

ALBERTO SALVO

LONDON SCHOOL OF ECONOMICS & POLITICAL SCIENCE

Department of Economics

Placement Officer: Dr Maitreesh Ghatak +44 (0)20 7852 3568
Placement Assistant: Mr Mark Wilbor +44 (0)20 7955 7504

m.ghatak@lse.ac.uk
m.s.wilbor@lse.ac.uk

OFFICE ADDRESS, TELEPHONE & E-MAIL:

STICERD, Zone 16
London School of Economics
Houghton Street
London WC2A 2AE
UK
Tel.: (+44 20) 7852-3549
a.e.salvo-farre@lse.ac.uk

DATE OF BIRTH: 10 February 1972

SEX: M

CITIZENSHIP: Brazilian and Spanish

UNDERGRADUATE STUDIES: University of São Paulo (EP-USP)

Bachelor of Science in Industrial Engineering
1990 – 1994
Ranked 3rd place among 550 students (top 1%) – Conde Armando Álvares Penteado Award

GRADUATE STUDIES: London School of Economics

Master of Science in Economics (with Distinction)
1999 – 2000

Ph.D. in Economics
2000 – present

THESIS TITLE: “Price Competition, Mergers and Structural Estimation in Oligopoly”

EXPECTED COMPLETION DATE: June 2005

THESIS ADVISORS AND REFERENCES:

Professor John Sutton (Co-Advisor)
Sir John Hicks Professor of Economics
Convenor of the Department of Economics
London School of Economics
Houghton Street
London WC2A 2AE
UK
j.sutton@lse.ac.uk
Tel. (+44 20) 7955-7871
Fax (+44 20) 7831-1840

Dr Peter Davis (Co-Advisor)
Leverhulme Lecturer in Economics
Department of Economics
London School of Economics
Houghton Street
London WC2A 2AE
UK
p.j.davis@lse.ac.uk
Tel. (+44 20) 7852-3548
Fax (+44 20) 7955-6951

ALBERTO SALVO

Professor Frank Cowell
Professor of Economics
Department of Economics
London School of Economics
Houghton Street
London WC2A 2AE
UK
f.cowell@lse.ac.uk
Tel. (+44 20) 7955-7277
Fax (+44 20) 7955-6951

DESIRED TEACHING AND RESEARCH:

Primary Fields: Industrial Organisation, Applied Microeconomics

Secondary Fields: International Trade, Applied Microeconometrics

TEACHING EXPERIENCE AND AWARDS:

Summer 2004 Lecturer (promoted from Teaching Assistant in 2003)
 “Industrial Organisation and Competition Policy” (Summer School, London School of Economics)

Summer 2003 Teaching Assistant
 “Industrial Organisation and Competition Policy” (Summer School, London School of Economics)

2000 to 2003 Teaching Assistant
 “Microeconomic Principles II” (undergraduate course, London School of Economics)
 2002/03 Economics Department Quality Teaching Award
 2000/01 Economics Department Quality Teaching Award

RELEVANT POSITIONS HELD:

2001 to current Member of the Economics of Industry Group at STICERD (research centre)
 London School of Economics

From 2004 to current Consultant to the Brazilian Government on Structural Estimation for Antitrust Practice

LANGUAGES

Fluent Spoken:
English, Portuguese, Spanish

Fluent Written:
English, Portuguese, Spanish

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2003	Quality Teaching Award (Department of Economics, London School of Economics)
2001 – 2004	CAPES Research Fellowship (Ministry of Education, Brazil)
2001	Quality Teaching Award (Department of Economics, London School of Economics)
2000 – 2001	LSE Research Fellowship (Department of Economics, London School of Economics)
1999	Winner (Top 5%) of the European Campus Competition (Barclays Capital, Europe)
1999 – 2000	British Chevening Scholarship (Foreign & Commonwealth Office, UK)
1994	Conde Armando Álvares Penteado Award (Ranked 3 rd in the School, EP-USP, São Paulo)
1994	Otto Ruprecht Bekman Award (Best dissertation in the Department, EP-USP, São Paulo)
1994	Gastão Vidigal Award (Top Economics student, GV Foundation for Economic Research, São Paulo)
1993	Unibanco Award for Academic Distinction (Unibanco Bank, São Paulo)
1991 – 1994	Garantia Award for Academic Distinction (Garantia Investment Bank, São Paulo)

