RICARDO MIGUEL MARTINS
DA COSTA RIBEIRO

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DATE OF BIRTH: Nov 22, 1978
GENDER: M
NATIONALITY: Portuguese

EDUCATION

- 2006/ – *PhD Candidate in Economics,* **London School of Economics**, UK
- 2004/2006 *MSc/MRes in Economics*, **London School of Economics**, UK
- 1996/2001 *BA ('Licenciatura') in Economics*, **Universidade Católica Portuguesa**, Portugal

RESEARCH INTERESTS

Industrial Economics, Financial Economics, Competition Policy, Applied Microeconomics

TEACHING EXPERIENCE

- **London School of Economics**, Problems of Applied Econometrics and Industrial Economics
- **Universidade Católica Portuguesa**, Microeconomics. and Game Theory

RELEVANT POSITIONS HELD

- Summer Internship**, Autoridade da Concorrência** (Competition Authority), Portugal
- Research Assistant, **STICERD - London School of Economics**
- Research Assistant, **CEGEA - Universidade Católica Portuguesa**
- Auditing Assistant, **PriceWaterhouseCoopers**, Portugal

LANGUAGES

- Fluent (spoken and written): Portuguese, English (Certificate of Proficiency, **University of Cambridge,** UK)
- Basic (spoken and written): Spanish

SOFTWARE

MATLAB, STATA, GAUSS

HONORS, SCHOLARSHIPS AND AWARDS

- **NET Institute**: Summer Grant (joint with João Vareda), 2007
- **Fundação Ciência e Tecnologia - Portuguese Government** scholarship, 2003-07
- **London School of Economics**: Distinction in the *MSc in Economics (Research)*.
- Prize **Banco Comercial Português**, 2001
- Merit prizes, **Universidade Católica Portuguesa**, 1997-2001

SEMINARS AND CONFERENCES

- ZEW-RNIC Workshop 'Structural Models in Industrial Organization', Mannheim, 2008
- 34th Conference of the EARIE, Valencia, 2007
- ZEW-RNIC Conference ‘Modern Approaches in Competition Policy’, Mannheim, 2007
- ULHT Telecommunications Conference, Lisbon, 2007

SELECTED RESEARCH IN PROGRESS

- “The Investor Gains from MiFID-Induced Competition on Trading Venues”, Current Version: February 2008

  The Market in Financial Instruments Directive (MiFID) aims to increase competition and to foster client protection in the European financial market. Among other provisions, it abolishes the concentration rule and challenges the market power of existing trading venues. The directive introduces venue competition in order to achieve better execution and ultimately lower costs of trading, both explicit and implicit. In this paper I propose to empirically evaluate the impact of the MiFID for investors following Goolsbee and Petrin (2004)'s three-step procedure. First, I estimate own- and cross-price elasticities for the

different trading venues in order to conclude about the effective degree of substitutability between them. Second, I analyse the supply side response to trading venues competition and in particular how trading costs respond to increased competition. Finally, I compute the impact of MiFID-induced competition for investment firms. In order to estimate the degree of substitutability between trading venues, I specify a structural discrete-choice multinomial random-coefficients logit demand model following Berry, Levinsohn, and Pakes (1995) for trading. The model tries to incorporate a micro-founded approach into the competition analysis of financial markets' literature, which for the best of my knowledge constitutes one of the first attempts to structurally model financial trading. After estimating the degree of substitutability between the different trading venues, I analyse the supply side response to competition and estimate non-parametrically a reduced-form equilibrium pricing equation to evaluate whether trading costs vary systematically with the nature of competition from alternative venues, holding the other market-level factors constant. I then use the results to compute the impact of MiFID-induced competition for investment firms.

- “A New Continuous Demand Model for Market Level Data” (with Peter Davis), Current Version: January 2008

  This paper considers a new method of uncovering demand information from market level data on differentiated products. In particular, we propose a continuous-choice demand model with distinct advantages over the models currently in use and describe the econometric techniques for its estimation. The proposed model combines key properties of both the discrete- and continuous-choice traditions: i) it is flexible in the sense of Diewert (1974), ii) can deal with the entry and exit of products over time, and iii) incorporates a structural error term. Furthermore, it is relatively simple and fast to estimate which can prove a key advantage in competition policy issues where time and transparency are always crucial factors. Akin also to the continuous-choice tradition, the model encompasses a more general version (not consistent with an indirect utility function) that enables us to test the validity of symmetry properties and, for those cases it appears to be consistent with the data, also impose it a priori. In what concerns the estimation procedure in particular, we propose an analog to the algorithm derived in Berry (1994), Berry, Levinsohn and Pakes (1995). Along the way, we present an alternative procedure to BLP's contraction mapping for matching observed and predicted quantities.

- “Crowding Out or Complementarity in the Telecommunications Market” (with João Vareda), Current Version: February 2008

  There is a substantial number of cases where the a priori relationship between products is unclear in the sense that although apparent to be clear substitutes may turn out to be in fact complements, or vice-versa. We estimate a structural continuous-choice demand model to evaluate if mobile communications crowded out or not fixed telephony in the UK. We then use the demand estimates to evaluate the welfare and profit impacts of maintaining the current price trends. The results suggest that at the current diffusion stage, fixed and mobile communications appear to be complements and substantial consumer welfare benefits, respectively.

- “Competition in the Cable Services Industry” (with Pedro Pereira), Current Version: January 2008

  The cable industry in Portugal presents extremely high concentration ratios. This paper empirically examines the cost structure of the industry to conclude about an eventual technological reason for the high concentration and estimates observed price-cost margins, using afterwards this information to evaluate the degree of price competition in the market, by means of comparison with estimated economic price-cost margins. Lastly we examine the price effects of two proposed merger from incumbent TvCabo. Demand is described by a structural multinomial nested logit model random utility demand model following McFadden (1978). Economic price-cost margins are recovered from demand side estimates using standard Nevo (2001) methodology, whereas observed price-cost margins are estimated using a Greene (2002) fixed effects frontier cost. We show that cable television services in Portugal are characterized by increasing returns to scale, economies of scope and, despite the significant efficiencies differences across firms in the industry, relatively low observed price-cost margins. Furthermore, in what the degree of price collusion is concerned, the pricecost margins predictions from demand side estimates i) can reject that firms (all or only a specific subset) engage in fully price collusion, and ii) suggest consistency with a non collusive setting among the firms in the industry. The price effect of the proposed merger for consumers is almost null.