

MICHAEL R. BAYE

OFFICE ADDRESS

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PERSONAL

Born 1958; married, two children; U.S. citizen

DEGREES

Ph.D. (Economics), Krannert School of Management, Purdue University, August 1983
M.S. (Economics), Purdue University, December 1981
B.S. (Economics), Texas A&M University, May 1980

AREAS OF INTEREST

Industrial Organization, Microeconomics, Marketing, Game Theory and Strategy

PROFESSIONAL EXPERIENCE

Primary Positions:

Director, Bureau of Economics, Federal Trade Commission, 2007- present
Bert Elwert Professor of Business, Kelley School of Business, Indiana University, 1997- present
Associate and Full Professor of Economics, Penn State University, 1991 - 1997
Assistant and Associate Professor of Economics, Texas A&M University, 1985 - 1991
Assistant Professor of Economics, University of Kentucky, 1983 - 1985

Administrative, Visiting, and Other Positions:

Visiting Fellow, University of Oxford (Nuffield College), Fall 2003
Visiting Professor, E-Business Research Center, Penn State University, Fall 2003

Visiting Professor, University of Cambridge (Corpus Christi College), Spring 2003
Visiting Professor, University of Bonn, Spring 2003
Visiting Professor, University of Cambridge (Trinity College), Spring 2002
Visiting Fellow, University of Oxford (Nuffield College), Spring 2001
Visiting Professor, New Economic School, Moscow, Russia, Fall 1995
Interim Head, Department of Economics, Penn State University, 1994-1995
Advisory Committee, Institute for Policy Research and Evaluation, 1994 - 1995
Fellow, CentER for Economic Research, 1990 - Present
Fulbright Professor, Erasmus University Rotterdam, 1985 - 1986

BOOKS

Michael R. Baye, *Managerial Economics and Business Strategy*, 6th Edition. McGraw-Hill, forthcoming.

Michael R. Baye, *Student Workbook for Managerial Economics and Business Strategy*, 6th Edition. McGraw-Hill, forthcoming.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: Organizing the New Industrial Economy*. Amsterdam: Elsevier/JAI Press, 2003.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: The Economics of the Internet and E-Commerce*. Amsterdam: Elsevier/JAI Press, 2002.

Michael R. Baye and Jon P. Nelson (eds.), *Advances in Applied Microeconomics: Advertising and Differentiated Products*. Amsterdam: Elsevier/JAI Press, 2001.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: Industrial Organization*. Amsterdam: Elsevier/JAI Press, 2000.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: Oligopoly*. Greenwich: JAI Press, 1999.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: Contests*. Greenwich: JAI Press, 1998.

Michael R. Baye (ed.), *Advances in Applied Microeconomics: Auctions*. Greenwich: JAI Press, 1996.

Michael R. Baye and Dennis W. Jansen. *Money, Banking and Financial Markets: An Economic Approach*. Boston: Houghton-Mifflin, 1995.

Michael R. Baye and Dan A. Black, *Consumer Behavior, Cost-of-Living Measures, and the Income Tax*. New York: Springer-Verlag Lecture Notes in Economics and Mathematical Systems, 1986.

ARTICLES AND OTHER PUBLICATIONS

- Michael R. Baye and Dan Kovenock, "Bertrand Competition," in *The New Palgrave Dictionary of Economics*, 2nd edition, Palgrave Macmillan (edited by Larry Blume and Steven Durlauf), 2008.
- Michael R. Baye, J. Rupert J. Gatti, Paul Kattuman, and John Morgan, "A Dashboard for Online Pricing," *California Management Review*, Vol. 50 No. 1, Fall 2007.
- Michael R. Baye, John Morgan, and Patrick Scholten, "Information, Search, and Price Dispersion," Chapter 6 in *Handbook in Economics and Information Systems Volume 1* (T. Hendershott, Ed.), Amsterdam: Elsevier, 2006.
- Michael R. Baye, Rupert Gatti, Paul Kattuman, and John Morgan, "Did the Euro Foster Online Price Competition? Evidence from an International Price Comparison Site," *Economic Inquiry*, Vol. 44, No. 2, April 2006, pp. 265-279.
- Michael R. Baye, John Morgan, and Patrick Scholten, "Persistent Price Dispersion in Online Markets," in *The New Economy and Beyond: Past, Present and Future* (D. W. Jansen, Ed.), Edward Elgar, 2006.
- Michael R. Baye, Dan Kovenock, and Casper G. de Vries, "Comparative Analysis of Litigation Systems: An Auction Theoretic Approach," *Economic Journal*, Vol. 115, July 2005, pp. 583–601.
- Michael R. Baye, John Morgan, and Patrick Scholten, "Price Dispersion in the Small and in the Large: Evidence from an Internet Price Comparison Site," *Journal of Industrial Economics*, Vol. 52, No. 4, December 2004, pp. 463-496. Winner of the *Journal of Industrial Economics* "Best Article Prize," 2005.
- Maria Arbatskaya and Michael Baye, "Are Prices 'Sticky' Online? Market Structure Effects and Asymmetric Responses to Cost Shocks in Online Mortgage Markets," *International Journal of Industrial Organization*, Vol. 22, No. 10, 2004, pp. 1443-1462.
- Michael R. Baye and John Morgan, "Price Dispersion in the Lab and on the Internet: Theory and Evidence," *Rand Journal of Economics*, Vol. 35, No. 3, Autumn 2004, pp. 449-446.
- Michael R. Baye, John Morgan, and Patrick Scholten, "Temporal Price Dispersion: Evidence from an Online Consumer Electronics Market," *Journal of Interactive Marketing*, Vol. 18, No. 4, Autumn 2004, pp. 101-115.
- Michael R. Baye and Paul Kattuman, "Incentives at Cambridge in 1574," Lagniappe to *Journal of Political Economy*, Vol. 111, No. 6, December 2003.

