending on appeal before the Court of First Instance (CFI). The European Court of Justice (ECJ) and the CFI contributed to the discussion with major rulings, with the CFI confirming the fine imposed in 2003 by the Commission on Deutsche Telekom for a margin squeeze, thereby settling a number of key issues on the relationship between competition law and regulation and on the margin squeeze test under Article 82 EC. (That judgment has been appealed to the ECJ.) In September, the ECJ ruled on a major case involving parallel trade in pharmaceuticals, in effect allowing drug manufacturers under certain conditions to fight parallel traders who exploit price differences caused by different regulations between Member States. All of these developments were reflected in the Guidance Paper on enforcement priorities in applying Article 82 EC to abusive exclusionary conduct by dominant firms, issued by the Commission in December 2008. A number of TILEC researchers were involved in the discussions throughout the process leading to that Guidance Paper, starting from 2005, through comments, articles and conferences (see, for instance, DP 2008-41 by Damien Geradin on the treatment of rebates). The Guidance Paper is bound to generate more research activity in the future as well. This is not to say that collusion has disappeared from the competition law enforcement radar as DP 2008-04 (by Laura Parret), 2008-36 (by Wieland Müller) and 2008-46 (by Evgenia Motchenkova) can attest.

As far as regulation is concerned, in 2008 the review packages concerning energy and electronic communications were under study by the European institutions, with the first reading nearing completion at the end of the year. In both cases, the key issues were the creation of European-level regulatory authorities and the separation of

incumbents (functional separation of local networks in the case of electronic communications, ownership unbundling of transmission networks in the case of energy). The discussions showed that the European institutions do not consider that the two sectors should be treated in the same fashion, since the Commission proposals on electronic communications gave rise to much more opposition than those on energy. TILEC plays a role in these discussions, in particular through its participation in the UNECOM project investigating unbundling in the energy sector, as well as the research project of Maartje de Visser concerning the institutional framework for regulation in electronic communications and competition law.

In addition, in July 2008, the European Commission issued a proposal for a directive on the application of patients' rights in cross-border healthcare (the "patient mobility" directive). Interestingly, the proposed directive is not a codification of the case law of the European Court of Justice about the freedom to provide services of Article 49 EC, as it leaves out certain guarantees developed by the Court. It also adds some new elements of harmonization, the main innovation being that new patients' rights to accountability and transparency would apply not only to mobile patients but also to all patients in each Member State. It remains to be seen whether this approach will meet the approval of the European legislator (see DP 2008-34 by Wolf Sauter). Meanwhile, the move towards a more market-based approach to health care regulation seems to face serious legal constraints, as exemplified by the CFI judgment in the *BUPA* case in February 2008 (DP 2008-42 by Wolf Sauter).

Finally, the CoPECL Network of Excellence financed under the EC 6th Framework Programme was nearing the end of its activities with the publication of the first complete version of the Draft Common Frame of Reference (DCFR) for **private law** in the course of 2008. The DCFR seeks to present a complete set of private law rules based on the laws of the EU and its Member States. TILEC plays an important role in CoPECL by steering the Economic Impact Group (EIG), which is in charge of providing an economic analysis of the DCFR (at least as far as the main provisions are concerned). The results of the work of the EIG are expected to be published in 2009 (see DP 2008-45 by Pierre Larouche).

3.3 RESEARCH FINDINGS

3.3.1 Institutions, competition and regulation

In 2008, TILEC members active in the 'institutions, competition and regulation' research line worked in four main areas. Several pieces looked at the basic legal framework needed for economic agents to operate. The bulk of research was concerned with

optimal public interventions, paying specific attention to competition policy, the regulation of certain key sectors, and some institutional features of the regulatory process. Finally, problems created by the tension between the existing or future commitments to free trade and the need for climate change action formed the basis of several pieces.

The first strand of papers is concerned with the *basic legal framework*. At some point in their lives, people encounter legal problems that give rise to a need for justice: they need protection by outside norms or interventions that structure the conduct of other parties. DP 2008-11 identifies the most prevalent and urgent **legal problems** that individuals encounter, and then goes on exploring what kind of solutions are available or necessary to fix these legal problems, i.e. to deliver justice. This is done by following six different approaches, among which examining legal needs surveys and the work of specialized courts. The paper reveals that there are currently many gaps between the type of protection that individuals seek and what justice systems can deliver, gaps that cannot easily be explained but should be filled.

This problem is even more salient in developing countries, where many people do not have effective access to justice to protect their rights. Taking the cue from microfinance, DP 2008-10 introduces the concept of '**microjustice**' as an approach to tackle this issue. People with limited resources pay relatively more for services than wealthier people, since they often purchase small amounts of services. For the authors, this implies that current first-world approaches to the provision of justice need to be adapted to large markets with low-budget consumers. If this can be achieved, there should be a viable and effective market for justice for poorer persons. The authors point to a large untapped potential for innovation in current justice systems. They explore which principles may be used to develop innovative legal services for those with limited resources, and give examples of what 'microjustice' might look like. What is particularly needed are new forms of delivery of neutral interventions, by trustworthy and independent decision-makers, who have the necessary incentives to be transparent, induce cooperation between clients, and serve people at the low end of the market.

In any case, given the costs involved, litigation seems to be a particularly inefficient mechanism for solving legal disputes. Existing pretrial bargaining models are based upon the assumption that the plaintiff is less informed than the defendant about the strength of her case. They counterfactually predict that only strong cases find their way to court, where the plaintiff's success rate should be very high. DP 2008-26 shows that **litigation** can be the outcome of rational behavior by a litigant and her attorney. Indeed, if the attorney has more information than his client about the characteristics of the suit, then the client is led to use litigation as a way of extracting information. Counterintuitively, litigation occurs only when the plaintiff is pessimistic about her

prospects at trial, for that is the way for her to make sure that the attorney will not represent the case as weak and spend many more billable hours on bargaining. The plaintiff is more likely to sue if litigation is riskier and less likely to do so if she receives third-party litigation financing.

Private law constitutes the basis for interaction between economic agents in their daily life. In recent years, groups of researchers have been busy with drafting some Common Principles of European Contract Law (CoPECL), which will be proposed to the European Commission as a possible basis for harmonization of European legislation. Economic experts are involved in the process, with the task of assessing the broad economic impact of rules and principles constituting **European contract law**, to identify its function and to provide guidance as to the appropriateness of the rules. DP 2008-025 aims at addressing a fundamental but somewhat neglected issue regarding the function of European contract law. The paper discusses the economic perspective to contract law, by giving suggestions regarding the appropriate regulatory level, as well as indications as to what constitutes contract law of good quality.

Most of the draft common frame of reference (DCFR) concerns contract law, yet in Book VI the DCFR deals with another major component of private law which could not be ignored in the work of the Economic Impact Group (EIG). What the DCFR accurately if dryly defines as "noncontractual liability arising out of damage caused to another" roughly corresponds to tort law as it is known in common law systems, or the law of delict (*responsabilité civile délictuelle*, *Haftungsrecht*), a sub-part of the law of obligations in civil law systems. DP 2008-45 focuses on one central aspect of the law of **non-contractual liability**, namely the general limitations on the scope of non-contractual liability. After a preliminary discussion on the idea of limiting liability, it answers the two issues which are central to the work of the EIG, namely whether there is a need for unification or harmonization of the law on this issue and whether the substantive solution retained in the DCFR is optimal from a law and economics perspective.

Independently of the basis that is selected to compute damages in liability cases, the issue of its exact extent remains. Financial **compensation** awarded in **tort cases** is meant to make a victim 'whole again'. It is, however, rather complicated to assess the amount of compensation that actually accomplishes this goal. It is often argued that one should determine court compensation by identifying how much first-party insurance people would have voluntarily bought in order to compensate for similar losses. This 'theory of insurance' is the subject of DP 2008-12. It argues that this theory is not satisfactory because of its focus on outcomes. As a matter of fact, a court process affects an individual's well-being, just like a court outcome does. This 'procedural utility' interacts with the amount of compensation needed to make a victim whole again, and should

therefore not be disregarded when it comes to determining court compensation.

Next to the basic legal framework, **competition policy** continued receiving considerable attention from TILEC researchers in 2008. Collusion is of course a chief concern in all sectors that rely on competition to deliver welfare to consumers. The theory of competitive markets predicts that the effect of a **price ceiling** on the level of prices is either negative (in case the ceiling is binding) or zero (in case it doesn't). Yet, since at least the 1960s, it has been thought that such ceilings could facilitate tacit collusion by providing firms with an obvious price level on which to coordinate. Although there is some empirical evidence in favor of such a focal-point effect, laboratory experiments have so far failed to identify it. DP 2008-36 argues that market conditions in previous experiments were unfavorable to collusion. The authors' experimental design aims at maximizing the likelihood of a focal-point effect. Nevertheless, their results again fail to uncover it: collusion is as unlikely in markets with a price ceiling as in markets with unconstrained pricing. The authors thus conclude that in the various real-world markets that were studied, price ceilings did not just help with solving a selection problem. The empirical evidence collected in those cases was perhaps driven by additional, yet-to-be-discovered effects of price ceilings.



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DP 2008-04 presents an original perspective on a classical legal theme, namely **rules of proof in cartel cases**. Such rules might be perceived by some economists as formalistic, or overly complicated. However, the paper argues that they are necessary to ensure the protection of higher principles, such as the presumption of innocence and proportionality. In addition, the case is made that the importance of such rules has increased since the promotion of a more economic approach to competition law. At the

same time, lawyers should also avoid being too formalistic: there is no pressing need for a "right" standard of proof to be defined, contrary to what some lawyers are claiming after such ECJ judgments as *Tetra Laval*. Lawyers should accept that the current standard is workable and sufficient as a basis, at least in cartel cases. Decision-makers can handle flexible and differentiated rules, and should be trusted to do so. However, it is essential for authorities and courts adequately to motivate their decisions, to be accountable both to the companies concerned and to the general public, and not in the least to allow for efficient judicial review.

This said, in the past years, **leniency programmes** have become the favored tool for competition authorities to fight hard-core cartels. Whether the increase in the number of leniency applications should be regarded as good news (indicating that cartel formation is deterred) or bad news (indicating that reports to the competition authorities have become the normal way for cartels to end) is much disputed. For a general class of oligopoly models with price competition, DP 2008-46 analyzes the impact of ex-ante leniency programs on the endogenous, maximally-sustainable cartel price. This impact depends upon industry characteristics including its cartel culture of continuing to do business as usual after detection. The analysis disentangles the effects of traditional antitrust regulation and those of the leniency program. It shows that ex-ante leniency programs are effective in deterring cartels if and only if they offer substantial rewards to the self-reporting firm. This is in contrast to currently employed programs, which are therefore likely to be ineffective.

A peculiar form of collusion is for competing firms jointly to determine the magnitude of consumers' **switching costs**. Examples include compatibility decisions and the option of introducing number portability in telecom or banking. DP 2008-38 analyzes a model where firms jointly decide to reduce switching costs before competing in prices during two periods. The market outcome crucially hinges on how the joint action reduces consumers' switching costs. In particular, firms will enhance their market power if they implement measures that reduce consumers' switching costs by a lump sum. Conversely, they will preserve market power by not implementing actions that reduce switching costs proportionally. Hence, when policy-makers design consumer protection policies, they should not necessarily adopt a favorable attitude towards efforts by firms to reduce switching costs but should instead try to assess the impact of those measures on market power.

