

TILEC

ANNUAL REPORT 2006

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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

This year TILEC will celebrate its fifth anniversary. In less than five years, TILEC has grown to a research institute with a staff of more than 50 researchers, of which about 30 senior members and 20 Ph.D. students. The membership is about equally divided between the Faculty of Economics and Business Administration of Tilburg University and the Faculty of Law.

2006 was an important year for TILEC. Following the "mid term review" in 2005, the University stakeholders decided to continue and expand their commitment to TILEC. The University Council decided to invest another three-quarter million for the period 2007-2011, after the two parent faculties had decided to make a similar investment into the future. In 2006, TILEC also formalized its research programme and made a big step towards specifying more detailed assessment criteria, including a journal list. TILEC also expanded its activities in the domain of education. With AFM-chairholders being appointed in both Faculties, 2006 was the first year of activities of the TILEC-AFM research network on financial market regulation. The start was impressive and holds great promise for the future. Funding agencies for academic research, such as NWO and HiiL, awarded money to TILEC to enable new, innovative research to be carried out as of 2007. In addition, thanks to generous grants from firms such as PriceWaterhouseCoopers and Essent, TILEC was able to step up its research on the relation between competition and innovation, and to continue its research on energy markets. Negotiations were started with another large company on a sponsorship contract, and we expect to conclude these successfully in 2007.

This Annual Report provides the details of our activities in 2006. It describes the major new developments, the people involved in TILEC, details the research that is done and gives a glimpse of the results that have been achieved. If you would like to know more, please consult the TILEC website, (<http://www.tilburguniversity.nl/tilec/>). There you can also register for our monthly newsletter, in case you are interested in being informed of our activities more frequently.

Eric van Damme
Pierre Larouche



Pierre Larouche (left) and Eric van Damme

I THE SECOND PHASE OF TILEC: 2007-2011

This report describes the major developments and research activities at the Tilburg Law and Economics Center (TILEC) during 2006. It details how, building on the success of TILEC since its creation in 2002, the foundations for the second phase of TILEC were laid in 2006. The past year thus was a transition year for TILEC as an institution, yet TILEC members of course remained as productive as ever, as evidenced in section 4 of this report.

The ambition of TILEC, as stated at the outset of this report, remains unchanged: inter-disciplinary research in law and economics is the *raison d'être* of TILEC.

The experience of the first four years has enabled TILEC to gain a better understanding of the opportunities for, and the obstacles to, inter-disciplinary research. As a consequence, TILEC has moved from roughly-defined research areas to a better honed and more fleshed out research programme, entitled "Market Governance". The programme is available on TILEC's website under <http://www.tilburguniversity.nl/tilec/research/researchprogramme/>. It is the collective work of the TILEC membership; it has been welcomed by all stakeholders and has meanwhile been formally approved by both parent Faculties of TILEC.

TILEC members are conducting research around two main themes, namely "Institutions, Competition and Regulation" and "Law and Finance". The research programme focuses on how to achieve the proper balance between the public and the private sectors of the economy: how to ensure that they complement and strengthen each other? Even though this question is not new, TILEC looks at it from a current perspective. Whilst the role of private actors is increased and expanded and the State is recentred, public policy concerns such as the efficient operation of the economy, social justice (including access to services, consumer protection, etc.), safety and security, scarcity of resources, to name but the main ones, do not vanish. In recent years, policymakers were sometimes overly optimistic about these concerns being addressed through market forces alone, or perhaps they neglected these concerns somewhat in an era where liberalization and competition were overarching priorities. At this juncture, when for instance new and massive investments have to be carried out in network industries or when citizens are encouraged to look to private actors to cater for their health, financial safety or old-age needs, policymakers are rediscovering public policy concerns. Yet the role of the State has changed, together with the instruments and institutions at its disposal. "Market governance" is used to designate this new situation where the action of private actors (individuals, firms, associations) and thus the interplay of market forces is at the forefront, and where the State is pursuing the policy objectives decided by the polity within a different role and with different instruments and institutions.

The research programme is also meant to provide a basis to evaluate scientific performance. TILEC is in the process of finalizing more specific assessment criteria, including a journal list, which is attuned to an inter-disciplinary context without compromising on the requirements of its parent faculties.

The final element in the preparation of the second phase of TILEC was a revised financial framework. As part thereof, Tilburg University and its parent Faculties decided to invest an additional substantial amount of money (close to € 1,5 million in total) in TILEC for the period 2007-2011. These extra investments will enable TILEC to finance the hiring of new researchers to strengthen its team, in areas such as Trade and Globalisation as well as Competition and Regulation in Healthcare. Furthermore, TILEC will also be able to expand its visitors programme.

2 MAJOR NEW DEVELOPMENTS

Following the agreement with the Netherlands Authority for Financial Markets (AFM) concluded in 2005, TILEC proceeded to set up the **TILEC-AFM Chair in Financial Market Regulation** in 2006. In January, the Belgian financial economist **Hans Degryse** was appointed as the AFM chairholder within the Faculty of Economics (Department of Finance). On 1 September **Joseph McCahery** and **Erik Vermeulen** were jointly appointed in the Faculty of Law (Department of Business Law) to the Chair in Financial Market Regulation in order to provide academic leadership in the legal regulation of financial markets.

Within the context of the AFM Agreement, during the year 2006, the **TILEC-AFM Research Network on Financial Market Regulation** has been established; see <http://www.tilburguniversity.nl/tilec/afm/>. As part of the activities of the Network, several seminars and workshops were organised (a complete list is provided in Appendix C1), including 10 seminars held in cooperation with the Research Group Finance of CentER, and two workshops organized within the TILEC workshop series. The goal of these seminars and workshops is to expose researchers and financial supervisors to the most recent research related to financial market supervision and regulation. It allows also interaction between the different members of the TILEC-AFM Research Network on Financial Market Regulation.

On 1 November 2006, **Erik Brouwer** was appointed **Professor of Competition and Innovation**. For a period of five years, his (part-time) chair is sponsored by **PricewaterhouseCoopers**. Erik is especially interested in the interrelationships between innovation, competition and productivity. Innovation proves to be strongly affected by market forces, but there is little academic consensus about how the interrelationships work and what market type performs best in terms of innovation and productivity increases. In the context of a project sponsored by the Dutch Science Foundation (NWO), Erik is already working together with Jan Boone (TILEC) and Henry van der Wiel (CPB). In the coming years, he will work on these and other issues in the area of innovation and competition. Erik will also teach in the track on "Competition and Regulation" within the MSc in Economics. He is affiliated with the Department of Economics of the Faculty of Economics and Business Administration.

The outcome of the first call for proposals of the **Hague Institute for the Internationalisation of Law (HiiL)** provided evidence of the quality and the recognition of the work carried out at TILEC. Of the five projects that received an award, two are linked to TILEC. **Pierre Larouche**, **Filomena Chirico** and **Saskia Lavrijssen-Heijmans** were awarded € 211 600 for their project "Coping with the challenges of globalization". The project uses an interdisciplinary approach to analyse how national legal systems can cope with the pressures of globalization. It deals first with the convergence and divergence of legal systems and secondly with the evolution of funda-

mental principles in the light of globalisation and new modes of governance for the regulation of economic and social behaviour. **Maurits Barendrecht** and Ivo Giesen (Utrecht University) received € 350 000 for their project “Measuring Access to Justice in a globalizing world”. The goal of that project is to develop a framework for measuring access to justice in international and in national settings. Globalisation increases and changes the need for citizens to have access to a private or public mechanism that induces other citizens and government officials to respect their rights (“Paths to Justice”). This access is costly: people spend money, time and effort to bring their case forward in negotiations, in a court action, or in other dispute resolution procedures. The central research question is how to measure these costs (“the length and the difficulty of the path”) and how to determine the price of access to justice for the user.



Ting Jiang
Displayed on the right with Maria van der Hoeven, the then Dutch Minister of Education.

Ting Jiang, a junior member of TILEC, won a € 180 000 **NWO Mozaiek grant** for a four-year Ph.D. project at TILEC. Ting is one of the 23 winners across all fields of science and was one of the three who presented the proposal in the grant ceremony. Ting's proposal on “Combating Bribery with Leniency” is supervised by Jan Boone and Eric van Damme. This project aims to redesign a preventive leniency policy for deterring bribery and analyze such a policy in a game-theoretical framework with a cross-country experimental study on its effectiveness. In particular, it will address the questions of how this leniency scheme on bribery can be, in theory, optimally designed and, in practice, tailored for countries' specificities, including institutional, cultural and legal settings.

TILEC extended its cooperation agreement with **Essent NV** for two academic years (2006-2008). Essent is market leader in the Dutch energy market, and supports fundamental research on the market structure in the energy sector at TILEC. The energy company also provides funding for more applied research projects. In order to co-ordinate its energy related research, TILEC hired **Bert Willems**, an engineer and industrial economist from the K.U. Leuven. He replaces **Gert Brunekreeft**, who left TILEC to accept a chair in Energy Economics at the International University Bremen. Current research projects include, among others: long-term contracts and market power, congestion management, unbundling of network activities and risk management. As part of the cooperation, TILEC organizes the Tilburg Energy Round tables (TREND). The idea of the meeting is to have an informal exchange of thoughts and insights in a relatively small group of experts from industry, academia and governmental bodies.

3 MEMBERS, VISITORS, TEMPORARY STAFF AND MANAGEMENT

3.1 MEMBERS

In 2006, the number of TILEC members grew from 36 to 44. The number of senior members grew from 21 to 27, and the number of junior members grew from 15 to 17.

