

Western Economic Association International

학회 발표를 위한 세미나 참석 결과 보고

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I . 출장 개요

1. 출장목적

- 캐나다 밴쿠버에서 진행된 84차 WEAI 학회에서 발표 및 토론을 위하여 세미나에 참석하였음.

2. 출장국가: 캐나다 밴쿠버

3. 출장자: 농식품정책연구본부 전문연구원 전상곤

4. 출장기간: 2009년 6월30일(화)~7월4일(토) [3박5일]

5. 출장일정

일시	지역	활동 내용
6.30(화)	· 서울→캐나다 밴쿠버	
7.1~7.3	· 밴쿠버	· 세미나 참석, 발표
7.4(토)	· 캐나다 밴쿠버→서울	· 출장결과 정리

II. 행사 개요

1. Western Economic Association International 개최 장소와 기간

84th Annual Conference

Program

The Sheraton Vancouver Wall Centre

British Columbia

Monday-Friday, June 29-July 3, 2009

2. Participating Organizations

AEA Committee on the Status of Women in the Economics Profession

American Society of Hispanic Economicists

Athenian Policy Forum

Chinese Economic Association of North America

Contemporary Economic Policy

Economic Inquiry

International Banking, Economics and Finance Association

International Economics and Finance Association

Korea-America Economic Association

National Association of Forensic Economics

North American Association of Sports Economicists

3. Western Economic Association International 임원진

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4. WEAI Conference 과거 행사 실적

	2004	2005	2006	2007	2008	2009
Program Participants	1233	1620	1253	1182	1259	1309
Volunteer Individual Sessions	82	93	93	105	97	79
Other Organized Sessions	122	119	112	94	105	100
Papers	755	1024	761	733	806	807

5. 2009 Geographical Representations

- 1) U.S. States: 48
- 2) Other countries and territories: 41

6. 전체 session 의 구성

- Session 수: 총 238개
- 논문수: 807개

7. 각 Session Title (참가 session은 제 145번 session 임)

- [1] TOPICS IN GAME THEORY
- [2] DEFENCE ECONOMICS: PERSONNEL MANAGEMENT
- [3] DEFENCE ECONOMICS: OPERATIONS AND SECURITY ISSUES
- [4] MONETARY POLICY
- [5] ADVANCES IN CAPITAL THEORY
- [6] TOPICS IN INTERNATIONAL ECONOMICS
- [7] TOPICS ON EXPORTS AND EXCHANGE RATES
- [8] SOME SUGGESTIONS FOR REGULATORY IMPROVEMENT AFTER THE FINANCIAL CRISIS

- [9] APPLIED STUDY IN PUBLIC ECONOMICS
- [10] PERSPECTIVES ON SELF-EMPLOYMENT OUTCOMES
- [11] ISSUES IN LABOR MARKET SEGMENTATION
- [12] CALCULATING LOSS OF PENSION BENEFITS
- [13] SPORTS ECONOMICS: ATTENDANCE
- [14] TOPICS IN INDUSTRIAL ORGANIZATION¹
- [15] CARS: HYBRIDS, FUEL ECONOMY, AND LOW EMISSION
ISSUES
- [16] NATURAL RESOURCE INSTITUTIONS
- [17] ECONOMIC OUTLOOK FOR NORTH AMERICA
- [18] DEFENCE ECONOMICS: IMPACTS OF ACTIVATION AND
DEPLOYMENT
- [19] TOPICS IN MACROECONOMICS AND MONETARY ECONOMICS
- [20] TRADE AND INTERNATIONAL ECONOMICS
- [21] TOPICS IN INTERNATIONAL ECONOMICS¹
- [22] FINANCIAL MELTDOWN: WHEN COME THE PHOENIX?
- [23] FISCAL POLICY AND GROWTH THEORY
- [24] TOPICS IN HEALTH ECONOMICS
- [25] TOPICS ON SOCIOECONOMIC OUTCOMES
- [26] NEW ISSUES IN TORT DAMAGES
- [27] SPORTS ECONOMICS: BASEBALL
- [28] EAST ASIAN ECONOMICS GROWTH
- [29] DEMOCRACY AND PEACE
- [30] NATURAL RESOURCES AND RESOURCE POLICY
- [31] CLIMATE: FLOODING, SMALL HYDRO, MIGRATION,
ENERGY-EFFICIENCY
- [34] APPLIED WELFARE ECONOMICS
- [35] DEFENCE ECONOMICS: MILITARY HEALTH CARE ISSUES
- [36] TOPICS IN MACROECONOMICS AND MONETARY ECONOMICS²
- [37] TRADE AND PROTECTION