In many prisoner's dilemma environments, such as cartels, **communication** is a natural device that can be used to enhance cooperation. The existing evidence about international cartels shows that regular meetings are a necessary ingredient of successful cartelization of an industry. DP 2008-47 examines communication in a 2-player

sequential public good game in which the leader has private information about the return from contributing to it. The leader decides first and the follower observes the leader's contribution, before deciding whether or not to contribute. Without communication, the unique equilibrium is fully efficient. The authors study whether the introduction of communication about returns can destroy efficiency. Communication can be precise about the exact return, or vague. If leaders communicated precisely and truthfully, they would reveal that followers would do best to free ride, thereby distorting both players' incentives to invest and destroying efficiency. It is shown that leaders lie in order to avoid these negative consequences. If vague messages are allowed, the extent of lying drops and vague messages are used instead. Overall, followers contribute when the leader does, and the introduction of communication neither increases nor decreases contributions to the public good, thus leaving intact the puzzle as to why firms need to resort to hard-core cartelization rather than tacitly collude.

With the current attempts by the European Commission to push for the multiplication of damage cases for violations of competition law, the computation of **damages from price-fixing** has become a pressing issue. This is not an easy task, for an increase in the price of an upstream input is typically passed onto downstream customers by the direct purchasers. DP 2008-30 shows that in typical cases, the distribution of harm from price-fixing can be recovered from the data which are usually available to antitrust authorities. The authors develop a general model without making specific assumptions regarding demand, costs, or the mode of competition. Explicit formulas and regression specifications that can be used to estimate the relevant terms in practice are provided. Importantly, the authors illustrate how basic intuition from the tax incidence literature, well-known to practitioners, carries over to antitrust cases. Although much more work is needed in this difficult area, the paper goes a long way toward providing simple guidance to market participants and courts alike.

Next to price-fixing, abuses of a dominant position are of great concern to competition authorities. Those authorities, as well as regulatory agencies, sometimes impose pricing restrictions on dominant firms. DP 2008-01 analyzes the welfare effects of a **ban** on (past) behavior-based **price discrimination** in a two-period setting where the market displays a competitive and a sheltered segment. A ban on higher prices to sheltered consumers in Period 2 decreases prices in the sheltered segment, relaxes competition in the competitive segment, increases the rival's profits, and may harm the dominant firm's profits. A ban on lower prices to rival's customers decreases prices in the competitive segment, lowers the rival's profits, and augments consumer surplus. While second-period competition is relaxed, first-period competition is intensified substantially, which leads to lower prices on-average over the two periods. Those findings indicate that a dynamic two-period analysis may lead to conclusions opposite to

those drawn from a static one-period analysis, hence calling for more work about, and caution in, the implementation of such price restrictions.

DP 2008-41 revisits an issue that has prominently figured in the debate about the guidance on Art. 82 EC: rebates. It proposes a workable test to separate pro-competitive from anti-competitive **loyalty rebates**. First, it identifies various areas of consensus on the assessment of rebates, such as the fact that rebates are generally pro-competitive and should hence not be assessed under per-se rules but instead focus on foreclosure. Then, it analyses the so-called 'suction effect test', as proposed by the Commission in its 2005 Discussion Paper on Art. 82 for all-unit rebates. This test requires competition authorities to identify the contestable share of customers demand, in order to calculate the suction effect of the loyalty rebate on the sales in the market. The suction effect test is criticized for being uncertain, impracticable, and likely to lead to serious mistakes, in a large part due to the difficulties of determining the contestable part of demand. In conclusion, the author proposes —as an alternative approach— to apply the classic predation test over all units sold by the dominant firm in order to assess rebates.

Like loyalty rebates, contractual relationships at various levels in the production chain, although often efficient, may at times be used for anti-competitive purposes. In particular, **exclusivity clauses** have long been regarded with suspicion because of their direct exclusionary effects. Over the past decades, economists and lawyers have come to a better understanding of the possibilities for dominant firms to use such arrangements so as artificially to maintain their position. Recent pieces have debated whether intense competition among downstream buyers may be enough to prevent dominant upstream firms to seize them. DP 2008-07 revisits the main theory of harm (the so-called "naked exclusion" story) in the case when the efficient competitor is not a firm producing at a lower cost but one bringing an innovative, higher-quality product to the market. When retailers intensely compete with one another, the incumbent firm is always able to exclude the innovative firm. Therefore, intense competition at the retail level is no guarantee that exclusivity contracts are harmless. Competition policy enforcers need to pay more attention than ever to the exact characteristics of the upstream market.

Fostering innovation is very difficult to achieve in general. Inventors (or artists) with 'ideas' have to find financiers (or patrons) in order for their projects to come true. Because some have ideas and some others have money, a matching procedure is required. If the procedure does not involve any screening of the quality of a project, then all financiers will have the same expectation and will compete away any profit to be made on the project. Conversely, if the procedure involves some screening, then an inventor will expect that the financier will extract more profit from the project once its value is known and will not have an incentive to subject himself to the screening in

the first place. DP 2008-23 proposes a mechanism to address this **innovation dilemma**. According to this procedure, a financier screens inventors and identifies some winners. All financiers learn the value of the winning project(s) but only the sponsor of a contest learns the losers' type. The sponsor benefits from this private information by placing better-informed bids on losers' projects. By making public the identity of the winners, he reduces his payoff but he also creates incentives for agents to participate in the screening stage, as a winner can expect to be left with some rents once financiers compete for his project. Many frequent phenomena, such as venture capital competitions or star-selection TV shows can be viewed as forms of semi-public contests.

In innovative industries, intellectual property rights owners have had a hard time with competition authorities in recent years. Firm structure and the degree of vertical integration lie at the core of a key concern currently under debate: the existence of "**patent trolls**" (those patent holders that prey upon manufacturers and other downstream firms by charging "supracompetitive" rates for their patents). DP 2008-18 argues that while court opinions and competition agency decisions have focused on "non-practicing" patent holders as the source of anticompetitive exclusion and hold-up problems, this view of upstream specialists is far too narrow. In fact, patents in the hands of non-practicing entities can increase competition, lower downstream prices, and enhance consumer choice. The authors explain why and argue for more businessmodel-neutral policy when it comes to patent licensing. Clearly, patents are a complex subject that cannot be portrayed as either all good or all bad; tradeoffs will always be involved. Without a better understanding of the many complicated effects of patents in high technology markets, policy-makers run the very real risk of misguided decisions.

Whether or not the judgment of the European Court of First Instance (CFI) was misguided in the **Microsoft case** is the subject of DP 2008-21. The judgment led to the closing of a 10-year mammoth case. Its sheer size raises the question whether there are any lessons transcending this complex story. The paper shows that, while the broad criticism leveled by some antitrust commentators is unjustified, the CFI at times opens more issues than it solves with its judgment, in particular as regards the relationship between competition policy and innovation. It seems clear that the CFI intended to issue a judgment from which it would be difficult to appeal. Contrary to a common criticism, the CFI did not display excessive deference towards the Commission decision but instead extended the stricter standard of judicial review recently defined for merger cases to abuse cases. In the first part of the case, dealing with interoperability information, the CFI did not follow the adventurous legal approach of the Commission, but instead recast the case into existing case law. In the second part of the case on tying, the CFI supplied the Commission reasoning with a legal underpinning, but did not question whether the Commission remedy was appropriate.

Finally, merger control is the third area of competition policy to attract the attention of TILEC researchers. First of all, a question arises as to why **waves of mergers** are observed. Is it possible that those waves be related to simultaneous changes in trade policies implemented as part of international trade agreements? Indeed, successive rounds of international trade negotiations have reduced trade barriers worldwide consistently over the past few decades. Simultaneously, the total volume of mergers worldwide has been growing at an enormous rate (42% per year over the period 1980-1999, according to the UN's World Development Report.) Has trade liberalization played an active role in encouraging those mergers? DP 2008-05 uses a dynamic dominant-firm model to examine this question. Domestic and cross-border mergers and demergers are allowed for. When firms are myopic and the dominant firm has a sufficiently high pre-merger capital share in any one country, trade liberalization causes the industry to become significantly more concentrated. When firms are forward-looking, this anti-competitive effect of trade liberalization is mitigated. Tariff reduction from a prohibitive to a non-prohibitive level aligns merger patterns across countries and initiates merger (or demerger) waves simultaneously across countries, provided all firms are equally forward-looking. These results, thus, highlight the importance of taking into consideration existing industry structure and firms' discount rates whilst formulating competition policy in the face of trade liberalization.

Should **trade liberalization** lead policy-makers to revise their options regarding merger control, then? DP2008-09 shows that, in a two-country model where firms behave à la Cournot, trade liberalization may have different effects on the social desirability and private profitability of horizontal mergers. Indeed, marginal tariff reductions increase the desirability of merger at sufficiently low tariff levels. Close to free trade, for sufficiently low cost savings from merger, trade liberalization increases the desirability of merger whilst decreasing the profitability, implying that mergers should be actively encouraged by competition authorities! This is not the case in a range of higher tariff levels for which the desirability of a merger moves in the same direction as its profitability.

A more fundamental question however is whether **merger control** makes any difference. In the recent years, researchers have been struggling with identifying the exact effects of this policy instrument on economic outcomes. DP 2008-06 provides some surprising evidence. Working with a unique dataset of legislative changes in industrial countries, the authors identify events that strengthen the control of mergers and acquisitions, analyze their impact on banks and non-financial firms, and explain the different reactions observed by the various regulatory characteristics of the banking sector. Covering nineteen countries for the period from 1987 to 2004, they find that more competition-oriented merger control increases the stock prices of banks and

decreases the stock prices of non-financial firms. A major determinant of the positive bank returns is the degree of opaqueness that characterizes the institutional setup for supervisory bank merger reviews: the less transparent are the supervisory reviews, the higher the valuation gains of banks in anticipation of changes in the control of concentrations. Taken together, these results show the importance of sector characteristics and of the interplay between different regulations in explaining the effects of a particular legislative change.

Some *particular industries* have remained a focus of attention for TILEC members in 2008: health care, energy and telecommunications. **Health care** has already started to become a prominent research topic, following the implementation of the TILEC-NZa agreement. In this sector, public interests and universal provision concerns are of crucial importance. Over the past ten years, the topic of services of general economic interest (SGEI) has given rise to ample debate at the European level. This has most recently resulted in the adoption of a Protocol to the Lisbon Treaty, and a proposed amendment to the EC Treaty extending the legislative powers of the European Parliament and the Council to the sphere of SGEI. DP 2008-17 discusses the concept of SGEI against the background of a fundamental tension between the Member States' wish to obtain a broad public service exception on the one hand, and the European Commission seeking to avoid opening a Pandora's box that could threaten the application of market freedoms and competition rules on the other. Special attention is given to the position of universal service obligations as a key element of SGEI. The paper proposes a structured test for creating future SGEI. Market failure arguments will be key in defining the legitimate, necessary scope of future SGEI, so as to attain the relevant public interest objectives. By extension, the road to liberalization and market based-provision of the remaining services is opened.



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At the same time, the EU state aid regime imposes some constraints on the solutions that can be implemented on the way to market-based regulation. In its *BUPA* Case of February 2008, the CFI set a new standard to assess public service compensation. At issue was risk equalization between providers of private **health insurance** in Ireland. A statutory scheme set up by the Irish Government was meant to spread the risks between health insurers with a healthy consumer profile and less healthy consumer profile. The idea was to guarantee that insurers would compete on the merits, rather than by selecting risks. However, *BUPA* complained that such a scheme constituted state aid under EU law. DP 2008-42 analyses this specific case. It argues that the test adopted in *BUPA* is less rigid than the one adopted in the earlier landmark case of *Altmark*. It should therefore be welcomed, because it seems more suited to competitive service sectors, and therefore to new ways for governments to provide public services. However, it is also argued that the Court did not sufficiently address the conditions of competition in the relevant Irish markets in this case, arguably making it a false start.

