

# ETIENNE GUIGUE

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## RESEARCH FIELDS

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**Primary:** Industrial Organization, International Trade

**Secondary:** Applied Microeconomics, Labor Economics

## DOCTORAL STUDIES

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**2019-present**      Ph.D in Economics, CREST - Institut Polytechnique de Paris.  
*Supervisor:* Prof. Francis Kramarz.

## REFERENCES

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**Prof. Francis Kramarz**  
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**Prof. Samuel Kortum**  
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## RELEVANT POSITIONS

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**Sept. 2018 - July 2019**      Visiting Assistant in Research, Yale University  
*Sponsor:* Prof. Samuel Kortum

**Sept. 2017 - Aug. 2018**      Research Assistant for Prof. Francis Kramarz, CREST

## PRIOR EDUCATION

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**2015-2017**      M.Sc in Economics, Université Paris-Saclay (Ecole Polytechnique - ENSAE - ENS Paris-Saclay - HEC - Paris Sud)

**2014-2018**      Normalien, Ecole Normale Supérieure (ENS) Paris-Saclay

## TEACHING EXPERIENCE

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- 2020-2022** Teaching Assistant, Undergraduate Microeconomics - ENSAE, Prof. Thibaud Vergé
- 2019-2021** Teaching Assistant, Graduate Microeconomics - ENSAE, Prof. Philippe Choné

## REFEREE SERVICE

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Journal of Public Economic Theory

## WORKING PAPERS

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### **Markups and Markdowns in the French Dairy Market**

*with Rémi Avignon*

Separately measuring firm buyer and seller power is important for policy-making, but challenging. In this paper, we suggest a new methodology to do so and apply it to French dairy processors. These firms exert buyer power when purchasing raw milk, and seller power when marketing dairy products. The analysis is based on plant-level data on dairy firms, with observations on prices and quantities of raw-milk input by origin and output by product from 2003 to 2018. We rely on a production function approach to estimate total margins. The existence of a commodity, (i) substitutable as an input or as an output, and (ii) exchanged on global markets where firms are price-takers, allows us to separately estimate firm-origin markdowns and firm-product markups. We show this methodology can also be useful in other contexts, with more limited data. Markdown estimates imply that dairy firms on average purchase raw milk at a price 16% below its marginal contribution to their profits, while markup estimates indicate that firms sell dairy products at a price exceeding their marginal costs by 41%. Our results show substantial variations in the exploitation of buyer and seller power across firms, products, and time. We analyze how exogenous farmer and processor cost shocks pass through the supply chain. Processors partially absorb such shocks by adjusting markups and markdowns, thus smoothing variations in farmer revenues. It further implies that 65% of subsidies are currently diverted from farmers due to processor buyer power. A price floor on raw milk could be an alternative welfare-improving policy.

### **Production Quota Reforms and the Cream-Skimming of the French Milk Market**

*with Rémi Avignon*

How do input market fragmentation and liberalization affect distribution and efficiency of production? This paper analyzes the impact of production quotas and their progressive removal on the French milk market. We show that production quotas generated two types of distortions. First, by mechanically fixing production shares across French *départements* at their pre-quota (1984) level, quotas stopped a natural spatial concentration for about 25 years, a process that restarted right after the beginning of the quota removal process in 2008. Second, the design of the quota system spurred the growth of small farms while constraining the expansion possibilities of larger farms. This redistributive scheme thus successfully refrained inequalities among farms growing until then, yet at the cost of distorting the competition-led *cream-skimming* of farms. We finally document how the catching-up process in farm selection following the quota removal intervened more or less early across *départements*, depending on the stringency implied by quota constraints at the local level. We rationalize these observations with a simple model of perfect competition between heterogeneous farms. At the farm level, the effect of the liberalization ultimately depends on (i) the efficiency gains the farm can achieve with the liberalization and (ii) its location in a *département* sheltered from competition or constrained by quotas. In subsequent analysis, we plan to build a structural model to assess better the efficiency and distributional effects of such input market liberalization.

## WORK IN PROGRESS

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### **Firm-to-Firm Trade and Heterogeneous Wages**

*with Jonathan Eaton, Samuel Kortum and Francis Kramarz*

### **Market Power in Input Markets: Theory and Evidence from French Manufacturing**

*with Monica Morlacco*

## SEMINARS AND CONFERENCE PRESENTATIONS

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\* *Scheduled*

**2021** CREST

**2022** RES Annual Conference (online), BECCLE Competition Policy Conference (Bergen), CREST, EEA-ESEM Annual Congress (Milan), Jornadas de Economía Industrial (Las Palmas), Sciences Po

**2023** AMSE\*

## GRANTS

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**2019-2023** Full Ph.D scholarship - ENS Paris Saclay

**2014-2018** *Normalien* scholarship - ENS Paris Saclay

**2021-2023** Research grant from the *Agence Nationale de Recherche*

## MISCELLANEOUS

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**Languages:** French (native), English (fluent), German (basic)

**Programming Skills:** Matlab, SAS, Stata, R

**Data:** Access to French secured data (CASD)

*Updated: November 2022*