In total TILEC welcomed 15 new members, 9 at senior level and 6 at junior level. 7 members left TILEC, including three junior members who completed their Ph.D. education. More details can be found in Tables 1 and 2 of appendix A.

Next to the new members who were already mentioned in Section 2 above, TILEC could welcome five other new senior members in the Faculty of Economics and Business Administration: Lapo Filistrucchi, Ilaria Mosca, Steven Ongena, María Fabiana Penas, and Jens Prüfer. Steven and María Fabiana were already affiliated with the Department of Finance; they joined TILEC in the context of the TILEC-AFM Research Network on Financial Market Regulation.

On 1 June 2006, **Ilaria Mosca** joined TILEC. Her position is financed in part by the newly established **Dutch Healthcare Authority (NZa)**, whose main tasks are to regulate the healthcare market and at the same time supervise and monitor the conditions for fair competition. Healthcare is a topic of great relevance both nationally and internationally at a time when many countries, including the Netherlands, are moving towards a market-oriented healthcare system. This implies sensitive trade-offs between efficiency and solidarity/equity. Ilaria's position thus bridges academics with professional expertise in the healthcare sector. Ilaria obtained her Ph.D. from the University of Lugano (Switzerland) in December 2005, where she taught Public Economics and Health Economics. Before joining TILEC Ilaria has been a visiting scholar at Tilburg University for one year. Since 1.5 years Ilaria is working at the Dutch Healthcare Authority.

Jens Prüfer joined the Department of Economics of FEB and TILEC as an Assistant Professor on 1 September 2006. His research areas are Industrial Organisation and Organisational Economics. In particular, Jens works on theories of non-profit organisations, cooperatives, clubs, social networks and other non-firm organisations, which compete with each other on a market. He also has an interest in network industries, in particular in the Internet backbone market and in telecommunications. Jens obtained his Ph.D. from Goethe University Frankfurt in October 2005, where he also worked as a post-doctoral fellow before coming to Tilburg. He received his first degree in Economics and Chinese Studies from University of Tübingen and spent two semesters as a visiting student at National University of Singapore. Jens was a lecturer of various Universities of Applied Sciences in Germany. From 1999 to 2002 he had been an entrepreneur in an Internet start-up. He has work experience in consulting and from various internships in Beijing, China and Germany.

Lapo Filistrucchi joined the Department of Economics of FEB and TILEC as a post-doc on 1 September, in Jan Boone's NWO project "Strategic interactions with suppliers, customers and competitors determine firms' incentives to merge". Lapo is working on topics in empirical and theoretical industrial organization, competition policy and regulation; he is particularly interested in two-sided markets, Internet and media economics. Lapo obtained his Ph.D. from the European University Institute in November 2005. Before coming to Tilburg he was a junior researcher at the University of Siena (Italy) where he taught courses on Media Economics and Industrial Organization. He also spent three months in the Financial Research Division of the ECB.

In addition to Ting Jiang mentioned already above, **five Ph.D. students** decided to join TILEC as junior members: from FRW, Tamara Wiolders (supervised by Pierre Larouche on a project sponsored by Vewin), José Mulder (supervised by Maurits Barendrecht) and Machiel Bolhuis (supervised by Pierre Larouche) and from FEB, Jérémie Lefebvre (supervised by Hans Degryse and Frank de Jong, part of the TILEC-AFM research network) and Zhen Shi (supervised by Bas Werker and Sylvester Eijffinger).

Unfortunately, TILEC also had to bid farewell to several members. On the other hand, it is rewarding to see how the work of these members within TILEC leads to well-deserved upwards career moves. On 1 August 2006, Paul de Bijl moved to CPB Netherlands Bureau for Economic Policy Analysis (The Hague), and became the head of the Competition and Regulation sector. Sonia Falconieri went to Brunel University, West London. Sefa Franken left to continue her carrier at ING Bank. Sally Janssen left to join the cabinet of Judge Meij of the Court of First Instance of the European Communities. Tom Coryn left to continue his carrier at Shell.

During 2006, TILEC welcomed three new Extramural fellows, namely Paul de Bijl, Evguenia Motchenkova (both previous TILEC members) and Alessandro Tajana (a graduate from the College of Europe who wants to participate in TILEC activities).

3.2 VISITORS AND TEMPORARY MEMBERS

Throughout the year, TILEC received a number of distinguished visitors for seminars and short stays, including **Nuno Garoupa** (University of Lisbon) in April, **Greg Sidak** (Georgetown University) in May and **Ben Dubow** (Financial Services Authority) in November.

Victoria Kocsis was with TILEC in May and June to write a position paper on "Network Neutrality", together with Paul de Bijl, at the request of the Directorate General for Energy and Telecommunications of the Netherlands Ministry of Economic Affairs.

Ingrid Liedorp joined TILEC on November 15th. She worked on the research for Vereniging Gehandicaptenzorg Nederland, concerning the market delineation of care for disabled people in the Netherlands, which resulted in the report 'Fusiecontrole in de gehandicaptenzorg' (Merger control in care for handicapped persons). Ingrid has a Bachelor in International Economics and Finance and graduated for the Master programme of Economics at Tilburg University in December 2006. She did an internship at the Ministry of Economic Affairs from April till November 2006, where she also researched the health care sector.

3.3 MANAGEMENT AND BOARD

A four-person management team made up of the two directors (Eric van Damme and Pierre Larouche), the research coordinator (Paul de Bijl) and the administrative coordinator (Leonie de Jong) conducts the daily business of TILEC. Following Paul de Bijl's departure, Saskia Lavrijssen-Heijmans has been appointed as research coordinator as of 1 September. As part of the changes made for the second period (2007-2011), a second research coordinator was added. This position will be filled in 2007.

Formal responsibility for TILEC rests with a Board consisting of one professor from each of the participating faculties (the director of the research institute or the vice-dean for research) and a third person linked with Tilburg University. At the end of 2006, the TILEC Board was made up of: Dick den Hertog (Economics), Theo Camps (Berenschot Consultancy and TIAS Business School) and Jan Vranken (Law). In practice, the Board assumes an advisory role and acts as a sounding board for the TILEC management team, also acting as a link with the parent Faculties. The management team and the Board meet twice a year to discuss strategic issues.

The administrative support staff has been expanded with the addition of Elvira van Vliet, who joined Ingrid Meeder in the TILEC secretariat as of 1 March. Elvira's main task is to provide assistance to the AFM Chairholders.

4 RESEARCH

4.1 OVERVIEW

As the Table on the next page shows, TILEC members were quite active in research: the number of academic publications has grown considerably, and more strongly than the membership. In particular, a large number of monographs and books were published. Furthermore, as compared to 2003, the total number of academic publications almost doubled. The table is beginning to reflect TILEC's change in emphasis: a stricter focus on academic work and somewhat less attention for more applied, professional activities. The number of Discussion Papers remained at the same level: for a more detailed description of the contents of the TILEC DPs, see Section 4.3.

Of course, quality is more important than quantity. The quality of the research carried out by TILEC members has been recognized already, among others by the Peer Review Committee in 2005. The quality of the TILEC work can also be seen from the outlets in which it appears. Several TILEC researchers published in outlets recognized as "Top" or "Very Good" by the Faculty of Economics and Business Administration. For instance, in the research line "Institutions, Competition and Regulation", Jan Potters (together with Theo Offerman) addressed the question whether auctioning of licenses that allow firms to be active on a market might increase the price on that market, challenging the common wisdom that auction prices are sunk cost and hence irrelevant. Their work was published in the *Review of Economics Studies*. From the research line "Law and Finance", Luc Renneboog published in 2006 both in the *Journal of Finance* (on insider trading) and in the *Journal of Financial Intermediation*, two top journals in the field.

The classification of research output in Law is not as detailed as that in Economics. Quantitative measurement methods have until now been lacking, but some are emerging, and they paint a very good picture of TILEC and Tilburg University more generally. In particular, the Social Science Research Network (SSRN) measures the level of activity around the discussion papers which are deposited on it. Outside of the USA, the Faculty of Law of Tilburg University ranks first for the number of downloads. The top authors for the Faculty are TILEC members: Joe McCahery, Damien Geradin, Erik Vermeulen, Sofia Johan and Maurits Barendrecht.

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

Table 4.1: Overview of number of publications¹

¹ Publications of members are included only if they fall under one of the TILEC research themes. The classification is according to the "The Standard Evaluation Protocol 2003-2009 for Public Research Organizations"; see <http://www.knaw.nl/cfdata/publicaties/>. The categories are defined as follows:

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

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

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

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

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

Popularizing contributions: informal pieces (such as opinion articles in newspapers, articles in student magazines), written for a general audience and aimed at a broad dissemination of ideas.

Legal periodicals cannot always be wholly classified as academic (refereed or not) or professional, since they often contain articles of a fundamental nature and other pieces of a more professional nature, such as case summaries and brief case comments. Accordingly, some periodicals appear in many categories, depending on the type of publication in question.

4.2 TILEC AND THE OUTSIDE WORLD

2006 was a year of solid economic growth, where firms sought to seize opportunities, in particular via mergers, in a way that sometimes highlighted the need for policymakers (relying on academics) to deal with some open issues.

