Oligo Workshop 2026

Final Program (updated on June 9)

June 10–12, 2026

Practical information

- **Venue:** Polo Piagge, Department of Economics and Management, University of Pisa, Via Giacomo Matteotti 11, 56124 Pisa, Italy.
- **Rooms:** Plenary sessions (keynotes, adjourn) take place in the **Conference Room**. Parallel sessions are in the **Conference Room**, **Pia O2**, and **Pia P2**. The temperature in the rooms is centrally controlled and set at approximately 24°C.
- **Timing:** The schedule reserves 25 minutes for each contributed paper. Presenters have 15 minutes, discussants 5 minutes, and any remaining time is for questions from the floor. Chairs are in charge of the time management during the session. In particular, they make sure that all the papers in the session get an equal share of time. Discussants help the audience to see the paper's contribution. Constructive and thought-provoking comments are most welcome. Comments meant only for the presenter should be communicated separately.
- **Registration desk:** Wednesday and Thursday from 08:30 (not on Friday).
- **Social events:** Wednesday: conference group photo (17:30–17:45) and welcome cocktail at Chalet Caffetteria Bistrot, Viale delle Piagge, 1, 56124 Pisa (18:30; 5-minute walk from the venue). Thursday: guided tour of the Walls of Pisa (18:00) and conference dinner at the Cloister of Santa Maria del Carmine, Corso Italia 88 (20:45; about a 15-minute walk). Right after the keynote lecture, we will walk to the Bastione del Parlascio, where we will go up onto the Walls of Pisa and then proceed to Piazza dei Miracoli (more precisely, Torre Santa Maria), where the guides will be waiting for us. Participants will be divided into three groups, starting at 6:15 pm, 6:30 pm, and 6:45 pm, respectively. The guided tour will last approximately one hour.
- **Luggage room:** A luggage room will be made available at the venue on Friday until 7:00 p.m. (the room will be locked after the end of the conference, but the concierge desk next door can open it for you to collect your luggage).

Program Overview

Wednesday, June 10, 2026

Time	Conference Room	Pia O2	Pia P2
08:30–09:00	Registration		
09:00–10:15	1A: Authority and AI	1B: Mathematical Methods	1C: Price Competition I
10:15–10:45	Coffee break		
10:45–12:30	2A: Consumer Data	2B: Contests I	2C: Strategic Communication
12:30–14:15	Lunch		
14:15–15:30	3A: Contests II	3B: Liquidity	3C: Environmental Economics I
15:30–16:00	Coffee break		
16:00–17:30	Keynote: Vasiliki Skreta		
17:30–17:45	Group photo		
18:30–19:30	Welcome cocktail (bar overlooking the Arno River; 5-minute walk)		

Thursday, June 11, 2026

Time	Conference Room	Pia O2	Pia P2
08:30–09:00	Registration		
09:00–10:15	4A: Mediation	4B: Information Elicitation	4C: Environmental Economics II
10:15–10:45	Coffee break		
10:45–12:30	5A: Collective Decisions	5B: Lobbying	5C: Environmental Economics III
12:30–14:15	Lunch		
14:15–15:30	6A: Consumers	6B: Innovation	6C: Environmental Economics IV
15:30–16:00	Coffee break		
16:00–17:30	Keynote: Paul Belleflamme		
18:00–19:30	Guided tour of the Walls of Pisa		
20:45–22:30	Conference dinner		

Friday, June 12, 2026

Time	Conference Room	Pia O2	Pia P2
09:00–10:15	7A: Monopoly and Monopolistic Competition	7B: Theoretical IO	7C: Cross-ownership I
10:15–10:45	Coffee break		
10:45–12:00	8A: Price Competition II	8B: Platform Competition	8C: Cross-ownership II
12:00–12:05	Adjourn		

Wednesday, June 10, 2026

08:30–09:00	Registration

09:00–10:15 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 1A: Authority and AI Chair: Roberto Rozzi	**Session 1B: Mathematical Methods** Chair: Attila Tasnádi	**Session 1C: Price Competition I** Chair: Neri Salvadori
09:00	**Antoni Cunyat** (*University of Valencia*): "Moneyball" or Gut? Authority, AI, and Human Discretion Discussant: Emmanuel Lorenzon	–	**Neri Salvadori** (*Università di Pisa e Accademia Nazionale dei Lincei*): Firms' Payoffs in a Bertrand-Edgeworth Game under Triopoly Discussant: Luca Di Corato
09:25	**Gonzalo Olcina** (*University of Valencia ERI-CES*): AI, Monitoring Aversion and the Evolution of Motivation Discussant: Sergey Stepanov	**Attila Tasnádi** (*Corvinus University of Budapest*): Aggregating Incomplete Lists Discussant: Ákos Balázs	**Apostolos Martis** (*University of Macedonia*): Data Acquisition and Price Discrimination Discussant: Atharwa Deshmukh
09:50	**Daniel Habermacher** (*Universidad de los Andes, Chile*): Authority, Communication and Internal Markets Discussant: Roberto Rozzi	**Jesper Rüdiger** (*Universidad Carlos III de Madrid*): Efficient Grid Search to Solve Static Games with Private Information Discussant: Stéphan Sémirat	**Guillaume Lagasse** (*Mines Paris-PSL*): Restoring Efficiency at the Bottleneck: Priority Mechanisms under Capacity Constraints and Sunk Entry Costs Discussant: Marcella Scrimitore

10:15–10:45	Coffee break

10:45–12:30 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 2A: Consumer Data Chair: Zhang Xu	**Session 2B: Contests I** Chair: Alexander Usvitskiy	**Session 2C: Strategic Communication** Chair: Sergei Kichko
10:45	**Paul Wegener** (*University of Mannheim*): Personalized Pricing and Data Sharing Regulations Discussant: Apostolos Martis	**Petros Sekeris** (*TBS Business School*): Learning and Overconfidence in Elimination Contests Discussant: Alexander Usvitskiy	**Sergey Stepanov** (*National Research University HSE*): Advising a Decision-Maker with Unknown Preferences Discussant: Meiqing Zhang
11:10	**Stefan Terstiege** (*Maastricht University*): Market Segmentation, Information Sale, and Information Foreclosure Discussant: Nicole Rauch	**Martina Bossard** (*University of Basel*): Procuring New Ideas: On the Value of Performance Information in Innovation Tournaments Discussant: Anastas Tenev	**Stéphan Sémirat** (*Université Grenoble Alpes*): Selecting Equilibria in Cheap Talk Games Discussant: Gabriel Ziegler
11:35–11:40	*Short break*		
11:40	**Zhang Xu** (*Tsinghua University*): Privacy-constrained Signals Discussant: Antoni Cunyat	**Mikhail Drugov** (*Universitat Autònoma de Barcelona / New Economic School*): Robust Tournaments Discussant: Konstantinos Protopappas	**Yiman Sun** (*CERGE-EI*): Motivational Progress Disclosure in Multistage Projects Discussant: Darina Dintcheva-Bis
12:05	**Nicole Rauch** (*University of Graz*): Disclosure Policies of Nonprofit Organizations Competing for Donations Discussant: Stefan Terstiege	**Konstantinos Protopappas** (*University of Innsbruck*): The Price of Peace Discussant: Petros Sekeris	**Vyacheslav Arbuzov** (*Corvinus University of Budapest*): Playing Hard to Get: Scarcity as a Sales Strategy Discussant: ---

12:30–14:15	Lunch

14:15–15:30 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 3A: Contests II Chair: Subhasish Chowdhury	**Session 3B: Liquidity** Chair: Doron Klunover	**Session 3C: Environmental Economics I** Chair: Christos Constantatos
14:15	**Alexander Usvitskiy** (*HSE University*): Small-scale Innovation Contests: The Effect of Group Size on Innovation Strategy Discussant: Subhasish Chowdhury	**Guillem Ordonez-Calafi** (*University of Bristol*): Independent Allocation of Control and Cash-flow Rights Discussant: Guillaume Lagasse	**Alberto Cavaliere** (*University of Pavia*): Gas Distribution Networks Post Unbundling: Exploring Compactness beyond Scale and Density Discussant: Neri Salvadori
14:40	**Stefanie Schmitt** (*University of Bamberg*): Fighting over Environmental Salience Discussant: Natacha Raffin	**Doron Klunover** (*SCE*): The Bankruptcy Problem: A Contest Approach Discussant: Attila Tasnádi	**Emanuele Bacchiega** (*Università di Bologna*): Vertical Control in the Presence of Intertemporal Externalities from Recycling Discussant: Alberto Cavaliere
15:05	**Subhasish Chowdhury** (*University of Sheffield*): A Combinatorial Multiple Winner Contest with Package Designer Preferences Discussant: Mikhail Drugov	**Ákos Balázs** (*ELTE Centre for Economic and Regional Studies*): Nested Targeting: Informative Advertising Strategies of Entrants in a Bertrand Market Discussant: Gonzalo Olcina	**Francesco Cenerini** (*National Taiwan University*): Geographical Indications as a Development Tool: Quality Mapping and Conservation Incentives for Coffee Discussant: Christos Constantatos

15:30–16:00	Coffee break

16:00–17:30	**Keynote lecture** Vasiliki Skreta *Audience Design with Transfers and Ordeals* Chair: Christian Ewerhart[1]

17:30–17:45	Conference Group Photo

18:30–19:30	Welcome cocktail (bar overlooking the Arno River; 5-minute walk)

[1]The plenary session will begin with a short address by the Vice Rector.