- [38] TOPICS IN INTERNATIONAL ECONOMICS2
- [39] TOPICS IN CREDIT MARKETERS AND BANIKNG
- [40] ASYMMETRIES IN GLOBAL FINANCIAL MARKETS
- [41] HEALTH CARE REFORM
- [42] PUBLIC ECONOMICS AND WAGE BARGAINING
- [43] MARKETS, MIGRATION AND MOBILITY
- [44] HEDONIC DAMAGES
- [45] TOPICS IN INDUSTRIAL ORGANIZATION2
- [46] SPORTS ECONOMICS: FOOTBALL
- [47] GLOBAL AND NATIONAL HOUSE PRICE BEHAVIOR
- [48] RECREATIONAL DEMANDS
- [49] ECOLABELING, ADULTS, DISCLOSURE
- [50] ECONOMIC HISTORY
- [51] ECONOMICS EDUCATION: METHODS AND APROACHES
- [52] TIME SERIES METHODS
- [53] DEFENCE ECONOMICS: APPLICATIONS OF ECONOMIC ANALYSIS
- [56] EMPIRICAL MACORECONOMICS
- [57] INTEREST RATE AND CURRENCY
- [58] STUDY ON F•†
- [59] BANKING AND FINANCIAL MARKETS
- [60] TOPICS IN INTERNATIONAL ECONOMICS3
- [61] ASIAN MONETARY AND FINANCIAL ISSUES
- [62] MACROECONOMIC ANALYSIS OF HEALTH SHOCK
- [63] POLITICAL ECONOMY, POLICIES AND INSTITUTIONS
- [64] HEALTH ECONOMICS: ALCOHOL USE, CHILDREN'S HEALTH
- [65] GROWTH RATES AND DISCOUNT RATES
- [66] TOPICS ON CRIME AND PENALTY
- [67] SPORTS ECONOMICS: HOCKEY
- [68] DEFENCE ECONOMICS: | 뮈-† MARKET EXPERIENCES OF