For one, in the **energy area**, the battles surrounding the proposed acquisition of Endesa by E.ON and the merger of Suez with Gaz de France provided new impetus to calls for wide-ranging regulatory reforms, including measures such as the separation of the production/supply and transmission/distribution functions of integrated operators, or the release of some capacity from long-term contracts in order to increase the liquidity of the market. The Commission also conducted its own sectoral inquiry into energy, using its competition law powers. In the Netherlands, the Dutch Competition Authority (NMa) prepared for prospective domestic mergers in the energy sector by publishing a consultation document on how to deal with them. These issues are closely followed at TILEC, through research projects, but also through contributions to calls for reactions such as that of the NMa. In its contribution (see <http://www.tilburguniversity.nl/tilec/publications/contributions/>), TILEC, in the main supported the conclusions that the NMa had reached on the basis of the Brattle Report; in particular, the TILEC response stressed the specific features of the electricity market and the consequences of these for merger control.

Similarly, as regards **telecommunications**, consolidation of retail offers (triple-play packages) and convergence with media is forcing regulators to consider issues such as net neutrality (in the US), where TILEC was active (report of Paul de Bijl and Victoria Kocsis, seminar with Greg Sidak), or the separation of bottleneck infrastructure from vertically integrated firms. The European Commission is considering these matters, as well as institutional reforms, in the course of its review of the EC electronic communications policy. TILEC has contributed to the discussion, with a reaction to the Commission's call for input (see <http://www.tilburguniversity.nl/tilec/publications/contributions/>), two papers by Pierre Larouche and Maartje de Visser, as well as numerous presentations at policy and academic conferences. Together with OPTA and Encore, TILEC also co-organized a conference on the future of telecommunications regulation on 2-3 November.

In general **competition law**, the discussion paper on the reform of Article 82, released at the end of 2005, gave rise to widespread discussion in practice and in the academia. TILEC contributed to this discussion on how to treat exclusionary abuses (see <http://www.tilburguniversity.nl/tilec/publications/contributions/>), as did some TILEC members individually (Damien Geradin, concerning innovative industries in particular), and made their views known to the Commission. In individual cases, the Commission spent considerable time on the implementation of its Microsoft decision (while awaiting the Court of First Instance's judgment) and on the assessment of licensing conditions in patent disputes. Damien Geradin contributed a number of papers on the issue.

TILEC also provided a reaction to the "**Agenda for 2007**" that was proposed by the NMa (see

<http://www.tilburguniversity.nl/tilec/publications/contributions/>), pointing out, among others that some of the issues on that agenda, such as the effectiveness of leniency programmes, had been treated in earlier work of TILEC. Another point on this NMa Agenda, the detection and monitoring of sectors in which competition leaves to be desired, is part of the ongoing research at TILEC. TILEC also commented, this time somewhat critically, on the proposals of the NMa with respect to measuring the effects of competition policy enforcement.

Much like the NMa, the **European Commission** also reviewed a large number of **merger decisions**, but it suffered a setback when the Court of First Instance all but invalidated its GE/Honeywell decision at the end of 2005. This has prevented the Commission from moving ahead with its guidelines on vertical and conglomerate mergers. Similarly, the treatment of collective dominance issues was further muddled when the Court quashed the Commission's approval of the Sony/BMG merger. TILEC members keep abreast of these developments through their regular ClubMed discussion group meetings.

With respect to **Health Care Markets**, TILEC contributed a reaction to the theoretical framework that was proposed by the ZAio as to when certain markets for health care service providers could be liberalised; the report can be found at <http://www.tilburguniversity.nl/tilec/publications/reports/>. While in TILEC's view, a number of the indicators that were proposed were very useful, TILEC also questioned some others and warned against a one-dimensional approach.

As far as **Law and Finance** is concerned, the year was marked by the rise of private equity and hedge funds, contemporaneously with increased discontent over the compliance burden arising from the regulatory reforms of the early 2000s (Sarbanes-Oxley). These events were followed by TILEC members active in the area, in particular the AFM chairholders. A number of publications were already issued in 2006, and further activity, in particular seminars and conferences, is expected in 2007 as the AFM chair picks up speed.

The **Dutch popular press** featured TILEC researchers and referred to TILEC research on several occasions. (We did not follow the international media.) Most attention was drawn by the article "Transparant en eerlijk geprijsd water" by Eric van Damme and Koen Mulder what appeared in the Dutch economics bi-weekly *Economisch Statistische Berichten*. The article discussed inefficiencies in the water sector (mainly in the sewerage and purification parts), questioned the governance of the sector, concluded that consumers were paying too much for water services, and argued that tighter regulation would be a serious option. The article made the headlines an all mayor Dutch TV news programs and newspapers.

Maurits Barendrecht was in the newspapers several times, among others in relation to freedom of speech and in the context of damage payments in tort cases (*Elsevier* and *NRC Handelsblad*).

Saskia Lavrijssen's Ph.D. thesis also received quite some attention. On the occasion of his appointment to the AFM chair, Hans Degryse was interviewed by the *Staatscourant*. Erik Brouwer, together with Erik Roelofsen, contributed a piece to the *Financieel Dagblad* on how to determine brand value more accurately, an issue that can be quite important in takeovers. Eric van Damme commented on the plans of the Dutch government to unbundled the energy companies. He was also interviewed on the basis of his lecture in the "Children University" programme on free mobile telephony in the future.

Several members of TILEC use their expertise to provide **service to society** and to several agencies that are active in TILEC's domain.

Jan Boone was appointed as **Consultant to the Office of the Chief Economist** of the Dutch Competition Authority, NMa. Jan, who succeeds Maarten Pieter Schinkel (University of Amsterdam), will hold this position during the academic year 2006/7. His two main tasks in the job are the following. First, to design a merger simulation model that is simple enough for the NMa to use in the short time period during Phase I of a merger investigation, yet still is reasonable. Hence the model should be simple to calibrate and not demanding on the data. Jan's second task is to analyze the effects of NMa interventions on dynamic efficiency. For instance, if the NMa finds a cartel and abolishes it, what is the effect on innovation?

During 2006, **Leigh Hancher** continued her work at the **WRR**, the Dutch Scientific Council for Government Policy. **Eric van Damme** continued his membership of the appeals committee of the Dutch Competition Authority, NMa. Eric also was appointed in the government committee that is monitoring and evaluating the experiment with respect to the introduction of competition in Dutch **higher education**. He also served in the committee on the **future energy policy** of the Dutch Social Economic Council, SER. For more details on such activities; see Annex C.

4.3 RESEARCH FINANCED INTERNALLY OR BY FUNDING AGENCIES

4.3.1 Institutions, Competition and Regulation

The researchers dealing with **access to justice** presented two major discussion papers in 2006. DP 2006-31 looked at the reform of appeal procedures. What are the likely costs and benefits for the parties and for future users of the court system? How do they influence the costs of maintaining the appeal system? Research shows that appeal systems will improve their cost benefit ratio if they focus on error correction, in particular on errors that have a big effect on outcome and that are easily detectable. Using the appeal system for law making is not only a matter of freeing up resources, but also requires that appeal courts organize their work in such a manner that it generates more useful precedents (information that enables large numbers of

future users of the court system to save costs in their dispute). DP 2006-35 attempts to map out the "paths to justice" available to citizens. It explores how the price and quality of access to justice can be determined. It identifies the issues that have to be resolved, and select a number of options to deal with these issues. Furthermore, it sets out some of the difficulties that will arise during the development of an actual measurement framework.

Within the research line on **competition policy**, one theme concerns the relation between **experimental economics and competition policy**. Do we observe the anti-competitive strategies that the competition agencies worry about also in the experimental laboratory? DP 2006-20 dealt with experiments on abusive behavior in general and tried to make a direct link between the case law and the academic experimental literature. It concluded that the link is only thin: the policy literature and the academic one each have their own internal dynamic, with only few points of contact. Most types of abusive behavior have not been tested in the lab. In DP 2006-013, it was shown that incomplete information on the part of entrants indeed acts as an **entry barrier**; in fact, in order to deter entry incumbents may need to distort prices less than what standard theory suggests in order to keep new entrants out. Incomplete information is also a key feature in DP 2006-021, which considers the case where consumers' preferences may change over time, that is, consumers may learn to like the product. The paper shows that in this case firms find it profitable to educate consumers, in order to induce forward-looking behavior. DP 2006-014 addressed the fundamental question why do we have **mergers** and why do we have **merger waves**? The traditional literature in industrial organization does not give a convincing answer to this question: if firms are profit maximizing, then mergers without synergy gains are either reducing profits or reducing welfare. As the empirical literature shows that most mergers do not create synergies, it would follow that mergers would not be proposed, or would be blocked by the competition authorities, which is not the case. The new theory suggests that mergers are caused by constraints that prevent firms from maximizing profits. This theory is better able to explain the stylized facts, such as that market liberalization triggers merger waves.

Furthermore, the confused state of the law relating to price discrimination under Article 82 EC provided the opportunity for an in-depth review. This led to a recommendation to limit the ambit of Article 82 EC, as regards **price discrimination**, to practices engaged in by non vertically-integrated firms which place the dominant firm's customers at a competitive disadvantage vis-à-vis other customers (DP 2006-23). A very topical theme, the application of Article 82 EC to **patent licensing** practices, in particular royalty prices, received attention as well. In DP 2006-17, it was argued that using competition law to regulate royalty levels could deny room for new business models to emerge, such as that of the innovation firm relying on its patent portfolio. DP 2006-32 showed that the current model used by the industry, involving an obligation to grant licenses on Fair, Reasonable and Non-Discriminatory (FRAND) terms, could suffice to handle disputes between patent holders and licensees, without the need for competition law to intervene.

