

Research Statement

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My research focuses on how exporters interact with each other in global markets and the resulting welfare implications. Sometimes firms in seemingly competitive markets charge higher than equilibrium prices. I study one reason this could happen: multi-market contact (MMC) between competitors. An example of this would be two firms competing in two different markets. In particular, I study the impact of MMC among US exporters in foreign markets where welfare implications of high prices can be especially important. Theory stipulates that when a firm has MMC, it is more likely to adhere to a collusive agreement. When cross-market dependencies through MMC persist across country borders, more creative policies and international anti-trust cooperation could be necessary to prevent the negative effects of collusion. In two papers from my dissertation, I study the impact of MMC on export price and market entry decisions by U.S. battery exporters using confidential transaction level export data from the U.S. Census Bureau. In addition, I implement an agent-based simulation model that motivates the empirical relationships seen in the data.

Motivated by litigation finding evidence of collusive behavior by multi-national battery producers, my job market paper investigates the effect of MMC on battery exporter's price setting behavior. I found that overall MMC has an upward effect on prices set by U.S. battery exporters, but certain types of MMC can actually lead to pro-competitive outcomes. This work joins a sparse literature in providing evidence of the anti-competitive effects of MMC in an international trade setting. For the statistical analysis, I collect information from 2 confidential U.S. Census Bureau databases: the Longitudinal Firm Trade Transaction Database (LFTTD) and the Longitudinal Business Database (LBD). The LFTTD contains the universe of export transactions by firms located in the United States from 1997-2013. The LBD contains the entirety of U.S. establishments in the United States and is used by Census Bureau researchers to create samples for business surveys. After identifying market boundaries using a study by the European Commission on market segmentation within the battery industry, I obtain export information of battery exporters from the LFTTD. I then subset the sample to consider only those battery exporters with manufacturing establishments or firms that are likely to compete with one another.

The second paper of my dissertation focuses on the role MMC plays in a battery manufacturers entry decisions in global markets. Past empirical literature has found an "inverted-U" relationship between MMC and entry rates where moderate levels of MMC increase probability of entry, but extensive MMC would act as a deterrent. Strategic management scholars theorize that firms initially strive to enter competitors markets to exploit MMC for collusive gain, but later avoid entering competitors markets to spare themselves from cross-market retaliation. Using a similar sample and the same data to my job market paper, I confirm the existence of the inverted-U relationship between MMC and the likelihood of entering a foreign market for battery exporters. Finally, my third paper is an agent-based model that shows players are more likely to learn how to cooperate when they frequently meet each other in multiple settings. I use concepts from case-based decision theory and implement the simulation in Python.

In the future, I plan to undertake many research projects related to my dissertation. The first will be to take advantage of the disaggregated nature of the LFTTD to observe explicitly how firms respond to attacks by competitors. Another is to explore MMC through the lens of export spillover from the international trade literature where neighbors can impact a firm's export decisions. In addition, I will work to further understand why MMC can actually lead to more competitive outcomes in certain situations. Finally, I will work to identify other industries where firms could benefit from MMC in global markets. Such work will shed light on the impact MMC in international trade.