VETERANS

[69] DEFENSE ECONOMICS: ACQUISITION, INFORMATION, AND
TECHONOLGY TRANSFER

[70] ADVANCES IN MICRO THEORY

[71] ISSUES IN MORETARY ECONOMICS

[72] APPLIED MACROECNOMICS

[73] TOPICS ON INTERNATIONAL ECONOMICS

[74] TRANSMISSION OF MONETARY POLICY

[75] ECONOMICS OF TOBACCO

[76] CHILD HEALTH

[77] COMMERCIAL DAMAGES AND ANTITRUST LITIGATION

[78] REGULATORY AND ORGANIZATIONAL ISSUES IN DIFFERENT
INSTITUTIONS

[79] SPORTS ECONOMICS: THEORY

[80] ENVIRONMENTAL MEASUREMENT AND PRODUCTIVITY

[81] HEALTH AND ENVIRONMENT

[82] WTP, FISHERIES

[83] RELIGION AND COMPETITIVE MARKETS

[84] MIGRATION, WAGES AND UNIONS

[85] TEACHING ECONOMICS IN AND OUTSIDE OF THE
CLASSROOM

[86] DEFENSE ECONOMICS: ACQUISITON POLICY AND PRACTICES

[87] APPLIED MICROECONOMICS

[88] COMMODITIES AND THE MACROECONOMY

[89] BUSINESS CYCLES

[90] EXCHANGE RATE DETERMINATION

[91] ISSUES IN INTERNATIONAL ECONOMICS

[93] REGULATORY VERSUS MARKET DISCIPLINE

[94] MARRIAGE, DIVORCE, AND MORTALITY

[95] LABOR MARKETS AND EDUCATION IN EMERGING MARKETS

[96] DETERMINATION OF WAGES
 [97] PROFESSIONAL ISSUES
 [98] SPORT FINANCE
 [99] TOPICS IN THE ECONOMICS OF GAMBLING
 [100] ENVIRONMENTAL APPLICATIONS OF HEDONIC METHODS
 [101] TRADE AND ENVIRONMENT
 [102] GLOBAL FINANCIAL CRISIS AND KOREAN ECONOMY
 [103] ISSUES IN ECONOMETRICS
 [104] DEFENCE ECONOMICS: POLICY PERSPECTIVES ON
 VETERANS' EMPLOYMENT
 [105] ECONOMIC GROWTH AND QUALITY OF MARKETS FOR
 PRODUCTION FACTORS
 [106] THE ROLE OF THE MEDIA AND ONLINE INTERACTIONS
 [107] FORECASTING AND EMPIRICAL METHODS IN
 MACROECONOMICS
 [108] TOPICS ON TRADE
 [109] THE FINANCIAL CRISIS IN HISTORICAL PERSPECTIVE
 [110] HEALTHCARE, MEDICAL CARE, AND FOOD
 [111] GENDER DISPARITIES
 [113] ENVIRONMENTAL PERFORMANCE
 [114] THE ECONOMIC IMPACT OF MEGA-EVENTS
 [115] GLOBAL TAIWANESE COMPANIES
 [116] TRADE, INFLATION AND DEVELOPMENT
 [117] COLLABORATIVE PARTNERSHIPS FOR SUSTAINABLE
 ENVIRONMENTAL OUTCOMES
 [118] SEASONAL ADJUSTMENT, ENDOGENEITY, AND SPATIAL
 DOMINANCE
 [119] DEFENSE ECONOMICS: RECRUITING
 [120] POLITICAL ECONOMICS
 [122] APPLIED TIME SERIES

[123] INFLATION AND MACROECONOMIC DYNAMICS
 [124] ISSUES IN INTERNATIONAL TRADE AND FINANCE
 [125] THE EFFECTS OF REGULATION
 [126] UNCERTAINTY AND RISK IN THE WORLD OF FINANCE
 [127] CHILDLABOR AND DEVELOPMENT
 [128] ISSUES IN FINANCIAL ECONOMICS
 [129] ENTREPRENEURIAL FINANCE
 [131] COMPETITIVE BALANCE IN SPORTS LEAGUES
 [132] VALUING THE INTANGIBLE
 [133] RENEWABLE ENERGY RESOURCES
 [135] APPLICATIONS OF GAME THEORY AND IMPERFECT
 INFORMATION
 [136] DEFENSE ECONOMICS: RETENTION AND ATTRITION
 [137] ISSUES IN DEFENCE AND SECURITY ECONOMICS
 [138] DYNAMIC PRICING STRATEGIES
 [139] FOREIGN EXCHANGE AND YIELD CURVES
 [140] INFORMATION IN FINANCIAL MARKETS
 [141] SUBSIDIES AND WELFARE
 [142] THE ECONOMICS OF MARITAL INFIDELITY
 [143] HEALTH CARE SPENDING
 [144] LABOR SUPPLY, EARNINGS, AND THE FAMILY
 [145] TOPICS IN INDUSTRIAL ORGANIZATION³
 [146] TOPICS IN SPORTS ECONOMICS¹
 [147] DEVELOPMENT, PLANNING AND POLICY
 [148] CHINA: ENVIRONMENT, INEQUALITY, AND ECONOMICS
 HISTORY
 [149] CHOOSING YOUR LOCAL PUBLIC GOOD PROVIDER
 [150] ASSET MARKET
 [151] ECONOMIC EDUCATION: APPLICATIONS, STUDENT
 PERFORMANCE, AND CURRICULA

- [152] INFORMATION DISCLOSURE, CERTIFICATION AND REPUTATION
- [153] FINANCIAL ECONOMETRICS
- [154] DEFENSE ECONOMICS: RESOURCE MANAGEMENT
- [155] ADVANCED TOPICS IN UTILITY THEORY
- [156] MARKET QUALITY IN THEORETICAL INDUSTRIAL ORGANIZATION
- [157] DYNAMIC MACROECONOMIC POLICIES
- [158] CONSUMPTION AND WEALTH INEQUALITY
- [159] ISSUES IN FINANCIAL MARKETS
- [160] STUDY ON TAX AND WAGE
- [161] EDUCATION AND APPLIED ECONOMICS
- [162] WOMEN'S WAGES, HEALTH, AND CONTRIBUTIONS TO DEVELOPMENT
- [163] THE EFFECTS OF DISCRIMINATION AND BIAS IN SPORTS
- [164] ISSUES IN DEVELOPMENT ECONOMICS
- [165] TOPICS IN ENVIRONMENTAL ECONOMICS
- [166] FINANCIAL INTEGRATION AND ITS IMPLICATIONS FOR MACROECONOMY
- [167] DEFENSE ECONOMICS: WHAT WE KNOW AND DON'T KNOW ABOUT THE U.S. MILITARY ROLE IN POST-CONFLICT ECONOMIC STABILIZATION
- [168] MONETARY POLICY AND GLOBALIZATION: LESSONS FROM THE TURMOIL
- [169] INTERNATIONAL COORDINATION OF MARKET QUALITY
- [170] INTERNATIONAL MONETARY AND FINANCIAL ISSUES
- [171] ANTI-POVERTY PROGRAMS AROUND THE WORLD
- [172] DOES THIS MAKE ME LOOK FAT?
- [173] U.S. AND CANADIAN EDUCATION ISSUES
- [174] ECONOMICS OF MARRIAGE