In DP 2006-28, the argument was made that economic science sometimes relies more on **assumptions about the legal system** than appears at first sight. Accordingly, conclusions reached in the US are not necessarily readily applicable in the EU, for reasons which have to do with different legal policy choices. Two cases were studied, namely the comparison between the *Trinko* judgment of the US Supreme Court and the Commission decision in *Deutsche Telekom* (price squeeze), and the use of technological neutrality in communications regulation.

DP 2006-25 dealt with an often overlooked issue: do we really need to regulate the DNS, i.e. the **domain name system of Internet** unique identifiers, and if so how? The paper makes an economic analysis of the DNS market(s) and industry. After having described the technical characteristics of the DNS, the paper presents the current structure of the DNS industry and makes an economic analysis thereof, leading to the conclusion that the current system is over-regulating and produces undesirable distortions of competition.

In the area of **economic regulation**, against the background of the review of EC **electronic communications** law, DP 2006-27 revisits the relationship between the Commission, the national regulatory authorities (NRAs) and national courts. It focusses upon control of NRA decisions by the Commission and by way of judicial review. It concludes that the Commission fails to address the core issues.

Several papers dealt with **access pricing**. DP 2006-12 studied the issue in **telecommunications**, focusing on VOIP entry in a market dominated by PSTN networks. As entrants need to buy terminating access on PSTN networks, high terminating charges may make VOIP less attractive for consumers, hence, may make entry more difficult and slow down innovation. DP 2006-033 studied two-sided access issues in the **Internet backbone market**, focusing on the role of asymmetries between networks. It showed that peering (direct interconnection) softens competition, that sufficiently symmetric networks will indeed enter into peering agreements, and that otherwise intermediary networks will be used for interconnection, or the smaller network will pay the larger one. DP 2006-026 investigated issues in **health care reform in the Netherlands**, studying in particular what lessons can be learned from the Swiss experience with managed competition in health care. The paper showed that competition can only work if there is sufficient liberalization in the procurement market and if sufficient incentives to stimulate an increasing role of the consumer are present.

Within this research line also some general issues relating to **efficient deterrence** and **organization design** were studied. DP 2006-006 showed how insights from modern game theory can throw new light on the libretto on Wagner's Tannhäuser. DP 2006-001 studied hybrid organizations, institutions that both have public tasks and operate on commercial markets. One view holds that the mix distorts incentives and blurs different cultures, while according

to the other view the contact with the market will ensure that also the public task is performed more efficiently. By providing a more abstract framework, the paper tries to sort out the various arguments.

4.3.2 Law and Finance

Within this area, the research focus has been on several themes. On the side of "finance", the first theme deals with **wealth effects around mergers and acquisitions and corporate restructuring**. DP 2006-003 provides a comprehensive overview of the European takeover market, and characterizes the main features of the domestic and cross-border corporate takeovers involving European companies in the period 1993-2001. Significant announcement effects of 9% for target firms are found compared to a statistically significant announcement effect of only 0.5% for the bidders. Further work (DP 2006-029) studies the performance of the European Market for corporate control and looks at evidence from the 5th takeover wave. While, most of the expected takeover synergies are captured by the target firm shareholders, the combined value creation is significantly positive. However, the expected value strongly depends on the wave pattern, with optimistic expectations at the climax of the wave and a more pessimistic outlook at the decline. Also the long-term operation performance of European mergers and acquisitions is studied (DP 2006-030). Other research (DP 2006-007 and DP 2006-011) focuses on the impact on bondholder wealth stemming from corporate restructuring. The analysis emphasizes the potential differences between creditor wealth changes in market- and network-oriented governance systems, and looks at how cross-country differences in governance and legal standards affect the bondholder wealth effects of European merger and acquisitions.

A second theme (DP 2006-007, DP 2006-019) analyzes the link **between dividend policy and shareholder protection**. In particular, the substitutability of dividends and shareholder control in mitigating free cash flow concerns is tackled by examining dividend behavior when shareholder control is restricted in the firm. The stakeholder-oriented governance regime of the Netherlands is studied, where shareholdings are concentrated, but shareholder rights are often severely restricted by a legally imposed governance regime and anti-shareholder devices such as Dutch-style poison pills. It is found that dividend payouts are generally low, unresponsive to earnings changes and show little relationship with size, leverage, and investment opportunities.

A third theme deals with the question of **ethical investment** and returns. DP 2006-005 studies the money-flows into and out of the SRI funds around the world, and finds that ethical money chases past returns. In contrast to conventional funds' investors, social responsible investors care less about the funds' riskiness and fees.

A fourth theme, pursued in DP 2006-008, deals with **underpricing of Initial Public Offerings** on the Euro New Markets, which have shown very high underpricing. This high underpricing

– contrary to the evidence on the US – is not driven by insiders’ selling behaviour, but caused partly by the high degree of riskiness of the issuing firms.

A fifth theme focuses on the impact and measurement of **banking competition**. DP 2006-009 shows that banking development is important in explaining province growth in China. Other work (DP 2006-034) employs a unique bank-firm relationship dataset to study the impact of bank mergers in Belgium. It is argued that, in order to accurately gauge the heterogeneous impacts of mergers, the analysis must distinguish borrowers not only by their relationship with the acquiring versus the target bank in a merger and by firm size, but also by whether they have single versus multiple-bank relationships. For single relationship borrowers, it is necessary to go beyond the usual comparison of relationship continuation and discontinuation to analyze the three alternatives of “staying”, “dropping”, and “switching.” For multiple-relationship borrowers, relationship intensity also plays a role.

With the sponsoring of the AFM, the **regulation, organization and supervision of financial markets** became an important theme of research in 2006. DP 2006-015 studies the competition and design of crossing networks. An overview of theoretical and empirical literature on crossing networks is presented, analysing their success in competing with traditional markets. The organization of interbank markets plays a role in contagion risk. In DP 2006-016, the evolution and determinants of contagion risk for the Belgian banking system over the period 1993-2002 is studied using detailed information on aggregate interbank exposures of individual banks, large bilateral interbank exposures, and cross-border interbank exposures. It is shown that a change from a complete structure (where all banks have symmetric links) towards a “multiple money centre” structure (where money centres are symmetrically linked to otherwise disconnected banks) has decreased the risk and impact of contagion. Finally, the legal environment on privacy protection affects the organization of banks and other firms. There is much debate on how the flow of information between firms should be organized, and whether existing privacy laws should be amended. A welfare comparison of the three main current policies towards consumer privacy — anonymity, opt in, and opt out — is offered. The free-entry analysis in DP 2006-024 reveals that social welfare is non-monotonic in the degree of privacy protection. Opt out is the socially preferred privacy policy while opt in socially underperforms anonymity.

Restoring investors’ confidence in the integrity of capital markets and addressing deficiencies in the relationship between shareholders and managers of companies are two important factors motivating the recent introduction of legal **“corporate governance” measures** around the globe. In general, these initiatives and reforms aim to foster the development of robust capital markets by improving the protection of minority shareholders. In 2006, research was initiated to test and further refine the hypothesis that an efficient legal framework to facilitate the financing of companies creates a deep and liquid capital market. Preliminary results in DP 2006-018 show

that ownership concentration does not necessarily decrease due to the development of better legal rules. The question, therefore, remains whether the size of shareholdings can be considered to be a substitute for investor protection.

The role of legal rules in developing capital markets was also the main theme in a study (DP 2006-001) that attempted to facilitate an understanding of the factors that motivate institutional investors to allocate capital to private equity. A new dataset from 100 Dutch institutional investors’ domestic and international asset **private equity** allocations was introduced. The data indicated that the comparative dearth of regulations of private equity funds impedes institutional investor participation. The data further indicated that regulatory harmonization of institutional investors has increased Dutch institutional investor allocations to domestic and international private equity funds, particularly via the harmonization from the International Financial Reporting Standards (regulation of reporting standards and transparency), the Financieel Toetsingkader (regulation of portfolio management standards such as of matching assets and liabilities), and Basel II (regulation of risk management and disclosure standards).

However, another study (DP 2006-002) found that legal rules, although important, are not the only factor that influences institutional investor allocations in private equity. Data showed that **socially responsible investment (SRI)** is more common among institutional investors with a greater international investment focus, and among institutions that place greater importance on the International Financial Reporting Standards. The data further indicated SRI is more common when the decision to implement such an investment plan is centralised with a single Chief Investment Officer, and less common among fund-of-fund investments.

4.3.3 Ph.D. Theses



During 2006, three junior members of TILEC obtained their Ph.D. On 22 September, **Saskia Lavrijssen-Heijmans** defended her thesis on **“Independent competition supervisors, regulatory powers and good governance”**, supervised by Philip Eijlander and Leigh Hancher. These supervisory authorities, including the Netherlands Post and Communications Authority (OPTA) and the Netherlands Competition Authority (NMa) have come to play a large role in the Netherlands. The thesis investigates how these authorities fit within the Dutch legal system. In principle, they conflict with fundamental constitutional principles such as representative democracy, ministerial responsibility or the separation of powers.

However, when seen in a different perspective (a stakeholder approach), in the light of principles of good governance, the position of these authorities within Dutch law can better be explained.

Accordingly, the legislature should try to ensure that these principles of good governance are followed by supervisory authorities.

