

Department of Applied Social Sciences

Research in Industrial Organization

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Objectives

The following objectives refer to several parallel projects:

- A. To study the effects on welfare in **telecommunications industries** of i) abstaining from regulating new facilities, ii) imposing vertical separation and iii) regulatory capture.
- B. To study the effects on consumers of **bundled discounts** offered by independent producers (e.g. groceries and fuel discounts).
- C. To analyze the implications of different ways of **divesting ownership** (control and financial interest) in a rival firm.
- D. To make an ex-post analysis of the unilateral and coordinated effects of a merger wave in the **insurance industry**.
- E. To get a better understanding of the motivation of horizontal **mergers**

Methodology

In methodological terms, these projects are based on formal **economic models**, to which we will apply some standard **game theory** equilibrium solutions and analyze and discuss the results.

For instance, we model the telecommunications industry as a differentiated products duopoly, where incumbent and entrant compete on Hotelling's line and where each consumer has a linear demand function for telecommunication services. The incumbent is a vertically integrated firm that owns a network, and operates on the retail market. The entrant operates on the retail market, and requires access to the incumbent's network. Both firms set two-part retail tariffs. The game is solved by backward induction.

Expected Results

These are essentially **theoretical projects** and the expected results are to publish a number of **articles** in international peer-reviewed journals, preferably indexed on the Web of Science.

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