



LUNCH SEMINAR

on the Japanese Economy

at the Maison franco-japonaise

"The Impact of Mergers on Economic Performance and the Role of Competition Policy"

Pr. Hiroyuki ODAGIRI

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March 15th 2007 (Thursday), from 12:30 pm to 2:00 pm
Maison franco japonaise, room 601 (6th floor)

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Summary

I discuss both theoretically and empirically why firms merge and what impact mergers have on the economy. A special emphasis will be placed on the assessment of efficiency gains as rationale for mergers. The paper is organized as follows.

(1) In a symmetric Cournot oligopoly without entry and without collusion, a merger is unprofitable unless it produces efficiency gains. However, if efficiency gains are substantial, the profits of merger firms can increase. Furthermore, if these gains are large, it is also possible that the equilibrium price goes down after the merger, increasing consumers' surplus. (2) In reality, few of the empirical studies support the hypothesis that mergers enhance efficiency. (3) According to the managerial theory of the firm, managers' growth-maximization behavior contributes to macroeconomic growth, provided two conditions; first, firms invest in R&D and, second, the growth is pursued internally, that is, not with mergers and acquisitions but with internal investment in physical and knowledge capital. (4) In conclusion, I will argue in favor of a cautious attitude towards using efficiency gains as a defense for horizontal mergers.

Biography

Hiroyuki ODAGIRI (Ph.D. of economics, Northwestern University) is Professor of Economics at the Faculty of Economics of Hitotsubashi University. His fields of specialization are economics of the firm, industrial organization, and economics of science and technology. He is the author of many books and articles, among others: *Growth through Competition, Competition through Growth* (Oxford University Press, 1992), *Innovation in Japan* (Oxford University Press, 1997, edited with Akira Goto), *The Economics of Biotechnology* (Toyo Keizai, 2006, in Japanese).

How to attend the Lunch Seminar ?

The participation to the Lunch Seminar is free but registration is strictly required. Please apply by e-mail to : lechevalier@mfi.gr.jp ; or by fax (03-5421-7652) specifying your :

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|--------------------------|----------|
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NB : The presentation will be followed by a discussion with the participants (in English, no translation).

Forthcoming

■ April 11, 2007 (Wednesday) | 12:30 – 14:00
Income Inequality in Japan in Comparative Historical Perspectives

By MORIGUCHI Chiaki (Associate Professor, Northwestern University)

■ May 25, 2007 (Friday) | 12:30 – 14:00
Japanese Multinationals in China. A Comparative Perspective

By ITÔ Keiko (Associate professor, Senshu University)

