Francisco Pareschi

Northwestern
Economics

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Citizenship: Uruguayan, Italian

Fields

Research: Industrial Organization, Applied Econometrics
Teaching: Industrial Organization, Microeconomics, Econometrics

Education

Ph.D., Economics, Northwestern University (anticipated) 2024
Committee: Igal Hendel (chair), Mar Reguant, Vivek Bhattacharya, Gaston Illanes
M.A., Economics, Northwestern Univesity 2019
M.A., Economics, Universidad Carlos III de Madrid 2018
B.A., Economics, Universidad de la República Uruguay 2014

Fellowships & Awards

Dissertation University Fellowship, Northwestern University 2023–2024
Robert Eisner Graduate Fellowship, Northwestern University 2021
The department's highest honor bestowed on a graduate student entering fourth year.
Graduate Fellowship, Northwestern University 2018–2022
Graduate Fellowship, Universidad Carlos III de Madrid 2016–2018
Fellowship for Masters Abroad, Agencia Nacional de Investigación e Innovación, Uruguay 2016 (Declined)
Introduction to Research Scholarship. Agencia Nacional de Investigación e Innovación, Uruguay 2013

Teaching Experience

Teaching Assistant, Northwestern University 2019-2021
Intermediate Industrial Organization (undergraduate), Microeconomics III: Game Theory (graduate), Math Camp (graduate)
Teaching Assistant, Universidad Carlos III de Madrid 2017
Econometrics (undergraduate, graduate), Industrial Organization (graduate)
Teaching Assistant, Universidad de la República Uruguay 2014
Algebra, Calculus, Statistics, Econometrics (undergraduate)

Research Experience

Research Assistant, Mar Reguant, Northwestern University 2019-2020
Research Assistant, Centro de Investigaciones Económicas Uruguay 2013-2016

Refereeing

International Journal of Industrial Organization

Job Market Paper

"Reducing Consumer Inertia in Tobacco Markets", with Gaston Lopez

Abstract: We study the equilibrium effects of tobacco control policies. To curb tobacco consumption, regulators are currently proposing policies to reduce smokers' addiction and others to lower customers' brand loyalty–jointly known as *consumer inertia*. Although such policies would directly impact consumers, there are concerns about firms' responses undermining the effect on consumption through increased competition and product availability. We develop an empirical dynamic oligopoly model to analyze the equilibrium effects of lowering inertia. Consumers have addiction and loyalty, and firms choose prices

and product portfolios. Companies are forward-looking since they internalize that, under consumer inertia, future demand depends on current purchases. We propose a tractable equilibrium definition and estimate the model using rich variation from the Uruguayan cigarette market. In particular, we leverage tax fluctuations and a policy that removed 40% of the products to show that both addiction and loyalty are significant and document pricing patterns suggesting firms are indeed forward-looking. We show that firms' responses are unlikely to *backfire* even though reducing inertia makes demand up to three times more elastic and increases the expected number of products by as much as 30%. The reason is that firms also price less aggressively to attract consumers because they cannot retain them in the future, a compensating factor that arises from firms' dynamic incentives. This dynamic effect dominates in our setting, *reinforcing* the efficacy of the policies to reduce consumption

Other papers

"How Governments Engage in Price Discrimination? Evidence from a Large Scale Nationalization", with Gaston Lopez

Abstract: State-owned enterprises (SOEs) have the potential to correct market failures, but they are also subject to the influence of politics and interest groups. We examine this trade-off in the context of the nationalization of the leading gasoline company in Argentina. Descriptive analysis suggests that pricing patterns changed after the nationalization. First, the government exerted less market power, charging lower prices on average and benefiting consumers. Second, it engaged in less economic price discrimination, reducing the correlation between prices and consumers' willingness to pay. Third, it engaged in political price discrimination, charging lower prices in provinces with political connections with the state-owned firm. Motivated by these findings, we develop and estimate a model of gasoline supply and demand under market power and recover the government's objective function. We find that public provision lead to welfare gains but is also associated with redistributive motives. Compared to a benevolent planner that internalizes the welfare of all consumers and firms equally, the government set prices as if it only cares about favoring middle-income consumers and consumers in provinces that have political ties with the firm. Lastly, we use the model to assess the company's response to policy alternatives, including pricing rules that align government actions with the public interest and are in place in government agencies worldwide. Our findings show that rules effectively reduce the influence of politics in pricing but are associated with higher costs: they mitigate half of the welfare gains generated by the nationalization and increase the taxpayers' burden by 10%. These findings emphasize the importance of politics and interest groups in shaping governments' decision-making process and the role of SOEs as instruments for redistribution.

"Bounding Outcomes in Counterfactual Analysis", with Mar Reguant

Abstract: In many economic settings, counterfactual analysis can be difficult for two reasons: (i) we do not know how to compute the equilibrium of the game, or (ii) even if we know how to compute one equilibrium, the game might feature multiple equilibria, which are challenging to characterize exhaustively. We propose a bounding framework to allow for counterfactual analysis even when these problems might arise. The method relies on determining valid (conservative) bounds to counterfactual outcomes that contain any outcome that could be sustained in equilibrium, i.e., any outcome that can be supported by a set of equilibrium constraints. To ensure that all potential solutions are considered, We propose to reframe equilibrium constraints as a relaxed mixed-integer linear program. We show that the framework can also be used to narrow down equilibria by imposing additional equilibrium constraints. We provide examples of static price competition with differentiated products, dynamic games, and multi-unit auctions, three areas where counterfactual analysis faces these challenges.

Work in progress

"Industry Dynamics in Markets with Inertia"

"Misallocation of water: the role of storage", with Matthew O'Keefe

"Insurance under information frictions in the electricity market", with Mar Reguant

Languages English (fluent), Spanish (native)

Programming Julia, Python, Stata

References

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