I've felt Hugo's influence in so many ways, but here are three examples. First, the way he talked about his subject helped me to believe it was something I could spend my professional life on. Second, when I expressed an interest in writing a Finance dissertation, Hugo introduced me to his friend Rich Kihlstrom, who met with me once a week at Penn and became an unofficial member of my committee. Third, I can't imagine that I would have studied mathematics (or met my wife, Yan) after leaving Princeton, if not for Hugo.

My paper is a revision of a chapter from my Ph.D. thesis. Although Hugo was not on my committee, his lectures and our conversations contributed greatly to my sense of what to look for in a topic.

The paper asks if there are noncooperative foundations for inefficiency in dynamic monopoly. It studies a seller who can repeatedly post prices before producing to order. An example wherein all buyers have the same quadratic utility function reveals two possibilities. In one double limit (buyers, then periods), buyers act as future price takers, and the outcome is that of static monopoly. In the other double limit (periods, then buyers), the seller earns the static monopoly profit per buyer, but the outcome is efficient. In the second case, buyers do not act as if future prices are beyond their control, but the seller may not care enough about reopening her market.

These possibilities are not related to the "Coase conjecture," which Hugo, Faruk Gul and Robert Wilson proved in their landmark paper on durable good monopoly. However, there is a literature that studies the effect of relaxing Gul, Sonnenschein, and Wilson's assumption that buyers form a continuum. This includes my 1995 and 2003 papers, which adapt ideas from the reprinted article to durable good monopoly, in order to illustrate Coase's intuition for the finite-buyer case.

References

