



UNIVERSITÉ D'OTTAWA
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ÉCOLE DE GESTION
SCHOOL OF MANAGEMENT

**CGA Accounting Research Centre and The AFI Section
DISTINGUISHED SPEAKER SERIES**

HANS-PETER BURGHOF
University of Hohenheim, Germany

Profile:

Hans-Peter Burghof holds the chair of banking at the University of Hohenheim in Stuttgart, Germany. He studied economics at the University of Bonn, received his PhD from the University of Munich and has previously been teaching at the Universities of Munich and Mainz. His main research focus is on the microeconomic analysis of financial contracts, and particularly on bank lending. Other fields of interests are banks' risk management and regulation, capital markets and going public.

Topic: «The Economics of State Subsidies in Early Stage Venture Capital Investments»

Abstract:

We analyze the effect of state subsidies on early stage investments. In a two period investment model with incomplete stage financing contracts we describe optimal and second best investment levels. State subsidies generate a bias towards more investment that creates, in some state of nature, less underinvestment, and in other states (more) overinvestment. Optimality depends on the way in which we include external effects of early stage (venture) financing into our consideration. Thus, the subsidy might be designed to maximize early stage investments, to use state money most efficiently to increase early stage investments, or to contribute to greater efficiency in early stage investment without regard to external effects. We deduce optimal subsidies for all three approaches..

TIME: 10:00 a.m. WEDNESDAY, April 7, 2004

PLACE: VANIER HALL, Room 384

**Please confirm your presence with Galina at 4771 or
gresko@gestion.uottawa.ca**