



DEPARTAMENT
D'ECONOMIA



TROBADA ECONOMIA: REUS, 23-24 de Maig 2016.

UNIVERSITAT ROVIRA i VIRGILI & UNIVERSITAT d'ALACANT

Organitza: Josep E. Peris (U. d'Alacant), José Manuel Giménez Gómez (U. Rovira i Virgili)

PROGRAMA PRELIMINAR:

DILLUNS 23 de Maig SALA DE GRAUS

16:00 **GEORGIOS CHYSANTHOU.** UA

TÍTOL: "Parametric Estimation of Models with Measurement Error in a Binary Endogenous Variable"

16:45 **CAROLINA MANZANO.** URV

TÍTOL: "Market Power and Welfare in Asymmetric Divisible Good Auctions" (joint with Xavier Vives)

17:30 **JOSÉ ALCALDE.** UA

TÍTOL: "(In)visible Hands in Matching Markets"

18:15 **RICARDO FLORES-FILLOL.** URV

TÍTOL: "Platform pricing and consumer foresight: The case of airports" (joint with Alberto Iozzi and Tommaso Valletti)

DIMARTS 24 de Maig SALA DE GRAUS

10:00 **BEGOÑA SUBIZA.** UA

TÍTOL: "Representative committees" (joint with Josep E. Peris)

10:45 **MARINA BANNIKOVA.** URV

TÍTOL: "Between fairness and mistrial: consensus under a deadline"

11:30 **CARLOS GUTIÉRREZ.** UA

TÍTOL: "Testing market power in the Chilean Mobile sector"

12:15 **JUDIT GARCÍA.** URV

TÍTOL: "The Effects of Corruption in a Monetary Union"

RESUM de LES PONÈNCIES:

GEORGIOS CHYSANTHOU. Universitat d'Alacant

TITLE: "Parametric Estimation of Models with Measurement Error in a Binary Endogenous Variable"

Abstract: I propose a parametric two-step estimator that corrects for the bias arising from measurement error in a binary endogenous variable, in cross-sectional and panel data settings. It is demonstrated that consistent estimates can be obtained using a modified MLE for the reduced form and modified least squares for the structural equation.

CAROLINA MANZANO. Universitat Rovira i Virgili / CREIP

TITLE: "Market Power and Welfare in Asymmetric Divisible Good Auctions" (joint with Xavier Vives)

Abstract: This paper analyzes a divisible good uniform-price auction where two types of bidders compete. In each group there is a finite number of identical bidders. We show that when equilibrium exists it is unique. We find that an increase in the precision of private information of a group increases its relative market power. Furthermore, consistent with the empirical evidence, we find that an increase in the transaction cost of a group of bidders induces a strategic response of the other group according to which they diminish their reaction to private information and submit steeper schedules. The deadweight loss increases with the quantity auctioned and degree of informational asymmetry when the stronger group values more the asset. We show how a subsidy scheme may induce an efficient allocation and find that the "stronger" group (with more precision of private information, lower transaction costs and/or more oligopolistic) should receive a higher subsidy.

JOSÉ ALCALDE. Universitat d'Alacant

TITLE: "(In)visible Hands in Matching Markets"

Abstract: This paper explores sequential mechanisms for (many-to-one) two-sided matching problems. In these mechanisms, agents belonging to a side of the market determine an eligibility restriction; and the agents on the other side select their preferred mates, constrained by the above eligibility. We find out some asymmetries, as well as some coincidences, related to the mechanisms in which the first decision is made by the individuals or the institutions. In particular, for the two classes of mechanisms, it is likely that the outcome is stable. This can be interpreted as if the sequentiality in which agents decide takes the place of the coordination among the whole society. As a main difference, it is found that an extra coordination between individuals is exercised when they impose the eligibility restriction. A consequence of such an 'over-coordination' is that the likely outcome coincides with the individuals optimal stable matching. The dual result yielding the institutions' optimal stable allocation does not hold when these agents are the ones to impose eligibility.

