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Research, Writings + Code

Research Updates

New paper accepted for publication

22 January 2019 · Rubén Hernández-Murillo ·

Our paper, (Hernández-Murillo 2019), was just accepted for publication in *Journal of Public Economics*.

References

1. 2019

“Interjurisdictional Competition with Adverse Selection.” Hernández-Murillo, Rubén. 2019. *Journal of Public Economics* 173 (May): 85–95. doi:10.1016/j.jpubeco.2019.01.012.

Abstract:

In this paper, we study the welfare consequences of imposing alternative regimes of competition between two local governments that compete for mobile firms which have private information on their degree of mobility. Competition among jurisdictions raises the firms’ rents to higher levels than if jurisdictions were to cooperate. Therefore, from the perspective of a utilitarian federation, constitutional constraints on the competition process may be desirable. We find that imposing a system of coarser policy instruments improves welfare relative to competition with discretionary instruments because it reduces the socially costly rents that are granted to firms in equilibrium. We also find that the gains from constraining competition to uniform policy instruments are maximal when communities are identical, but decline if the extent of asymmetry between locations (in terms of local market size or technological complementarities) increases.

BibTeX entry:

```
1. @article{jpube2019,
2.   title = {Interjurisdictional Competition with Adverse Selection},
3.   author = {Hernández-Murillo, Rubén},
4.   journal = {Journal of Public Economics},
5.   year = {2019},
6.   month = may,
7.   volume = {173},
8.   pages = {85--95},
9.   pubtype = {Journal},
10.  selectpub = {Yes},
11.  doi = {10.1016/j.jpubeco.2019.01.012},
12.  url = {https://doi.org/10.20955/wp.2012.052}
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Links to file:

- journal website (doi) (<https://dx.doi.org/10.1016/j.jpubeco.2019.01.012>)

- working paper (pdf) (<https://doi.org/10.20955/wp.2012.052>)
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