- Michael R. Baye and John Morgan, "Competition in Internet Industries: Evidence from E-Retailing," *Oxford Internet Institute: Internet Issue Brief*, No. 1.2, November 2003, pp. 1-6.
- Michael R. Baye and Heidrun H. Hoppe, "The Strategic Equivalence of Rent-Seeking, Innovation, and Patent-Race Games," *Games and Economic Behavior*, Vol. 44, 2003, pp. 217-226.
- Michael R. Baye, John Morgan, and Patrick Scholten, "The Value of Information in an Online Consumer Electronics Market," *Journal of Public Policy & Marketing*, Vol. 22 (1), Spring 2003, pp. 17-25.
- Michael R. Baye and John Morgan, "Information Gatekeepers and Price Discrimination on the Internet," *Economics Letters*, Vol. 76 (2002), pp. 47-51.
- Michael R. Baye and John Morgan, "Winner-Take-All Price Competition," *Economic Theory*, Vol. 19 (2002), pp. 271-282.
- Michael R. Baye and John Morgan, "Information Gatekeepers on the Internet and the Competitiveness of Homogeneous Product Markets," *American Economic Review*, Vol. 91, No. 3 (June 2001), pp. 454-474.
- Michael R. Baye and John Morgan, "A Simple Model of Advertising and Subscription Fees," *Economics Letters*, Vol. 69, No. 3 (2000) pp. 345-351.
- Michael R. Baye and Onsong Shin, "Strategic Behavior in Contests: Comment," *American Economic Review*, Vol. 89, No. 3 (June 1999), pp. 691-693.
- Michael R. Baye and John Morgan, "A Folk Theorem for One-Shot Bertrand Games," *Economics Letters*, Vol. 65 (1999), pp. 59-65.
- Michael R. Baye and Shyh-Fang Ueng, "Commitment and Price Competition in a Differentiated-Product Duopoly," *Journal of Economics*, Vol. 69, No. 1 (1999), pp. 41-52.
- Michael R. Baye, Dan Kovenock, and Casper de Vries, "The Incidence of Overdissipation in Rent-Seeking Contests," *Public Choice*, Vol. 99, No. 3/4 (June 1999), pp. 439-454.
- Michael R. Baye, Robert Maness, and Steven N. Wiggins, "Demand Systems and the 'True' Cost of Living for Pharmaceuticals," *Applied Economics*, Vol. 29 (1997), pp. 1179-1189.
- Michael R. Baye and Dennis W. Jansen, "Repeated Games with Stochastic Discounting," *Economica*, Vol. 63 (1996), pp. 531-541.

