



Fachbereich VWL / Department of Economics

EconNewsletter

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JANUARY 22 – JANUARY 26, 2024

NEWSLETTER 2024-3

SEMINAR CALENDAR

HCHE Research Seminar

[Maarten Lindeboom, Vrije Universiteit Amsterdam:](#)

Why life gets better after age 50, for some – Mental health and the social norm of work

Monday January 22
16:30-17:45
Esplanade 36, R. 4011/13

Quantitative Economics

[Paolo Brunori, LSE:](#)

Strengths and Limitations of the Use of Machine Learning in the Estimation of Inequality of Opportunity

Tuesday January 23
12:15–13:30
R. 0079 (VMP 5)

Hamburg Lectures in Law and Economics

[Andreas Engert, FU Berlin:](#)

The corporate group as a bankruptcy option

Wednesday January 24
18:15–19:45
R. 1083a (VMP 5)

This seminar is held in a hybrid format. To register for **Online participation** via Zoom please send an email to larapazer@gmail.com. You will then receive an Email with the access link prior to the lecture.

ABSTRACTS

Hamburg Lectures in Law and Economics

Andreas Engert, FU Berlin:

The corporate group as a bankruptcy option

Abstract:

Corporate groups are the all-but-universal legal structure of the modern firm. In view of the cost of operating a multitude of legal entities, the question arises which advantages the group form confers on firms. This paper suggests an efficiency explanation that focuses on the incentives of non-financial stakeholders in a business unit of the firm: Granting these stakeholders only claims against a separate subsidiary allows the firm to bankrupt the subsidiary without honoring long-term claims from leases, labor, service, and license contracts. The bankruptcy option makes long-term commitments to stakeholders conditional on the subsidiary producing a positive surplus for the firm. Their fixed claims become sensitive to the performance of the subsidiary, incentivizing non-contractible investment and concessions needed to restore the viability of the subsidiary.

The next EconNewsletter will be published on Monday, January 29, 2024.

Editorial deadline: Friday, January 26, 2024.

EconNewsletter

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