RICARDO FLORES-FILLOL. Universitat Rovira i Virgili / CREIP / BRIDGE

TITLE: "Platform pricing and consumer foresight: The case of airports" (joint with Alberto Iozzi and Tommaso Valletti)

Abstract: Airports have become platforms that derive revenues from both aeronautical and commercial activities. The demand for these services is characterized by a one-way complementarity in that only air travelers can purchase retail goods at the airport terminals. We analyze a model of optimal airport behavior in which this one-way complementarity is subject to consumer foresight, i.e., consumers may not anticipate in full the ex post retail surplus when purchasing a flight ticket. An airport sets landing fees, and, in addition, also chooses the retail market structure by choosing the

number of retail concessions to be awarded. We find that, with perfectly myopic consumers, the airport chooses to attract more passengers via low landing fees, and also sets the minimum possible number of retailers in order to increase the concessions' revenues, from which it obtains the largest share of profits. However, even a very small amount of anticipation of the consumer surplus from retail activities changes significantly the airport's choices: the optimal airport policy is dependent on the degree of differentiation in the retail market. When consumers instead have perfect foresight, the airport establishes a very competitive retail market, where consumers enjoy a large surplus. This attracts passengers and it is exploited by the airport by charging higher landing fees, which then constitute the largest share of its profits. Overall, airport's profits are maximal when consumers have perfect foresight.

BEGOÑA SUBIZA. Universitat d'Alacant

TITLE: "Representative committees" (joint with Josep E. Peris)

Abstract: We define a new voting rule for electing committees. Specifically, we use approval balloting and propose a voting procedure guaranteeing that if a committee representing (in a determined proportion) all voters exists, then the selected committee has to represent all voters at least in the same proportion. Although this condition is a generalization of the unanimity property, the usual voting procedures in this context do not satisfy it.

MARINA BANNIKOVA. Universitat Rovira i Virgili / CREIP

TITLE: "Between fairness and mistrial: consensus under a deadline"

Abstract: Jury trial is, perhaps, the most prominent example of seeking a consensus. The process is particularly difficult if the judge places a deadline by which the jury must reach a unanimous decision, otherwise declaring a mistrial. A mistrial is commonly perceived to be worse than any decision the jury might render. As a result, while each juror has her own idea about the fairness of each possible trial outcome, she may eventually choose to vote for a less fair outcome, rather than cause a mistrial by breaking unanimity. In this paper we propose a model for the above scenario — Consensus Under a Deadline (CUD) — based on a time-bounded iterative voting process. We provide some theoretical features of CUDs, particularly focusing on convergence guarantees and the quality of the final decision. An extensive experimental study demonstrates the more subtle features of CUDs, e.g., the difference between two simple types of juror behaviour, lazy vs. proactive voters.

CARLOS GUTIÉRREZ. Universitat d'Alacant

TITLE: "Testing market power in the Chilean Mobile sector"

Abstract: Chilean telecommunications market (both, fixed network and mobile sector) has improved quality in the last two decades. In addition, market penetration in the mobile sector has drastically increased. However, Movistar (M), Entel (E), and Grupo Claro (C) possess nearly 98% of the market, leaving the resting market share to virtual and small operators. Chilean antitrust authorities have filled some cases of abuse of dominant position by part of these firms but there is no clear evidence of coordinated anticompetitive practices. The present paper studies whether operators in the Chilean mobile sector exert anticompetitive practices —full or partial collusive behavior- or the observed outcome is just a matter of oligopoly competition in a highly concentrated market. First, concentration indexes are presented in order to characterize the market environment. Second, in an infinitely repeated oligopoly model empirical market shares are used to characterize operator's marginal cost in order to explore the extent to which market is (anti)competitive. It is shown that the ability to collude and its sustainability over time increase as differences in market shares and HHI decrease. This fact may come from marginal cost homogenization as competition among firms

increases or, contrary to this, it can be an indicator of anticompetitive agreements. Even under the later hypothesis, it is not sufficient evidence that firms maintain collusive agreements even though firms' profits are above those expected under oligopoly competition.

JUDIT GARCÍA. Universitat Rovira i Virgili / CREIP

TITLE: "The Effects of Corruption in a Monetary Union"

Abstract: Many countries around the world suffer from corruption. In a monetary union, corruption varies from one country to another. It is possible, in an economic sense, corruption in one country may affect another country in a monetary union. We demonstrate that this feature has important implications in a monetary union with two asymmetric countries. Country 1 has a corrupt government while country 2 does not. Within this framework, we determine under which conditions corruption damages or benefits both countries. We find that corruption in country 1 may have a positive or negative effect on country 2. In particular, when the government of country 1 is more concerned about public spending than output, an increase in corruption damages both countries. In addition, we investigate how country 1 could compensate country 2 for the negative externality.