- Michael R. Baye, Dan Kovenock, and Casper G. de Vries, "The All-Pay Auction with Complete Information," *Economic Theory*, Vol. 8 (1996), pp. 291-305.
- Michael R. Baye, Keith Crocker, and Jiangdong Ju, "Divisionalization, Franchising, and Divestiture Incentives in Oligopoly," *American Economic Review*, Vol. 86 (March 1996), pp. 223-236.
- Michael R. Baye, Keith Crocker, and Jiangdong Ju, "Divisionalization and Franchising Incentives with Integral Competing Units," *Economics Letters*, Vol. 50, No. 3 (March 1996), pp. 429-436.
- Michael R. Baye, Dan Kovenock, and Casper de Vries, "The Solution to the Tullock Rent-Seeking Game when $R > 2$," *Public Choice*, Vol. 81 (1994), pp. 363-380.
- Michael R. Baye, Ann Gillette, and Casper de Vries, "Limit Orders, Asymmetric Information, and the Formation of Asset Prices With a Computerized Specialist," *Zeitschrift für Nationalökonomie/ Journal of Economics*, Vol. 59, No. 1 (1994), pp. 71-96.
- Michael R. Baye and Dan Kovenock, "How to Sell a Pickup Truck: Beat-or-Pay Advertisements as Facilitating Devices," *International Journal of Industrial Organization*, Vol. 12, No. 1 (1994), pp. 21-33.
- Michael R. Baye and Casper G. de Vries, "An Oligopoly Model of Free Banking: Theory and Tests," *De Economist*, Vol. 141, No. 4, (1993), pp. 497-514.
- Michael R. Baye, Guoqiang Tian, and Jianxin Zhou, "Characterizations of the Existence of Equilibria in Games with Discontinuous and Nonquasiconcave Payoffs," *Review of Economic Studies*, Vol. 60 (October 1993), pp. 935-948.
- Michael R. Baye, Dan Kovenock, and Casper G. de Vries, "Rigging the Lobbying Process: An Application of the All-Pay Auction," *American Economic Review*, Vol. 86 (March 1993), pp. 289-294.
- Michael R. Baye, Dan Kovenock, and Casper G. de Vries, "It Takes Two-to-Tango: Equilibria in a Model of Sales," *Games and Economic Behavior*, Vol. 4 (1992), pp. 493-510.
- Michael R. Baye, Dennis W. Jansen, and Jae-Woo Lee, "Advertising Effects in Complete Demand Systems," *Applied Economics*, Vol. 24 (1992), pp. 1087-1096.
- Michael R. Baye and Casper G. de Vries, "Mixed-Strategy Trade Equilibria," *Canadian Journal of Economics*, Vol. 25, No. 2 (May 1992), pp. 281-293.
- Michael R. Baye and Dennis W. Jansen, "Industry Performance Indices and the Economics of Information: New Perspectives and Caveats," *The Review of Industrial Economics*, Vol. 7, No. 1 (1992), pp. 83-90.

- Michael R. Baye, "Quotas as Commitment in Stackelberg Trade Equilibrium," *Jahrbucher für Nationalökonomie und Statistik*, Vol. 209 (1992), pp. 22-30.
- Michael R. Baye and Dan A. Black, "Income Taxation, Labor Supply, and the Theory of Income-Based Cost-of-Living Indices," *European Economic Review*, Vol. 36 (1992), pp. 83-100.
- Michael R. Baye, Mary E. Deily, and Dennis W. Jansen, "Marginal and Total Production Cost Indices: Theory and Applications," *Journal of Productivity Analysis*, Vol. 2 (1991), pp. 91-102.
- Michael R. Baye and Dan A. Black, "A Differential Measure of the Real Wage Index," *Economics Letters*, Vol. 36 (July 1991), pp. 295-298.
- Michael R. Baye and Thomas F. Cosimano, "Choosing Sides in Matching Games: Nash Equilibrium and Comparative Statics," *Economica*, Vol. 57 (August 1990), pp. 295-298.
- Bernard van Praag and Michael R. Baye, "The Poverty Concept when Prices are Income-Dependent," *Journal of Econometrics*, Vol. 43 (1990), pp. 153-166.
- Paul M. Anglin and Michael R. Baye, "Information Gathering and Cost of Living Differences Among Searchers," *Economics Letters*, Vol. 28 (1988), pp. 247-250.
- Michael R. Baye and Dan A. Black, "The Microeconomic Foundations of Measuring Bracket Creep and Other Tax Changes," *Economic Inquiry*, Vol. 25 (July 1988), pp. 471-484.
- Paul M. Anglin and Michael R. Baye, "Information, Multiprice Search, and Cost-of-Living Index Theory," *Journal of Political Economy*, Vol. 95 (December 1987), pp. 1179-1195.
- Michael R. Baye and Thomas F. Cosimano, "Erratic Monetary Policy and the Dispersion of Commodity Prices," *Journal of Macroeconomics*, Vol 8 (Spring 1986), pp. 201-259
- Michael R. Baye, "Population Intervals and the True Cost-of-living Index with Known Price Distributions," *Economics Letters*, Vol. 17 (1985), pp. 257-259.
- Michael R. Baye, "A Note on Price Stability and Consumers' Welfare," *Econometrica*, Vol. 53 (January 1985), pp. 213-217.
- Michael R. Baye, "Price Dispersion and Functional Price Indices," *Econometrica*, Vol. 53 (January 1985), pp. 217-223.
- Michael R. Baye, "Review of Thomas Sowell's *Civil Rights: Rhetoric or Reality?*," *Business Horizons*, September-October 1985, pp. 79-80.