REFEREEING ACTIVITIES:

2004	Referee for the Review of Economic Studies
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NON-ACADEMIC EMPLOYMENT:

1995 – 1999	Procter & Gamble, Brazil Senior (“Group”) Manager, Finance Consultant for Logistics (1999) <ul style="list-style-type: none">• Set up and led a 3-person team on the analysis and control of costs and investments. Prepared an economic model for nationwide product distribution and renegotiated contracts with several suppliers. Senior (“Group”) Manager, Financial Analysis and Forecasting (1997) <ul style="list-style-type: none">• Led a group of 10 people in the analysis and reporting of financial statements, with responsibility for the subsidiary’s financial planning. Department Manager, Business Consultant for the Sales Department (1996) <ul style="list-style-type: none">• Set up and led a 5-person team in the design and implementation of sales projects (one of which received the 1996 Subsidiary Award); interacted significantly with (retail) customers. Supervisor, Financial Analysis (1995) <ul style="list-style-type: none">• Assessed the return and risk of capacity investment projects and market entry initiatives. Conducted analysis of competition and the industry. Designed and built a product category forecasting model and a transportation cost simulation model. Recruiting Activities (1997-98) <ul style="list-style-type: none">• During 2 years co-ordinated recruitment within the Finance department (100 people).
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Part-time:

1994	Procter & Gamble, Brazil Financial Analysis: Recommended market entry strategies for imported products.
1993	Colgate-Palmolive, Brazil Industrial Engineering: Implemented cost saving projects at the plant and trained line operators.
1990 – 92	Unibanco Bank Corporate Banking: Assisted management in tailoring and selling products to corporate clients.

COMPLETED PAPERS:

Job Market Paper:

“Inferring Conduct under the Threat of Entry: The Case of the Brazilian Cement Industry”, Mimeo, London School of Economics, October 2004

Abstract This paper demonstrates that when an industry faces potential entry and this threat of entry constrains pre-entry prices, cost and conduct are not identified from the comparative statics of equilibrium. In such a setting, the identifying assumption behind the well-established technique of relying on exogenous demand perturbations to empirically distinguish between alternative hypotheses of conduct is shown to fail. The Brazilian cement industry, where the threat of imports restrains market outcomes, provides an empirical illustration. In particular, price-cost margins estimated using this established technique are considerably biased downward, underestimating the degree of market power. A test of conduct is proposed, adapted to this constrained setting, which suggests that outcomes in the industry are collusive and characterised by market division.

Other Papers:

“A General Analysis of Sequential Merger Games, with an Application to Cross-Border Mergers”, STICERD Discussion paper 36 (Economics of Industry), London School of Economics, April 2004

Abstract This paper seeks to uncover why the pattern of equilibria in sequential merger games of a certain type is similar across a fairly wide class of models much studied in the literature. By developing general conditions characterising each element of the set of possible equilibria, I show that the solution to models that satisfy a certain sufficient condition will be restricted to the same subset of equilibria. This result is of empirical relevance in that the pattern of equilibria obtained for this wide class of models is associated with mergers not happening in isolation but rather bunching together. I extend the results to the analysis of cross-border mergers, studying two standard models that satisfy the sufficient condition – Sutton’s (1991) vertically-differentiated oligopoly and Perry and Porter’s (1985) fixed-supply-of-capital model.

RESEARCH IN PROGRESS:

“Low-End Entry in a Developing-Country Soft Drinks Market: Disentangling Heterogeneous Costs across Firms from Heterogeneous Tastes across Consumers”, Work in Progress, London School of Economics

Brief description of the project This project draws on original panel data from the Brazilian soft drinks industry during a period which saw low-priced local bottlers increase their market share at the expense of the large nationwide bottlers. In view of their low prices and impressive growth, makers of the former so-called “B-brands” have been accused of evading taxes, such as sales taxes. To test this claim, or at least check its consistency with market data, I use empirical models of demand for differentiated products to estimate the extent to which differences in prices can be explained by marginal cost differences among producers (originating, for example, from tax evasion), controlling for differences in consumer tastes across the competing brands. More generally, this project may be applicable to other developing-country markets where less-established brands with typically local distribution and low advertising stand accused of selling at low prices owing to poor labour practices or the evasion of taxes.

Industry Datasets for Current and Future Research:

Cement industry
Soft drinks industry
Freight markets