On 25 September, **Marta Stryszowska-Kolodziejczyk** defended her thesis “**Essays on Auctions**”, supervised by Eric van Damme. Part 1 of Marta’s thesis studies various design specifications of Internet auctions and their implications on optimal bidding behavior. The analysis reveals the crucial role of the ending rule (fixed or flexible ending time), the schedule of the auctions and the transmission of the bids in determining the allocations of the goods. This part also establishes the clear link between multiplicity of auctions with the same offerings and the tendency of bidders to postpone bidding until the very end of the auction. In part 2 of her thesis, Marta attempts to distil a better understanding of the relation between bidders’ emotions and their bidding behavior. In addressing the matter, a game-theoretical model is followed by an experimental study. The most important finding is that emotions (such as regret) and the resulting bidding behavior may be affected by changing the information feedback which bidders receive during an auction or after it ends.

On 8 November, **Marina Martinova** defended the thesis “**The Market for Corporate control and Corporate Governance Regulation in Europe**”, written under the supervision of Luc Renneboog. In her thesis, she provides first a comprehensive overview of the market for corporate control and corporate governance regulation in European countries and documents their evolution during the past 15 years. The second purpose is to investigate the impact of corporate takeovers and regulatory environment in European countries on companies’ profitability and the choice of financing sources. The thesis contains seven chapters, of which some are more oriented towards law, others more towards finance. Some results are: (i) European M&As are expected to create takeover synergies since their announcements trigger substantial share price increases, with most of the takeover gains being captured by the target firm shareholders; (ii) weak investor protection and the low disclosure environment in Continental Europe enables bidding firms to invent takeover strategies that allow them to act opportunistically towards target firm’s incumbent shareholders (iii) external sources of financing (debt and equity) are frequently employed in takeovers involving cash and mixed payments, with the financing choices being very sensitive to the differences in the legal environment across countries, and (iv) in Europe a process of convergence towards the Anglo-(American) corporate governance system has been started.

4.4 RESEARCH SPONSORED BY OUTSIDE PARTIES

At the request of the **Nederlandse Vereniging van Banken** (NVB, the Dutch Association of Banks), TILEC conducted research on “**universal service in the banking sector**”. USO obligations are well-known in sectors such as post, telecommunications and public transport, but, at least in

the Netherlands, they do not exist in competitive industries such as banking. In other countries, Belgium being an example, banks are forced to offer certain basic services at low prices, hence, they face some kind of USO. The Netherlands, in this case, relies on self-regulation. There are also worries with respect to the geographic dimension of service: in rural areas, banking offices are vanishing, reducing the quality of life in rural areas. Given this background, the question is what a USO in banking would mean, whether or not it should be imposed on the sector, and if so, how. These questions are addressed in a TILEC Report that was published in March 2006.

The report starts by setting out, in general, the steps of designing and implementing a universal service regime, and discusses how these would apply to the banking sector. It emphasizes that is important to be clear about the policy objectives that are to be achieved. It argues that, although EC law imposes constraints on the use of the available options in order to minimize market distortions, it does not impose a market failure test. Furthermore, since interfering with strategic and tactical considerations of firms may distort the functioning of a market, and hence reduce welfare both in the short and in the long term, the demarcation and implementation of a universal service should be limited to what is necessary to reach the specified policy objectives. Although the report does not provide a full cost-benefit test, it makes some general observations. With respect to minimal service provision, it concludes that self-regulation seems to be working well at the moment, hence, there is no need for additional regulation. With regard to the geographical dimension of a USO, the report notes that technological developments are very relevant and that by imposing universal service obligations, one may interfere in these processes and distort the developments in undesirable way, hence, a “wait and see” attitude is advocated here.

At the request of the **Dutch Ministry of Economic Affairs** (Directorate General for Telecommunications and Energy), Paul de Bijl and Viktória Kocsis wrote a report on “**Network Neutrality and the nature of competition between network operators**” which was published in September 2006. The paper deals with the problem that the neutral architecture of the Internet is being challenged by various parties, such as network operators providing the connections to end-users, who are strongly interested in gaining control of the information exchanged over the Internet. The paper analyses what are the effects on competition and welfare of such practices. Currently, there exists very little economic theory on network neutrality, and the paper provides a preliminary analysis of the type of economic modelling that can address network neutrality, as well as of the type of results that can be expected. In terms of policy recommendations, the paper suggests that laissez-faire might be risky because of the potential welfare loss of tactics that undermine network neutrality. To minimize the risk of regulatory failure, imposing minimal obligations on network operators, rather than imposing detailed regulations, may be a no-regret option for policy. The paper suggests that economists take a closer look at this type of option.

Also at the request of the **Dutch Ministry of Economic Affairs**, TILEC, in cooperation with **PriceWaterhouseCoopers**, started research on “**How to detect markets in which competition is not effective?**” The project consists of a theoretical and an empirical part. The first part consists of a literature study concerning indicators signalling market power and ineffective competition. In the second part, a selection of these indicators will be applied to Dutch economy at the 3 digit level of the SBI-code. The results of the study will be available in the spring of 2007.

At the request of the **Vereniging Gehandicaptenzorg Nederland** (VGN, the Dutch Association of providers of health care for the handicapped) TILEC started research on “**mergers between providers of mental health care**”. The question is: how should mergers between institutions that provide care for the mentally handicapped be evaluated? The question is motivated by the review by the NMa of the merger between two providers “Vizier” and “De Wendel” in the Netherlands, which went into a second-phase investigation, in which it was cleared after the parties had offered to assist a new entrant. (See NMa case 4245 *Vizier/DeWendel* available at www.nmanet.nl. In the first phase, the NMa had mentioned that several aspects required more detailed study, but, as a result of the commitments offered, the NMa did not have to conduct these studies, which motivated the TILEC project. For several reasons, the question is of more general academic interest. Mental health care is fully covered by AWBZ-insurance; hence, clients do not pay for the service, making the usual market delineation methods non-applicable. The sector also is under transition, blurring the dividing lines between traditional product markets. Next, providers are not-for-profit organizations, aiming at “quality” rather than profit, with implications both for the substantial merger test and the efficiency defense. Finally, the institutional structure implies that the “Zorgkantoor” is a monopsonist with buyer power. The research was started in November and will be completed in the first quarter of 2007, at which time the results will be published.

On behalf of **CTG/ZAio** (the newly established health regulator in the Netherlands), Jan Boone carried out the research project “**Objective criteria for competitiveness**”. The resulting paper was published on the web site of the authority; see http://www.nza.nl/7113/29720/NZa_Paper_Competition_560071.pdf. The paper suggests a way in which regulation (to be introduced) in the health contract market can be phased out in the future. The government plans to liberalize prices for more and more segments of the health care market. The idea is that competition on these segments will contain or even reduce prices and expenditure on health care. However, initially one would expect that hospitals’ market power is substantial enough that this liberalization will lead to upward pressure on prices. Therefore the Nza considers the introduction of price regulation in the form of price caps based on yardstick competition. There are a number of (expected) developments in the health contract market that leads one to believe that the market power of hospitals will decrease over time. If that happens, the market becomes more and more competitive over time. This implies that somewhere in the future it may no longer be necessary

to regulate the health contract market. This paper describes a way in which the competition intensity can be monitored in this market with an eye on phasing out the regulation.

In another project for **CTG/ZAio**, “**Behavioral reactions to yardstick competition**”, **Jan Boone** and **Wieland Müller** designed five class room experiments that NZa can use to familiarize members of staff, or players from the industry, with new regulation that will be introduced. The experiments illustrate in a simple setting the main features of the new regulation. In the experiments, subjects represent hospitals and insurers that bargain about the price for a number of operations. Hospitals are told what their costs are and insurers are told what their valuation of an operation is. They then bargain about the price. Features to be introduced are: a cost reduction technology for hospitals, price regulation in the form of a price cap (either based on past costs or past prices) and finally bargaining about two different operations with case mix weights.

In 2006, **Jan Boone** was a member of the “begeleidingscommissie” (supervisory committee) for the **evaluation of the WBSO**. The WBSO is the main subsidy instrument in the Netherlands for stimulating R&D. The project was done by EIM/MERIT. The main finding is that the WBSO does stimulate R&D expenditure.



5 EDUCATION

In 2006, TILEC continued to be present in education, via the masters programmes in which it or its members play a central role. These are the track on Competition and Regulation within the M.Sc. in Economics at the Faculty of Economics, and the M.A./LL.M. in International Business Law at the Faculty of Law. Both programmes continued to be successful.

In addition, TILEC has decided to put more emphasis on its involvement in the M.Phil. (research master) programmes of its two parent faculties. In the M.Phil in economics, TILEC members are responsible for the “Law and Economics” course. A similar course should be set up in the M.Phil. in Law.

A new section “TILEC Student Theses” has been added to the TILEC web site, see <http://www.tilburguniversity.nl/tilec/publications/termpapers.html>. Bachelors and masters theses that have been written under the supervision of TILEC members and that fit into the TILEC research programme may be listed here.



Inauguration Damien Geradin

6 ACTIVITIES

A detailed list of the activities of TILEC and its members during 2006 can be found in Appendix C to this report, and is also available on the TILEC website at <http://www.tilburguniversity.nl/tilec/events/>. This Section describes some highlights.

During 2006, TILEC organised 9 major events: two inaugural lectures, two one-day conferences, one workshop, one brainstorm meeting organised together with Netspar, one symposium organised in cooperation with OPTA and ENCORE, one colloquium together with the Chair on Gambling Markets, and one Roundtable on Energy Market Liberalization.

On 3 February Prof. **Erik Vermeulen** gave his inaugural lecture on “**Making Sense of Corporate Governance; The Case on non-listed Companies**”. Before the lecture TILEC co-organised the conference on “The Governance of Non-Listed Firms. On 3 November Prof. **Damien Geradin** gave his inaugural lecture on “**Twenty years of liberalization of network industries in Europe: Where do we go now?**”

The conference on “**Competition Law and Intellectual Property Protection in the Music Industry**”, was organised on 12 May and on 23 June the conference on “**Law and Contemporary Issues Concerning the Business of Corporations**” was held.



