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Research Statement

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I am a job market candidate and PhD candidate in Economics at the University of Kansas. My research interests are in Industrial Organization, Antitrust/Competition Economics, Law & Economics, and Applied Microeconomics. In my dissertation, I focus on the current state of antitrust analysis; by exploring the role of incorporating merger-specific cost-efficiencies in Upward Pricing Pressure (UPP), a widely used merger screening tools; as well as potential effects of common ownership in determining hospital prices in the U.S.; and unilateral effects of mergers in multimarket oligopolies applied to U.S. airline industry. My research interest expands to examining different market structures, industry practices and potential competitive behavior.

CURRENT RESEARCH

My job market paper *Cost Efficiencies and Upward Pricing Pressure*, co-authored with Tarun Sabarwal, investigates the accuracy of UPP as a tool in antitrust analysis when there are cost efficiencies from a horizontal merger. We include model-based, merger-specific cost efficiencies in a tractable manner and extend the standard UPP formulation to account for these efficiencies. The efficacy of the new formulations is analyzed using Monte Carlo simulation of 40,000 mergers (8 scenarios, 5,000 mergers in each scenario). We find that with model-based cost efficiencies and using a more accurate first-order approximation to compute UPP, there are substantial gains in prediction of post-merger prices, as compared to existing practice, and there are substantial gains in merger screening accuracy as well. Moreover, our new formulations outperform the standard UPP formulation at higher thresholds for all the standard cases in the paper. The results support the inclusion of model-based cost efficiencies in the standard UPP formulation for more accurate antitrust decision-making.

In addition to my job market paper, another project of mine, *Anticompetitive Effects of Common Ownership on Hospital Prices*, co-authored with Jose Azar, David Slusky, and Donna Ginther, examines changes in ownership structure on the U.S. hospital system by large institutional investors to determine whether such changes affect the competitive incentives across hospital pricing practices. This fits into a growing body of research on common ownership and its potential pro and anticompetitive effects in various industries. It also contributes to a very important existent literature that is concerned with the rapid consolidation within the U.S. hospital system.

My project *Unilateral Effects of Mergers on Multimarket Oligopolies* takes a look at how mergers affect the interactions of firms interacting on different markets over and over with the same set of competitors. There is a large body of literature that currently explores coordinated effects (*i.e.* increased likelihood of collusion post merger), but little to no work has been done on identifying these dynamics from the unilateral effects (*i.e.* harms to consumers arising from gains in market power) perspective. I apply this framework to the U.S. airline industry.

FUTURE RESEARCH

For my future research agenda, there are several projects on which I anticipate working. I have endeavored to share my subsequent projects here with you, and I would love the opportunity to discuss them in further detail.

1. Is regulation driving ownership consolidation waves?

I intend to extend my work on common ownership to account for changes in regulation inherent in each of the various industries in the U.S. and see if this might be responsible for the noticeable increase

in ownership consolidation by large institutional investor on the past few decades. The regulation changes are tracked with extensive text mining in industry specific regulation. There exists extensive literature focusing on the role changes in regulation had in driving merger waves in the United States on the 1980-1990's, and there have been many papers exploring the effects of these recent ownership consolidations in the U.S.. To my knowledge, this will be the first paper that explores the potential driving forces of such changes.

2. Translog cost efficiency modeling for Upward Pricing Pressure

This project is an extension of my job market paper, in which strategies for the formulation and modeling of Transcendental Logarithmic cost structures to evaluate merger-specific cost complementarities from a merger will be developed. Translog is a very useful econometric flexible functional form strategy, but the difficulty in implementing its computational theoretical form into Upward Pricing Pressure is still a hindrance to its wide-spread use in merger simulation and UPP.

3. Gasoline and Liquefied Petroleum Gas prices in Brazil

This project is something I've been meaning to develop since before I started my PhD program. Having been a senior pricing analyst for one of Brazil's largest oil and gas companies, I have developed a significant expertise on the pricing decision making process within the markets. Just recently I have obtained access to the restricted data on gasoline and LPG prices collected by Brazilian's National Petroleum Agency on a systematic basis with the intent of monitor potential anticompetitive behavior. The acquisition of this data has given rise to several projects, and hopefully some additional ones in the near future.

The first project is *Gasoline Price Cycling in Brazil* uses this data set will explore the existing cycling price behavior monitoring of gas stations that exists for US markets and search for similar types of behavior in Brazil. In some ways, this project will have several advantages over the work in the U.S. due to the internal validity of the data sources (relying on volunteer consumer reporting, which may generate sample selection bias, versus the statistically and methodological sample selection from a national agency).

The second project is *Multimarket contact in LPG markets in Brazil*, which investigates changes in collusive behavior arising from mergers in liquefied petroleum gas markets in Brazil, a regional multimarket oligopoly. The methodology will track changes in multimarket contact, like the ones done for U.S. airline and cellular service industries.

The third project is *The impact of cylinder ownership on LPG markets*. I am definitely excited about this specific project, because the story behind it is fairly similar in many different countries for the same industry. Back in the day, LPG cylinders were owned by consumers and common resource nature of the trade generated a situation of low maintenance and high risk of explosion. In 2003 there was a change in legislation, transferring ownership of the cylinders to the oligopolist bottlers that became responsible for maintenance and establishing exclusivity of bottling by the cylinder's owner. This has significantly increased safety for consumers, while simultaneously increasing consolidation and market power by bottlers. There was a grace-period for the complete change in ownership, in which some states enforced the regulation sooner than the federal enforcement, giving my source of variation. A similar change in regulation has occurred in different countries (like Chile, Colombia, Uruguay and Turkey) and this project will be vital to enlighten policymakers in various countries. I will be working on a similar project for Colombia, co-authoring with Manuel Pulido-Velasquez, in which we evaluate this change in regulation occurred in 2009, with grace-period until 2012.