[175] SPORTS GAMBLING
 [176] GROWTH AND URBANIZATION
 [177] INSTITUTIONS AND PROPERTY RIGHTS
 [178] ENVIRONMENT AND URBAN ECONOMICS
 [179] ENERGY MARKETS
 [180] REGULATIONS AND MARKET STRUCTURE
 [181] BUILDING A DEFENSE FORCE: STRATEGIES AND INCENTIVES
 [182] AUCTIONS, BARGAINING, AND TOURNAMENTS
 [183] OPEN ECONOMY MACRO
 [184] DISTRIBUTIONAL AND WELFARE EFFECTS OF INTERCHANGE FEES
 [185] CAPITAL FLOWS, CRISES AND INTERNATIONAL RESERVES
 [186] MONETARY POLICY
 [187] URBAN ECONOMICS
 [189] GENDER AND YOUTH
 [190] ECONOMIC ADJUSTMENT TO POPULATION CHURNING AND PROFIT-SHARING
 [191] PRODUCTIVITY IN U.S. MANUFACTURING PLANTS
 [192] TOPICS IN SPORTS ECONOMICS2
 [194] TOPICS IN AGRICULTURAL ECONOMICS
 [195] TRANSPORTATION ECONOMICS
 [196] GUNS, BUTTER, BOMBS, AND INFLATION
 [197] FOOD AND HOUSEHOLD PRODUCTION
 [198] MONEY AND MONETARY POLICY
 [199] OUTSOURCING AND OFFSHORING
 [200] REMITTANCES AND IMMIGRATION
 [201] DECISIONS IN FINANCE
 [202] UNEMPLOYMENT, RECESSIONS, AND RECONVERSION
 [203] INCOME DISTRIBUTION AND FINANCIAL EFFICIENCY

[204] HEALTH ECONOMICS: EXPENDITURES, HEALTH OUTCOMES
[205] SPORT FACILITY EXTERNALITIES
[206] TOPICS ON POVERTY
[207] R&D AND SPILLOVER
[208] TRADE, GROWTH, AND ENVIRONMENTAL POLICY
[209] HOUSING AND BANKING
[210] APPLIED TIME SERIES
[211] DEFENSE ECONOMICS: INDUSTRIAL BASE ISSUES
[212] APPLIED MACROECONOMETRICS
[213] TOPICS ON TRADE
[214] FINANCIAL ECONOMICS
[215] STOCK MARKET PERFORMANCE
[216] SCHOOL AND ECONOMIC INFLUENCES ON CHILDHOOD AND
ADOLESCENT OBESITY
[217] SUICIDE ANALYSIS
[218] LABOR SUPPLY
[219] UNINTENDED CONSEQUENCES IN SPORTS
[220] ECONOMICS OF SPORT
[221] TOPICS ON GROWTH
[222] ENVIRONMENTAL REGULATION AND POLICY
[223] MACROECONOMICS AND GROWTH
[224] DEFENSE ECONOMICS: ACQUISITION AND LOGISTICS
[225] RELIGION, ALTRUISM, AND INHERITANCE
[226] TAYLOR RULE AND INFLATION TARGETING
[227] INTERNATIONAL CAPITAL FLOWS
[228] BANK REGULATION AND LENDING
[229] TOPICS ON EDUCATION
[230] EMPLOYEE BEHAVIOR IN LABOR ECONOMICS
[231] TRAINING, EMPLOYMENT AND WAGES
[232] SPORTS LABOR ECONOMICS

