Application for Economics of Digitization Tutorial

1 Contact Information

Name: Mario Leccese
Affiliation: University of Maryland - Department of Economics
Address: Tydings Hall
7343 Preinkert Drive
College Park, MD 20742
Email: leccese@umd.edu
Phone: +1 240 825 6782

2 Graduate Courses

I am a third year PhD student at the Economics Department of University of Maryland. I hold a Master of Science in Economics and Social Sciences from Bocconi University.

During my first year of PhD, I took the three standard sequences: microeconomics, macroeconomics and econometrics. During the second year I had the chance to focus on the topics that interested me the most: I chose to major in empirical industrial organization, and to minor in behavioral&experimental economics. In particular, during the first semester of my second year I took the following classes:

- Empirical Industrial Organization I, taught by Andrew Sweeting;
- Game Theory (focus on equilibrium refinements, mechanism design and bargaining), taught by Dan Vincent;
- Experimental Economics, taught by Erkut Ozbay.

In the second semester, I took:

- Empirical Industrial Organization II (focus on dynamic models), taught by Chenyu Yang;
- Game Theory II (focus on auctions and matching), taught by Larry Ausubel;
- Behavioral Economics, taught by Emel Filiz Ozbay.

This fall I am auditing a seminar on analytical modeling in marketing organized by Bo Zhou, and a further class in empirical industrial organization taught by my advisor Ginger Zhe Jin.

3 Research Interests

Fields of interest: Industrial Organization, Behavioral&Experimental Economics, Micro Theory
Main Advisor: Ginger Zhe Jin

My research interests lie in applied microeconomics, focusing on the role of information and market design in public policy. I am particularly interested in the study of this theme in the context of two-sided markets, where the existence of network externalities make it difficult for regulators and policymakers to use standard tools to maximize welfare.

I like to think through these issues using the tools of empirical Industrial Organization, although I am open to explore alternative approaches, such as lab experiments, whenever the lack of data makes field studies unfeasible.

My interest in platforms and two-sided markets motivates my application to this tutorial since digitization has coincided with the increased prominence of platforms and marketplaces that connect diverse agents in social and economic activity. Online platforms reduce transaction costs and may potentially increase market efficiency.

In an ongoing project I am studying competition in markets where regulated incumbents have to face the disruptive entry of platforms. Examples of these settings are the taxicab industry and the hotel one. The former saw the entry of peer-to-peer marketplaces like Uber or Lyft, while in the latter Airbnb is the dominant platform competing against traditional hotels. In my paper I focus on the taxicab industry, where the regulator restricts the total number of traditional taxis in the market by issuing a limited amount of permits to operate (medallions). Drivers who want to join a platform incur only

minor costs, while for taxi drivers medallions can be really expensive. This disparity has motivated policy makers to explore possible ways to restore a level playing field between regulated incumbents and entrants. I exploit the variation in ride-sharing companies prices generated by a tax reform affecting them only to investigate the consequences of taxation in achieving this goal. I study the effect of the tax on final prices charged by ride-sharing companies, and then evaluate the impact on ride-sharing companies' demand, as well as taxi drivers' pickups and earnings. I also look at the effect on congestion and I estimate the change in consumer surplus. I find that taxing platforms only shifts demand back to incumbents, thus raising their earnings. This comes at the cost of reducing consumer surplus and has no beneficial effect on congestion.