Michael R. Baye and Darrell F. Parker, "Combining Ridge and Principal Component Regression: A Money Demand Illustration," *Communications in Statistics (Theory and Methods)*, Vol. 13 (1984), pp. 197-205.

Michael R. Baye and Dan A. Black, "Indexation and the Inflation Tax," *Cato Policy Analysis*, Vol. 39 (July 1984), pp. 1-12.

Michael R. Baye, "Optimal Adjustments to Restrictions on Advertising: Some Further Comments," *Journal of Industrial Economics*, Vol. 32 (December 1983), pp. 249-251.

Michael R. Baye, "Optimal Adjustments to Changes in the Price of Advertising," *Journal of Industrial Economics*, Vol. 30 (September 1981), pp. 95-103.

Michael R. Baye and Darrell F. Parker, "The Consumption Tax and Supply Side Economics: Some Short-Term Revenue Effects," *The Cato Journal*, Vol. 1 (Fall 1981), pp. 629-632.

RECENT WORKING PAPERS

Michael R. Baye, J. Rupert J. Gatti, Paul Kattuman, and John Morgan, "Clicks, Discontinuities, and Firm Demand Online."

Michael R. Baye and John Morgan, "Red Queen Pricing Effects in E-Retail Markets."

Michael R. Baye and John Morgan, "Brand and Price Advertising in Online Markets."

Michael R. Baye, Dan Kovenock, and Casper G. de Vries, "A General Model of Contests and Auctions."

RECENT UNIVERSITY AWARDS

Outstanding Researcher, Kelley School of Business, 1999-2000; 2003-2004
Teaching Excellence Award, Kelley School of Business, 1997-1998; 1998-1999; 1999-2000

MAJOR INTERNATIONAL AWARDS, HONORS, AND GRANTS

Best Article Prize, 2005, *Journal of Industrial Economics*, for "Price Dispersion in the Small and in the Large: Evidence from an Internet Price Comparison Site" (with John Morgan and Patrick Scholten).

Keynote Speaker, 5th ZEW Conference on the Economics of Information and Communication Technologies, Mannheim (Germany), July 1, 2005.

Listed in *Who's Who in Economics*

Listed in *Who's Who in America*

Listed in *Who's Who in the World*

Fulbright Lecturer/Research Scholar Grant, Erasmus University, Rotterdam, The Netherlands,
December 1985 - August 1986.
National Science Foundation Grant (SES-8410190), Adjusting Data for Distortions in the
Measurement of the Cost of Living, October 1984 - March 1986.

EDITORIAL BOARDS AND SERVICE

Editor, *Advances in Applied Microeconomics* (1996 - 2007)
Editorial Board, *Economic Theory* (2004 - 2007)
Associate Editor, *Journal of Economics & Governance* (1999 - 2007)
Editorial Review Board, *Journal of Public Policy & Marketing* (2001 - 2007)
Editorial Board, *Lecture Notes in Economics and Mathematical Systems* (1999 - 2002)

SELECTED PRESS COVERAGE

Wall Street Journal, "The Next Generation of Price-Comparison Sites," September 14, 2005.
New York Times, "Price-Comparison Sites Do the Legwork," February 3, 2005.
Forbes, "Getting the Price Right," November 9, 2004.
New York Times, "Online Sales Offer Fresh Look at Economy," December 19, 2002.

TEACHING EXPERIENCE

Courses Taught:

Undergraduate: Economics & Public Policy, Microeconomics, Industrial
Organization, Managerial Economics, Principles of Economics,
Global Strategy
MBA: Managerial Economics and Business Strategy
Ph.D.: Industrial Organization, Business Strategy, Microeconomic Theory

