

Summaries

Entry Deterrence Through Cooperative R&D Over-Investment

Clémence Christin

We highlight conditions under which R&D agreements may harm consumers by increasing final prices. This occurs although members of the R&D agreement increase their R&D efforts. We focus on cases where firms compete both on the final market and to buy an input necessary for R&D. The market is composed of a competitive fringe and two strategic firms that enjoy a first mover advantage on both markets. By increasing its R&D input purchase, a strategic firm increases the cost of all its rivals and in particular deters entry in the fringe. This reduces downstream competition and increases the final price. Therefore, an R&D agreement may induce strategic overbuying of R&D input by members of the agreement at the expense of rival firms and consumers.

Keywords: Research and Development Agreements, Collusion, Entry deterrence.

JEL Classification: L13, L24, L41.

Trade Policy Reform: How to Win Wide-Ranging Support?

Fabian Bergès and Sylvette Monier-Dilhan

This article analyzes the effects of international trade policies on an imperfectly competitive domestic market, taking account of consumers, as well as upstream and downstream firms. We first study the impact of a classic import tax decrease and find that this policy harms upstream firms and may decrease domestic fiscal revenues. We then examine the effect of an increase in non-tariff barriers, which reduce the degree of substitutability between domestic and imported goods. This results in an improvement in each agent's situation, as international competition becomes less fierce. Finally, we show that market conditions may exist such that a coupled policy (import tax decrease and non-tariff barrier increase) makes all agents better off. This can explain the proliferation of domestic standards at national level in order to counterbalance the effect of lower tariffs negotiated by governments.

Keywords: Trade Policy, Non-Tariff Barriers, Vertical structure.

JEL Classification: F12; F13; L14.

The Incentives for Innovation in the Private Sector

Bonnard Claire

Innovation has become a key factor for economic growth. The issue of incentives as to boost innovation within firms is thus essential. In this paper, we are interested to discriminate the type of monetary incentives received by the inventors in firms; with particular attention to inter-firm mobility of the professional. The results show a significant positive wage premium for the inventors, this one is more important for inventors who have experienced past mobility events, which might suggest that firms are willing to pay the specific knowledge gained by the inventors before in other firms. Additionally we show that incentive stock options for inventors seem less common in firms located in France than abroad.

Keywords: Incitation, inventor, propensity score.

JEL Classification: J33, O31, O32.