DP 2008-34 discusses the European Commission's proposal for a Directive on the application of patients' rights in cross-border healthcare, against the background of an overview of the preceding **patient mobility** case law of the European Court of Justice. The author finds that the proposal is not a full codification of the case law as it leaves out certain guarantees developed by the Court. The Court had accepted public interest justifications for prior authorization requirements with respect to hospital treatment, and focused on developing substantive and procedural guarantees of patients' rights. In its proposal, the Commission takes a different approach, by both requiring Member States to actually demonstrate the need for a prior authorization regime, and at the same time showing that in most cases this is unlikely to be warranted. Because the case law-based criteria for "undue delay" would no longer be used to determine when authorizations must be granted, there will be no clear EU standard to apply if any authorization requirements survive. New in the proposal are the patients' rights to accountability and transparency, which apply to all patients in each Member State. This represents a first step from negative integration (liberalization) to positive integration (harmonization).

In the **electricity sector**, high volatility gives producers and retailers an incentive to hedge their exposure to market outcomes. DP 2008-31 studies how welfare and investment incentives are affected when markets for derivatives are introduced, and to what extent this depends on market completeness. It is first showed that aggregate welfare in the market increases with the number of derivatives offered. If firms have liquidity constraints, option markets are particularly attractive as they allow firms to hedge against not only price but also quantity risk. Second, it is argued that increasing the

number of derivatives improves the investment decisions of small firms, because additional financial markets signal how firms can profitably reduce overall sector risk.

The **European natural gas market** is characterized by declining indigenous resources, particularly in the UK and the Netherlands, and a growing dependence on a small number of large exporters who, as a consequence, see their market power increase. DP 2008-43 analyzes long-run scenarios for the European natural gas markets in a model, NATGAS, that explicitly includes both factors, resource constraints and producers' market power. Finite resources lead to interdependencies of current production decisions and future opportunities. These decisions in turn depend on the potential for large producers to set market prices above marginal costs. The paper studies the impact of conditions on the global gas market on market shares of pipeline gas suppliers, as well as on the speed of depletion of indigenous European resources. The focus is on how the shadow prices of resource constraints affect substitution patterns in the various scenarios.

Radio spectrum is an essential input for **wireless telecommunications**. Access to this essential resource is often restricted to those owning a license. However, oligopoly ownership of upstream spectrum rights does not necessarily lead to an oligopolistic downstream market. New entrants who do not own a license may contract with the original license-holders to use their spectrum rights and provide services to their customers by subsequently building their own network. Alternately, entrants may simply rent some capacity on an already-existing network and become 'virtual operators'. DP 2008-37 determines whether license-holders will provide access to new entrants and whether they will favor the sale of spectrum rights over the sale of network capacity. In the model, access is generally provided, as incumbents compete to appropriate the profits of serving a differentiated market through the entrant. Although selling spectrum rights instead of network capacity leads to a loss of economies of scale in infrastructure construction, infrastructure-based entry may dominate as a result of a strategic effect: by delegating capacity choice to the entrant, the access-providing incumbent can commit to compete more aggressively, causing its rival to reduce capacity.

Some features of the **regulatory process** seem to be of utmost importance in reaching the desired outcomes. The coming into force of the electronic communications directives, the energy directives and Regulation 1/2003 has given the European Commission a new set of instruments to safeguard the uniform application of European Law by 27 independent national regulatory authorities (NRAs). The Commission has wide-ranging powers to monitor and regulate NRAs ex ante. In addition, the Commission increasingly uses 'hybrid' forms of regulation through the founding of European **networks of national regulators**. On top of that, the Commission is considering the crea-

tion of 'European networks plus', networks with regulatory powers that can for example adopt binding guidelines. DP 2008-024 studies the problems which arise with regard to the political and legal accountability of the independent national regulatory authorities, which work together with each other and the Commission in the European networks of national regulators, and the 'European networks plus'. The paper warns for potential drawbacks of the 'European networks plus' model. It is crucial that the demarcation line between the powers of the national and European authorities are transparent, and that situations where delegated national powers are exercised at the European level are monitored by national parliaments.

Independently of those questions of enforcement, the very content of regulatory provisions is of obvious importance. Do the **impact assessment** studies routinely conducted at the European level help with designing economically sound pieces of regulation? DP 2008-29 investigates a series of distinct and sometimes competing rationales or purposes for ex-ante evaluation of legislation (EEL). They include the mainstream economic rationale, i.e. improving the quality of legislation, as well as a number of purposes which link in with fundamental legal principles, such as accountability, transparency and democracy (representative, participative or counter-majoritarian). They are complemented with more complex rationales based on specific strands of economic theory, including remedying information deficiencies and committing players in the legislative game. The picture would not be complete without the less rosy rationales, namely deregulation and legislative entrepreneurship. Most of these rationales — except for the last ones, which do fit part of the practice unfortunately — are compatible with each other, providing strong explanations for one or the other feature of EEL. In the end, it seems more appropriate to picture the EEL as a multi-purpose instrument, following a number of strong and mutually reinforcing rationales.

In that context, an important question is whether the design of public policies should be left to the government, to an expert body or to a direct vote by the citizenry. The modern world is complex and difficult to understand for voters, who may hold beliefs that are at variance with reality. Politicians face incentives to pander to voters' beliefs so as to get reelected. This is especially true in matters of economic regulation where the popular 'solutions' to alleged market failures do not always make good policy. DP 2008-40 analyzes the welfare effects of this pandering and shows that it entails both costs and benefits. The main idea is that when information about the impact of policies is disseminated in society, targeting the median voter corrects for the incompetence of a bad politician but prevents a competent politician from taking the right decision. The paper explores **optimal constitutional design** in the presence of imperfect information about how the world works and compares representative government to direct democracy and to delegation of policy-making to independent agents. Indirect democracy is

shown to be often welfare-maximizing.

Finally, the fight against ***pollution and climate change*** gained momentum in 2008. The questions as to how to conduct it in the face of existing or future commitment to free trade is pressing. **Renewable energy certificates** (RECs) are instruments that allow countries to promote energy generation from renewable sources and can be part of domestic policies aimed at climate change mitigation and adaptation. DP 2008-32 discusses the issues raised by the nature of RECs, which can be traded in secondary markets. Concerns arise from the General Agreement on Trade in Services (GATS) and the multilateral regulation of trade in financial services, notably in the case where World Trade Organization (WTO) Members undertook sweeping commitments in financial services which equally apply to trade in RECs. The alleged dichotomy between trading in emission allowances and trading in RECs may also be problematic. The paper argues that WTO Members may be interested in considering whether a unified approach regarding energy-related services and trading of related financial instruments (such as RECs or emission rights) makes sense in the medium term. Indeed, as things now stand with the current classification system, Members may ultimately realize that they have already undertaken commitments in energy-related sectors, e.g. in financial services, that they had not intended to liberalize.



Tilburg University

In the age of globalization, goods cross borders but pollutants do as well. What is the link between trade policy and environmental policy? DP 2008-33 examines the impact of tariff reduction on the optimal pollution tax and social welfare when pollution is transboundary. In the situation where countries independently set their policies, strategic considerations lead them to distort their **pollution tax**. Trade liberalization

changes the distortion, and consequently the pollution tax and welfare, in ways that depend on the extent to which pollution is transboundary. When the damage from pollution is sufficiently small, bilateral tariff reduction always decreases the pollution tax, irrespective of the value of the transboundary pollution parameter. However, when the damage from pollution takes intermediate values, bilateral tariff reduction decreases the pollution tax if and only if the transboundary pollution parameter is sufficiently large (or even sufficiently small, in certain cases). Moreover, with pollution being transboundary, the impact of trade liberalization on welfare is no longer invariably positive. The greater the extent to which pollution crosses borders, the more likely is trade liberalization to reduce welfare, thus inducing policy-makers to stop short of establishing free trade.

3.3.2 Law and finance

TILEC members active in the 'Law and Finance' research line delivered many pieces about corporate governance and financial markets in 2008.

Regarding *corporate governance*, many pieces sought to accumulate evidence on the existing trends. How do **ownership structures** develop over time, and how do these structures relate to law? These questions are addressed in DP 2008-19, which analyses the data of a large sample of companies in five European countries and concludes that ownership concentration has decreased at a moderate pace over the last 8 years in France, Italy and Belgium, but has increased in Spain and the UK. Despite the finding that ownership is increasingly dispersed in the former countries, the fact remains that the great majority of companies in continental Europe continue to have one controlling shareholder. Families and non-financial companies make up the largest shareholders in the European continental countries. Investment policies differ significantly between the different shareholder classes as well between different countries. Further, companies are increasingly confronted with the presence of foreign shareholders. Given the development of the investor protection rights, the results partly confirm the work of La Porta, Lopez de Silanes, Shleifer and Vishny (LLSV), who have argued that ownership concentration is a substitute for weak investor protection. However, it is emphasized that ownership has many other features and "law" cannot explain all ownership characteristics.

Companies have the choice to deviate from their national corporate governance standards by opting into another system. They can do so via contractual devices — such as cross-border mergers and acquisitions, (re)incorporations, and cross-listings — which enable firms to choose their preferred level of investor protection and regulation. DP 2008-15 reviews these three main **contractual governance** devices, their effect on value, and whether their adoption by firms induces a race to the bottom or a race

to the top. Indeed, firms may opt for less shareholder-orientation or investor protection (shareholder-expropriation hypothesis) rather than for more stringent rules that require firms to focus on shareholder value (bonding hypothesis). With regard to (re) incorporations in the US, there is clearly no race to the bottom, as the states with the most detrimental corporate governance regulation for shareholders are not successful in attracting (re)incorporations. Still, there is hardly a race to the top either as the majority of incorporations and most of the reincorporations take place in Delaware. With regard to cross-border acquisitions, there is a clear race to the top for the following two reasons. First, acquirers from corporate governance regimes offering better investor protection more frequently take over targets with weak shareholder-orientation. Second, if the target is based in a better corporate governance regime, the evidence shows that acquirers with poorer shareholder protection voluntarily bootstrap or bond themselves to the more stringent level of corporate governance regulation. Similarly, the evidence on cross-listings is in line with the race to the top argument as those firms that have difficulty raising finance and/or have a high potential for their minority shareholders to be expropriated by the large shareholder choose to cross-list on markets with better investor protection.

In **cross-border acquisitions**, the differences between the bidder and target corporate governance have an important impact on the takeover returns and one can ask whether good governance practices spread on the occasion of M&A operations. DP 2008-08 measures the difference in corporate governance between the bidder and the target (in terms of shareholder, minority shareholder, and creditor orientation) with newly constructed indices. Those country-level corporate governance indices capture the changes in the quality of the national corporate governance regulations over the past 15 years. When the bidder is from a country with a strong shareholder orientation (relative to the target), part of the total synergy value of the takeover may result from the improvement in the governance of the target assets. In full takeovers, the corporate governance regulation of the bidder is imposed on the target. In partial takeovers, the improvement in the target corporate governance may occur on voluntary basis. The empirical analysis corroborates both spillover effects. In contrast, when the bidder is from a country with poorer shareholder protection, the anticipated takeover gains may be lower as the poorer corporate governance regime of the bidder will be imposed on the target. An alternative hypothesis argues that poor-governance bidders will voluntarily bootstrap to the better-governance regime of the target and it finds some support in the data.

How is a **takeover** bid financed and what is its impact on the expected value creation of the takeover? An analysis of the sources of transaction **financing** has been largely ignored in the takeover literature. Using a unique dataset, DP 2008-28 shows that

external sources of financing (debt and equity) are frequently employed in takeovers involving cash payments. Acquisitions with the same means of payment but different sources of transaction funding are in fact quite distinct. Acquisitions financed with internally generated funds significantly underperform those financed with debt. The takeover financing decision is influenced by the bidder's pecking order preferences, its growth potential, and its corporate governance environment, all of which are related to the cost of external capital. The choice of equity versus internal cash or debt financing depends on the bidder's strategic preferences with respect to the means of payment.