INVITED LECTURES

University of Virginia, Duke, Rochester, Cambridge, Oxford, Bonn, Michigan, Cornell,
Texas, Harvard, North Carolina, Federal Trade Commission, U.S. Department of Justice,
Florida, VPI, General Motors Research Laboratories, Georgetown, Bureau of Labor
Statistics, Indiana, Iowa State, Katholieke Universiteit Leuven, Econometric Institute, Louis
Pasteur University, Penn State, Free University of Amsterdam, Southern Methodist
University, State University of New York at Buffalo, Syracuse, Tilburg, Netherlands Central
Bureau of Statistics, Erasmus University Rotterdam, Texas A&M, University of Amsterdam,
Illinois, Karlsruhe, Winthrop, Kentucky, Notre Dame, Western Ontario, West Virginia,
Missouri, Wisconsin, Michigan State, University of British Columbia, European University
Institute, University of Mannheim, University of Oklahoma, University of Texas-Arlington

SELECTED INTERNATIONAL MEETINGS

Lecturer, 9th ZEW Summer Workshop for Young Economists on the Economics of Information and Communication Technologies, Mannheim (Germany), June 12-15, 2007.

WZB Conference on Advances in the Theory of Contests and Tournaments, Berlin, October 21-22, 2005. Paper Presented: "Brand and Price Advertising in Online Markets."

Keynote Speaker, 5th ZEW Conference on the Economics of Information and Communication Technologies, Mannheim (Germany), July 1, 2005.

International Industrial Organization Conference, Atlanta, April 8-9, 2005. Paper Presented: "Estimating Firm-Level Demand at a Price Comparison Site: Accounting for Shoppers and the Number of Competitors."

International Industrial Organization Conference, Boston, April 4-5, 2003. Paper Presented: "Promotion, Brand Awareness, and Price Competition in Large Online Markets."

The Frictionless Economy and the Internet, Erasmus University, Rotterdam, The Netherlands, June 1-2, 2001. Paper Presented: "Price Dispersion in the Small and Large: Evidence from an Internet Price Comparison Site."

World Congress of the Econometric Society, Seattle, Washington, August 2000. Paper presented: "Information Gatekeepers on the Internet and the Competitiveness of Homogeneous Product Markets."

Economic Theory Meetings, Rhodes, Greece, July 1-July 10, 1999. Paper presented: "Information Gatekeepers and the Competitiveness of Homogeneous Product Markets."

Econometric Society, Toulouse France, August 27-August 30, 1997. Paper presented: "Information Transmission, Information Acquisition, and Price Dispersion in 'Thin' Homogeneous Product Markets."

Tinbergen Institute Conference on Contests, Rotterdam, The Netherlands, August 22-23, 1997. Paper presented, "Fee Allocation of Lawyer Services in Litigation."

Econometric Society Summer Meetings, Pasadena California, June 26-June 29, 1997. Paper presented: "Necessary and Sufficient Conditions for Bertrand's Paradox."

American Economic Association Annual Meetings, San Francisco, CA, January 5-7 1996. Paper Discussed: "The Effects of Price Dispersion on Cost-of-Living Indices."

Econometric Society, Boston, MA, January 3-5, 1993. Paper presented: “The Solution to the Tullock Rent-Seeking Game when $R > 2$.”

Econometric Society, Brussels, Belgium, August 24-28, 1992. Paper Presented: “Efficient Rent Seeking.”

World Congress of the Econometric Society, August 22-29, 1990, Barcelona, Spain. Paper presented: “The All-Pay Auction with Complete Information.”

Econometric Society, September 4-9, 1989, Munich, West Germany. Paper presented: “Asymmetric Information and the Formation of Asset Prices.”

European Economic Association, September 2-4, 1989, Augsburg, West Germany. Paper presented: “It Takes Two to Tango: Equilibria in a Model of Sales.”

European Economic Association, August 29-September 1, 1988, Bologna Italy. Paper presented: “Mixed-Strategy Trade Equilibria.”

European Economic Association, August 29-September 1, 1988, Bologna Italy. Paper presented: “The Poverty Concept when Prices are Income-Dependent.”

American Economic Association, December 28-30, 1987, Chicago. Paper presented: “Stochastic Bertrand Trade Equilibria.”

Econometric Society, December 28-30, 1986, New Orleans. Paper presented: “Search and Matching Equilibria When the Side of the Match is Endogenous.”

Canadian Economic Association, May 26-30, 1985, Montreal. Paper presented: “Multiprice Search and the Cost of Living.”

Econometric Society, December 28-30, 1982, New York. Paper presented: “A Stochastic Price Index.”

Joint Council on Economic Education, June 20-25, 1982, Harvard University, Boston.

SELECTED CONSULTING CLIENTS

California Franchise Tax Board
Canadian Department of Justice – Competition Law Division
Connecticut Attorney General’s Office
U. S. Department of Justice – Antitrust Division
U. S. Department of Justice – Tax Division
Shell Oil Company
The Kroger Company