Thursday, June 11, 2026

08:30–09:00	Registration

09:00–10:15 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 4A: Mediation Chair: Christian Ewerhart	**Session 4B: Information Elicitation** Chair: Pietro Dall'Ara	**Session 4C: Environmental Economics II** Chair: Luca Spataro
09:00	–	**Pietro Dall'Ara** (*CSEF and University of Naples Federico II*): Screening in Digital Monopolies Discussant: Zhang Xu	**Asma Charfi** (*Faculty of Economics and Management of Sfax*): Energy Consumption and Climate Change in Sub-Saharan Africa: Empirical Analysis and Implications for the Energy Transition Discussant: Mehdi Janbaz
09:25	**Christian Ewerhart** (*University of Zurich*): Mediated Subgame Perfect Equilibrium Discussant: Yiman Sun	**Edwin Munoz-Rodriguez** (*El Colegio de Mexico*): When to Request Evidence Discussant: Andrea Tulli	**Natacha Raffin** (*Université Paris-Saclay*): 'Green' Antitrust with Environmental Standards Discussant: Francesco Cenerini
09:50	**Darina Dintcheva-Bis** (*University of Warwick*): Mediating a Bilateral Conflict with Interdependent Valuations Discussant: Christian Ewerhart	**Meiqing Zhang** (*University of Manchester*): Hard Information Disclosure and Product Conflation Discussant: Pietro Dall'Ara	**Luca Spataro** (*University of Pisa*): Breaking the Efficiency–Environment Trade-off Discussant: Mauro Sodini

10:15–10:45	Coffee break

10:45–12:30 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 5A: Collective Decisions Chair: David Ettinger	**Session 5B: Lobbying** Chair: Cecilia Vergari	**Session 5C: Environmental Economics III** Chair: Marcella Scrimitore
10:45	**Luca Di Corato** (*Ca' Foscari University of Venice*): Supply Contracting under Dynamic Asymmetric Cost Information Discussant: Daniel Habermacher	**Andrea Tulli** (*University of Tübingen*): Public Demand Allocation and Productivity of the Private Sector Discussant: Jesper Rüdiger	**Ornella Tarola** (*DiSSE, Sapienza*): Sustainable Consumption and Credibility of Information: The Bandwagon Quality Effect Discussant: Stefanie Schmitt
11:10	**David Ettinger** (*Paris Dauphine-PSL*): Impact Investment and Non-financial Incentives Discussant: Stefano Galavotti	**Marco Marini** (*Sapienza University of Rome*): Relational Contracts in NGO Competition: Sustaining Quality with Unverifiable Outcomes Discussant: Ramon Fauli-Oller	**Mauro Sodini** (*Federico II, Naples*): Carbon Leakage in 3D: On the Dynamics of Green, Dirty and Relocating Firms under the ETS Discussant: Luca Spataro
11:35–11:40	*Short break*		
11:40	**Emmanuel Lorenzon** (*Université Grenoble Alpes*): A White Elephant in My Constituency: Overinvesting to Blackmail Authorities Discussant: David Ettinger	**Anastas Tenev** (*Corvinus University of Budapest*): Bridging Network Gaps under Limited Perception Discussant: Luca Sandrini	**Marcella Scrimitore** (*Mediterranean University of Reggio Calabria*): Port Emissions and Abatement Investments in an International Oligopoly Discussant: Michael Kopel
12:05	**Gabriel Ziegler** (*FU Berlin*): The Large and Likely Inefficiency of Stable Matching Mechanisms Discussant: Pietro Battiston	**Cecilia Vergari** (*University of Pisa*): Lobbying as Entry Barrier Discussant: Maria Alipranti	–

12:30–14:15	Lunch

14:15–15:30 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 6A: Consumers Chair: Javier Elizalde	**Session 6B: Innovation** Chair: Emmanuel Petrakis	**Session 6C: Environmental Economics IV** Chair: Ornella Tarola
14:15	**J. Manuel Sánchez-Cartas** (*Universidad Complutense de Madrid*): A Model of Sharing Economy Platforms and Adjacent Markets Discussant: Javier Elizalde	**Domenico Buccella** (*Kozminski University in Warsaw*): Corporate Social Responsibility and Innovation in Unionized Markets Discussant: Nicola Meccheri	**Nadia Burani** (*University of Bologna*): Multi-dimensional Screening and Non-linear Pricing with Environmentally Concerned Consumers Discussant: Ornella Tarola
14:40	**Roberto Rozzi** (*Royal Holloway University of London*): The Evolution of Consumer Naïveté in a Market with Network Discussant: Robin Ng	**Stefano Galavotti** (*University of Bari*): Procuring Innovation through Bid Preference: An Experiment Discussant: Vakhtang Abashidze	**Mehdi Janbaz** (*University of Pisa*): Brownium in Banking: Liquidity Risk in the Green Transition Discussant: Asma Charfi
15:05	**Pietro Battiston** (*University of Pisa*): Unexploitability of Irrelevant Alternatives and the Venice Method Discussant: Edwin Munoz-Rodriguez	**Luca Sandrini** (*ZEW-Mannheim and University of Padova*): Technology Licensing and the Direction of Innovation Discussant: Emmanuel Petrakis	**Christos Constantatos** (*University of Macedonia*): Franchising Contracts under Market Uncertainty Discussant: Emanuele Bacchiega

15:30–16:00	Coffee break

16:00–17:30	**Keynote lecture** Paul Belleflamme *Strategic Design in Two-Sided Platform Competition: Free Access, Wages, and Open Networks* Chair: Marco Marini

18:00–19:30	Guided tour of the Walls of Pisa

20:45–22:30	Conference dinner

Friday, June 12, 2026

09:00–10:15 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 7A: Monopoly and Monopolistic Competition Chair: Marco Marini	**Session 7B: Theoretical IO** Chair: Cecilia Vergari	**Session 7C: Cross-ownership I** Chair: Dries Vermeulen
09:00	**Simon Cowan** (*University of Oxford*): The Welfare Effects of Mergers with Inefficient Firms Discussant: Marco Marini	**Luca Gori** (*University of Pisa*): A Rational Choice of Technology in a Strategic Setting Discussant: Fabio Manenti	**Emmanuel Petrakis** (*University of Crete*): Cross-ownership, Mutual Outsourcing and Upstream R&D Discussant: Madhuri Shastry
09:25	**Sergei Kichko** (*University of Trento*): Income Heterogeneity and Optimum Product Diversity Discussant: Domenico Buccella	**Sheersh Pradhan** (*Shiv Nadar Institution of Eminence*): The Effect of Market Information on Market Prices Discussant: Cecilia Vergari	**Vakhtang Abashidze** (*Humboldt University of Berlin*): Team Formation and Altruism Discussant: Dries Vermeulen
09:50	**Atharwa Deshmukh** (*University of St. Gallen*): Lower Prices with Less Price Comparison? Discussant: Nadia Burani	**Ramon Fauli-Oller** (*Universitat d'Alacant*): Divisionalization, Vertical Integration and Entry Discussant: Paul Wegener	**Maria Alipranti** (*University of Macedonia*): Cross-ownership and the Timing of Technology Adoption Discussant: Laura Abrardi

10:15–10:45	Coffee break

10:45–12:00 Parallel Sessions

Time	Conference Room	Pia O2	Pia P2
	Session 8A: Price Competition II Chair: Simon Cowan	**Session 8B: Platform Competition** Chair: Luca Gori	**Session 8C: Cross-ownership II** Chair: Nicola Meccheri
10:45	**Michael Kopel** (*University of Graz*): Optimal Bargaining Protocols for Wholesale-price Negotiations Discussant: Sheersh Pradhan	**Javier Elizalde** (*University of Navarra*): Price and Non-price Strategies for a Streaming Music Platform Discussant: Guillem Ordonez-Calafi	**Ramakanta Patra** (*Cardiff Metropolitan University*): A Duopoly Model of Open Source and Proprietary Products Discussant: J. Manuel Sánchez-Cartas
11:10	**Dries Vermeulen** (*Maastricht University*): Cartel Formation in the Bertrand Model: Where 5 Is Few and 6 Is Many Discussant: Martina Bossard	**Fabio Manenti** (*University of Padua*): Platform Tying and Its Effects Discussant: Luca Gori	**Nicola Meccheri** (*University of Pisa*): Port Cross-ownership and Privatization in International Trade with Tariff Protection Discussant: Ramakanta Patra
11:35	**Robin Ng** (*University of Mannheim*): Competition through Recommendations Discussant: Simon Cowan	**Laura Abrardi** (*Politecnico di Torino*): Cyber Attacks and Platform's Security Investment Discussant: Doron Klunover	**Madhuri Shastry** (*Delhi School of Economics*): Partial Cross Ownership and Cooperative R&D with Spillovers Discussant: Vyacheslav Arbuzov

12:00–12:05	Adjourn: Attila Tasnadi and Cecilia Vergari[2]

[2]The local organizing team will be glad to arrange shared taxis to the airport or elsewhere.

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Book of Abstracts

Keynote lectures

Audience Design with Transfers and Ordeals

Speaker: Vasiliki Skreta

Abstract:
We provide a general yet tractable model to derive revenue-optimal mechanisms in settings with allocation-dependent externalities. Such externalities are present in settings ranging from concerts and parties to fashion items and software to college and workplace experiences. Our framework allows for transfers and for screening through ordeals, such as waiting in line, joining a fan club, or completing lengthy applications. We elucidate when and how such seemingly wasteful actions enhance price discrimination in the presence of externalities. Ordeals effectively filter out undesirable customers or members in some settings. In other settings, ordeals can be leveraged to allocate to desirable consumers who may have low purchasing power. We find conditions under which optimal mechanisms create two classes of customers: those who pay with money and those who pay with effort — a phenomenon we call ordeal discrimination.

Strategic Design in Two-Sided Platform Competition: Free Access, Wages, and Open Networks

Speaker: Paul Belleflamme

Abstract:
In markets where platforms mediate interactions among multiple user groups, traditional economic mechanisms are reshaped by network effects and strategic interdependence. This keynote will first highlight how platforms use pricing to manage network effects, celebrating the 20th anniversary of Mark Armstrong's seminal paper "Competition in Two-Sided Markets". Using this model as a starting point, it will then examine how three strategic design decisions—precommitment to free access, wage-like seller compensation, and interoperability with an Open Transaction Network—shape price competition and welfare in markets with two-sided platforms. Across these environments, the analysis will clarify when non-price instruments are pro-competitive or anti-competitive and draw implications for policy debates on free access, minimum wages, and interoperability.