That firms gradually adjust dividend in response to changes in earnings has over time acquired the status of a stylized fact. Most of the available evidence is on US or UK firms. DP 2008-27 characterizes the **dividend policy** of German firms. Those firms pay out a lower proportion of their cash flows, but a higher proportion of their published profits than UK and US firms. The authors estimate partial adjustment models and report two major findings. First, German firms base their dividend decisions on cash flows rather than published earnings as (i) published earnings do not correctly reflect performance because German firms retain parts of their earnings to build up legal reserves, (ii) German accounting is conservative, (iii) published earnings are subject to more smoothing than cash flows. Second, in contrast with UK and US firms, German firms have more flexible dividend policies as they are willing to cut the dividend when profitability is only temporarily down.

Several other pieces were concerned with the working of *financial markets*. An overarching question in this context is: Does the legal system really matters for economic outcomes? DP 2008-14 focuses on the **venture capital market** and develops a theory and empirical test of the ways in which the legal system affects the relationship between venture capitalists and entrepreneurs. When some actions on both sides are not fully contractible, in a legal system where investors are generally more protected the optimal contract calls for them to give more informal support to entrepreneurs and to receive more downside protection (instruments such as debt or preferred equity). Those predictions are tested on a hand-collected sample of capital venture deals in 17 European countries and clearly supported. The results hold for legal origin, using the common interpretation that the Anglo-Saxon common law system is better for investors than systems based on civil law. They also hold for two widely used index measures of the quality of the legal system: the rule of law and the degree of procedural complexity.

DP 2008-02 provides evidence on **market surveillance** from stock exchanges and securities commissions from 25 different jurisdictions. Market surveillance is carried out by exchanges and securities commissions to detect market manipulation, which are trading practices that distort prices and enable market manipulators to profit at the

expense of other participants. The paper explores the relationship between surveillance activities and trading activity, to determine the effectiveness of surveillance and its effect on trading velocity, listings and market capitalization. The effectiveness of single vs. cross market surveillance is also examined. The DP uncovers new insights about international differences in market surveillance in relation to market quality and integrity.

DP 2008-03 sheds light on the definition of trade-based **market manipulation**. This is usually described as trading shares to initiate a price change or to cause an artificial price. The subject has received wide attention in policy and academic discussions, although the behavior is still poorly defined in both the legal and economic literatures. The paper contributes to a better understanding of manipulation by providing a precise definition. A difference is made between supported and unsupported price pressure: supported price pressure, defined as price pressure that is based on sufficient information, contributes to price efficiency, whereas unsupported price pressure creates societal costs. Trade market manipulation should thus be defined as exercising unsupported price pressure. The analysis sheds light on the long-standing debate about the possibility of formulating an objective definition of manipulation, refuting the assertion that a *mens rea* (intent) element is necessary.

Whereas the number of traditional exchanges has in recent years exhibited a downward trend due to consolidation (see, e.g., the merger NYSE-Euronext), alternative trading systems are popping up worldwide at an amazing pace. One such type of alternative systems are **dark pools**, which collect and process orders in a similar fashion as regular markets, but do not disclose information about liquidity or 'market depth'. For (institutional) traders, dark liquidity pools, with their pledge of offering liquidity, lowering submission and execution fees and limiting market impact, seem to offer an attractive complement to traditional exchanges. Indeed, by now dark pools have established themselves a place at the trading desk of most institutional investors. Obviously, this evolution poses a number of challenges to traditional exchanges, traders and regulators. DP2008-39 attempts at shedding light on dark liquidity pools. By reviewing the available theoretical and empirical literature, it addresses the following questions. What is the impact of the emergence of a crossing network next to a traditional exchange? Does the fragmentation of order flow hamper liquidity? What are the consequences for order flows to different trading venues? Do crossing networks improve overall welfare and the welfare of traders? Do crossing networks really offer lower trading costs? How are they, and should they, be regulated?

When-issued trading concerns transactions in securities that have not yet been issued. Those often take place in a so-called **'grey market'**, in which all contracts are condi-

tional on the issuance of the security. DP 2008-35 investigates the Dutch 'phantom market' for when-issued shares prior to stock splits and initial public offerings (IPO), using a unique, hand-collected dataset. The authors find that market-makers are more likely to set up a when-issued market after a stock split announcement when the number of expected transactions is large and the expected costs are low. On the basis of when-issued and regular share closing prices, they calculate that when-issued securities trade at a small but economically significant premium (of on average about 0.60%) over the regular shares during a limited period before the effective date of the stock split (after correcting for the time value of money). This when-issued premium disappears in the last days prior to the stock split. In the case of when-issued trading in the run-up to an IPO, the prices paid in the grey market are in line with the first day closing prices. Overall, those results confirm that pre-issuance trades are highly informative.

Do financial markets properly **price new information**? This question has taken on renewed relevance since the outburst of the financial crisis. Soccer clubs listed on the London Stock Exchange provide a unique way of testing stock price reactions to different types of news, as showed in DP 2008-44. For each firm, two pieces of information are released on a weekly basis: experts' expectations about game outcomes through the betting odds, and the game outcomes themselves. The stock market reacts strongly to news about game results, generating significant abnormal returns and trading volumes. There is evidence that the abnormal returns for the winning teams do not reflect rational expectations but are high due to overreactions induced by investor sentiment. This is not the case for losing teams. In contrast, there is no market reaction to the release of new betting information although these betting odds are excellent predictors of the game outcomes. The reasons for this discrepancy are thoroughly investigated by the authors.

Is **market monitoring** sufficient to prevent financial crises? The most recent literature on crises points out that financial fragility in the banking and/or corporate sector is at the root of the financial crises in emerging markets. DP 2008-13 studies how Turkish shareholders reacted to changes in banks' measures of financial fragility during the years prior to the 2000/2001 crisis, and how the quality and timeliness of disclosure affected market reaction. The authors find that improvements in disclosure requirements brought about in 1999 increased the informativeness of accounting statements and that audited statements that showed larger reporting lags were not informative, pointing to the need for improving their timeliness. They also find that shareholders reacted negatively to financial fragility indicators, such as increases in maturity mismatches, currency mismatches, and non-performing loans, showing concerns about the impact on future profits. Therefore, there is evidence that market monitoring took

place in the years prior to 2001. However, given the magnitude of the crisis that subsequently unfolded, the study suggests that the finding that securities prices react to financial fragility indicators should not be taken as a guarantee of banks' safety and soundness.

As **institutional investors** are the largest shareholders in most listed UK firms, one expects them to monitor the firms they invest in. However, there is mounting evidence suggesting that they do not perform any monitoring. DP 2008-16 provides a new test on whether UK institutional investors engage in **monitoring**. The test consists of an event study on directors' trades. If institutional shareholders act as monitors, their monitoring activities will convey new information about a firm's future value to other outside shareholders and reduce the informational asymmetry between the managers and the market. As a result, directors' trades will convey less information to the market when institutional investors own large share blocks, and the stock price reaction will be weaker. However, the results show that the presence of institutional shareholders in the ownership structure does not have a significant impact on the stock price reaction to directors' trades. Thus, the shareholder monitoring aspect of the UK corporate governance model seems to fail, although some recent developments have put more pressure on institutional shareholders to take a more active stance.



Tilburg University

Banks' risk-taking behavior is at the core of the discussions about the current financial turmoil. The regulatory obligations to which banks are subject are known to have a great influence on their behavior but what about pieces of legislation that primarily concern their depositors? DP 2008-22 studies the effect of the introduction of a generous deposit insurance system on banks' risk-taking behavior. Using detailed credit registry data from Bolivia, a country which introduced a deposit insurance system in 2001, the authors compare the risk-taking behavior of banks before and after the change. They find that in the post-deposit insurance period, banks were more likely to initiate riskier loans (i.e., loans with worse ratings at origination). These loans carried higher interest rates and were associated with worse ex-post performance. The authors' results also suggest that this increase in risk-taking was due to the drop in market discipline from large depositors, and that differences between large (too-big-to-fail) and small banks diminished in the post-deposit insurance period.

4. EDUCATION

4.1 MASTER PROGRAMMES

TILEC does not offer educational programmes of its own but TILEC members play a central teaching role in certain programmes offered by TILEC's parent faculties.

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 Competitiveness of the European Union (taught by Eric van Damme and Erik Brouwer), a seminar on Liberalization and Regulation (taught by Bert Willems and Gijsbert Zwart), and a seminar on Competition Policy (taught by Jan Boone and Lapo Filistrucchi). In 2008-2009, a new course about Competition and Regulation in Health Care Markets (taught by Ilaria Mosca and Catherine Schaumans) was introduced. The 'Competition and regulation' track is popular among students. Courses also attract a considerable number of students from the M.Sc. in International Economics and Finance. For instance, the seminar on the Competitiveness of the European Union was attended by 71 students in 2008, while total enrollment in both the M.Sc. in Economics and the M.Sc. in International Economics and Finance turned up at 73. Students find the courses to be interesting and challenging and value 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, teaching in the LL.M. in International Business Law is almost exclusively performed by TILEC members. The programme was recently redesigned to respond to the demands of students for even more practice-oriented courses without sacrificing the economic aspects that can add value to the transactions routinely prepared by business lawyers. Offerings with an interdisciplinary focus include a course on Banking and Securities Regulation (taught by Joe McCahery), a course on International Business Law (taught by Erik Vermeulen), a course on Business Law and Economics (taught by Filomena Chirico and Lapo Filistrucchi) and a seminar on Advanced Competition Law and Economic Regulation (taught by Damien Geradin, Pierre Larouche and Eric van Damme). The LL.M. is very successful in attracting and placing quality students. Some courses in this program also attract the attention of students from the Faculty of Economics and Business Administration.

In addition, TILEC is present in the M.Phil. (research master) programmes of its parent faculties. In the M.Phil. in Economics, Cédric Argenton is responsible for a full-

semester Law and Economics course covering the traditional topics of tort, property, contracts, litigation and enforcement. A similar course, led by Pierre Larouche, is available in the M.Phil. in Law.

4.2 PHD PROGRAMME AND PHD DISSERTATIONS

TILEC does not have its own PhD program but offers studies toward the Ph.D. degree through its affiliation with the CentER Graduate School at the Faculty of Economics and Business Administration and the Tilburg Graduate Law School. 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 and get the opportunity to become part of a congenial research environment. In 2008, two Ph.D. theses were successfully defended at TILEC.

The regulation of the energy sector needs to be adapted in order to foster investment and innovation. Regulatory attention should shift from the current focus on lower energy tariffs to a broader set of consumer-relevant concerns. This is the conclusion of the research of external PhD student **Paul Nillesen**, who defended his dissertation on 3 December 2008. In his work, Paul compared regulatory developments in Europe, the US and New Zealand and found that the privatisation and regulation of the electricity sector in the Netherlands is too much focused on cost reductions. However, due to the constant increase in demand for energy, large investments in the network are required. In addition, sustainability concerns further require changes in the structure of the network. For example wind energy mills need to be connected to the main electricity network. In order to encourage such investments and changes, regulation will have to be based on a broader concept of welfare, in order to allow for the right balance between lower prices and investment and innovation to be struck. Paul's research further shows that the unbundling of the energy sector (between production and transmission) in New Zealand has significantly improved the efficiency of the firm controlling the energy network. However, competition in the market for production decreased. Whether a similar result can be expected in the Netherlands remains to be seen, since the results are highly dependent on the structure of the sector and the type of regulation.

