

Program

IO WINTER SEMINAR 2020

Toulouse, March 12th, March 13th

Conference venue

Les Arches
Hôtellerie et Restauration à Saint Lary - Hautes Pyrénées
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Les Arches
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European Research Council

INRAE



Toulouse
School of
Economics

Thursday, 12th March

4:00 pm - Coffee break

4:30 pm - **Daniel Ershov**

"The Effects of Influencer Advertising Disclosure Regulations: Evidence from Instagram", joint with Matt Mitchell

Discussant Flavio Porta

5:10 pm - **Alex Smolin**

"Project Design", joint with Daniel Garrett, George Georgiadis, and Balázs Szentes

Break : 10 minutes

6:00 pm - INRA - **Engineer's session :**

Christophe Bontemps "How does a research engineer work? "

Marine Spiteri "A representative Example: The Innovproject"

Presentation of Valerie Orozco's work

Presentation of Olivier de Mouzon's work

Presentation of Marine Spiteri's work

Presentation of Christophe Bontemps' work

7:30 pm - Group meeting

8:30 pm - Dinner

Friday, 13th March

4:00 pm - Coffee break

4:30 pm - **Stephan Ambec**

" The social value of real-time electricity pricing " (with C. Crampes)

Discussant Leonardo Madio.

5:10 pm - **Marc Ivaldi**

" Competition and Investment in Mobile Telecommunications"

joint with J. Elliott, G. Houghonon, P. Scott

6:00 pm - **Alae Baha**

"Learning to inspect or inspecting to learn? A dynamic approach to inspection games with endogenous technologies "

7:00 pm - **Rossi Abi Rafeh**

" The price is right! Information and dynamics on an online marketplace "

8:00 pm Dinner

"Optimal Project Design"

D. Garrett (TSE), G. Georgiadis (Kellogg), **A. Smolin**, B. Szentes (LSE)

We consider a principal-agent setting with moral hazard and limited liability. Prior to interacting with the principal, the agent designs costs and productivity of his actions, within feasibility bounds. The principal observes the production technology and offers a reward scheme, implementing a chosen action. We characterize equilibria of this game. In equilibrium, the agent chooses among a continuum of actions. Each action leads to either success or failure. Costs are inefficiently high. The analysis speaks to a variety of applications with endogenous technologies and allows to provide robust payoff predictions.

"The social value of real-time electricity pricing"

Stefan Ambec and Claude Crampes

The presence of consumers able to respond to changes in wholesale electricity prices facilitates the penetration of renewable intermittent sources of energy such as wind or sun power. We determine the social benefits of adapting demand to intermittent electricity supply by making consumers price-responsive thanks to smart meters and load-switching appliances. We find that demand response is always socially beneficial because the loss from exposing consumers to volatile prices is more than offset by the costs saved on production capacity. However, the expected marginal social benefit is decreasing when the proportion of reactive consumers increases. Therefore, depending on the costs of the necessary smart hardware, it may be non-optimal to equip the whole population.

"Competition and Investment in Mobile Telecommunications"

Jonathan Elliott, **Marc Ivaldi**, Georges V. Hounghonon, Paul Scott

We develop a model of competition in prices and infrastructural investment among mobile network providers. Market shares and service quality (download speed) are simultaneously determined, for demand affects the network load just as delivered quality affects consumer demand. We assess the impact of consolidation, finding that total surplus and quality of service are decreasing in the number of firms, but consumer surplus is maximized at three firms.

"Learning to inspect or inspecting to learn? A dynamic approach to inspection games with endogenous technologies"

Alae Baha

This paper studies a dynamic inspection game where the inspector's ability to detect fraud depends on endogenous development of fraud and monitoring technologies. If both investments costs are sufficiently low, the game follows a cyclical pattern where after t^* periods of no detection, the inspector invests in R&D with probability 1. The drivers of these investments depend on the value of transfers in case of detection: For sufficiently high transfers (compared to the benefits from fraud), the inspector's incentives to invest take the form of a deterrence effect where, average gains from inspections remain constant and an increase in beliefs only decreases the equilibrium fraud rate. On the other hand, for low levels of transfers, incentives to invest depend only on the ability to extract rent from fraudsters.