Session 1A: Authority and AI

"Moneyball" or Gut? Authority, AI, and Human Discretion

Presenter: Antoni Cunyat

Abstract:
In many organizations the central delegation problem is no longer whether authority should be delegated, but to whom: a human manager or an AI system. We study this choice in a principal–manager–worker hierarchy in which the manager sometimes has sufficient information to choose a managerial project directly and, in other states, must screen a worker initiative. The key friction is auditability: whether evaluation can generate hard, verifiable evidence. AI supervision enforces evidence-based discipline and serves as a commitment device when audit trails exist, but becomes rigid when valuable proposals cannot be certified. Human supervision can exploit judgment and soft information in evidence-scarce environments, yet discretion creates scope for distortions and agency costs. The model delivers transparent comparative statics and testable predictions about when algorithmic management dominates and when human discretion is preferred.

AI, Monitoring Aversion and the Evolution of Motivation

Presenter: Gonzalo Olcina

Abstract:
This paper examines the impact of AI-driven workplace monitoring on worker motivation, labor market dynamics, and long-term organizational outcomes. By developing a principal-agent model with heterogeneous workers—selfish and intrinsically motivated (but monitoring-averse)—we analyze how declining monitoring costs due to AI influence firm contracting strategies and workforce composition. Our findings reveal a critical trade-off: while AI-enhanced monitoring reduces shirking and increases short-term profits, it crowds out intrinsic motivation over time, leading to an evolutionary shift toward a more selfish workforce. This erosion of intrinsic motivation harms productivity in tasks requiring creativity and initiative. We identify two key scenarios: When intrinsic motivation outweighs monitoring aversion, firms can incentivize both worker types, but falling monitoring costs gradually favor selfish workers. When monitoring aversion dominates, selfish workers prevail regardless of initial conditions. Using an evolutionary dynamics framework, we show that AI-driven reductions in monitoring costs can trigger a persistent decline in intrinsic motivation, with steady-state outcomes ranging from fluctuating motivation levels (under high monitoring costs) to complete dominance of selfish preferences (under low costs). Our results highlight unintended consequences of AI surveillance, suggesting that while firms benefit from cost-efficient monitoring, excessive reliance on it may undermine long-term productivity and worker welfare.

Authority, Communication and Internal Markets

Presenter: Daniel Habermacher

Abstract:
We revisit the trade-off between keeping authority and granting decision-making rights to an informed agent. We introduce transfers, allowing the agent to charge a fee for her services, but she may also offer the principal a side payment. The principal's equilibrium contracting decision maximizes the aggregate payoff. In particular, introducing transfers changes the contracting decision from centralization to delegation and improves efficiency if delegation maximizes the aggregate payoff but requires a side payment. We then introduce general delegation mechanisms. We first show that the agent, behaving ex ante like a social planner would do, restricts the discretion of her interim self in equilibrium. We then derive the optimal delegation set and show that delegation is more prevalent but less intense in equilibrium. Our results contribute to the debate over subsidiary governance in multinational corporations, showing how financial intermediation by headquarters can induce the parties to act in the organization's interest.

Session 1B: Mathematical Methods

Aggregating Incomplete Lists
Presenter: Attila Tasnádi

Abstract:
We study the aggregation of partial orders into a complete ordering, and prove both possibility and impossibility results in this context. First, we show that the standard independence of irrelevant alternatives condition is stronger here since even dictatorial aggregation rules may fail to satisfy it. On the other hand, domain restrictions enable non-dictatorial aggregation rules satisfying a number of attractive properties. In particular, we show that anonymous aggregation satisfying a weak form of independence of irrelevant alternatives is possible on a large class of 'extended' Condorcet domains.

Efficient Grid Search to Solve Static Games with Private Information
Presenter: Jesper Rüdiger

Abstract:
We introduce a new method for computing equilibria in a large class of games, including auctions, nonlinear pricing and optimal contracting. First, we observe that the objective function, e.g. the bid function in an auction, can often be approximated arbitrarily well by a piecewise constant function. Second, we formulate a sequential program to find the global solution within this class of strategies. This presents a major advantage over other solution methods which rely on local optimization. A Monte Carlo study of asymmetric auctions and nonlinear pricing games suggests that the method is stable, fast, and easily extends to complex games that are difficult to solve with existing methods. We then examine two applications to highway procurement auctions and show that our method leads to increases in accuracy and speed, and has fewer required model restrictions. Finally, we use our method to shed light on recent concerns of shrinkflation. We study the breakfast cereal market and compute globally incentive-compatible counterfactual package size and price adjustments following a cost shock.

Session 1C: Price Competition I

Firms' Payoffs in a Bertrand-Edgeworth Game under Triopoly
Presenter: Neri Salvadori

Abstract:
This paper studies Bertrand-Edgeworth competition among firms producing a homogeneous commodity under efficient rationing and constant (and identical across firms) marginal cost until full capacity utilization is reached. The focus is on the equilibrium payoffs under triopoly when the demand function is defined on the set of the non-negative prices, where it is continuous and non-negative, and it is strictly decreasing, twice differentiable and such that its nominal value is strictly concave over the range in which it is positive. The payoffs of all firms are determined.

Data Acquisition and Price Discrimination
Presenter: Apostolos Martis

Abstract:
This paper studies the strategic and welfare effects of endogenous consumer privacy in a differentiated duopoly with heterogeneous willingness-to-pay. Consumers can choose to conceal their data either ex ante, before firms set prices, or ex post, after observing prices. The timing of this choice fundamentally shapes market outcomes: ex-ante privacy leads to symmetric prices and higher consumer surplus and welfare relative to full personalization, while ex-post privacy induces price dispersion, softens competition, and reduces welfare. The relative welfare of endogenous privacy versus full anonymity depends critically on the density of new consumers: for low densities, both privacy regimes enhance welfare, whereas for high densities, full anonymity dominates. These results highlight that the effects of "opt-in" versus "opt-out" policies depend on both the timing of consumer decisions and market composition.

Restoring Efficiency at the Bottleneck: Priority Mechanisms under Capacity Constraints and Sunk Entry Costs
Presenter: Guillaume Lagasse

Abstract:
We study a market in which a monopolist supplies a critical input under a fixed capacity constraint. Buyers are heterogeneous in private valuations and face a common sunk adaptation cost paid before being selected. The monopolist commits ex ante to a catalogue price and observes only the distributions of buyer types and adaptation costs. Under these informational and institutional constraints, the only credible allocation rule is uniform rationing: each entrant who pays the adaptation cost faces the same probability of being served. We show that a simple reservation mechanism implements the welfare-maximising deterministic allocation, which serves the highest-valuation buyers, by inducing self-selection through an appropriately calibrated reservation fee. This mechanism can be administered by a welfare-maximising authority. Our results show that, in capacity-constrained markets with sunk entry costs, allocation and priority design, rather than price regulation alone, are central to restoring efficiency.

Session 2A: Consumer Data

Personalized Pricing and Data Sharing Regulations
Presenter: Paul Wegener

Abstract:
Consider a monopolistic market for a single product in which consumers can verifiably disclose information about their preferences, enabling the firm to set personalized prices. The firm charges a disclosure payment, inducing some consumers to remain anonymous. If the data can be used in an ancillary market, disclosure becomes more attractive and thereby incentivizes more consumers to disclose when the joint surplus of the firm and the consumer from use in the ancillary market is positive. Consumers who choose not to disclose are also affected, inducing an ambiguous effect on consumer welfare: as disclosure becomes more attractive and more consumers disclose, the product market price for non-disclosing consumers increases. Depending on the underlying demand, total surplus in the product market can either increase or decrease as the share of consumer types that disclose rises.

Market Segmentation, Information Sale, and Information Foreclosure
Presenter: Stefan Terstiege

Abstract:
We examine the sale of consumer data for discriminatory pricing. We first study the incentives of a duopolist to sell information to its competitor. In most cases, a duopolist will choose not to sell all relevant information, and such foreclosure of information harms consumers. By contrast, an independent data broker sells all relevant information to both duopolists. Furthermore, we show that an independent data broker often gains by acquiring one of the duopolists. Our analysis provides theoretical support for recent policies aimed at preventing data brokers from competing in product markets.

Privacy-constrained Signals
Presenter: Zhang Xu

Abstract:
This paper develops a unified framework to characterize the set of all feasible signals subject to privacy constraints. Focusing on ex-post privacy—where constraints are imposed on realized posteriors—we first demonstrate that a Bayesian plausible signal lies on the Blackwell frontier if and only if its support is concentrated on extreme beliefs. We then apply this result to both locally differential privacy and marginal privacy-preserving constraints, the latter of which strictly precludes information leakage regarding sensitive variables. Finally, we extend our analysis to accommodate general marginal privacy constraints by relaxing the requirement of perfect privacy preservation.

Disclosure Policies of Nonprofit Organizations Competing for Donations
Presenter: Nicole Rauch

Abstract:
This paper analyzes the strategic role of voluntary disclosure of private information about costs or willingness to donate in the context of fundraising competition between two nonprofit organizations. We examine how the incentives to disclose change when nonprofit organizations compete for donations instead of profits and how these decisions are shaped by whether donors perceive the organizations' projects as complements or substitutes. We analyze how disclosure decisions depend on the relative usefulness of the private information for the disclosing nonprofit organization (NPO) compared to its competitor. In settings where projects are viewed as weak substitutes or complements, NPOs always disclose their private cost information. They only disclose their willingness to donate information when it is symmetrically useful, enabling coordination and therefore softening the fundraising war. In contrast, when projects are perceived as strong substitutes, disclosure occurs when the information is asymmetrically useful for an organization. In addition, we extend our analysis to strategic competitive intelligence (CI) decisions by modeling NPOs' information acquisition as the design of an information system that determines the usefulness of the information obtained. We illustrate how our results relate to earlier findings in the literature. Our research bridges the gap between strategic disclosure decisions of nonprofits in donative markets and for-profits in product markets.

