The Effects of Reducing Maximum Prices During Periods of Declining Prices

Or Avishay Rizi

This article examines the impact of changes in the maximum price for dairy products in Israel on price levels and variations, focusing on three cases of price reductions during 2015-2016 following decreases in the consumer price index and other input costs. Data were collected from three large food chains, covering daily prices of 109 products. Using the 'difference-in-differences' approach, I compared controlled and uncontrolled product prices before and after the regulatory changes. Findings show that a one percentage point decrease in the maximum price leads to an average 0.58% reduction in controlled product prices. However, prices for products initially below the new maximum increased, as retailers adjusted prices to the new maximum. Additionally, the changes resulted in a significant decrease in price variations across chains. This study enhances the understanding of maximum prices, especially the effects of updating maximum prices when market prices are already below the cap.

Speaking Up in Online Labor Platforms

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Speaking up against injustices is crucial for organizational improvement and preventing a spectrum of negative outcomes, from social biases and discrimination to serious ethical breaches and potentially catastrophic incidents. Our research delves into this behavior among workers on online gig platforms. While these platforms offer easy access and flexible working conditions, fostering a diverse workforce, the lack of regulation leaves workers prone to exploitation. Our studies of 831 Amazon Mechanical Turk workers indicate a troubling trend: about 75% face unfair treatment regularly, yet most do not speak up against these injustices. The insights from our research shed light on what motivates gig workers to either speak up or remain silent and have implications for the design of these platforms. They are also informative for academics who utilize these platforms to outsource work and conduct studies, underlining the necessity for ethical considerations in platform design and academic research methodologies.