BAŞAK ALTAN

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EDUCATION

University of North Carolina at Chapel Hill – Department of Economics

Ph.D. Candidate in Economics, May 2010

Middle East Technical University, Ankara, Turkey

B.S., Economics, 2004, *High Honors*

Middle East Technical University, Ankara, Turkey

B.S., Mathematics (Double Major), 2004, *Honors*

RESEARCH INTERESTS

Industrial Organization, Game Theory, Economics of Information and Uncertainty.

WORKING PAPERS

"Durable Goods Monopoly with Vertical Product Differentiation", job market paper.

Extended Abstract: I analyze a vertically differentiated market for an imperfectly durable good served by a monopolist in an infinite horizon, discrete time game. I characterize Markov perfect equilibria of this game as a function of the common discount rate, the common depreciation rate of the goods, the length of the time period between successive price changes and the quality levels of the goods. I establish that there exist three types of Markov perfect equilibria: a Coase Conjecture equilibrium, a monopoly equilibrium, and a reputational equilibrium. For sufficiently low depreciation rates, the unique equilibrium is the Coase Conjecture equilibrium. For sufficiently high depreciation rates, the unique equilibrium is the monopoly equilibrium. For intermediate values of the depreciation rate, all three types of equilibria exist. In the reputational equilibrium, the monopolist cuts the production of the high quality good to create a reputation of pricing high. The reputational steady state quantity of the high quality good falls short of the monopoly quantity of the high quality good. I prove that the set of parameters supporting the Coase Conjecture equilibrium is smaller and the set of the parameters supporting the monopoly equilibrium is larger when the monopolist can produce a lower quality good. Hence, my study establishes that quality differentiation alleviates the time inconsistency problem a durable goods monopolist faces and suggests that when the innate durability of a good is high, the monopolist will damage a portion of the goods and produce a lower quality good to credibly commit to high future prices for the higher quality good.

“Buybacks in Durable Goods Monopolies When Quality Matters”.

Abstract: I analyze an infinite horizon, discrete time model for an imperfectly durable good served by a monopolist who can buy back the durable goods from previous buyers. I characterize all Markov perfect equilibria of this game and show that the set of parameters supporting an equilibrium is independent of the quality levels of the goods. I prove that quality levels of the goods affects off-equilibrium paths either by increasing the rate at which a steady state is reached or by expanding the set of states supporting the monopoly outcome. My study suggests that a monopolistic firm invests in R&D activities to expand its product line in response to the time inconsistency problem when the good is sufficiently perishable.

WORK IN PROGRESS

“Allocation of Campaign Resources in Sequential Elections with Informative Advertising”.

Abstract: I study the strategic allocation of campaign funds for political advertising in sequential elections. Elections with sequential voting, such as presidential primaries, are widely thought to feature social learning and momentum effects, where the choices of early voters influence later voters since early voters can partially convey the content of their information to later voters through their votes. One of the central questions about American presidential nominations concerns the effects of candidate spending on the outcomes of primaries and caucuses. I extend Coate’s (2004) model into a model of sequential elections to study how candidates allocate campaign funds when social learning is possible. My preliminary results show that campaign advertising is crucial in early stages and in close races, and that candidates can trigger social learning and momentum by heavily investing in advertisement in early stages.

TEACHING EXPERIENCE

Department of Economics, UNC-Chapel Hill, 2005-2010

Instructor

Industrial Organization: Summer 2006, Spring 2007, Summer 2008

Intermediate Micro Economic Theory: Summer 2007, Fall 2007, Spring 2008, Fall 2008, Spring 2009, Fall 2009

Head Teaching Assistant

Introductory Economics: Fall 2006

Teaching Assistant

Introductory Economics: Fall 2005, Spring 2006

Department of Economics, Middle East Technical University, 2003-2004

Student Teaching Assistant

Statistics for Economists I

Statistics for Economists II

ACADEMIC AWARDS

University of North Carolina at Chapel Hill, *Teaching and Research Scholarship*, 2004-2009.

REFERENCES

Professor Gary Biglaiser
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Professor Peter Norman
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Professor Sergio Parreiras
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Professor Ralph Byrns
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PERSONAL INFORMATION

Turkish citizen, born January 13, 1981.