Session 2B: Contests I

Learning and Overconfidence in Elimination Contests
Presenter: Petros Sekeris

Abstract:
The paper develops a theoretical model of a two-stage elimination contest in which an overconfident newcomer, uncertain about his ability, sees his overconfidence bias evolving endogenously following an early success. We show that a first stage win amplifies the newcomer's overconfidence bias when his ex-ante probability of being high ability is low, and dampens it otherwise. Overconfidence can raise the newcomer's equilibrium effort in both stages and thus increase his chance of winning the contest. The model clarifies when success feeds further overconfidence biases and helps explain why overconfident individuals often rise to the top in organizational or competitive environments.

Procuring New Ideas: On the Value of Performance Information in Innovation Tournaments
Presenter: Martina Bossard

Abstract:
We provide a stylized model of a dynamic innovation tournament that allows for variation in the degree to which contestants are informed about their rivals' performance. Our main theoretical result shows that the information policy that maximizes incentives to innovate depends crucially on the size of the tournament's prize relative to the costs of generating new ideas. Notably, incentives can be maximal when information is neither perfect nor nil, i.e., when competitors obtain only rank information. While our experimental evidence confirms threshold-type investment behavior and higher investment under larger prizes, it reveals that full performance information induces behavioral responses that overturn the model's ranking of information regimes in terms of aggregate investment.

Robust Tournaments
Presenter: Mikhail Drugov

Abstract:
We characterize robust tournament design—the prize scheme that maximizes the lowest effort in a rank-order tournament where the distribution of noise is unknown, except for an upper bound, H, on its Shannon entropy. The robust tournament scheme awards positive prizes to all ranks except the last, with a distinct top prize. Asymptotically, the prizes follow the harmonic number sequence and induce an exponential distribution of noise with rate parameter exp(-H). The robust prize scheme is highly unequal, especially in small tournaments, but becomes more equitable as the number of participants grows, with the Gini coefficient approaching 1/2.

The Price of Peace
Presenter: Konstantinos Protopappas

Abstract:
We analyze third-party intervention in international conflicts through three institutional regimes: Hobbesian (no commitment), Alliance (binding ex ante commitments), and Transactional Foreign Policy (prize-sharing). An aggressor with an uncertain type—rational or inherently aggressive—decides whether to challenge a defender. Transactional Foreign Policy (TFP) weakly dominates Hobbesian outcomes for both defender and third party by creating artificial alignment through prize-sharing. Alliance achieves conflict deterrence most broadly and maximizes coalition welfare. The optimal regime depends on the level of alignment and strength asymmetry, with TFP proving valuable when natural alignment is insufficient for deterrence.

Session 2C: Strategic Communication

Advising a Decision-Maker with Unknown Preferences

Presenter: Sergey Stepanov

Abstract:
I study a classical cheap talk game except that the receiver's preferences are unknown to the sender, and the receiver cares about both his current payoff and being perceived as aligned with the sender (reputation concerns), while the sender derives a benefit from learning the receiver's type. Through distorting the receiver's actions, his reputation concerns can both help and hamper information transmission. Lower expected misalignment of preferences may destroy informative communication and generally calls for weaker optimal reputation concerns. When certain beliefs about the state are more conducive to the revelation of the receiver's type, the sender's desire to learn the type may improve communication as well as worsen it. This effect depends on the strength of the reputation concerns.

Selecting Equilibria in Cheap Talk Games

Presenter: Stéphan Sémirat

Abstract:
I study perfect Bayesian equilibria (PBE) in single peaked, single crossing, sender-receiver games with finitely many types for the sender. I introduce a refinement that restricts off-path beliefs to sets of types ultimately identified by a non-deterministic truth-imitating process. Accordingly, a candidate equilibrium fails to satisfy a No Incentive To Truth Imitate (NITTI) criterion if at least one type has a strict incentive to deviate by initially pretending to be truthful but ultimately being identified through the process. NITTI selects a unique PBE outcome.

Motivational Progress Disclosure in Multistage Projects

Presenter: Yiman Sun

Abstract:
We analyze a principal-agent model in which a principal discloses a multistage project's progress to motivate the agent's effort. As the agent works on the project, it may reach both an intermediate milestone and final completion. Only the principal observes this progress and can commit to how to disclose it to the agent. The principal's goal is to maximize the agent's effort before an exogenous deadline, but working incurs costs for the agent, who only benefits upon final completion. We identify the optimal information policy, which depends on whether the project is promising—specifically, whether revealing solely the final completion can motivate the agent. If the project is promising, the optimal policy is to withhold information until an interim date, after which the final completion is disclosed immediately if achieved. If the project is not promising, the optimal policy is to disclose final completion immediately from the start, and then, after a later interim date, share all information.

Playing Hard to Get: Scarcity as a Sales Strategy
Presenter: Vyacheslav Arbuzov

Abstract:
We consider a monopoly model in which the current demand depends positively on the excess demand in the previous period, and solve the monopolist's dynamic optimization problem. When the demand-boosting effect and/or the discount factor are small enough, the monopolist clears the market every period. When both are sufficiently high, the optimal policy is cyclical, consisting of periods with low prices and low supply, during which demand is built up, followed by a period with high price and high supply, during which the monopolist 'cashes in' on the hype he has created. The length of the optimal cycle is unique and depends positively on the demand-boosting effect and discount factor. We also study welfare effects in the case where the demand-boosting effect is part of consumer surplus, and in the case where it is not. A stronger demand-boosting effect can increase total welfare in both cases.

Session 3A: Contests II

Small-scale Innovation Contests: The Effect of Group Size on Innovation Strategy
Presenter: Alexander Usvitskiy

Abstract:
We extend the analysis of the dynamic innovation tournament model of Taylor (1995) to study how group size affects equilibrium effort and contest design. Specifically, we find that equilibrium effort is strictly unimodal in the number of contestants for any distribution of innovation draws, while the central prediction of the existing literature is that increasing the number of participants discourages individual effort, providing a rationale for restricted entry. We show that this prediction does not generally hold in dynamic contests when innovation requires repeated costly experimentation under uncertainty. As a consequence, the organizer's expected surplus can be maximized at an interior number of participants. The analysis identifies conditions under which surplus may also be unimodal in group size and shows how this depends on the distribution of innovation draws. Our results highlight the importance of dynamics for innovation incentives and optimal contest design.

Fighting over Environmental Salience
Presenter: Stefanie Schmitt

Abstract:
When consumers prefer to buy goods with high environmental quality and firms differ in their environmental qualities, firms have incentives to fight over environmental salience and thereby influence consumers' attention to the environmental dimension of the goods. A green firm prefers environmental quality to be salient, while a brown firm prefers environmental quality to remain shrouded. We model the firms' fight over salience as an advertising contest. We show that the firm with the competitive advantage invests more into the salience contest. Whether such a contest increases social welfare depends on the level of environmental differentiation and the marginal damage of emissions. In addition, we show that the contest is an (imperfect) substitute for emission taxes and subsidies and that minimum standards may increase emissions and decrease welfare.

A Combinatorial Multiple Winner Contest with Package Designer Preferences
Presenter: Subhasish Chowdhury

Abstract:
We introduce a multiple-winner contest conducted on a predefined network. Winners are selected from fixed-size adjacent groups using a lottery-type contest success function applied to the combined efforts of each (possibly overlapping) group. We derive a generic best response function applicable to any network structure. In regular networks, the equilibrium effort within each neighboring group depends on the total player count, the number of immediate neighbors per player, and the extent of overlap between neighboring groups. We also characterize equilibrium outcomes for various common regular and irregular network configurations and compare those with the existing results in the literature.

Session 3B: Liquidity

Independent Allocation of Control and Cash-flow Rights
Presenter: Guillem Ordonez-Calafi

Abstract:
Firms' issuance of non-linear securities, such as debt or options, creates risk-shifting incentives that may lead to inefficient outcomes. This widely accepted result rests on the assumption that firms' control rights are coupled with the residual claims, and thus held by equity holders. In this paper, we relax this assumption and analyze a setting where cash-flow rights and residual control rights—represented by voting power—are allocated independently. Although payoffs are determined solely by rights over realized cash flows, control rights hold value because they influence the probability distribution of those cash flows. Cash-flow and control rights often act as substitutes, but cash-flow rights can reduce investors' payoff when their impact on decision-making is sufficiently strong. When issuers and holders of a non-linear security have sufficiently distinct outside options, the equilibrium allocation features efficiency with full surplus extraction. However, as the outside options converge, a trade-off between efficiency and surplus extraction emerges. In that case, a sufficiently large upside in the distribution of payoffs can restore efficiency.

The Bankruptcy Problem: A Contest Approach
Presenter: Doron Klunover

Abstract:
A contest is considered in which multiple players compete over shares of a prize, where a player's preferred share can be less than one. This setting can be viewed as a strategic effort-based approach to analyzing the bankruptcy problem. Specifically, instead of using a division rule to map players' claims onto shares, a lottery contest success function analogous to the proportional division rule is used to map effort onto shares. It is shown that under symmetry equilibrium aggregate effort often exceeds the value of the prize, while under asymmetry the equilibrium distribution of shares is analogous to a progressive sharing rule. Applications are discussed.