On 5 December 2008, TILEC member **Ilse van der Haar** defended her doctoral dissertation about the principle of technological neutrality in EC telecommunications regulation. Ilse investigated the origin and application of the principle of technology neutrality in telecommunication legislation. She discovered that the introduction of the principle was based on various motives — non-discrimination, durability, efficiency and certainty for consumers. She concluded, however, that 'efficiency' seems to

be the dominant motive for applying the principle in telecommunication legislation. The legislation relating to the substantive component of communication services was recently revised at the European level. Ilse used the experiences with the principle of technology neutrality in telecommunication legislation for an analysis of the resulting new Audiovisual Media Services Directive. She concluded that the criticism which this European directive met regarding the unnecessary expansion of legislation from traditional broadcasting services to interactive, online services could have been easily obviated through a better application of the principle of technology neutrality based on efficiency.

5. SPONSORSHIP, GRANTS AND CONTRACT RESEARCH

For administrative reasons, some of the projects initiated by TILEC appear in the books of its parent faculties. In 2008, TILEC's total footprint approached € 2 million while its formal budget amounted to about € 1.6 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
 - For the TILEC-AFM research network on financial markets regulation
- Essent
 - For research on energy markets
- European Union
 - For research carried out in the context of the NoE COPECL
 - For the participation in the European Corporate Governance Training Network (ECGTN)
- Hiil
 - For the research project "Convergence and divergence of National Legal Orders"
- NMa
 - For research on the market for yellow pages
- NZa
 - For research on health care markets
- NWO
 - For the research project of Ting Jiang
 - For the research project of Maartje de Visser
 - For the research project of Jun Zhou
 - For the research project of Natalia Fiedziuk
- Ministry of Economic Affairs
 - For research on network neutrality
- NGI (the Next Generation Infrastructures project, coordinated by TU Delft)
 - For the project on State aid and infrastructure
 - For the Unecom project
- Program Politie en Wetenschap
 - For research on criminality
- Staatsloterij
 - For research on gambling
- Vewin
 - For the research project of Tamara Wielders
- Qualcomm Inc.
 - For research on innovation, intellectual property and competition



Annual Report readership

A: MEMBERS

Members	2002	2003	2004	2005	2006	2007	2008
Total numbers, of whom:	19	27	34	36	44	52	61
– Senior, of whom:	19	25	22	21	27	33	43 ^I
– Institutions, Competition and Regulation	17	21	18	16	19	22	31
– Law and Finance	2	4	4	5	8	12	13
New members since previous period	-	7	3	3	9	7	8
Departures since previous period	-	1	6	4	3	1	1
Research commitment (fte)	3.7	4.7	5.4	5.0	8.5	9.9	12.3
– Junior, of whom:	-	2	12	15	17	19	18
– Institutions, Competition and Regulation	-	1	8	9	10	16	15
– Law and Finance	-	1	4	6	7	3	3
New members since previous period	-	2	10	5	6	4	4
Completion of Ph.D.	-	-	-	2	2	2	1
Departures since previous period	-	-	-	-	2	-	2
Research commitment (fte)		0.3	1.5	6.3	7.5	5.9	3.2

Table A1: TILEC membership per 31 December 2008^I One senior member is active in both research lines

Member	Commitment	Position				Research Line		Since
	(fte) ²	Student	Lect./UD	Sen. Lect./UHD	Professor	ICR3	L&F4	
Faculty of Law								
Birgitte Andersen	n/a ⁵	•				•		2007
Maurits Barendrecht	0.1				•	•		2003
Faysal Barrachi	n/a	•				•		2007
Machiel Bolhuis	0.1	•				•		2006
Adiba Bouichi	0.1	•					•	2005
Emmanuel De Corte	n/a	•				•		2008
Robert Dijkstra	n/a	•				•		2007
Panagiotis Delimatsis	0.6		•			•		2008
Eckart Ehlers	0.2	•				•		2004
Philip Eijlander	0.1				•	•		Founding
Christoph van der Elst	0.1				•		•	2006
Natalia Fiedziuk	0.1	•				•		2007
Barbara Gábor	0.1		•			•		2007
Damien Geradin	0.5				•	•		2005

² Research time committed to TILEC in fte (full time equivalent)

³ Institutions, Competition and Regulation

⁴ Law and Finance

⁵ Not applicable for master and external students

Member	Commit- ment	Position				Research Line		Since
	(fte)	Student	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
Faculty of Law								
Stéfanie van Gulijk	0.1		•			•		2005
Ilse van der Haar	0.6		•			•		2004
Leigh Hancher	0.2				•	•		Founding
Annette Hirschfeld	0.5	•				•		2008
Willem Hoyng	0.1				•	•		2008
Sofia Johan	0.2		•				•	2003
Pierre Larouche	0.4				•	•		Founding
Alan Littler	0.8	•				•		2005
Karin Lutikhuis	0.1		•				•	2005
Vince Marti Fraga	n/a	•				•		2007
Joe McCahery	0.4				•		•	Founding
José Mulder	0.1	•				•		2006
Laura Parret	0.1		•			•		Founding
Theo Raaijmakers	0.1				•		•	2005
Wolf Sauter	0.2				•	•		2008

⁶ Research time committed to TILEC in fte (full time equivalent)

⁷ Institutions, Competition and Regulation

⁸ Law and Finance

Member	Commitment	Position				Research Line		Since
	(fte)	Student	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
Faculty of Law								
Erik Vermeulen	0.4		•			•		2003
Maartje de Visser	0.2		•			•		2004

⁹ Research time committed to TILEC in fte (full time equivalent)

¹⁰ Institutions, Competition and Regulation

¹¹ Law and Finance

Member	Commit- ment	Position				Research Line		Since
		Student	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
	(fte)							
Faculty of Economics and Business Administration								
Cédric Argenton	0.5		•			•		2007
Jan Boone	0.4				•	•		Founding
Erik Brouwer	0.4				•	•		2006
Marcel Canoy	0.2				•	•		2008
Amrita Chauduri	0.6		•			•		2007
Eric van Damme	0.4				•	•		Founding
Hans Degryse	0.6				•		•	2006
Lapo Filistrucchi	0.6		•			•		2006
Peter de Goeij	0.2		•				•	2008
Ting Jiang	0.6	•				•		2006
Simone Keunen	0.1	•				•		2008
Tobias Klein	0.1			•		•		2008
Jérémie Lefebvre	0.6	•					•	2006
Ilaria Mosca	0.4		•			•		2006
Wieland Müller	0.1				•	•		2004
Steven Ongena	0.1				•		•	2006
Maria Fabiana Penas	0.1		•				•	2006

Member	Commit- ment	Position				Research Line		Since
	(fte)	Student	Lect./UD	Sen. Lect./UHD	Professor	ICR	L&F	
Faculty of Economics and Business Administration								
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
Catherine Schaumans	0.6		•			•		2008
Christoph Schottmüller	0.1	•				•		2008
Zhen Shi	0.1	•					•	2006
Sigrid Suetens	0.1		•			•		2007
Ben Vollaard	0.8		•			•		2008
Wolf Wagner	0.1			•		•	•	2007
Bert Willems	0.5		•			•		2006
Gijsbert Zwart	0.2		•			•		2005

Table A2: Membership overview per 31 December 2008

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 Lavrijsen	University of Utrecht, The Netherlands
Evguenia Motchenkova	Free University Amsterdam, The Netherlands
Matthijs Nelemans	De Brauw Blackstone, The Netherlands
Valter Sorana	CRA International, United Kingdom
Peter Szilagyi	Judge Business School, Cambridge University
Allesandro Tajana	Linklaters, Belgium

Table A3: *Extramural Fellows per 31 December 2008*

APPENDIX B: PUBLICATIONS BY TILEC MEMBERS

The following publications all appeared in 2008.¹²

BI ACADEMIC PUBLICATIONS

B I.1. Journals

Barendrecht, M.

Het goede gesprek. *Rechtsgeleerd magazijn Themis*, 169(5), 201-203.

Hervorming ontslagrecht: Kantonrechters kunnen het wel! *Nederlands Juristenblad*, 83(13), 744-745.

Omgaan met verschil. *Rechtsgeleerd magazijn Themis*, 169(2), 54-56.

Rechtsvorming via hogere rechtspraak. Heeft de Commissie Hammerstein de oplossing? *Nederlands Juristenblad*, 83(22), 1332-1135.

Duurzame rechtsbijstand, legal empowerment en microrecht. *Nederlands Juristenblad*, 83(43), 2685-2694 (with P. Sluijter and C.M.C. van Zeeland).

Barendrecht, M. and S. van Gulijk

Principles of European Law on Service Contracts (PEL SC) in bouwcontractenrechtelijk perspectief. *Tijdschrift voor Bouwrecht*, 2008(8), 689-705 (with C.E.C. Jansen and M.B.M. Loos).

¹² The categories are defined as follows:

Academic publications: Scientific papers, contributions to collective books, or monographs aimed at an audience of scientists and researchers.

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 the TILEC discussion paper series, to the exclusion of other series in which TILEC members place their research pieces

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.

Boone, J.

A new way to measure competition. *Economic Journal*, 118(531), 1245-1261.

Discussion of: Declining discount rates, by C. Gollier, P. Koundouri & T. Pantelidis. *Economic Policy*, 56 (October), 757-795.

Competition: Theoretical paramaterizations and empirical measures. *Journal of Institutional and Theoretical Economics*, 164(4), 587-611.

Brouwer, E

The innovation threshold. *De Economist*, 154(1), 45-71, (with T. Poot and K. van Montfort).

Da Rin, M.

Who are the active investors? Evidence from venture capital. *Journal of Financial Economics*, 89(3), 488-512 (with L. Bottazzi and T. Hellmann).

De Corte, E. and B.R.R. Willems

Market power mitigation by regulating contract portfolio risk. *Energy Policy*, 36(10), 3787-3796.

Degryse, H.A.,

Softening competition by inducing switching in credit markets. A correction. *Journal of Industrial Economics*, 56(3), 679-682 (with J.M.C. Bouckaert, J. Fernandez-Ruiz, and M. Garcia-Cestona).

Delimatsis, P.

Determining the necessity of domestic regulations in services: The best is yet to come. *European Journal of International Law*, 19(2), 365-408.

Eijlander, P.

Over de groei en bloei van certificatie, Haarlemmerolie voor het handhavingstekort? *Tijdschrift voor Bouwrecht*, 2008(7), 607-615.

Elst, C. van der

Verweermiddelen tegen vijandige openbare overnamebiedingen, *Tijdschrift Financieel Recht* (special edition), 2008, 89-117.

No more eagerness for fast regulation, *HUK. Law quarterly for the entire commercial, insolvency and capital market law*, 2008(2), p.135-140.

Geradin, D.

The Ex Ante Auction Model for the Control of Market Power in Standard Setting Organizations, *European Competition Journal*, 4(2), 443-462 (with Anne-Layne-Farrar and Jorge Padilla).

The Complements Problem within Standard Setting: Assessing the Evidence on Royalty Stacking, *Boston University Journal of Science & Technology Law*, 14(2), 144-176 (with Anne-Layne-Farrar and Jorge Padilla).

Revisiting Injunctive Relief: Interpreting eBay in High-Tech Industries with Non-Practicing Patent Holders, *Journal of Competition Law and Economics*, 4(3), 571-608 (with Vincenzo Denicolo, Anne-Layne-Farrar and Jorge Padilla).

Johan, S.

Preplanned Venture Capital Exits, *European Economic Review*, 52(7), 1209-1241 (with Douglas Cumming).

Hedge Fund Forum Shopping. *University of Pennsylvania Journal of Business and Employment Law*, 10(4), 783-831 (with Douglas Cumming).

Information Asymmetries, Agency Costs and Venture Capital Exit Outcomes, *Venture Capital: An International Journal of Entrepreneurial Finance*, 10(4), 197-231 (with Douglas Cumming).