On 14 and 15 September, TILEC (Luc Renneboog) organized a workshop for the junior and senior members of the **European Corporate Governance Training Network**. The Network is embedded in the European Corporate Governance Institute which was able to hire 12 Ph.D. students at some of the nodes of the Network. The nodes involved are TILEC (Tilburg), London Business School, Univ. of Oxford, Univ. of Mannheim, Cemfi (Madrid), Univ. of Amsterdam, University of

Frankfurt, Stockholm School of Economics, Free Univ. of Brussels, Sabanci University, Univ. of Genova, and some affiliated nodes (like Harvard Law School, Yale Law School etc.).

On 5 October, Netspar organised in cooperation with TILEC a brainstorm session on “**The Netherlands as Pension Country**”. During the meeting possible future forms of organizations with respect to pension funds were discussed as well a brainstorm session on “unbundling pension funds”.

On 2-3 November a symposium on “**The future of telecoms regulation**” was organised by ENCORE, in cooperation with OPTA and TILEC.

On 23 November the second colloquium on gambling was organized. The colloquium dealt with one of the most hotly debated topics within the field of gambling: “**The Economic aspects of Gambling Regulation: EU and US perspectives**”.

Within the context of the Essent contract, one roundtable was organised on 11 December, the topic of the roundtable was “**Consolidation and market power in the Electricity sector**”.

In total TILEC organised 19 **seminars**, of which 9 double-headed seminars on Friday afternoon of which 2 seminars in cooperation with the AFM chair, and 10 seminars in cooperation with the AFM chair and the department of Finance. In total 27 speakers presented their recent research papers.

On 29 September, TILEC organised for the 4th time the **TILEC retreat**. In this informal meeting junior TILEC members present their work to TILEC members from both faculties. Tom Coryn spoke on “*The impact of casinos: an economic approach*”. Alan Littler spoke on “*The appropriate form and level of regulation of the gambling sector in the internal market*”. Sally Jansen presented her work on “*Universal service in transport*”. Zhen Shi introduced her research on “*the impact of short-term regulation on pension fund’ Long-term investment strategy*”. Machiel Bolhuis outlined his project on “*The Reform of Article 82 and EC Merger Control. Towards a more permissive EC Merger Control Regulation?*”

During the year, many **informal meetings** were organized to improve the climate for interdisciplinary research. In ClubMed meetings, the focus is on recent policy developments in competition policy and regulation that might stimulate academic research. In “Work in Progress” meetings, TILEC members present their own most recent research, usually at an early stage, so that feedback is most useful. A third informal group, the discussion group on Industrial Organization, also meets once a month on average; in this group, recent papers from the academic literature are discussed.

TILEC members were also active in presenting their work outside Tilburg. For example, five current or former TILEC members presented papers and/or served as discussants during the 23rd Annual conference of the **European Association of Law and Economics** that took place in Madrid on 14-16 September. Filomena Chirico presented *Restrictions of competition in Internet Governance*, Jun Zhou his *In Litigation: How Far Do The “Haves” Come Out Ahead? A Game Theoretical Study*, Andrei Medvedev presented the paper *Bargaining Over Remedies in Merger Regulation* that he co-authored with Bruce Lyons), Evguenia Motchenkova presented *Strictness*

of Leniency Programs and Cartels of Asymmetric Firms (co-authored with Rob van der Laan), while Sofia Johan, co-authored the paper presented by D. Cumming: *Regulatory Harmonization and the Development of Private Equity Markets*.



Seminar Professor Greg Sidak

APPENDIX A: MEMBERS

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

Table 1: TILEC membership per 31 December 2006

APPENDIX B: PUBLICATIONS

Publications are listed following the order of the table in Section 4.1 of the Annual Report.

B I ACADEMIC PUBLICATIONS**B I.1 Refereed journals****Boone, J.**

“Are recessions good for workplace safety?”, *Journal of Health Economics*, 25(6), 1069-1093, (with J.C. van Ours).

“Modeling financial incentives to get unemployed back to work”, *Journal of Institutional and Theoretical Economics*, 162(2), 227-252, (with J.C. van Ours).

“Unemployment vs in-work benefits with search unemployment and observable abilities”, *Journal of Economic Theory*, 126(1), 165-193, (with A.L. Bovenberg).

Boone, J. and J.J.M. Potters

“Transparency, prices and welfare with imperfect substitutes”, *Economics Letters*, 93(3), 398-404.

Brouwer, E.

“Innovative output and a firm’s propensity to patent: an exploration of CIS microdata”, reprint, in *Entrepreneurship and Technology Policy*, edited by: A.N. Link, Edward Elgar, (with A.H. Kleinknecht).

Damme, E.E.C. van

“Review of conflict of interest: Challenges and solutions in business law, medicine and public policy”, (book review of *Conflict of interest: challenges and solutions in business law, medicine and public policy*, D.A. Moore, C.M. Cain, G. Loewenstein and M.H. Bazerman (Eds.), Springer Netherlands), *De Economist*, 154(4), 605-606.

Degryse, H.A.

“Entry and strategic information display in credit markets”, *Economic Journal*, 116(513), 702-720, (with J.M.C. Bouckaert).

“Investment and internal finance: Asymmetric information or managerial discretion?”, *International Journal of Industrial Organization*, 24(1), 125-147, (with A. de Jong).

“Crossing networks: Competition and design”, *Competition and Regulation in Network Industries*, 353-370, (with M. van Achter and G. Wuyts).

Ehlers, E.

“Ownership Unbundling of Electricity Distribution Networks and Distributed Generation”, *Competition and Regulation in Network Industries*, 1, 63 et seq., (with G. Brunekreeft).

Review of Roggenkamp, M., Hammer, U. (Eds), *European Law Reports I & II, Competition and Regulation in Network Industries*, 1, 107 et seq.

“The New German Energy Industry Act - Do Good Things Come To Those Who Wait?”, 14 [2004/2005], *Utilities Law Review*, 6, 263 et seq.

Hancher, L.

Case C-17/03, VEMW, APX en Eneco N.v. v. DTE, “Judgment of the full court of 7 June 2005”, *Common Market Law Review*, 43, 1125-1144.

Lavrijssen, S.A.C.M. and M.C.B.F. de Visser

“Independent administrative authorities and the standard of judicial review”, *Utrecht Law Review*, 2(1), 111-135.

McCahery, J.A.

“Can France serve as an inspiration for EU law on management self-dealing?”, *Corporate Finance and Capital Markets Law Review*, 1(1), 48-50.

“Creditor protection in a cross-border context: Comment”, *European Business Organization Law Review*, 7(1), 455-459.

“Harmonisatie in het Europese vennootschaprecht: de politieke economie van economische integratie”, *Handelingen Nederlandse Juristen-Vereeniging: Europese integratie*, 139(1), 155-205.

“Optimal rather than mandatory EU company law”, *European Company and Financial Law Review*, 3(4), 341-362, (with G. Hertig).

“The equilibrium content of corporate federalism”, *Wake Forest Law Review*, 2006(41), 619-696, (with W.W. Bratton).

Mosca, I.

“Is decentralisation the real solution? A three country study”, *Health Policy*, 77(1), 113-120.

“Federalism and regional health care expenditures: an empirical analysis for the Swiss cantons”, *Health Economics*, 15, 535-541, (with L. Crivellia and M. Filippini).

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“Theoretisch kader liberalisering vrije beroepen in de zorg”, September 2006.

“TILEC reactie op de NMa-agenda 2007”, October 2006.

McCahery, J.A.

“Competitiveness of Netherlands company law”, Ministry of Finance, 2006, (consultation).

Ruys, P.H.M.

“De beloningsstructuur van managers en topbestuurders”, in: Prominentendebat, organized by studentenvereniging Efact, 3 May 2006.

B 3.4 Discussion Papers published in other series**Degryse, H.A. and S. Ongena**

“The impact of competition on bank orientation”, *CentER Discussion Paper*, 2006-68.

“The impact of organizational structure and lending technology on banking competition”, *CentER Discussion Paper*, 2006-67, (with L. Laeven).

Elst, C.F. van der

“Management, decision-making and supervision of Belgian state owned enterprises: An inefficient patchwork?” 28 p. Available at SSRN: <http://ssrn.com/abstract=893120>.

“Opportunities in the M&A aftermarket: squeezing out and selling out”, September 2006, Available at SSRN: <http://ssrn.com/abstract=933609>, (with L.S.F. van den Steen).

“View on corporate law in Europe”, available at SSRN: <http://ssrn.com/abstract=935013>.

“De inbreng van een verhuurd onroerend goed: Tegenwerpelijkheid van de lopende huurovereenkomst aan de verkrijgende vennootschap”, *Financial Law Institute Ghent University Working Paper*, 2006-01, (with C. Bruloot).

“De Code Lippens versus de Code Buysse: van degelijk besturen over naleven of uitleggen tot afdwingen?”, *Financial Law Institute Ghent University Working Paper*, 2006-02.

“De Belgische Corporate governance codes en regelgeving: twee handen op één buik?” *Financial Law Institute Ghent University Working Paper*, 2006-04.

“Corporate governance, jaarverslag en transparantie: een moeilijke driehoeksverhouding”, *Financial Law Institute Ghent University Working Paper*, 2006-16.

McCahery, J.A.