[233] GROWTH AND INEQUALITY

[235] ETHANOL AND APPLICATIONS IN ENVIRONMENTAL
ECONOMICS2

[237] URBAN ECONOMICS: GROWTH, FIRMS, AND CITIES

[238] RESEARCH WITH KOREAN DATA

Ⅲ. 발표 Session 개요

1. 발표 session: 제 [145] session

2. Session Title: Topics in Industrial Organization III

3. Session 발표 제목과 발표자 개요

○ Geoffrey T. Andron, Austin Community College

Efficient Segmentation, Inefficient Segmentation and the Analysis of Price Discrimination

○ Kyung Hwan Baik, Sungkyunkwan University, and Jong-Hwa Lee, Sungkyunkwan University

Contest with Delegation: Endogenous Timing of Delegates' Exerting Effort

○ Diego Escobari, San Francisco State University, and Paan Jindapon, University of Alabama, Tuscaloosa

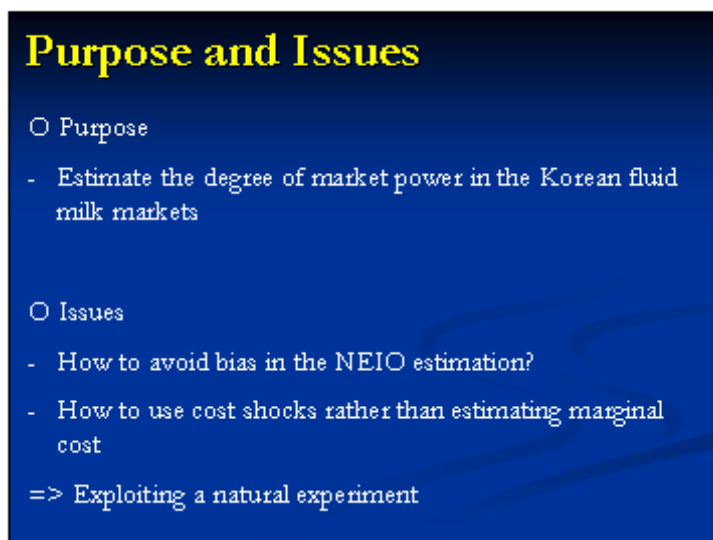
Price Discrimination through Refund Contracts in Airlines

○ Sanggon Jeon, Korea Rural Economic Institute, Daniel A. Sumner, University of California, Davis

Measuring Market Power among Processors in Fluid-Milk Markets in Korea: Exploiting Data from a Natural Experiment

IV. 발표논문과 토론논문 개요

1. 발표 논문 파워포인트 자료



Structure of the Korean dairy industry



Potential of market power

○ Market shares of domestic processors

- They have potential market power when they sell dairy-products to domestic consumers

	Seoul	Namyang	Maeil	Total
Total	690	298	310	2,255*
(Share)	(31%)	(13%)	(14%)	(100%)
Fluid-milk	625	217	237	
Processed-milk	65	81	73	

Structure-Conduct-Performance(SCP)

- Structural characteristics
 - degree of buyer/seller concentration
 - extent of product differentiation
 - conditions of entry/exit
- Conduct of firms
 - price and output policies
 - product development and promotion policies
 - behavior towards rivals
- Market performance
 - Rates of return
 - price-cost margin

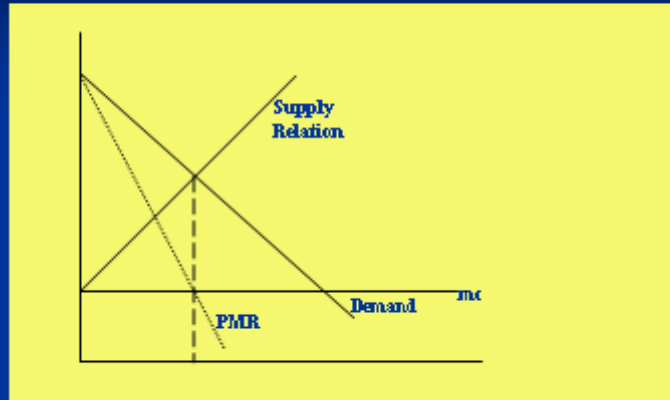
New Empirical Industrial Organization (NEIO)

