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WIRTSCHAFTSTHEORETISCHES FORSCHUNGSSEMINAR

RESEARCH SEMINAR IN ECONOMIC THEORY

June 4, 2009

University of Vienna

1010 Wien, Dr. Karl Lueger-Ring 1

“Elise Richter-Saal”

(from the main entrance go left and then straight all the staircases up)

4:00pm

Pablo Coralio Ballester,

Universidad de Alicante:

“Moderate Interactions in Games with Induced Complementarities”

Abstract printed on the next page

5:30pm

Yossi Spiegel,

Tel Aviv University:

“Partial cross ownership and tacit collusion under cost asymmetries”

Abstract printed on the next page

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<http://www.univie.ac.at/vwl/EconomicTheory.html>

NOTE: Participation of advanced students in this seminar is highly recommended.



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ABSTRACTS

Pablo Coralio Ballester,
Universidad de Alicante:

“Moderate Interactions in Games with Induced Complementarities”

We consider a finite population simultaneous move game with heterogeneous interaction modes across different pairs of players. We allow for general interaction patterns, but restrict our analysis to games whose pure strategy Nash equilibrium conditions boil down to a set of piece-wise linear conditions, so that an equilibrium is a solution to a linear complementarity problem. We introduce a new class of games for which a suitable linear transformation of the original interaction matrix induces a game with complementarities. We provide general moderation conditions on the interaction matrix such that a game in this class has a unique Nash equilibrium, that we are able to characterize by means of a closed-form expression involving a generalized version of the Katz network measure of node centrality.

with Antoni Calvó-Armengol (CREA, Universitat Autònoma de Barcelona and CEPR).

Yossi Spiegel,
Tel Aviv University:

“Partial cross ownership and tacit collusion under cost asymmetries”

We examine the effects that passive investments in rival firms have on the incentives to collude when firms have asymmetric marginal costs. We first show that unilateral investments by the most efficient firm in rivals may not only facilitate collusion but also raise the collusive price. We also show that the most efficient firm prefers to invest in its most efficient rival and only if this investment is insufficient to sustain collusion will it begin to invest in less efficient rivals. We then consider multilateral passive investments in rivals and show that an increase in such investments never hinders tacit collusion and we establish necessary and sufficient conditions for such investments to strictly facilitate tacit collusion.

with David Gilo (Tel Aviv University) and Umed Temurshoev (Faculty of Economics and SOM Research School University of Groningen).

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