“A legal options approach to EC Company Law”, *A Berkeley program in law and economics working paper*, 21 February 2006, (with G. Hertig).

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

“Corporate governance and innovation: Venture capital, joint ventures and family business”, *ECGI Discussion Paper*, Law series 65.

“The new company law: What matters in an innovative economy”, *ECGI Discussion Paper*, Law series 75.

“The new company law: What matters in an innovative economy”, *RIETI Discussion paper*.

Ruys, P.H.M.

“Stability, specialization and social recognition”, *CentER Discussion Paper*, 2006-17.

Potters, J.J.M.

“Cooperation in experimental games of strategic complements and substitutes”, *CentER Discussion Paper*, 2006-48.

Szilagyi, P.G.

“Developing foreign bond markets: The Arirang experience in Korea”, *IIS Working Paper*, Ext. rep. 138, Dublin: Institute for International Integration Studies (IIS), (with J.A. Batten).

“Arbitrage, covered interest parity and long-term dependence between the US dollar and the yen”, *IIS Working Paper*, Ext. rep. 128, Dublin: Institute for International Integration Studies (IIS), (with J.A. Batten).

Vermeulen, E.P.M.

“Understanding corporate governance of non-listed companies”, Paris, France: *OECD paper Project Corporate Governance, Organization of Economic Corporation and Development*.

Willems, B.R.R.

“Virtual divestitures, will they make a difference? Cournot competition, options and efficiency”, *CSEM Working Papers*, UCEI, Berkeley.

B 4 POPULARIZING CONTRIBUTIONS**B 4.1 Articles in newspapers****Brouwer, E.**

“Meer kritische blik op merkwaardingen nodig”, *Het Financieele Dagblad*, 1 September 2006, (with E. Roelofsen).

Damme, E.E.C. van

“Waterbeleid Van Geel kan en moet ambitieuzer”, *Het Financieele Dagblad*, nr. 126, p.9, 30 May 2006.

Lavrijssen, S.A.C.M.

“Toezichhouders moeten zelf code opstellen”, *Staatscourant*, 22 September 2006, p. 6.

“Bestuurscode nodig bij toezichthouder”, *Het Financieele Dagblad*, 25 September 2006.

Luttikhuis, A.P.K.

“Onderzoeker en CBS: banenverlies door bankroet sterk overschat”, *NRC Handelsblad*, 21 February 2006, p. 17.

“Weinig misbruik van faillissementen”, *NRC Handelsblad*, 21 February 2006, p. 1.

“Banken zijn de grootste saneerders”, *NRC Handelsblad*, 15 March 2006, p. 19.

McCahery, J.A.

“Versterk de ondernemingskamer”, *Het Financieele Dagblad*, 20 December 2006.

Parret, L.Y.J.M.

“De Belgische NMa groeit”, *Financieel Dagblad*, 19 May 2006.

Raaijmakers, M.J.G.C.

“Ondernemingsrecht aan herziening toe”, *Eindhovens Dagblad*, 12 October 2006.

Ruys, P.H.M.

“Inkomens van topmanagers in de publieke sector: Politiek heeft heel wat uit te leggen over Essent”, in: *Brabants Dagblad, De Stem, Eindhovens Dagblad, De Leeuwarder Courant*, 21 – 23 March 2006.

Vermeulen, E.P.M.

“Aparte code niet beursgenoteerde ondernemingen”, *Staatscourant*, 6 February 2006.

Willems, B.R.R.

“Emissiehandel zorgt voor onzekerheid op Europese Energiemarkt”, *Bedrijvig Brabant*, 24 July 2006.

B 4.2 Interviews with reference to TILEC work

Damme, E.E.C. van

“De visible hand van TILEC”, *Vice Versa*, 14(1), 1-2, March 2006

“Transparant en eerlijk geprijsd water”, interview with RTL nieuws on article published in *Economisch Statistische Berichten*, 24 March 2006.

“Watersector duikt weg voor toezicht”, interview VEMW, Journal 2, p1 and 6, June 2006.

“Wij zijn er voor de volksgezondheid”, *De Volkskrant*, 10 October 2006.

“Drinkwater vaak onnodig duur”, *De Volkskrant*, 10 October 2006.

“Klant betaalt winst op kraanwater”, *De Volkskrant*, 10 October 2006.

“Winst uitkeren is niet schandalig”, *De Volkskrant*, 10 October 2006.

Lavrijssen, S.A.C.M.

“Ruim baan voor de toezichthouder”, *Binnenlandsbestuur*, 22 September 2006, p. 24-25.

“Onafhankelijke mededingingstoezichthouders in Nederland”, live telephone interview on RTL-Z, 22 September 2006.

“Het gat in de democratie kan gevuld worden met code voor goed bestuur”, *Staatscourant*, 17 November 2006, p. 2 (with comment P. Plug and P. Kalbfleisch of the NMa on p. 6. of the same *Staatscourant*).

Prüfer, J.

“Dark clouds over the internet?”, *Computerworld Denmark*.

Raaijmakers, M.J.G.C.

“Machtsspel in aandelen”, *Univers*, 26 October 2006.

“Ondernemingsrecht vraagt om eenvoud”, *Eindhovens Dagblad*, 9 November 2006.

B 4.3 Other

Damme, E.E.C. van,

“De dorpswetenschapper”, *Hypothese, NWO blad voor de wetenschap*, 13(3), 19-19.

B 5 Grants, awards and honours

Jiang, T.

NWO Mozaïek Grant of 180.000 Euros.

Larouche, P. , F. Chirico and S. Lavrijssen

A grant (of 211 600 Euros) awarded by the Hague Institute for the Internationalisation of Law (HiiL) for the project “Coping with the challenges of globalization”. The project uses an interdisciplinary approach to analyse how national legal systems can cope with the pressures of globalization.

McCahery, J.A.

Goldschmidt Chair in Corporate Governance, Solvay Business School, ULB (Brussels).

Penas, M.F.

The project “The Effect of Venture Capital on Start-ups’ Innovation Strategy” was accepted for the NBER Entrepreneurship and Innovation Policy and the Economy Conference, October 2006, (with M. Da Rin).

Appendix c: Activities**C I EVENTS****C I.I Seminars**

17 February 2006

Maurits Barendrecht, TILEC

Improving the market for enforcement of rights: Measuring access to justice

Jun Zhou, TILEC

Legal battle: Asymmetry and timing

17 March 2006

Luc Renneboog, TILEC

Why do listed firms go private?

Riccardo Calcagno, Free University, Amsterdam

Capital structure and managerial compensation: the effects of remuneration seniority

27 March 2006 (Joint TILEC/AFM seminar with the department of Finance)

Alan Morrison, Oxford Said Business School

The demise of investment-banking partnerships: Theory and evidence

21 April 2006

Nuno Garoupa, Universidade Nova de Lisboa and

Decoupling as transactions tax

Joe McCahery, TILEC

Company and tax law competition in the EU: a comparative political economy

3 April 2006 (Joint TILEC/AFM seminar with the department of Finance)

Koen Schoors, Ghent University

Sophisticated discipline in nascent markets: Evidence from post-communist Russia

10 April 2006 (Joint TILEC/AFM seminar with the department of Finance)

Irem Tuna, Wharton School, UP

The book-to-price effect in stock returns: Accounting for leverage

19 May 2006

Greg Sidak, Georgetown University Law Centre.

Network neutrality

19 June 2006 (Joint TILEC/AFM seminar with the department of Finance)

Mark Flannery, University of Florida

Major investments, firm financing decisions, and long-run performance

28 June 2006 (Joint TILEC/AFM seminar with the department of Finance)

Mara Faccio, Vanderbilt Business School

Sudden deaths: Taking stock of political connections

30 June 2006

Felix Müsgens, University of Cologne

Quantifying market power in the German wholesale electricity market using a dynamic multi-regional dispatch model

Gijsbert Zwart, TILEC

Market power mitigation contracts and contract duration

11 September 2006 (Joint TILEC/AFM seminar with the department of Finance)

Daniel Paravisini, Columbia Business School

Local bank financial constraints and firm access to external finance

2 October 2006 (Joint TILEC/AFM seminar with the department of Finance)

Per Strömberg, Swedish Institute of Financial Research, Stockholm

What are firms? Evolution from early business plans to public companies

16 October 2006 (Joint TILEC/AFM seminar with the department of Finance)

Ingolf Dittmann, Erasmus School of Economics, Rotterdam

Executive stock options when managers are loss-averse

27 October 2006

Florencio Lopez-de-Silanes, University of Amsterdam

The law and economics of self-dealing

Luc Renneboog, TILEC

How do mergers and acquisitions affect bondholders in Europe? Evidence on the impact and spillover of governance and legal standards

8 November 2006 (Joint TILEC/AFM seminar with the department of Finance)

Julian Franks, London Business School

Do bankruptcy codes matter? A study of France, Germany and the UK

17 November 2006 (TILEC/AFM seminar)

Abe de Jong, Erasmus University

The price impact of block trades in the Netherlands: liquidity or information?

Ben Dubow, Financial Services Authority

Measuring market cleanliness

24 November 2006 (TILEC/AFM seminar)

Albert Menkveld, Free University of Amsterdam

Designated market makers for small-cap stocks: is one enough?

Gunther Wuyts, University of Leuven

Dynamic order submission strategies with competition between a dealer market and a crossing network.