- Traditional measure of market power
 - Lerner's Index

$$L = \frac{P - MC}{P}$$

- Estimate the markups using an industry model
 - Cost data are not available
 - Assume Demand and MC curves to infer the markup from observations on how the equilibrium price and quantity change over time. (NEIO approach)

New Empirical Industrial Organization



Critics on the NEIO estimate

- Corts (1999): NEIO estimate has a bias in revealing a real conjectural variation.
- Clay and Toresken (2003) & Kim and Knittel (2006)
 - > Empirically supports Corts's argument
- Fundamental problem in the NEIO approach
 - > Inaccuracy of estimating marginal cost

Indirect approaches for measuring market power

- Avoid direct cost measure
- Explain the relationship between price and marginal cost using cost shifters
- Sumner (1981) and Sullivan (1985): use excise taxes in cigarette industry
- Goldberg and Knetter (1999): use exchange rate in beef and paper industry

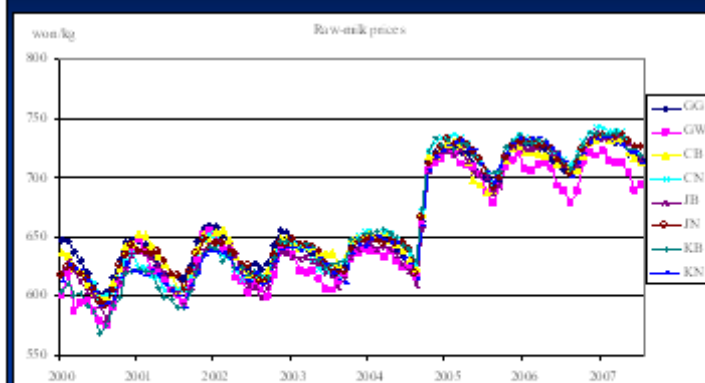
Key idea of this study of measuring market power

- Avoid direct cost measure
- Explain the relationship between raw-milk prices and retail prices of fluid milk
- Adopt a natural experiment
- Measuring Lerner's Index and adjusted Lerner's Index

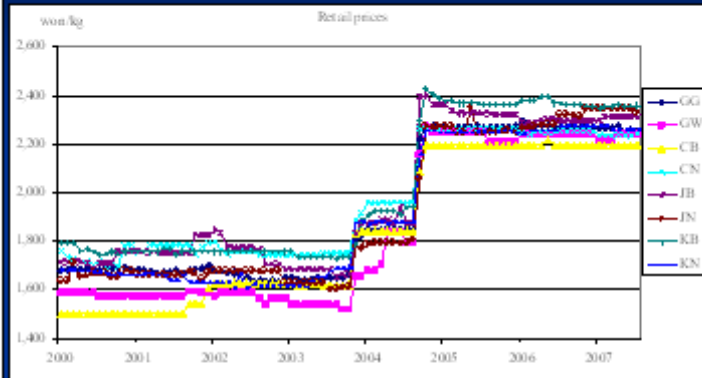
Cost shifter and consumer price

- Raw milk price received by domestic raw milk farmers is set by the government
- => Raw milk price is a cost shifter to processors.
- Use cost shifter (raw milk price) instead of estimating cost function of the processors
- A natural experiment: analyze the shocks in raw milk prices on endogenous variables (consumer prices for fluid milk products)
- => Compare the changes in difference between raw milk price and consumer price before and after a shock

Patterns of raw-milk prices



Patterns of retail prices



Issues in a natural experiment

- Control the changes in other cost shifters
ex) wage, electricity fee, etc.
- ⇒ Use very short periods for a experiment
- Control the changes in other factors such as shifts in demand, time lags, risk, technology
- ⇒ Compare the difference of the treatment & control groups
- Functional types of demand curve
- ⇒ Determines the degree of price transmission (margins)

Choosing two groups

- Affected series group (treatment group)

-> the monthly price data of August and
October in 2004

- Not-affected series group (control group)

-> monthly price data of August and
October in 2000, 2001, 2002, 2003, 2005
and 2006

Specifying Market Power

ASSUME A SYMMETRICE COURNOT GAME

- The profit of a representative regional processor

$$\pi_{ki} = \{P_k^r(Q_k^r) - P_k^f\}q_{ki} - C(q_{ki}) - F_{ki}$$

- Profit maximizing pricing rule

$$P_k^r(Q_k^r) = \Lambda_k \theta_k + P_k^f + c_k$$

$$\Lambda_k = -\frac{\partial P_k^r}{\partial Q_k^r} Q_k^r \quad \theta_k = \frac{\partial Q_k^r}{\partial q_{ki}} \frac{q_{ki}}{Q_k^r}$$