Littler, A.

Regulatory perspectives on the future of interactive gambling in the internal market. *European Law Review*, 33(2), 211-229.

Mosca, I.

Does governance matter for aggregate health capital? *Applied Economics Letters*, 15(3), 199-202 (with E.A. Lazarova).

Choice determinants of the mobility in the Dutch Health insurance market. *European Journal of Health Economics*, 9(3), 261-265 (with A. Schut-Welkzijn).

Müller, W.

Job-Market signaling and screening: An experimental study. *Games and Economic Behaviour*, 64 (1), 219-236 (with D. Kübler and H.-T. Normann).

Ongena, S.

European mezzanine. *Applied Financial Economics*, 18(20), 1613-1622 (with M. Ruijter Korver).

Parret, L.

Sense and nonsense of rules on proof in cartel cases: how to reconcile a more economics based approach with more attention for rules on proof? *European Competition Law Review*, 4(1), 169-199.

Penas, M.F.

Lending to small businesses: The role of loan maturity in addressing information problems. *Small Business Economics*, 30(4), 361-383 (with H. Ortiz-Molina).

Potters, J.A.M.

Michael Maxchler in the Netherlands. *Games and Economic Behaviour*, 64(2), 372-372 (with S.H. Tijs).

Prüfer, J.

Interconnection and competition among asymmetric networks in the Internet backbone market. *Information Economics and Policy*, 20(3), 243-256 (with E. Jahn).

Renneboog, L.D.R.

Contractual corporate governance. *Journal of Corporate Finance*, 14(3), 166-182 (with M. Goergen).

A century of corporate takeovers: What have we learned and where do we stand? *Journal of Banking and Finance*, 32(10), 2148-2177 (with M. Martynova).

Spillover of corporate governance standards in cross-border mergers and acquisitions. *Journal of Corporate Finance*, 14(3), 200-223 (with M. Martynova).

Socially responsible investments: Institutional aspects, performance and investor behavior. *Journal of Banking and Finance*, 32(9), 1723-1742 (with J.R. ter Horst, and C. Zhang).

The price of ethics and stakeholder governance: The performance of socially responsible mutual funds. *Journal of Corporate Finance*, 14(3), 302-322 (with J.R. ter Horst, and C. Zhang).

Recent developments in German corporate governance. *International Review of Law*

and Economics, 28(3), 175-193 (with M. Goergen and M.C. Manjon).

Corporate restructuring and bondholder wealth. *European Financial Management*, 14(4), 792-819 (with P.G. Szilagyi).

Is the German system of corporate governance converging towards the Anglo-American model? *Journal of Management and Governance*, 12(1), 37-71 (with M. Goergen and M.C. Manjon).

Do UK institutional investors monitor their investee firms? *Journal of Corporate Law Studies*, 8(1), 39-56 (with M. Goergen and C. Zhang).

Ruys, P.H.M.

Technology driven organizational structure of the firm. *Annals of Finance*, 4(4), 481-503 (with J.R. van den Brink).

Sauter, W.

Services of general economic interest and universal service in EU law, *European Law Review*, 33, 167-193.

Schaumans, C.B.C.

Entry and regulation – Evidence from health care professions. *Rand Journal of Economics*, 39, 949-972, (with F.L. Verboven).

Suetens, S.

Does R&D cooperation facilitate price collusion? An experiment. *Journal of Economic Behavior and Organization*, 66, 822-836.

Subtle social clues, explicit incentives and cooperation in social dilemmas. *Evolution and Human Behavior*, 29, 179-188 (with Chr. Boone and C. Declerck).

Communication and guilt in a prisoner's dilemma. *Journal of Conflict Resolution*, 52, 945-960 (with T. Miettinen).

Wagner, W.B.

Credit derivatives and loan pricing. *Journal of Banking and Finance*, 32(12), 2501-2734 (with L. Norden).

The homogenization of the financial system and liquidity crises. *Journal of Financial Intermediation*, 17(3), 330-356.

Willems, B.R.R. and E. Ehlers

Cross-subsidies in the electricity sector. *Competition and Regulation in Network Industries*, 9(3), 201-227.

B 1.2 Book Chapters**Brouwer, E.**

De Boete ontleed: Op zoek naar balans. In P. Kalbfleisch, J. van Sinderen, A van den Ende, M. van Oers & P.A.G. van Bergeijk (Eds.), *Trust en Antitrust; Beschouwingen over 10 jaar Mededingingswet en 10 jaar Nma*. The Hague: Nma. 257-264 (with W. Meester).

Chirico, F.

Italian Competition Law. In M. Van Empel, Y. Hofhuis (Eds.), *Competition Law in Western Europe and USA*. Kluwer Law –Aspen Pub (with A. Papa Malatesta).

Chirico, F. and P. Larouche

Conceptual divergence, functionalism, and the economics of convergence. In Sacha Prechal & Bert van Roermund (Eds.), *The Coherence of EU Law. The Search for Unity in Divergent Concepts*. Oxford: Oxford University Press. 463-493.

Damme, E.E.C. van

Marktwerving: Time-out of intensivering? In G. Gelauff, A. Boot, J.J. Herings, M. Lindeboom & H. Schenk (Eds.), *Jaarboek Koninklijke Vereniging voor de Staathuishoudkunde 2007/2008*. Amsterdam: KVS. 194-199.

Twenty-four and there is so much more. In P. Kalbfleisch, J. van Sinderen, A. van den Ende, M. van Oers & P.A.G. van Bergeijk (Eds.), *Trust en Antitrust; Beschouwingen over 10 Jaar Mededingingswet en 10 Jaar NMA*. The Hague: Nma. 177-187.

Leve de vrije handel? In M. van Zundert, I. Hamers & J. Mes (Eds.), *Wat Kost Dat?! Wat je Wilt Weten over Geld en Economie*. Wormer: Inmerc. 45-49.

Degryse, H.A. & Ongena, S.

Competition and regulation in the banking sector: A review of the empirical evidence on the sources of bank rents. In A. Thakor & A. Boot (Eds.), *Handbook of Financial Intermediation and Banking*. Amsterdam: Elsevier.

Technology, regulation and the geographical scope of banking. In X. Freixas, P. Hartmann & C. Mayer (Eds.), *Handbook of European Financial Markets and Institutions*. Oxford: Oxford University Press. 345-373.

Delimatsis, P.

Towards a necessity test for services: Completing the GATS article VI:4 mandate. In P. Sauvé, N. Pohl, & M. Panizzon (Eds.), *GATS and the regulation of international trade in services*. Cambridge: Cambridge University Press. 370-396.

Article III GATS (Transparency). In W. Wolfrum, P-T. Stoll, & C. Feinäugle (Eds.), *WTO - Trade in services*. Leiden: Martinus Nijhoff Publishers. 92-107.

Article III bis GATS (Disclosure of business confidential information). In W. Wolfrum, P-T. Stoll, & C. Feinäugle (Eds.), *WTO - Trade in services*. Leiden: Martinus Nijhoff Publishers. 108-113.

Article XIX GATS (Progressive Liberalization). In W. Wolfrum, P-T. Stoll, & C. Feinäugle (Eds.), *WTO - Trade in services*. Leiden: Martinus Nijhoff Publishers. 427-444.

Article XIV GATS (General exceptions). In W. Wolfrum, P-T. Stoll, & C. Feinäugle (Eds.), *WTO - Trade in services*. Leiden: Martinus Nijhoff Publishers. 287-328 (with T. Cottier and N. Diebold).

Article XIV bis GATS (Security exceptions). In W. Wolfrum, P-T. Stoll, & C. Feinäugle (Eds.), *WTO - Trade in services*. Leiden: Martinus Nijhoff Publishers (with T. Cottier). 329-348.

Elst, C. van der

Algemene vergadering van aandeelhouders: revitaliseerbaar? In H. De Wulf, R. Steennot, M. Tison and C. van der Elst (Eds.), *Liber Amicorum Eddy Wymeersch – Van alle markten*, Antwerpen: Instituut Financieel Recht and Intersentia. 977-996.

Openbare overnamebiedingen en beschermingsconstructies. In C. van der Elst and H. De Wulf (Eds.), *De Belgische overnamewetgeving na de hervorming van 2007*, Antwerpen: Intersentia. 209-249.

Squeeze-out en sell-out of uitwringen en opdringen van effecten. In C. van der Elst and H. De Wulf (eds.), *De Belgische overnamewetgeving na de hervorming van 2007*, Antwerpen: Intersentia. 327-371.

Elst, C. van der and E. Vermeulen

Ondernemingsrecht vanuit economische invalshoek. In W. Weterings (Ed.), *Economische Analyse van het Recht*, Den Haag: Boom Uitgevers. 157-180.

Geradin, D.

Abusive Pricing in an IP Licensing Context: An EC Competition Law Analysis, in C.D. Elhermann and M. Marquis (Eds.), *European Competition Law Annual 2007: A Reformed Approach to Article 82 EC*.

Hancher, L.

Chapter 5, EU Energy Law, (with E.D. Cross, B. Delvaux, P.J. Slot) in *Energy Law in Europe*, 2nd ed. (ed. Roggenkamp et al). Oxford: Oxford University Press. 225-392

Larouche, P.

A review of the WTO regime for telecommunications services. In K. Alexander and M. Andenas (Eds.), *The World Trade Organization and Trade in Services*. The Netherlands: Koninklijke Brill NV. 319-379 (with Marco Bronckers).

On the Future of Information Law as a Specific Field of Law. In N. van Eijk and B. Hugenholtz (Eds.), *Liber amicorum Egbert Dommering*, Amsterdam: Otto Cramwinkel. 221-230.

Potters, J.J.M.

Wat kost dat? De juiste prijs van ijs. In M. van Zundert, I. Hamers & J. Mes (Eds.), *Wat Kost Dat?! Wat je Wilt Weten over Geld & Economie*. Wormer: Inmerc.

Raaijmakers, T.

Disclosure and accounting for issuers in between 'federal' EU securities law (and mandatory application of IFRS) and national corporate law accounting concepts. In P.H.J. Essers, R. Russo, T. Raaijmakers, P. Schee, L.G. van der Tas and P. van der Zanden (Eds.), *The influence of IAS/IFRS on the CCCTB, tax accounting, disclosure and corporate law accounting concepts*. Alphen aan den Rijn: Kluwer Law International. (EUCOTAX Series on European Taxation), (with P.A. Schee).

Regulering en handhaving van overnamebiedingen in perspectief. In R. ten Have, M. Nieuwe Weme, & L. Hijmnas van den Berg (Eds.), *Handboek openbaar bod*. Deventer: Kluwer, (Serie Onderneming en Recht, 46). 1125-1172 (with P.A. Schee).

Jaarrekeningen van beurs-NV's: van rekening en verantwoording naar disclosure. In P. van der Zanden, C. Harmsen, A. Luttikhuis, & A. van Campen (Eds.), *Vereniging jaarrekeningenrecht bundel 2008/2009*. Den Haag: Boom Juridische Uitgevers. 141-165 (with P.A. Schee).

Uitstoting minderheid na gestanddoening van een openbaar overnamebod: Inspiratie uit Nederland? In H. de Wulf & C. van der Elst (Eds.), *De Belgische overnamewetgeving na de hervorming van 2007*. Antwerpen/Oxford: Intersentia. 377-409.

Renneboog, L.D.R.

Do corporate control and product market competition lead to stronger productivity growth? Evidence from market-oriented and blockholder-based governance regimes. In M. Ricketts (Ed.), *The Economics of a Modern Business Enterprise (Volume 3)* (The International Library of Critical Writings in Economics). Cheltenham: Edward Elgar. 550-591 (with J. Koke).