Nested Targeting: Informative Advertising Strategies of Entrants in a Bertrand Market
Presenter: Ákos Balázs

Abstract:
We study informative advertising strategies of two entrants competing with a fully known incumbent in a homogeneous-goods Bertrand market. Entrants must advertise in order to be considered by consumers. We compare a benchmark case without targeted advertising to a setting where entrants can target specific consumer groups. Without targeting, entrants independently inform half of the consumers, leading to symmetric price competition. With targeting, equilibrium advertising becomes asymmetric and nested: the smaller entrant only informs consumers who are also aware of the larger entrant, while the larger entrant reaches some of those unaware of the smaller. This nested pattern arises because entrants avoid intense price competition by leaving some consumers captive to the incumbent, and the smaller entrant even limits its presence among the larger entrant's consumers. This structure segments the market into overlapping duopolies, softening price competition. Targeting also redistributes surplus towards the larger entrant. The results help rationalise persistent price dispersion after entry and show how targeting technologies reshape competitive structure.

Session 3C: Environmental Economics I

Gas Distribution Networks Post Unbundling: Exploring Compactness beyond Scale and Density
Presenter: Alberto Cavaliere

Abstract:
Abstract not provided.

Vertical Control in the Presence of Intertemporal Externalities from Recycling
Presenter: Emanuele Bacchiega

Abstract:
We argue that recycling a product into a lower-quality, substitutable good may weaken vertical control and reduce consumer surplus. We set up and solve a two-period game in which, in each period, one upstream firm makes secret take-it-or-leave-it offers to two downstream firms which sell vertically differentiated products. The high-quality downstream firm can recycle part of its first-period output and sell it in the second period as a low-quality good, perfect substitute of that sold by the rival. In this setup, recycling generates an intertemporal externality that cannot be fully internalized by vertical secret contracts. This externality leads to an under-supply of the high-quality good in the first period, which lowers both producer and consumer surplus.

Geographical Indications as a Development Tool: Quality Mapping and Conservation Incentives for Coffee
Presenter: Francesco Cenerini

Abstract:
The paper develops a theoretical model and empirical framework to design a Geographical Indication (GI) for coffee in East Timor that maximizes benefits for smallholders while preserving rainforest. In the context of the "coffee paradox"—where consumer prices rise globally even as farmers' incomes remain stagnant and volatile—shade-grown coffee production generates both a social negative externality, namely food insecurity, and an environmental positive one, that is rainforest conservation. I construct a two-sector model to capture the land-use trade-offs between subsistence crops, coffee, and rainforest. The model shows that without intervention, farmers facing immediate food needs and limited market access over-clear forest for subsistence farming, whereas a social planner favors conserving forest and coffee plantations for long-term gain. I show that a GI policy can align farmers' incentives with the social optimum, reducing

deforestation and improving incomes without subsidies or significant enforcement. Using cupping score data from national coffee quality competitions, I identify regions consistently scoring above the specialty threshold (80 points) as candidates for GI status. Empirical analysis confirms that elevation is a strong predictor of quality: a 100-meter rise in altitude increases cupping scores by roughly 0.2 points, and only farms above 945 meters have a better-than-even chance of producing specialty-grade coffee. A potential benefit analysis suggests that a local coffee GI could generate substantial income gains (over $1,600 per farmer annually) while safeguarding forests. These findings position GIs as a viable, low-cost strategy for sustainable rural development in least-developed countries, provided they are underpinned by evidence-based quality mapping.

Session 4A: Mediation

Mediated Subgame Perfect Equilibrium

Presenter: Christian Ewerhart

Abstract:
This paper studies mediation in infinitely repeated games with perfect monitoring. In departure from the literature, we assume that all private messages and internal records are publicly revealed at the end of each stage. We call the resulting equilibrium concept mediated subgame perfect equilibrium (MSPE). It is shown that the revelation principle holds. We introduce an effective correlated minimax value, which can be conveniently determined as the solution of a linear program, and use it to derive necessary and sufficient conditions for the implementability of payoffs under an MSPE. These conditions are standard for two-player games with a sufficient degree of patience but are, in general, strictly more permissive. Examples illustrate the impact of effective correlated minimax profiles and the subtle role of internal records.

Mediating a Bilateral Conflict with Interdependent Valuations

Presenter: Darina Dintcheva-Bis

Abstract:
We examine the probability of peaceful resolution for bilateral conflicts with two-sided uncertainty about both the probability of winning and the value of the prize for the prospective winner. We measure the extent to which opponents benefit from a third-party intervention in a model of bilateral conflict that incorporates private interdependent valuations and endogenously determined cost of war. We assume that the mechanism designer maximises the ex ante probability of peaceful resolution in a best separating Bayesian equilibrium of the induced game. We analyse the probability of peace for three peace promoting mechanisms with unenforceable recommendations by a third party. We establish conditions where a peace talks game with partial disclosure of types improves the ex ante chances for peace upon the split proposal game, in the case where the fighting capabilities are a fairly good predictor of the war outcome. We establish some conditions for a mediation programme by a mediator with no enforcement power, and no private information, where the chances for peace can be increased upon the peace talks game. The result relies on the ability of mediator to conceal in publicly made recommendations the confidential information collected privately from opponents.

Session 4B: Information Elicitation

Screening in Digital Monopolies

Presenter: Pietro Dall'Ara

Abstract:
A defining feature of digital goods is that replication and degradation are costless: once a high-quality good is produced, low-quality versions can be created and distributed at no additional cost. This paper studies quality-based screening in markets for digital goods. Production costs depend only on the highest quality supplied, unlike in standard screening models à la Mussa and Rosen (1978). The monopolist allocation exhibits two interdependent inefficiencies. First, a productive inefficiency arises: the monopolist underinvests in the highest quality relative to the efficiency benchmark. Second, due to a distributional inefficiency, certain buyers receive degraded versions of the produced good. Competition exacerbates productive inefficiency, but improves distributional efficiency relative to monopoly.

When to Request Evidence

Presenter: Edwin Munoz-Rodriguez

Abstract:
Appropriate decisions depend on information gathered beforehand, yet such information is often obtained through intermediaries with biased preferences. We study the problem faced by a decision-maker who can only access information through an agent with misaligned preferences. In a dynamic framework with exogenous decision timing, we ask how requests for verifiable information (evidence) should be scheduled and their implications for the quality of implemented choices. When the agent's incentives are ignored, evidence requests do not condition on previously reported information. However, such policies are susceptible to strategic manipulation by the agent. We show that, in these cases, optimal requests should be biased: additional evidence is more likely to be sought when previous reports favor the agent's preferred outcome. The primary application is the design of optimal testing schedules for patients awaiting transplants.

Hard Information Disclosure and Product Conflation

Presenter: Meiqing Zhang

Abstract:
This paper studies a market in which the monopolist decides whether to disclose hard information about the product for sale to heterogeneous buyers. If the seller withholds information about several products, buyers are unable to distinguish among them, a situation referred to as product conflation. We investigate why the seller conflates products and which products are subject to conflation. Our main findings show that among all pure-strategy equilibria, the seller's expected revenue weakly increases with the number of products conflated. Therefore, the full disclosure equilibrium, proven to always exist, yields the lowest equilibrium revenue in the game. Conflation equilibria arise only when consumer preferences are sufficiently heterogeneous. Under a class of single-peaked binary preferences, this condition is met when individual peaks are more dispersed. These results provide a theoretical explanation for the widespread practice of incomplete product information disclosure in markets and show that mandatory disclosure policies may hurt welfare.

Session 4C: Environmental Economics II

Energy Consumption and Climate Change in Sub-Saharan Africa: Empirical Analysis and Implications for the Energy Transition
Presenter: Asma Charfi

Abstract:
This paper aims to investigate the impact of energy consumption on climate change across 21 Sub-Saharan African countries from 2010 to 2021. Africa's abundant natural resources are undermined by persistent energy poverty, high biofuel reliance, and related environmental degradation, which impede economic growth and highlight the critical energy-climate nexus amid rising ecosystem threats. Using the Generalized Method of Moments (GMM), the analysis reveals that energy use and fossil fuel consumption positively and significantly affect climate change indicators, while renewable energy consumption mitigates climate variability. These findings remain robust across alternative climate measures and endogeneity controls. Policy recommendations advocate optimal energy source utilization to promote clean, sustainable climates in Africa.

'Green' Antitrust with Environmental Standards
Presenter: Natacha Raffin

Abstract:
We explore the interplay of competition and environmental policies to address the question of whether 'green' antitrust has beneficial effects in terms of both environmental and consumer welfare performance. We focus on one particular environmental policy tool, an emissions cap (emissions standard), and explore three particular configurations: competitive 'green' R&D, collaborative 'green' R&D in the form of a joint lab, and the benchmark case of no 'green' R&D. Firms compete in the product market by selling a homogeneous product, either by setting prices (Bertrand competition) or quantities (Cournot competition) while facing convex costs. In the case of Bertrand competition we find that the joint lab outperforms the other configurations, while in Cournot competition the joint lab is the preferred configuration for rather large environmental damages.

Breaking the Efficiency–Environment Trade-off
Presenter: Luca Spataro

Abstract:
This paper analyzes the relationship between market power, environmental quality, and economic performance in an imperfectly competitive economy with pollution abatement and environmentally conscious consumers. We develop a dynamic Cournot framework to study how fiscal instruments, market structure, and consumer preferences jointly shape equilibrium outcomes. Our analysis shows that the effectiveness of environmental policy generally depends on technological conditions and market structure, with the notable exception of subsidies targeted at pollution abatement, which unambiguously increase capital accumulation while reducing emissions. By contrast, the effects of investment subsidies and pollution taxes depend on the cost of abatement and the degree of competition. Changes in market structure imply that higher competition lowers prices but increases aggregate emissions, thereby worsening the trade-off between economic performance and environmental quality. Consumer environmental awareness can reinforce environmentally efficient outcomes when abatement technologies are sufficiently advanced, but it is not sufficient on its own when abatement costs are high. Overall, the results highlight the importance of targeted and technology-contingent fiscal instruments in addressing the trade-off between economic performance and environmental quality.