Specifying Market Power

○ Lerner's Index

$$L_k = \frac{P_k^r - (P_k^f + c_k)}{P_k^r}$$

○ Adjusted Lerner's Index

$$\theta_k (= Adj L) = \left\{ \frac{P_k^r - (P_k^f + c_k)}{\Lambda_k} \right\}$$

Empirical estimation

○ Pricing rule

$$P_k^r(Q_k^r) = \Lambda_k \theta_k + P_k^f + c_k + \varepsilon_k$$

○ First difference in Affected series group

$$(P_{i,t,tog}^{2014} - P_{i,t,tog}^{2010}) = (\Lambda_{i,tog}^{2014} \theta_i - \Lambda_{i,tog}^{2010} \theta_i) + (P_{i,t,tog}^{f,2014} - P_{i,t,tog}^{f,2010}) + (c_{i,t,tog}^{2014} - c_{i,t,tog}^{2010}) + (\varepsilon_{i,t,tog}^{2014} - \varepsilon_{i,t,tog}^{2010})$$

○ Second difference in Non-affected series group

$$(P_{i,t,tog}^{2014} - P_{i,t,tog}^{2010}) - (\Lambda_{i,tog}^{2014} \theta_i - \Lambda_{i,tog}^{2010} \theta_i) + (P_{i,t,tog}^{f,2014} - P_{i,t,tog}^{f,2010}) + (c_{i,t,tog}^{2014} - c_{i,t,tog}^{2010}) + (\varepsilon_{i,t,tog}^{2014} - \varepsilon_{i,t,tog}^{2010})$$

○ Difference-in-difference

$$(E\Delta P_i^{A5} - E\Delta P_i^{NS}) = (E\Delta\Lambda^{A5} - E\Delta\Lambda^{NS})\theta_i + (E\Delta P_i^{f,A5} - E\Delta P_i^{f,NS})$$

Assumptions in D-in-D

$$E\Delta c_k^{AS} = E\Delta c_k^{NS}$$

-> the expected values of differences in marketing input prices are the same between the AS and the NS.

$$E\Delta \varepsilon_k^{AS} = E\Delta \varepsilon_k^{NS}$$

-> the expected value of differences in unobservable disturbances is the same between the two groups.

Measuring market power

○ Lerner's Index

$$L_k = \frac{P_k^r - (P_k^f + c_k)}{P_k^r}$$

$$L_k = \left\{ \frac{(E\Delta P_k^{r,AS} - E\Delta P_k^{r,NS}) - (E\Delta P_k^{f,AS} - E\Delta P_k^{f,NS})}{(E\Delta P_k^{r,AS} - E\Delta P_k^{r,NS})} \right\}$$

Measuring Lerner's Index

	Provinces								
	GG	GW	CB	CN	JB	JN	KB	KN	
D-in-D (Retail-P)	371	423	303	273	448	412	426	334	375
D-in-D (Raw-P)	61	54	62	65	59	59	62	61	61
Lerner's Index:									
	0.84	0.87	0.80	0.76	0.87	0.86	0.85	0.82	0.83 (0.04)
									0.84

Measuring market power

O Adjusted Lerner's Index

$$\theta_k (= Adj L) = \left\{ \frac{P_k^r - (P_k^f + c_k)}{\Lambda_k} \right\}$$

$$\theta_k = \left\{ \frac{(E\Delta P_k^{r, AS} - E\Delta P_k^{r, NS}) - (E\Delta P_k^{f, AS} - E\Delta P_k^{f, NS})}{(E\Delta \Lambda^{AS} - E\Delta \Lambda^{NS})} \right\}$$

Estimating two reduced form eqns

$$Q_t = f(GDP_t, P_t^f, PPI_t) + \varepsilon_t$$

$$P_t^f = g(GDP_t, P_t^f, PPI_t) + v_t$$

O Measuring Lamda

$$\Lambda_t = - \frac{(\partial g / \partial P_t^f)}{(\partial f / \partial P_t^f)} Q_t$$