Why do public firms go private in the UK? The impact of private equity investors, incentive realignment and undervaluation. In M. Wright & H. Bruining (Eds.), *Private Equity and Management Buy-Outs*. Cheltenham: Edward Elgar. 101-150 (with T. Simons and M. Wright).

Vermeulen, E. and C. van der Elst

Vennootschapsrecht. In W.C.T. Weterings (Ed.), *De economische analyse van het recht*. Den Haag: Boom Juridische Uitgers. 157-179.

Visser, M. de

'Ceci n'est pas une constitution': Report on The Netherlands. In H. Koeck & M. Karollus (Eds.), *Preparing the European Union for the future? Necessary revisions of primary law after the non-ratification of the treaty establishing a constitution for Europe*. Vienna: Nomos. 243-280 (with M.L.H.K. Claes, G. Leenknecht and L.A.J. Senden).

B. 1.3 Monographs and edited books

Elst, C. van der

(Ed.) *De Belgische overnamewetgeving na de hervorming van 2007*, Antwerpen: Intersentia (with H. De Wulf).

Gulijk, S.

European architect law: Towards a new design. Apeldoorn/ Antwerpen: Maklu-Uitgevers.

Hancher, L.

(Ed.) *New Perspectives on Investment in Infrastructures*, Amsterdam University Press (with G. Arts and W. Dicke).

Little, A.

Crime, addiction and the regulation of gambling. Leiden/Boston: Martinus Nijhoff (with A.C.M. Spapens and C.J.C.F. Fijnaut).

Raaijmakers, T

(Ed.) *The influence of IAS/IFRS on the CCCTB, tax accounting, disclosure and corporate law accounting concepts.* Alphen aan den Rijn: Kluwer Law International. (EUCOTAX Series on European Taxation) (with P.H.J. Essers, R. Russo, P. van der Schee, L.G. van der and P. van der Zanden).

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

Corporate Governance of Non-Listed Companies. Oxford: Oxford University Press.

Visser, M.C.B.F. de

Network-Based Governance in EC Law. Nijmegen: Wolf Legal Publishers.

B 2 PROFESSIONAL PUBLICATIONS

B 2.1. Journals

Andersen, B.

In Search of a Useful Theory of The Productive Potential of Intellectual Property Rights, *Research Policy*, 37, 12-28 (with S. Konzelmann).

Argenton, C.

Grandes surfaces, petits commerces. Le rapport Attali et les faits. *Commentaire*, 121, 311-316.

Taxer les licenciements? *Commentaire*, 123, 795-799.

Damme, E.E.C. van

Surplus geeft inzicht in welvaart. *Economisch Statistische Berichten*, 93(4528), 91.

Mens, dier en economie. *Economisch Statistische Berichten*, 93(4529). 111.

Wat vindt u van de aanstaande liberalisering van de postmarkt? Vraag van de week. *Economisch Statistische Berichten*, 93(4532), 224.

Geluk als beleidsdoelstelling. *Economisch Statistische Berichten*, 93(4534), 271.

Eerlijk Spel. *Economisch Statistische Berichten*, 93(4539), 431.

Markt en overheid en lobby. *Economisch Statistische Berichten*, 93(4544), 591.

Verdwaald tussen 'Ja, tenzij' en 'nee, mits'. *Economisch Statistische Berichten*, 93(4549), 751.

Marktwerving in het Haagse sprookjesbos. Redactioneel. *Markt en Mededinging*, 11(3), 61-64.

Degryse, H.A.

MiFID: Competitie op financiële markten en financieel toezicht. *Economisch Statistische Berichten*, 93(4543S), 51-57.

Elst, C. van der

C. Van der Elst, "De onafhankelijke deskundige bij openbare uitkoopbiedingen", *Tax, Audit & Accountancy*, 3, 8-13.

C. Van der Elst, "L'Expert independant et offres publiques de reprise », *Tax, Audit & Accountancy*, 3, pp. 8-13.

Hancher, L.

159 19 juli 2007, zaak T-360/04, *FG Marine SA t. Commissie van de Europese Gemeenschappen* 2008, volume 56, issue 9, p. 352-363 (with L. Haasbeek).

Sauter, W.

Diensten van algemeen economisch belang en universele dienstverplichtingen in de gezondheidszorg, *Markt en Mededinging*, 11, 4-12.

NZa houdt vinger aan de pols: aanmerkelijke marktmacht (AMM) in de zorg, *ZE Magazine*. 2008, 22-27 (with A. Lasance).

B 2.2. Book Chapters

Müller, W.

Mergers without cost advantages. In D. Collins (Ed.), *Issues in Competition Law and Policy* (pp. 1575-1588), American Bar Association Press (with S. Huck and K.A. Konrad).

B 2.3. Books and reports

Andersen, B.

Why Music Downloads and P2P Filesharing May be Good News for the Music Industry, British Institute of Technology and Ecommerce, (with M. Frenz).

Delimatsis, P.

Trade in services within a prospective India-EU trade and investment agreement: The case of the legal sector. New Delhi: Indian Council for Research on International Economic Relations (ICRIER), (with S. Gandhi).

Raaijmakers, G.T.M.J. and E.P.M. Vermeulen

Vennootschaps- en effectenrecht 2008/2009. Nijmegen: Ars Aequi. (Ars Aequi Wetsedities).

B. 3 DISCUSSION PAPERS

DP 2008-001 Jan Bouckaert, Hans Degryse and Theon van Dijk

Price Discrimination Bans on Dominant Firms

DP 2008-002 Douglas Cumming and Sofia Johan

Global Market Surveillance

DP 2008-003 Matthijs Nelemans

Redefining Trade-Based Market Manipulation

DP 2008-004 Laura Parret

Sense and Nonsense of Rules on Proof in Cartel Cases

DP 2008-005 Amrita Ray Chaudhuri

A Dynamic Model of Endogenous Mergers and Trade Liberalization

DP 2008-006 Elena Carletti, Philipp Hartmann, Steven Ongena

The Economic Impact of Merger Control Legislation

DP 2008-007 Cédric Argenton

Exclusive Quality

DP 2008-008 Marina Martynova and Luc Renneboog

Spillover of Corporate Governance Standards in Cross-Border Mergers and Acquisitions

DP 2008-009 Amrita Ray Chaudhuri and Hassan Bencheikroun

Welfare Effect of Mergers and Trade Liberalization

DP 2008-010 Maurits Barendrecht and Patricia van Nispen

Microjustice

DP 2008-011 Maurits Barendrecht, Peter Kamminga, Jin Ho Verdonchot

Priorities for the Justice System: Responding to the Most Urgent Legal Problems of Individuals

DP 2008-012 Jose Mulder

Compensation is not just about money and neither should its economic assessment be

DP 2008-013 Maria Fabiana Penas and Gunseli Tumer-Alkan

Bank Disclosure and Market Assessment of Financial Fragility: Evidence from Banks' Equity Price

DP 2008-014 Laura Bottazzi, Marco Da Rin and Thomas Hellmann

What is the Role of Legal Systems in Financial Intermediation? Theory and Evidence

DP 2008-015 Marc Goergen and Luc Renneboog

Contractual Corporate Governance

DP 2008-016 Marc Goergen, Luc Renneboog and Chendi Zhang

Do UK Institutional Shareholders Monitor Their Investee Firms?

DP 2008-017 Wolf Sauter

Services of General Economic Interest and Universal Service in EU Law

DP 2008-018 Damien Geradin, Anne Layne-Farrar, and A. Jorge Padilla

Elves or Trolls? The Role of Non-Practicing Patent Owners in the Innovation Economy

DP 2008-019 Christoph Van der Elst

Shareholder Mobility in Five European Countries

DP 2008-020 Pierre Larouche*On the Future of Information Law as a Specific Field of Law***DP 2008-021 Pierre Larouche***The European Microsoft Case at the Crossroads of Competition Policy and Innovation***DP 2008-022 Vasso Ioannidou and Maria Fabiana Penas***Deposit Insurance and Bank Risk-Taking: Evidence from Internal Loan Ratings***DP 2008-023 Jens Prüfer***Semi-public Contests***DP 2008-024 Saskia Lavrijssen-Heijmans and Leigh Hancher***European Regulators in the Network Sectors: Revolution or Evolution?***DP 2008-025 Filomena Chirico***The Function of European Contract Law. An Economic Analysis***DP 2008-026 Jun Zhou***Jackpot Justice: the Value of Inefficient Litigation***DP 2008-027 Christian Andres, André Betzer, Marc Goergen, Luc Renneboog***The Dividend Policy of German Firms***DP 2008-028 Marina Martynova and Luc Renneboog***What Determines the Financing Decision in Corporate Takeovers: Cost of Capital, Agency Problems, or the Means of Payment***DP 2008-029 Pierre Larouche***Ex Ante Evaluation of Legislation Torn Among its Rationales***DP 2008-030 Jan Boone and Wieland Müller***The Distribution of Harm in Price-Fixing Case***DP 2008-031 Bert Willems and Joris Morbee***Risk Management in Electricity Markets: Hedging and Market Incompleteness***DP 2008-032 Panagiotis Delimatsis***Financial Innovation, Climate Change and the GATS: The Case of Renewable Energy Certificates*

DP 2008-033 Amrita Ray Chaudhuri and Soham Baksi

Transboundary Pollution, Trade Liberalization, and Environmental Taxes

DP 2008-034 Wolf Sauter

The Proposed Patient Mobility Directive and the Reform of Cross-Border Healthcare in the EU

DP 2008-035 Luc Renneboog and Christophe Spaenjers

The Dutch Grey Market

DP 2008-036 Dirk Engelmann and Wieland Müller

Collusion through price ceilings? In search of a focal-point effect

DP 2008-037 Michiel Bijlsma and Gijsbert Zwart

Competition for Access: Spectrum Rights and Downstream Access in Wireless Telecommunications

DP 2008-038 Jan Bouckaert, Hans Degryse and Thomas Provoost

Enhancing Market Power by Reducing Switching Costs

DP 2008-039 Hans Degryse, Mark van Achter and Gunther Wuyts

Shedding Light on Dark Liquidity Pools

DP 2008-040 Johannes Binswanger and Jens Prüfer

Imperfect Information, Democracy, and Populism

DP 2008-041 Damien Geradin

A Proposed Test for Separating Pro-Competitive Loyalty Rebates from Anti-competitive Ones

DP 2008-042 Wolf Sauter

Risk equalisation in health insurance and the new standard for public service compensation in the context of state aid and services of general economic interest under EU law

DP 2008-043 Gijsbert Zwart

European natural gas markets: resource constraints and market power

DP 2008-044 Frederic Palomino, Luc Renneboog and Chendi Zhang

Information Salience, Investor Sentiment, and Stock Returns: the Case of British Soccer Betting

DP 2008-045 Pierre Larouche

'Legally Relevant Damage' and a Priori Limits to Non-Contractual Liability In the DCFR

DP 2008-046 Harold Houba, Evgenia Motchenkova and Quan Wen

Maximal cartel pricing and leniency programs

DP 2008-047 Marta Serra-Garcia, Eric van Damme and Jan Potters

Truth or Efficiency? Communication in a Sequential Public Good Games

B 4 POPULARIZING CONTRIBUTIONS**B 4.1 Articles in newspaper****Canoy, M.F.M.**

Ga nooit meer budgetteren in de zorg. *NRC Handelsblad*, March 10 (with A.L. Bovenberg).

Puntjes op de i voor AWBZ. *NRC Handelsblad*, April 19 (with A.L. Bovenberg).

EU zou oude fouten moeten erkennen. *Trouw*, June 20.

Fusieoets voor NZa noodzakelijk instrument. *NRC Handelsblad*, August 19.

