

Seminario de Microeconomía Aplicada - The role of bidding agreements in the US radio frequency auctions

Seminarios y talleres

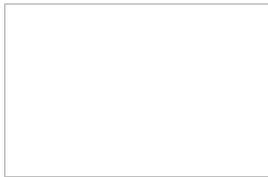
El seminario de Microeconomía Aplicada del Banco de la República es un espacio para discutir trabajos en progreso en las diferentes áreas de la microeconomía aplicada como economía laboral, organización industrial, economía de la salud, economía agrícola, economía de la educación, desarrollo económico, crimen, economía pública, medio ambiente, entre otras.

Jakub Tecza: I am an empirical economist with particular interests in empirical IO, applied microeconomics and contest economics. Two weeks ago I successfully defended my dissertation entitled "Essays on Competition in Auctions and in Contests" at the University of Arizona. Prior to that, I obtained my Master's Degree in Economics from the University of Mannheim, and my Bachelor's Degree in Business and Economics from the Goethe University in Frankfurt.

Resumen del documento: In the US spectrum auctions which allocate radio frequency rights to the private sector, firms are allowed to form multilateral bidding agreements. These agreements explicitly allow bidders to discuss their strategies and bids. Using public auction- and firm-level data from the Federal Communications Commission, I empirically investigate whether the bidding agreement rule leads to differential auction outcomes for firms that are members of such agreements, versus other firms. I find that firms which are member of a bidding agreement, bid more aggressively and pay up to 43% higher prices than firms who have no such agreements. Moreover, results of further empirical tests do not support the hypothesis that bidding agreements result in anti-competitive behavior. In contrast, I find suggestive evidence in favor of a resource pooling argument. Consequently, the regulator's rule of permitting bidding agreements appears to be justified on economic grounds, and should be reinstated in future frequency auctions. My result corroborates findings of earlier empirical studies on joint bidding, conducted in other types of auctions.

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Tiempo de exposición: 1:30 p. m. a 2:30 p. m.



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