Session 5A: Collective Decisions

Supply Contracting under Dynamic Asymmetric Cost Information

Presenter: Luca Di Corato

Abstract:
We consider a long-term contractual relationship in which a buyer procures a fixed quantity of a product from a supplier and then sells it on the market. The production cost is private information and evolves randomly over time. The solution to this dynamic principal-agent problem involves a periodic two-part payment. The fixed part of the payment depends on the initial supplier's cost type while the other is contingent on the current cost type. A notable feature is that, by using the information about the initial cost type, the buyer can reduce the burden of information rents paid for the revelation of the future cost type. We show that the distortion, resulting from information asymmetry, remains constant over time and decreases with the initial type. Lastly, we show that our analysis immediately applies also when input prices are private information and evolve randomly over time.

Impact Investment and Non-financial Incentives

Presenter: David Ettinger

Abstract:
We consider a framework in which both a principal and an agent care about a social mission, such as addressing social or environmental concerns. Under incomplete information, in addition to the usual quantity distortions for inefficient agents, the principal also distorts the mission upward for efficient agents and downward for inefficient ones to reduce the rent of more efficient types. The existence of hidden types may improve total welfare compared to complete information. Besides, even if he does not care about the mission, the principal strictly prefers contracting with an agent who does care.

A White Elephant in My Constituency: Overinvesting to Blackmail Authorities

Presenter: Emmanuel Lorenzon

Abstract:
Corporations often convince authorities to grant them special favors under the form of tax exemptions and abatement, subsidies, or preferential access to markets. We propose a theoretical model that expands our understanding of firms' strategies to influence business-oriented political decisions. We show that firms can have incentives to weaken their financial position by investing in unproductive assets (e.g. charities) so as to compel politicians to implement business-friendly policies to secure the future of the industry and the associated welfare gains to the electorate. Demand and production costs have a non-monotonic effect on the incentives to implement this strategy. It is shown that only firms featuring intermediate marginal costs and high but not too high demand will have incentives to invest in white elephants to blackmail authorities.

The Large and Likely Inefficiency of Stable Matching Mechanisms

Presenter: Gabriel Ziegler

Abstract:
We prove that any stable matching mechanism suffers from systematic inefficiency of striking magnitude: in large random markets, any stable allocation is Pareto-inefficient with high probability, and almost all students can simultaneously improve their placements without harming anyone else. We establish this result by showing that the envy digraph generated by the student-proposing Deferred Acceptance mechanism contains a unique giant strongly connected component, implying that nearly all students are improvable via trading cycles. Finally, we show that every maximal cycle packing covers almost all students, revealing a surprising asymptotic equivalence among all efficient mechanisms that Pareto-dominate DA.

Session 5B: Lobbying

Public Demand Allocation and Productivity of the Private Sector

Presenter: Andrea Tulli

Abstract:
We study how variation in the allocation mechanism of public demand shapes firm performance and aggregate productivity. Exploiting the quasi-random implementation of an efficient or lottery-like auction format in the Italian construction sector, we find that when the same amount of public resources is allocated through the efficient mechanism, recipient firms experience about 8% higher revenue growth within three years. The effect is strongest where contracting authorities exhibit greater screening capacity and in less competitive markets. Efficient allocation targets more productive firms, which subsequently secure a larger amount of future public resources. Simulations suggest that replacing lottery-like mechanisms with efficient ones could raise sectoral productivity by about 4%.

Relational Contracts in NGO Competition: Sustaining Quality with Unverifiable Outcomes

Presenter: Marco Marini

Abstract:
This paper explores how non-governmental organizations (NGOs) competing for donor funds can sustain high-quality effort when their performance is difficult to observe. It models a setting where NGOs exert quality effort that is unverifiable by donors, and fundraising is subject to an "incomplete contract" problem. To address this, the paper introduces a relational contract mechanism: NGOs and donors interact repeatedly, and donors reward past performance through continued donations. Competition among NGOs creates incentives to maintain quality, but also pressures that may induce underinvestment in effort.
The analysis shows that a unique self-enforcing relational contract can emerge under reasonable incentive compatibility conditions. This contract sustains higher quality effort than would be possible under one-shot fundraising, but only if future benefits (e.g., donor loyalty) are large enough to discipline current behavior. The paper characterizes the equilibrium effort levels, derives conditions for contract sustainability, and examines how NGO competition affects quality outcomes.
The paper contributes to the literature on relational contracts, nonprofit competition, and principal-agent problems with unverifiable outcomes, highlighting how repeated interactions can substitute for formal monitoring and contract enforcement.

Bridging Network Gaps under Limited Perception

Presenter: Anastas Tenev

Abstract:
We consider a model of network formation in which agents benefit from intermediation, i.e. when they fill a "structural hole" in the network and are the only bridge between agents who would otherwise not be connected. Their payoffs depend proportionally on their frequency as intermediaries. We analyze two types of payoffs: global, based on the intermediation in the whole network; and local, based on the number of redundant contacts among one's own neighbors. In case agents' payoffs are only global, the pairwise stable networks are connected and have at most one (central) agent with nonzero payoff. When payoffs are some combination of local and global, all (except one) agents who perceive themselves as central in their local network are not central at the global level.

Lobbying as Entry Barrier
Presenter: Cecilia Vergari

Abstract:
We investigate how an incumbent polluting monopolist, when threatened by a potential green entrant, responds to environmental regulation given the choice between full compliance and lobbying the government to obtain a looser regulation. We consider two alternative government's political objectives: in the first case the government aims at minimizing the environmental externality (Pigouvian motive); in the second case, the government also takes into account the consumer surplus. We further investigate the possibility for the incumbent to adopt a green non-polluting technology. We find that, in both scenarios, the incumbent can profitably engage in lobbying activity to manipulate environmental regulation with the aim of preventing entry. This profitability is lower in the Pigouvian motive than in the consumer surplus motive. As a result green technology adoption is more likely to arise in the first scenario.

Session 5C: Environmental Economics III

Sustainable Consumption and Credibility of Information: The Bandwagon Quality Effect
Presenter: Ornella Tarola

Abstract:
We examine how consumers' beliefs about environmental quality shape market outcomes. We develop a model of vertical product differentiation with two firms offering variants of different environmental quality. Consumers are perfectly informed about the low-quality product but remain uncertain about the true quality of the high-quality alternative. They hold beliefs about the high-quality variant that are shaped by peers' choices. The model is a two-stage game in which firms first choose quality in the long run and then compete in prices in the short run. Counterintuitively, we find that providing more accurate information is not always environmentally enhancing and can reduce both consumer surplus and the cleaner firm's incentive to invest in higher environmental quality.

Carbon Leakage in 3D: On the Dynamics of Green, Dirty and Relocating Firms under the ETS
Presenter: Mauro Sodini

Abstract:
The debate on the carbon leakage risk stemming from unilateral climate policies is gaining momentum, as increases in carbon prices and the ambition of emissions reduction targets might induce more firms to relocate their activities in the future. To investigate this issue, we propose a simple theoretical model that analyzes the choices of a population of firms subject to an Emissions Trading System (ETS). Each firm has three alternative strategies at its disposal: (i) "go green": stop polluting by investing in a clean technology; (ii) "stay dirty": keep polluting by purchasing the corresponding emission allowances under the ETS; or (iii) "relocate": keep polluting by moving its activities to an ETS-free jurisdiction. We examine the dynamics emerging from the interaction of green, dirty, and relocating firms and perform a comparative dynamic analysis by varying key ETS design features, such as the number of allowances granted for free to firms, the quantity of allowances auctioned, and the minimum price level for allowances. Numerical simulations show the possible coexistence of the three types of firms at equilibrium or the extinction of some of them under different parameter values. Finally, we discuss the policy implications of the model's results, emphasizing how ETS design impacts firms' decarbonization and relocation decisions.

Port Emissions and Abatement Investments in an International Oligopoly
Presenter: Marcella Scrimitore

Abstract:
This paper investigates three different port air emissions abatement measures – i) emission taxes, ii) subsidies on abatement technology investments and iii) emission standard – in a two-country model à la Brander and Krugman (1983) in which each government regulates its domestic polluting port. Two firms (one firm located in each country) compete à la Cournot choosing the quantity to export and the quantity of domestic trade. We aim at investigating how shipping costs and the port ownership shape the incentives towards exports and abatement of both the port and government in each country. The analysis points out the relative effectiveness of alternative policies in achieving environmental sustainability and society's welfare objectives.

Session 6A: Consumers

A Model of Sharing Economy Platforms and Adjacent Markets
Presenter: J. Manuel Sánchez-Cartas

Abstract:
Platforms generate externalities in adjacent markets, with Airbnb and the real estate crisis being a well-known case. These externalities have attracted significant attention from policymakers, who have considered multiple interventions (e.g., platform bans, mandatory registrations, or taxes). However, a less studied phenomenon is the influence of adjacent markets on platform markets. We propose an economic model that captures how sharing-economy platforms in the short-term rental (STR) market affect and are affected by an adjacent market, such as the long-term rental (LTR) market. We show that LTR and STR rental prices increase when hosts can frictionlessly choose any market. However, the cross-market externality between (LTR and STR) markets can invert this influence, which can explain contradictory empirical evidence on the effects of platforms in adjacent markets. We demonstrate that these results remain valid in the very short-, short-, and long-term, as well as under competitive conditions. Moreover, we evaluate three of the most common policy interventions: bans, tax reliefs, and stringent rules. We find that, if the objective is to correct distortions in the LTR market, direct measures in the LTR market are more effective than interventions in the STR market where the externality originates. Overall, we contribute to the economic literature on sharing economy platforms and discuss implications for policymakers and directions for future research.

The Evolution of Consumer Naïveté in a Market with Network
Presenter: Roberto Rozzi

Abstract:
We study the evolution of naive and sophisticated consumers in a setting where consumption generates externalities. Naive consumers ignore these externalities, whereas sophisticated consumers internalize them at a strictly positive cognitive cost. We find that naive and sophisticated consumers coexist only when externalities are negative. We also show that market conditions that stimulate consumption tend to favor sophisticated consumers, while those that discourage consumption favor naive consumers. Specifically, the share of sophisticated consumers increases with the net private benefit from consumption and with the strength of externalities, but decreases with the degree of competition. Accounting for the endogenous composition of consumer types reveals an indirect effect of competition: by altering the prevalence of naive and sophisticated consumers, stronger competition may dampen its own impact on prices and quality.