Begroting is een dure grap. *Het Financieele Dagblad*, September 17 (with A.L. Bovenberg).

Openheid duurt het langst! *Het Financieele Dagblad*, September 18 (with A.L. Bovenberg).

Vrije postmarkt baat TNT. *Het Financieele Dagblad*, December 9.

Degryse, H.

Schiet Belgisch financieel toezicht tekort?, *De Morgen*, October 6.

C: ACTIVITIES

CI. SEMINARS

9 January 2008, TILEC Seminar

Douglas DeJong , University of Iowa
French pyramids: What is their role?

Christoph van der Elst, TILEC
Are ownership structures stable? An analysis in five European countries

18 January 2008, TILEC seminar

David Spector , Paris School of Economics
Exclusive contracts and demand foreclosure

Paul Lugard, Philips International B.V.
Exclusive dealing under article 82 EC

15 February 2008, TILEC seminar

Lars Persson, Research Institute of Industrial Economics, Stockholm
Creative destruction and productive protection: Innovation for sale and entry

Damien Geradin, TILEC
Patent bundling

3 March 2008, TILEC-AFM/Finance seminar

Thierry Foucault, HEC School of Management
Chaining up noise traders

5 March 2008, TILEC/Microeconomics seminar

Simon Anderson, University of Virginia
Comparative advertising

14 March 2008, TILEC seminar

Alessandro Sembenelli, University of Torino

Firm entry dynamics and the taxation of corporate profits: Evidence from firm-level data

28 March 2008, TILEC seminar

Dean Williamson, US Department of Justice

Antitrust, innovation, and uncertain property rights: Some practical considerations

Ioannis Lianos, University College of London

A regulatory theory of IP: Implications for competition law

7 April 2008, TILEC-AFM/Finance seminar

Maureen O'Hara, Cornell University

Microstructure and ambiguity

18 April 2008, TILEC seminar

Jeanine Thal, University of Mannheim

Buyer power and intrabrand coordination

Pieter Kuipers, Unilever

Retailer & private label, customer & competitor

21 April 2008, TILEC-AFM/Finance seminar

Lucy White, Harvard Business School

The design of syndicates in venture capital

28 April 2008, TILEC-AFM/Finance seminar

Tarun Chordia, Goizueta Business School

Dispersion in analysts' earnings forecasts and credit rating

6 May 2008, TILEC/Microeconomics seminar

Massimo Motta, European University Institute

Exclusive dealing: The interaction between foreclosure and investment promotion

9 May 2008, TILEC seminar

Henry Butler, Northwestern University School of Law

A jurisdictional competition approach to reforming insurance regulation

J.A. McCahery, TILEC

How does corporate mobility affect lawmaking: A comparative analysis

23 May 2008, TILEC-AFM seminar

Rashid Bahar, Bär & Karrer

Conflicts of interest in investment banking: Fatal attraction or necessary evil?

8 September 2008, TILEC-AFM/Finance seminar

Falko Fecht, Deutsche Bundesbank

Financial integration, specialization, and systemic risk

6 October 2008, TILEC-AFM/Finance seminar

Miguel A. Ferreira, ISCTE Business School (IBS)

When banks are insiders: Evidence from the global syndicated loan market

7 October 2008, TILEC/Microeconomics seminar

Federico Etro, University of Milano

The effect of entry on R&D investment of leaders: Theory and empirical evidence

31 October 2008, TILEC seminar

Yossi Spiegel, Tel-Aviv University

Cross ownership and collusion

David Gilo, Tel-Aviv University

EC competition law and the regulation of passive investments among competitors

14 November 2008, TILEC-AFM seminar

Luc Thevenoz, University of Geneva

Intermediated securities, legal risk and the international harmonisation of commercial law

Wolf Wagner, TILEC

The optimality of interbank liquidity insurance

28 November 2008, TILEC seminar

Martin K. Perry, Rutgers University

The welfare effects of tying arrangements between durable goods and their aftermarket services

5 December 2008, TILEC/CTLD seminar

Thomas Gibbons, University of Manchester

Regulatory competition in the audiovisual sector

10 December 2008, TILEC-AFM/Finance/European Banking Center seminar

Xavier Freixas, Universitat Pompeu Fabra

Banking

12 December 2008, TILEC seminar

Bentley MacLeod, Columbia University

Contracting in the shadow of the law

Pierre Larouche, TILEC

Legally relevant damage and a priori limits to non-contractual liability in the DCFR

C2 WORKSHOPS AND CONFERENCES

31 January 2008, The Hague

Competition workshop on "Effects of competition in the banking sector" organized by the Ministry of Economic Affairs, CPB, Center/TILEC (Tilburg University) and the Knowledge Centre for Economic Regulation.

Speakers:

Michiel van Leuvensteijn, Centraal Plan Bureau;

Nicola Cetorelli, Federal Reserve Bank of NY, USA;

Arnoud Boot, University of Amsterdam.

14 February 2008, The Hague

Seminar on "Wind energy" organized by the CPB, the Ministry of Economic Affairs, NMa and TILEC/Tilburg University.

Speakers:

Xander van Tilburg, Energy Research Center of the Netherlands;
Karsten Neuhoﬀ, Cambridge University.

14 April 2008, Tilburg

TILEC 5th Anniversary Conference, "Market governance and Innovation".

Speakers:

Carel Maske, Microsoft;
Suzanne Scotchmer, University of California at Berkeley;
Gustavo Ghidini, Milan University; Luiss Guido Carli University, Rome;
Mike Wright, Nottingham University;
Bill Megginson, University of Oklahoma.

2 June 2008, The Hague

Competition workshop "Competition and consumer protection" organized by CPB, CentER/TILEC and the Ministry of Economic Affairs.

Speakers:

Mark Armstrong, University College London;
Peter Kooreman (Tilburg University and Netspar);
Michiel Karskens, Consumer Union;
Marije Hulshof and Dirk Janssen, Netherlands Consumer Authority.

20 June 2008, Tilburg

TILEC Workshop "private enforcement of competition law".

Speakers:

Eddy de Smijter, European Commission;
Jeroen Kortmann, University of Amsterdam;
Frank Verboven, Catholic University Leuven;
Jan Tuinstra University of Amsterdam;
Wieland Müller, Tilburg University.

9 October 2008, The Hague

Seminar on "European integration of electricity markets" organized by the CPB, the Ministry of Economic Affairs, NMa and TILEC/Tilburg University.

Speakers:

Boaz Moselle, The Brattle Group;

H. Martin Godfried, European Commission;

Mette Bjørndahl, Norwegian School of Economics and Business Administration.

3 December 2008, Tilburg

TILEC Workshop "Energy Regulation going forward"

Speakers:

Per Agrell, Université de Louvain-la-Neuve;

Gert Brunekreeft, Jacobs University Bremen, Bremen Energy Institut;

Michael Pollitt, University of Cambridge,

Jos Blommaert, Essent.

15 December 2008, Tilburg

TILEC Workshop "Innovation, Intellectual Property and Competition Policy".

Speakers:

Vincenzo Denicolò, University of Bologna;

Michael Ward, University of Texas;

Scott Barker, University of North Carolina;

Bruce Kobayashi, George Mason University School of Law.

C3 TILEC RETREAT

Catherine Schaumans, TILEC

Evaluating regulation in healthcare markets using entry models

Wolf Sauter, TILEC

Legal issues of health care (de-) regulation

José Mulder, TILEC
Compensation for victims of crime

Robert Dijkstra, TILEC
Liability of financial regulators

Natalia Fiedziuk, TILEC
Art. 86(2) EC: the genuine safeguard of the general interest or an obsolete provision?

Panagiotis Delimatsis, TILEC
Financial innovation, climate change adaptation and the GATS: The case of renewable energy certificates

Marcel Canoy, TILEC
Economic aspects of healthcare regulation

C4 CLUB MED

16 January 2008
Cases T-125/03 and T-253/03 (Akzo), introduction by ??

20 February 2008
Case T-306/05 CFI judgement on excessive charges applied by the operator of Athens International Airport, introduction by Natalia Fiedziuk.

12 March 2008
Cases C-287/06 and C-292/06 Deutsche Post Judgement of the ECJ. A case that concerns universal service in the postal market. Introduction by Pierre Larouche.

2 April 2008
“Hospital networks and their impact on competition”, introduction by Dean Williamson, United States Department of Justice.

7 May 2008
“Take few to take all: exclusion of a more efficient entrant”, introduction by Massimo Motta, European University Institute.

4 June 2008

White Paper of the European Commission on Damages Actions for Breach of the EC antitrust rules, introduction by Pierre Larouche.

10 September 2008

Case No COMP/M.4854 - TomTom/TeleAtlas, a Commission Decision, introduction by Pierre Larouche.

8 October 2008

Case T-271/03 Deutsche Telekom vs the Commission, introduction by Pierre Larouche.

12 November 2008

Cases C-468/06 to C-478/06 Glaxo. Case of the ECJ on parallel import and the abuse of a dominant position, introduction by Laura Parret.

10 December 2008

"Guidance on the Commission's Enforcement Priorities in Applying Article 82 EC Treaty on Abusive Exclusionary Conduct by Dominant Undertakings", introduction by Pierre Larouche.

C5 IO READING GROUP**23 January 2008**

Cédric Argenton presents "Careerist judges and the appeals process", by Gilat Levy.

27 February 2008

Lapo Filistrucchi presents "Defining Markets that Involve Multi-Sided Platform Businesses: An Empirical Framework With an Application to Google's Purchase of DoubleClick" by David S. Evans and Michael D. Noel.

23 April 2008

Jens Prüfer presents "Innovation and Incentives" (2004) by Suzanne Scotchmer.

28 May 2008

Damien Geradin presents "Innovation and Incentives" (2004) by Suzanne Scotchmer.

18 June 2008

Erik Brouwer presents "Innovation and Incentives" (2004) by Suzanne Scotchmer.

17 September 2008

Bart Bronnenberg presents "Consumer Search and Online Demand for Durable Goods" by Jun B. Kim, Bart J. Bronnenberg, and Paulo Albuquerque.

29 October 2008

Wolf Wagner presents "The Theory of Bank Risk Taking and Competition Revisited" by Boyd and de Nicolò.

19 November 2008

Johannes Binswanger presents "Are Political Orientations Genetically Transmitted?" by John Alford, Carolyn Funk, and John R. Hibbing.

17 December 2008

Lapo Filistrucchi presents "Economic Evidence in Antitrust Defining Markets and Measuring Market Power", from the Handbook of Antitrust Economics (2008) by Jonathan B. Baker and Timothy F. Bresnahan.

C6 WORK-IN-PROGRESS (WIP) MEETINGS

30 January 2008

Jan Boone and Wieland Müller: *The distribution of harm in price-fixing cases.*

26 March 2008

Caterina Giannetti: *Relationship Lending and Firm Innovativeness: New Empirical Evidence.*

9 April 2008

María Fabiana Penas: *Does debtor protection really protect debtors? Evidence from the small business credit market.*

14 May 2008

Jun Zhou: *Determinants of Delay in Litigation: Theory and Evidence.*

25 June 2008

Gijsbert Zwart: *Spectrum Rights, Downstream Access and Capacity Investment in Mobile Telecommunications.*

24 September 2008

Jens Prüfer: *Ideology, Populism, and Policy.*

1 October 2008

Maria Bigoni: *Risk Aversion, Prospect Theory and Strategic Risk in Law Enforcement: Evidence from an Antitrust Experiment.*

5 November 2008

Cédric Argenton: *Exclusivity as (in)efficient insurance.*

26 November 2008

Damien Geradin: *A Proposed Test for Separating Pro-Competitive Loyalty Rebates from Anti-competitive Ones.*

3 December 2008

Eric van Damme: *The market for home care in the Netherlands.*

