Richard Faltings

The University of Texas at Austin
Department of Economics
2225 Speedway
Austin, TX 78705

Phone: +1 (512) 938-9993
Website: rfaltings.com
Email: richard.faltings@utexas.edu

Education

Ph.D., Economics, The University of Texas at Austin	2025 (expected)
M.A., Quantitative Economics and Finance, University of St. Gallen	2018
B.A., Economics, University of St. Gallen	2016

Research Interests

Market Design, Transportation, Digital Platforms, Reinforcement Learning

References

Eugenio Miravete
Rex G. Baker Jr.
Professor of Political Economy
The University of Texas at Austin
eugenio@utexas.edu

Daniel Ackerberg
Addison Baker Duncan Centennial
Professor of Economics
The University of Texas at Austin
daniel.ackerberg@utexas.edu

Nicholas Buchholz
Assistant Professor of Economics
Princeton University
nbuchholz@princeton.edu

Victoria Marone
Assistant Professor of Economics
The University of Texas at Austin
marone@utexas.edu

Job Market Paper

Pricing the Right to Renege in Search Markets: Evidence from Trucking

Abstract: In many search markets, advance contracts allow one party to renege by paying a penalty, granting them the option to keep searching for alternatives while the counterparty forfeits its option value. This paper examines the efficiency of the equilibrium price of reneging in the trucking industry, leveraging novel data from an online freight auction platform with a non-pecuniary, relational penalty. A theoretical model of the carrier search process with stochastic outside offers rationalizes observed cancellation patterns and illustrates the direct impact of the penalty on reneging behavior and the equilibrium pass-through of lost welfare to the final transaction price. Using structural estimates of a dynamic model allowing for time-varying penalties, I simulate counterfactual cancellation schedules with both increasing and uniform penalties. The findings suggest that the current near-zero penalties are nearly optimal for social welfare. Additionally, I explore a switch to pecuniary penalties. The socially optimal pecuniary penalty increases overall welfare by 1.6%, primarily driven by an 8.4% rise in platform profits. However, the profit-maximizing penalty increases platform profits by 61.4% but reduces overall welfare by 5.4%, indicating that while pecuniary penalties can create trade gains, they also enable the platform to extract more rents from carriers, reducing overall efficiency.

Working Papers

Squeezing more Juice out of Lime: A Novel High-dimensional Pricing Algorithm.

Abstract: Sophisticated pricing algorithms used by digital transportation platforms have renewed interest in price control policies, but little evidence exists on their redistributive effects. This paper studies a uniform price mandate in the market for shared electric vehicle platforms in Washington, D.C., which prohibits origin- and destination-based pricing. To compute price equilibria encompassing hundreds of prices for specific origin-destination pairs, I develop a new simulation-based pricing algorithm, adapted from the reinforcement learning literature. I apply the algorithm to a demand system estimated using geolocation data from all firms in the market. In the counterfactual exercise, I find that the redistributive effects of the price controls are mild, and mainly serve riders in the periphery of the city. Furthermore, I find that relaxing the price controls increases rides taken by consumers by 41%, firm profits by 34%, and increases consumer welfare by more than double the profit increase (80% of firm profits).

Work in Progress

From Favorites to Fresh Faces: Viewer Loyalty and New Creators in Livestreaming

Supported by the Twitch Research Fellowship

(with Alexander Tang)

Abstract: As the gig economy grows, an increasing number of individuals are relying on content creation for their livelihood. The design of platform recommendation algorithms plays a critical role in the discovery and success of new creators. This study presents novel evidence from a natural experiment on the Twitch livestreaming platform to quantify this entry barrier. We analyze eight weeks of high-frequency viewership panel data for all World of Warcraft streams, focusing on the period surrounding the launch of a new game expansion that substantially increased both viewership and the number of streamers. Our findings highlight the significant role of viewer favorites, with the median viewer dedicating 60% of their time to a single streamer pre-launch and 48% post-launch. We also observe considerable stickiness in these preferences; fresh viewers in the post-launch period are twice as likely to watch fresh streamers compared to those active pre-launch. These patterns have important implications for the entry of new streamers and inform the design of recommendation algorithms. Future work aims to develop a theoretical model to understand the impact of these dynamics on the equilibrium distribution of viewership across streamers.

Equilibria in Decentralized Freight Networks

(with Nicholas Buchholz and John Lazarev)

Publications

Rot-Jaune-Verde. Language and Favoritism: Evidence from Swiss Soccer.

Kyklos, 76(3), 380–406.

(with Alex Krumer and Michael Lechner)

Conference Presentations

18th Swiss Economists Abroad Conference (Zurich)	2023
16th Swiss Economists Abroad Conference (Virtual)	2022
MaCCI Summer School on Platform Economics	2022
15th Swiss Economists Abroad Conference (Virtual)	2020

Honors and Fellowships

Summer Research Fellowship, The University of Texas at Austin	2022, 2023, 2024
Graduate Continuing Fellowship, The University of Texas at Austin	2021 -- 2022
Twitch Research Fellowship	2021
Outstanding Second-Year Paper Award, The University of Texas at Austin	2020
Graduate Fellowship, The University of Texas at Austin	2018 -- 2021

Research Experience

University of Texas at Austin, Research Assistant to Eugenio Miravete	2022 -- 2023
University of Texas at Austin, Research Assistant to Vasiliki Skreta	2021
University of Texas at Austin, Research Assistant to Jorge Balat	2021
University of St. Gallen, Research Assistant to Stefan Buehler	2017 -- 2018
University of St. Gallen, Research Assistant to Michael Lechner	Spring 2017

Teaching Experience

Introductory Game Theory ($\times 4$), evaluation: 4.48/5.00	2019, 2020, 2024
Economics of Auctions, evaluation: 3.95/5.00	2023
Introduction to Economics (summer)	2023
Political Economy (summer)	2020
Behavioral Economics	2019
Introduction to Econometrics	2018

Other Experience

PhD Student Seminar Coordinator, The University of Texas at Austin	2020-2023
Intern, Chief Economist Team, DG for Competition, European Commission	2018

Skills

Software: Julia, Python, R, Stata, Matlab, LaTeX

Languages: English (native), French (native), German (fluent)

Updated: June, 2024