Unexploitability of Irrelevant Alternatives and the Venice Method
Presenter: Pietro Battiston

Abstract:
We propose the Unexploitability of Irrelevant Alternatives, a novel property of strategy–proofness for welfare functions, and a weaker form of the Independence of Irrelevant Alternatives. It characterizes voting mechanisms where individual voters who prefer a given option to another cannot change their ballot in such a way as to favor such outcome without incurring the possibility to obtain the opposite result, depending on the other voters' ballots. We show that many popular voting methods do not satisfy such property. We propose two versions of a novel method, the Venice method, and show that it satisfies the UIA. We show that these are not Condorcet methods, although they satisfy a similar weaker property.

Session 6B: Innovation

Corporate Social Responsibility and Innovation in Unionized Markets
Presenter: Domenico Buccella

Abstract:
We study a Cournot duopoly with socially responsible (CSR) firms and unions that value CSR objectives. Applying an innovation game framework, we examine how CSR engagement and union attitudes influence firms' innovation decisions. The model demonstrates that while CSR activities boost profits for all firms, the innovator's profits increase more, creating a clear incentive to innovate. This incentive persists with unions, but only if they disregard the firm's CSR commitments. If, however, unions are sufficiently concerned with CSR, they can discourage innovation. Thus, CSR presents a dual – or "two-faced Janus" – effect on a firm's innovative impetus.

Procuring Innovation through Bid Preference: An Experiment
Presenter: Stefano Galavotti

Abstract:
Abstract not provided.

Technology Licensing and the Direction of Innovation
Presenter: Luca Sandrini

Abstract:
In a general model of competition with uncertain R&D, we show that licensing with a fixed fee reshapes firms' incentives to direct their R&D efforts: depending on the structure of the licensing contract, firms may either converge on a common technological trajectory or find it optimal to diversify. The analysis also enables us to explore a potential inefficiency in ex-ante licensing contracts. We support our findings with an illustrative model of process innovation under Cournot competition. Our results indicate that, within this framework, licensing enhances welfare by fostering greater market innovation. However, it does not address the inherent directional inefficiency present in a patent regime that grants protection to all innovations.

Session 6C: Environmental Economics IV

Multi-dimensional Screening and Non-linear Pricing with Environmentally Concerned Consumers

Presenter: Nadia Burani

Abstract:
Firms are increasingly embracing corporate social responsibility and green strategies, depending on the type of consumers they want to attract. Accordingly, they offer products that are differentiated along two different dimensions, intrinsic and environmental qualities. Consumers, in turn, have different willingnesses to pay for the two attributes, which are not observable to firms. When the willingnesses to pay are consumers' private information, I characterize the optimal non-linear prices offered by a monopolistic firm in order to screen consumers. I analyze how qualities and prices vary according to the interplay among the degree of substitutability or complementarity of qualities in the firm's marginal cost function, the distribution of consumers' types, and the relative importance of the two quality dimensions in consumers' utility function.

Brownium in Banking: Liquidity Risk in the Green Transition

Presenter: Mehdi Janbaz

Abstract:
We investigate how banks' ESG and environmental engagement affect their liquidity risk, both directly and indirectly through transition-risk exposure. Using a sample of 342 listed banks from 55 countries over 2010–2023, we provide evidence of a liquidity cost of being brown or less ESG-friendly, which we term Brownium. Employing a dynamic panel model with system GMM, we show that declines in green performance signaling misalignment from sustainable banking trajectories lead to higher liability-side funding-liquidity risk. ESG- and environmentally aligned banks enjoy stable funding and sticky deposits through channels such as lower climate-risk exposure, but face market and asset-side illiquidity as their balance sheets shift toward less tradable green assets. Exploiting the Paris Agreement as a global regime shift, we apply DiD and DiDiD frameworks to identify the indirect liquidity cost of being brown. Our results indicate that brown banks experience a significant surge in funding-liquidity risk relative to green peers after the Agreement. This Brownium effect intensifies with rising climate-policy uncertainty and increasing interest expense on bank deposits. Time-varying DiD and DiDiD estimators show that the Brownium effect persists over time and deepens as brown intensity rises. The analyses are robust to selection bias and endogeneity concerns

Franchising Contracts under Market Uncertainty

Presenter: Christos Constantatos

Abstract:
We characterize the contract terms of a standard take-it-or-leave-it contract, whether linear (l) or two-part tariff (t), that an upstream firm (U) may offer to a set of potential downstream partners (Ds). All Ds are risk-averse monopolists facing uncertainty. They have similar potential demand and face similar but independent risk, but differ with respect to the startup cost they must incur. Examples are franchising with exclusive territories, or selling the right to use a patented invention in order to develop different final goods. We show that if risk aversion is high or the probability of success is low, the fixed payment contained in the t-contract may be negative due to the cost of uncertainty; in such cases, the input price is lower under the l-contract. Moreover, when the fixed transfer is positive, a larger number of Ds accept the l- rather than the t-contract, but this result is reversed when the fixed transfer is negative. While profit is always higher under t, the welfare ranking of the two contract types is ambiguous since one may yield higher expected surplus per market, whereas the other yields a higher expected number of products.

Session 7A: Monopoly and Monopolistic Competition

The Welfare Effects of Mergers with Inefficient Firms

Presenter: Simon Cowan

Abstract:
This paper explores the welfare effects of mergers involving inefficient firms in a Cournot oligopoly. If two inefficient firms merge and have a cost reduction that is large enough that they raise their output then social welfare can fall. Welfare will be lower if before the merger the inefficient firms just choose to set outputs of zero and the cost reduction is not too large. When there is no cost reduction a merger will reduce total output. A simple technique is developed to assess the profitability of such a merger. A merger between two inefficient firms would not be profitable if there are at least two non-merging firms, or if demand is concave. A merger between an inefficient firm and an efficient firm can be profitable if the cost difference is large enough, and such a merger can raise welfare because an inefficient firm is eliminated.

Income Heterogeneity and Optimum Product Diversity

Presenter: Sergei Kichko

Abstract:
This paper compares market and socially optimal allocations in monopolistically competitive markets with heterogeneous incomes and additive nonhomothetic preferences. If the demand elasticity of lower-income households is more sensitive to income changes, a mean-preserving spread of income distribution reduces the gap between the market and the unconstrained optimal allocation (first best). The gap with the constrained optimal allocation (second best) shrinks if household demand is sufficiently subconvex. An exercise calibrated to the US economy contrasts the prediction of excessive entry of approximately 10% in the presence of income heterogeneity with that of 40% in its absence.

Lower Prices with Less Price Comparison?

Presenter: Atharwa Deshmukh

Abstract:
We analyze price competition with a single manufacturer selling directly to consumers or through a retailer. Some consumers only consider the retailer in their purchase decision, i.e., are captive. The wholesale price is determined by bilateral bargaining. We show that a higher share of captive consumers reduces the wholesale price. Additionally, it weakens competition. Expected consumer prices may increase or decrease with the share of the captive consumers. Moreover, we show how the distribution of bargaining power affects price dispersion.

Session 7B: Theoretical IO

A Rational Choice of Technology in a Strategic Setting

Presenter: Luca Gori

Abstract:
This research tackles the issue of the rational (endogenous) choice of constant-return-to-scale (CRS) or decreasing-return-to-scale (DRS) technologies in a strategic setting. In this regard, the paper considers a simultaneous-move (Cournot) duopoly showing that the emerging sub-game perfect Nash equilibrium (SPNE) ranges from the prisoner's dilemma to the deadlock, passing through the anti-coordination game. The article also identifies the SPNE's social welfare outcomes, highlighting win-win solutions and policy implications. It finally introduces horizontal product differentiation and considers the technology decision game (TDG) in a Bertrand-rivalry setting, comparing it with the Cournot model. The TDG à la Cournot with iso-elastic demand and the sequential TDG à la Stackelberg are also considered.

The Effect of Market Information on Market Prices

Presenter: Sheersh Pradhan

Abstract:
Empirical studies on the effect of the internet on market prices report that they have not always reduced in response to increased competition induced by the internet lowering consumers' search costs by making market information freely and costlessly available. In this paper, we provide an explanation for why prices of all goods may not reduce, and in fact, may even increase in presence of more market information. Market information not only induces stiffer competition amongst sellers but also makes for better matches between consumers' wants and producers' offerings. While the former feature has a tendency to reduce prices, the latter feature may in fact cause prices to rise, and we analyse how the balance of these two countervailing forces shape market prices.

Divisionalization, Vertical Integration and Entry

Presenter: Ramon Fauli-Oller

Abstract:
We study the relationship between vertical integration and entry in a downstream market, in a setting in which the integrated firm is divisionalized and pricing decisions are assumed to be decentralized in the hands of the downstream division. In the case of vertical integration, the upstream firm can impose a transfer price for the input to its downstream affiliate and offers take-it-or-leave it two-part tariff supply contracts to any independent downstream firm. The downstream sector is made up of one incumbent firm and one potential entrant. Upon entry, the two firms produce differentiated goods and compete à la Bertrand. They have the possibility to source the input from a less efficient source of supply. We analyze both the cases of secret contracts and observable contracts and obtain similar qualitative results in both settings: the integrated firm charges a transfer price to its downstream division above marginal cost and above the wholesale price it would charge to this firm with vertical separation, which leads to the result that vertical integration always encourages entry and enhances social welfare.