15 December 2006

Elbert Dijkgraaf, Erasmus University

The efficiency gains of benchmarking Dutch water companies

Theo Raaijmakers, TILEC

Water supply in The Netherlands between public utility and the private market

18 December 2006 (Joint TILEC/AFM seminar with the department of Finance)

Ulrike Malmendier, University of California at Berkeley

Superstar CEOs

C 1.2 Conferences

Full information about the conferences can be found at: <http://www.tilburguniversity.nl/tilec/events/conferences/>

Conferences

3 February 2006

Seminar "The Governance of Non-listed Firms".

12 May 2006

Conference "Competition Law and Intellectual Property Protection in the Music Industry Brussels", Fondation Universitaire, Institute for European Legal Studies, University of Liège and TILEC, Tilburg University.

23 June 2006

Seminar "Law and contemporary issues concerning the business of corporations".

14-16 September 2006

ECGTN Workshop and Mid-Term Review, Venice, organized by Luc Renneboog on behalf of TILEC and the European Corporate Governance Network.

5 October 2006

Brainstorm meeting organized by Netspar/TILEC on unbundling and the future of the Dutch pension system.

2-3 November 2006

Symposium organized by TILEC in cooperation with OPTA and ENCORE on “The future of telecoms regulation”, sponsored by Ministry of Economic Affairs and OPTA.

23 November 2006

Annual colloquium on gambling, this time on “the Economic Aspects of Gambling Regulation: EU and US Perspectives”, Tilburg University.

C 1.3 Workshops

11 December 2006

Roundtable on Consolidation and market power in the electricity sector.

C 1.4 TILEC Retreat

29 September 2006

Tom Coryn, TILEC

The impact of casinos: an economic approach

Alan Littler, TILEC

The appropriate form and level of regulation of the gambling sector in the internal market

Sally Janssen, TILEC

Universal service in transport

Zhen Shi, TILEC

The impact of short-term regulation on pension fund's long-term investment strategy

Machiel Bolhuis, TILEC

Towards a more efficient competition law enforcement policy in Europe. A shift from Merger Control to Article 82?

C 1.5 Club Med

8 March

Jan Boone

The commission's discussion paper on Article 82 EC.

5 April

Jan Boone

Tying and unbundling within the context of Article 82 EC.

12 April

Damien Geradin

DG Comp's discussion paper on Article 82: Implications of the proposed framework and anti-trust rules for dynamically competitive industries.

10 May

The judgment by the CFI in GE/Honeywell v Commission [Cases T-209/01 and T-210/01].



Club Med meeting

7 June

The recent judgment by the Court of First Instance in the matter between O2 (Germany) v Commission [Case T-328/03] and the implications of that judgment for the 'rule of reason' in EC competition law.

8 September

Special Club Med, high level meeting at the European Commission at Brussels. The Green Paper on antitrust damages; The review of Article 82 EC.

11 October

Private enforcement revisited: the House of Lords judgment in Crehan and the Court of Justice in Manfredi. House of Lords [2006] UKHL 38. ECJ Manfredi Joined Cases C-295/04 to C-298/04 nyr.

8 November

The rule of reason in the case law of the European Court: Wouters and Meca-Medina ECJ Wouters Case C-309/99 [2002] ECR I-15771
CFI Meca-Medina Case T-313/02 [2004] ECR II-3291
ECJ Meca-Medina Case C-519/04P nyr

6 December

The concept of 'regulatory holidays'.

C 1.6 Work in Progress

6 September

Eric van Damme

Market definition in the provision of care for disabled persons and services of general (economic) interest.

27 September

Filomena Chirico

Economic analysis of the Common principles of European Contract Law.

4 October

Tamara Wielders

The issue of services of general (economic) interest in the watersector

1 November

Wieland Müller and Jan Boone

Classroom experiments that can be used to introduce practitioners to the new regulation that will be proposed by the Nza.

22 November

Jan Bouckaert

Banning price discrimination by dominant firms, (joint work with Hans Degryse and Theon van Dijk).

29 November

Bert Willems

Market power regulation by contracts.

C 1.7 IO Reading Group

25 October

Jan Boone

Antitrust in innovative industries, by Segal and Whinston.

15 November

Eric van Damme

Chapter 2 on price fixing.

13 December

Lapo Filistrucchi

Lectures on antitrust economics by Michael D. Whinston: Chapter 3 on mergers.

C 2 PROFESSIONAL CONSULTATIONS AND COMMITTEES

Boone, J.

Adviser NMa for the academic year 2006/7, WBSO klankbordgroep.

Boone, J. and W. Müller

Two projects for the Dutch Health Authority (NZa): "How to phase out regulation" and "classroom experiment on hospital regulation".

Chirico, F.

Member of the Steering Committee of the EMNEM project of the European University Association, Brussels. The project aims at preparing a New Evaluation Methodology for European Joint Master's.

International Researcher for the TRENDS V project of the European University Association, Brussels. The project's aim is to assess the actual implementation of the Higher Education Reform in Europe.

Damme, E.E.C. van

Member of CEPR's Scientific Advisory Committee. Secretary and treasurer of the Game Theory Society. Member of KNAW-ECOS. Member of KNAW-SWR. Member of panel NWO-Vidi. Member review panel FWO. (Flemish Science Foundation). Member of Board NAKE. Member of RGW/SWR-commissie "Beoordelingsmethoden van geesteswetenschappelijk en social-wetenschappelijk onderzoek". Member of the Board Erasmus Institute for Philosophy of Economics (EIPe), Erasmus University Rotterdam. Member of NWO-Commissie Beoordelingsmaatstaven MaGW. Member of NMa's Bezwaarschriftadviescommissie. Member of DTe's Market Surveillance Committee. CPB: Advisor. Member of Advisory group "De Achtbaan" to dg telecom, MinEZ. SER: Member Commissie Mededinging en Ordening (committee on competition and market regulation) of Social and Economic Council.

McCahery, J.A.

Fellow CEPS, OECD expert, Research Associate European Corporate Governance Institute, Research Committee European Corporate Governance Institute, Vlaamse interuniversitaire raad kwaliteitszorg onderzoek rechten

Müller, W.

Member of Economic Science Association, Econometric Society, Society for Social Policy (Verein für Socialpolitik), German Society for Experimental Economics (GEW), Canadian Economic Association.

Ongena, S.

External Member, Steering Committee ECB-CFS Research Network, *Capital Markets and Financial Integration in Europe* (ECB-CFS Frankfurt), External Member, Policy Advisory Board, *Financial Integration in Europe and the Propagation of Shocks* (European Commission and German Institute for Economic Research DIW Berlin). Consulted for European Bank on various issues, Swiss National Bank on foreign exchange loans, Maxwell Stamp and the European Commission on European deposit insurance schemes, Research Coordinator Finance CentER, Chair Recruiting Committee CentER, Nomination Committee *Deutsche Bank Prize in Financial Economics*. Advisor to Tenure Committees: Bilkent University (Ankara), HEC (Paris)

Parret, L.Y.J.M.

President of the European Law Commission of the global lawyers association AIJA since August 2005.

Member of the Organising Committee of the International Conference on Competition Law organised in November 2005 in Brussels by the Brussels bar.

Raaijmakers, M.J.G.C.

Advies Vrom, Advies Academisch Ziekenhuis Maastricht.

Ruys, P.H.M.

CEEP, European Center of Enterprised with Public Participation and of Enterprises of General Economic Interest, Brussel.

Vermeulen, E.P.M.

Juridisch Genootschap Eindhoven Bestuurslid. (2006).

Preadviseur "Vereenvoudiging Nederlands BV-recht" van de Nederlandse Vereniging van Handelsrecht. (2006).

Lid Stichtingsbestuur "Stichting Beroepsopleiding Bedrijfsjuristen" Center for Postgraduate Studies, Radboud University Nijmegen. (2006).

Member Legal Scholar Network: One Share One Vote. Study commissioned by the European Commission (European Corporate Governance Institute). (2006).

Expert on Corporate Governance Non-Listed Companies, Organization of Economic Corporation and Development (OECD). (2006).

Willems, B.R.R.

Seminar at L'Autorità per l'energia elettrica e il gas, on the effect of virtual power plants, 23 May.

Presentation at DG Enterprises, EU Commission on the market power in European electricity markets, 3 October.

Organization of Fourth Tilburg Round Table on Energy on market power in the electricity sector, 11 December.

Interdisciplinary research project of engineers, economists and lawyers on energy markets, KULeuven, 2006-2007.

C 3 EDITORIAL ACTIVITIES

Boone, J.

Associate editor of *The B.E. Journal of Theoretical Economics*.

Damme, E.E.C. van

Member of editorial boards of the following journals:

Games and Economic Behavior, *International Journal of Game Theory*, *Experimental Economics*, *International Journal on Industrial Organisation*, *Economics Bulletin*, *CPB – Reports*, *Markt en Mededinging*.

Member of editorial board Kluwer: *Theory and Decision Library*, *Series C: Game Theory*, *Mathematical Programming and Operations Research*.

Elst, C.F. van der

European Company Law, *Tax*, *Audit and Accounting*, *Tijdschrift Huurrecht*, *Ad Rem*.

Larouche, P.

Co-editor-in-chief, *Journal of Network Industries*.

McCahery, J.A.

E Journal of Corporate Law, *Economics Bulletin*, *European Business Organization Law Review*, *The yearbook of European Environmental Law*.

Ongena, S.

Associate Editor, *Maandblad voor Accountancy en Bedrijfseconomie*.

Renneboog, L.

Associate Editor of *European Financial Management*.

Vermeulen, E.P.M.

Tijdschrift voor Ondernemingspraktijk (TOP) Lid Redactie (editor), 2006.