Measuring Adjusted Lerner's Index

	Provinces									
	GG	GW	CB	CN	JB	JN	KB	KN		
S1: 2,037, S2: 1,805, S3: 2,260, S4: 1,981										
Adjusted Lerner's Index										
with S1	0.15	0.18	0.12	0.10	0.19	0.17	0.18	0.13	0.15 (0.033)	
with S2	0.17	0.21	0.13	0.12	0.22	0.20	0.20	0.15	0.17 (0.037)	
with S3	0.14	0.16	0.10	0.09	0.17	0.16	0.16	0.12	0.14 (0.029)	
with S4	0.16	0.19	0.12	0.11	0.20	0.18	0.18	0.14	0.16 (0.033)	

Interpretations

- Lerner's Index inform us that dairy processors gain almost 80 percent of retail price as an extra profit by exerting oligopoly power in the regional fluid milk markets.
- Adjusted Lerner's Index shows that extra profits come from the inelastic demand curve and only a small portion of the extra profits comes from oligopoly power.

Interpretations

- The boundary of oligopoly power $0.139 \sim 0.174$ corresponds to the number of firms competing in each market 5.7 - 7.2.
- The number of competitors in each regional market are 2-5.
- This can be explained by inter-regional trade, i.e., the number of competitors in a market exceeds the number of incumbents.
- Or if the real game in the market is different from a symmetric Cournot game.

Conclusions

- The exogeneity of price policy for agricultural input price (reference price for raw milk) and the availability of retail price data (monthly time series data) make us take advantage of a natural experiment.
- In the natural experiment, we measure how much of the changes in raw milk prices are transferred to retail prices of fluid milk.
- The estimates for oligopoly power show that the regional fluid milk markets in Korea are far from perfect competition.

Thank You !

2. 토론 논문 파워포인트 자료

Contest with Delegations: Endogenous Timing of Delegates' Exerting Effort

Kyung Hwan Baik, Jong Hwa Lee

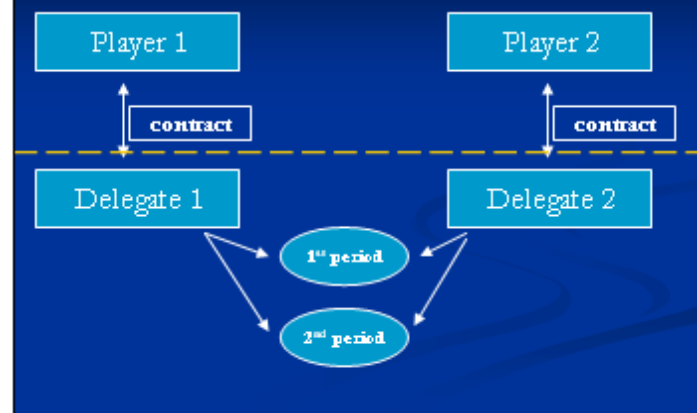
Discussed by Sanggon Jeon

Purpose

-> Try to obtain game solutions in two different scenarios

1. Study two-player asymmetric contests with delegation in which the delegates **decide endogenously when to expend their effort.**
2. Compare the outcomes of the endogenous timing framework with those of the simultaneous move framework in which the delegates choose their efforts levels simultaneously **given the order of moves.**

Understanding game structure



Find a solution to this game

-> Subgame-perfect equilibrium

(by backward induction)

1. 3rd stage: each delegate chooses his effort level
2. 2nd stage: each delegate chooses the order of period when to exert his effort
3. 1st stage: each player announces her contract moves.

Types of games

1. Endogenous timing-framework
2. Simultaneous-move framework
 - > drops the 2nd state of 'endogenous framework'
 - > The order of moves is given

Q1. Why is it predetermined, who chooses the order, and is there any implications of this type of game?

Assumptions

1. Players and delegates are risk-neutral.
2. The delegates have equal ability for the contest.

Q2. Are Player 1 and Player 2 are risk neutral?

If player 2 is a new-comer, player 2 might be more risk lover.

Q3. Do the delegates have equal ability?

If player 1 has a higher value, player 1 might search for more capable delegate.

How will the solutions of the games be changed if we consider the questions mentioned?

Or is there any room that we can moderate the assumptions?

Applicability of contests with delegation

“Player” (who needs a help for specific area) does not have much knowledge or experience in a specific area than “Delegate” who does have much knowledge or experience.

=> There is a tension between ‘player’ and ‘delegate’.

○ Delegate has an incentive of exaggerating his ability and tries to get more pie from the prize.

-> How about internalizing the “tension” in this game?