Session 7C: Cross-ownership I

Cross-ownership, Mutual Outsourcing and Upstream R&D
Presenter: Emmanuel Petrakis

Abstract:
We study a vertically related market in which a monopolist upstream supplier invests in R&D and two downstream firms obtain essential inputs both through mutual outsourcing and from the upstream supplier. We show that, provided the inverse demand function is not too concave, a symmetric increase in the cross-ownership rate between the downstream firms raises equilibrium aggregate output, upstream R&D effort, consumer surplus, and total welfare. Under a linear demand specification, we further show that this positive relationship holds robustly: It arises regardless of whether upstream R&D effort precedes input prices determination, and whether the upstream sector is organized as a monopoly supplier or as two suppliers each having an exclusive relation with a downstream firm.

Team Formation and Altruism
Presenter: Vakhtang Abashidze

Abstract:
This paper studies the strategic formation of teams within organizations with moral hazard, focusing on the impact of agents' altruism on incentive structures. The study contrasts teams composed of agents with similar preferences with teams that integrate diverse preferences. The analysis demonstrates that, for N identical projects and 2N agents, the principal's optimal strategy is to form anti-assortative teams: pairing the most and least altruistic agents, and iterating on the remaining agents. This research highlights the importance of aligning agent preferences with strategic team formation to optimize organizational costs.

Cross-ownership and the Timing of Technology Adoption
Presenter: Maria Alipranti

Abstract:
The paper examines how cross-ownership affects firms' timing of adoption of a new cost-reducing technology. We show that the speed of the initial technology adoption increases as cross-ownership increases, provided that the cross-ownership shares are sufficiently large and the new technology is not extremely drastic. Further, we show that the presence of cross-ownership in a market always leads to delayed technology adoption and diffusion compared to a market without cross-ownership

Session 8A: Price Competition II

Optimal Bargaining Protocols for Wholesale-price Negotiations

Presenter: Michael Kopel

Abstract:
This study examines how bargaining protocols for wholesale-price negotiations shape equilibrium outcomes in competing supplier-retailer pairs and how these protocols map to observed margins, which are central to management accounting. We develop a duopoly model of two supplier–retailer pairs that offer differentiated products. In each pair, the supplier and the retailer negotiate a unit wholesale price, and retailers then compete in retail prices. We compare two bargaining protocols: (i) generalized Nash bargaining, which selects the wholesale price by maximizing the Nash product of the parties' gains over their disagreement payoffs; (ii) a generalized Kalai–Smorodinsky (negotiated-aspiration) protocol that equalizes proportional shortfalls from utopia payoffs while allowing for asymmetric bargaining power. We characterize the equilibrium wholesale and retail prices and profits under each protocol. In a bilateral monopoly benchmark, the negotiated-aspiration protocol reduces double marginalization and increases total channel profit relative to Nash bargaining, although suppliers prefer Nash bargaining due to higher wholesale prices. With two competing supplier-retailer pairs, the profit rankings for retailers and the chain as a whole depend on the distribution of bargaining power, because higher wholesale prices can soften downstream competition. When the protocol itself is endogenized, supply chains may use it as an observable commitment device, yielding symmetric or asymmetric protocol choices in equilibrium. These results provide a structural interpretation of margin-based relative performance evaluations and related applications such as transfer-pricing benchmarks and segment profitability.

Cartel Formation in the Bertrand Model: Where 5 Is Few and 6 Is Many

Presenter: Dries Vermeulen

Abstract:
We analyze a Bertrand model with collusion. Regardless of the number of firms in the market, some firms collude in equilibrium, resulting in a stable cartel. The size of this cartel is always unique. Consistent with Selten (1973), the grand coalition forms as the unique cartel in a market with four or fewer firms. But, in contrast to Selten (1973), the equilibrium in markets with more firms also always features a cartel, and its size has a hard upper bound of six. This reconciles cartels in lab or real-world markets with a new form of a number effect.

Competition through Recommendations

Presenter: Robin Ng

Abstract:
This paper examines how two-sided platforms develop their recommender systems to be precise about value-for-money. On each platform, more precise recommendations generate ranking and screening effects: they steer demand toward high value-for-money products, intensifying price competition among firms which drives out lower-quality firms. Thus, more precise recommendations benefit consumers but reduce platform's per-transaction revenue. A monopolist platform still prefers precise recommendations, as this expands demand. Competing platforms choose even more precise recommendations. However, when consumers search across platforms or recommender systems are overly complex, recommendations become less precise. This shows that market power is only one potential explanation for 'ensh*ttification'.

Session 8B: Platform Competition

Price and Non-price Strategies for a Streaming Music Platform

Presenter: Javier Elizalde

Abstract:
This paper presents a theoretical model for analyzing the optimal decisions for a streaming media platform, which offers two versions of the service to users: an advertising-based version and a premium version. In the baseline model, I find conditions for optimality of running both services or just one as well as the optimal subscription price for the premium version, which is higher the higher the average nuisance cost of advertising and the higher the attractiveness of users for advertisers. The model is extended by including additional features of real-life platforms not analyzed in previous works to examine the effects on subscription fee and on premium version's demand. When the platform advertises its premium version in the free version both the subscription fee and the number of subscribers increase. When, in addition to advertising nuisance, the subscription decision depends on user's disposable income, the subscription fee is reduced, but this effect is mitigated if high income consumers are more appealing for advertisers, as the platform tries to turn some high-income subscribers into free users in order to increase advertising revenue. Finally, an exploratory survey is used to analyze whether the theoretical predictions of the model can be supported by the behavior of real users. We can observe that the probability of using Spotify increases with the value of the catalog for the user and decreases with age and with the existence of another pay subscription by the user. The probability of using the premium version increases with the degree of ad nuisance and with the income or the employed status. Theoretical predictions are thus supported by this evidence.

Platform Tying and Its Effects

Presenter: Fabio Manenti

Abstract:
We study a dominant platform that ties its core service with a specialised platform service, where it faces a rival whose users might access it through the dominant platform or a direct channel. Firms invest in quality to attract consumers. Tying lowers access costs for users of the integrated firm, and diverts demand for the specialised services away from the independent firm. This is pro-competitive given investment levels. However, it raises the integrated platform's incentives to invest but reduces those of the rival, negatively impacting its users in the direct channel. If the direct channel has sufficient weight, tying can decrease both aggregate consumer surplus and welfare. By reducing the rival's profitability, tying might also deter its entry. Finally, we analyse the effects of demotion, which increases the access costs of rivals, and show it is always detrimental.

Cyber Attacks and Platform's Security Investment

Presenter: Laura Abrardi

Abstract:
This paper investigates the impact of cyber risk on a platform's incentives to invest in cybersecurity and the interplay between security investments and network externalities. A monopolistic platform connects two market sides—consumers and sellers—while facing potential attacks from hackers aiming to extract ransom from platform revenues. We distinguish between hackers' indiscriminate and targeted attacks, highlighting that these two scenarios necessitate different defensive strategies from the platform. Network externalities enhance the platform's incentives to invest in security in both settings, while also increasing the hacker's incentive to attack in the targeted attack scenario. Our model suggests that for defensive strategies to be effective, it is crucial for the platform to correctly anticipate the type of attack. By exploring the equilibrium between cybersecurity investments and hackers' attacks, this paper contributes to a deeper understanding of how platforms can mitigate cyber risk.

Session 8C: Cross-ownership II

A Duopoly Model of Open Source and Proprietary Products

Presenter: Ramakanta Patra

Abstract:
This paper studies a duopoly model of product competition between two firms, a proprietary firm and an open source firm. The firms sell the same product but of different kinds. There is a probability that the quality of each product may suffer damage, a bug. For the proprietary product, the bug can be fixed only internally by the firm during its next upgrade. In contrast, for the open source product, the bug can be fixed by end users, and the probability of fixing the problem increases as more consumers purchase the open source product. There are two consumer segments: low-technical consumers who always buy the proprietary product and high-technical consumers who are distributed along a Hotelling linear city unit interval with the two firms located at the endpoints. It is shown that when the damage to quality caused by the adverse event is minor, the unique equilibrium outcome has the proprietary firm serving both segments, setting a higher price, and obtaining higher profit. In contrast, when the damage to quality caused by the adverse event is of moderate magnitude, the unique equilibrium outcome features two local monopolists serving separate segments. In this case, the open source firm sets a higher price and obtains a higher profit.

Port Cross-ownership and Privatization in International Trade with Tariff Protection

Presenter: Nicola Meccheri

Abstract:
In an international duopoly involving two countries (markets) and two ports, this paper examines how unilateral and passive port cross-ownership interacts with the degree of port privatization and the presence of tariff protection in shaping port performance and welfare outcomes. Port cross-ownership affects the usage fees set by ports in the two countries in different ways but consistently reduces their overall level. Under free trade, this fosters international trade and intensifies product market competition, thereby increasing consumer surplus while reducing firm profits. However, domestic welfare rises only in the country whose port holds a stake in the foreign port. Under tariff protection, by contrast, port cross-ownership induces countries to differentiate their tariff policies, with the country whose port holds a stake in the other setting a lower tariff. As a result, firm profits increase substantially in the other country, while consumers are not excessively disadvantaged. Depending on the degree of privatization, cross-ownership can enhance welfare in both countries, and, counterintuitively, tariff protection may improve welfare only for the country with a foreign port stake.

Partial Cross Ownership and Cooperative R&D with Spillovers

Presenter: Madhuri Shastry

Abstract:
We introduce partial cross ownership (PCO) between firms to the standard R&D organization literature. In a deterministic R&D model with spillovers under Cournot duopoly we show that the option of PCO can give rise to higher R&D investment for some parameter configurations. We find that for spillover rates less than half, PCO leads to a greater R&D investment than non-cooperative R&D and for spillover rates greater than half, PCO leads to more R&D investment than cooperative R&D for some intermediate spillover rates. PCO arrangement can be welfare increasing for some parameter values. However, there are also situations when PCO can increase R&D level, but reduce the consumer surplus compared to the cooperative R&D regime. For large enough spillovers, cooperative R&D can yield a better outcome. The paper is extended briefly to the situation of endogenous spillover, cooperative R&D with PCO, optimal cross ownership and one-way cross ownership.