ECON605(00) Industrial Organization II

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Instructor:
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Prerequisite:

Graduate-level Microeconomics, Macroeconomics and Econometrics.
If you didn't take them before, please drop this course!!!
However, you can take this class even if you haven't taken 'Industrial Organization I' before.

Text Book:

There is no standard reference for graduate-level empirical IO.
You may refer to the following references which are useful although incomplete:

1. Ackerberg, Daniel A. et al. (2007). "Econometric Tools for Analyzing Market Outcomes". Handbook of Econometrics 6, pp. 4171–4276.
2. Aguirregabiria, Victor (2012). Empirical Industrial Organization: Models, Methods and Applications. url: http://www.academia.edu/2816069/Empirical_Industrial_Organization_Models_Methods_and_Applications

Learning Objectives:

This is a course in empirical industrial organization for graduate students. The aim is to give a solid grounding in the modern empirical tools that have proved useful in understanding the structure of markets, and the strategic behavior of firms and their consumers. The focus is in preparing you for research.

Assignments:

1. Participation: The papers in the schedule will be discussed in class. You have to present at least twice during the semester. If you don't read the papers, you won't get much from the class.
2. Problem Sets: a few problem sets will be given.
3. Referee report: An important aspect of doing research (and for that matter of a successful academic career) is the ability to evaluate work - most importantly your own, but also others'. Most likely the midterm exam will require you to write a referee report.

Schedule:

	TOPIC(S)
1	**Introduction and Static Demand Estimation 1: Berry** Berry, S. (1994), "Estimating Discrete Choice Models of Product Differentiation," RAND Journal of Economics, vol. 25, no. 2, pp. 242-262
2	**Static Demand Estimation 2: BLP** Berry, S., J. Levinsohn and A. Pakes (1995), "Automobile Prices in Market Equilibrium," *Econometrica*, vol. 63, no. 4, pp. 841-890.

Nevo, Aviv (2000), "A Practitioner's Guide to Estimation of Random-Coefficients Logit Models of Demand," *Journal of Economics and Management Strategies*, vol. 9, no. 4, pp. 513-548.

3 Computational Methods: NFXP, MPEC, ABLP and others

Su, C.-L., and K. L. Judd (2012): "Constrained Optimization Approaches to Estimation of Structural Models," *Econometrica*, 80 (5), 2213–2230

Dube, J.-P., J. T. Fox, and C.-L. Su (2012): "Improving the Numerical Performance of BLP Static and Dynamic Discrete Choice Random Coefficients Demand Estimation," *Econometrica*, 80 (5), 2231-2267

Lee, J. and K. Seo (2015): "A computationally fast estimator for random coefficients logit demand models using aggregate data", *RAND Journal of Economics*, 46 (1), 86-102

4 Welfare Analysis: Nevo and Petrin

Nevo, A. (2001), "Measuring Market Power in the Ready-to-Eat Cereal Industry," *Econometrica*, vol. 69, no. 2, pp. 307-342

Petrin, A. (2002), "Quantifying the Benefits of New Products: The Case of the Minivan," *Journal of Political Economy*, vol. 110, no. 4, pp. 705-729

5 Consumer Search

Dong et al (2019), "Estimation of Preference Heterogeneity in Markets with Costly Search," working paper.

Kim et al (2010), "Online Demand Under Limited Consumer Search," *Marketing Science*

Kim et al (2016), "Zooming In on Choice: How Do Consumers Search for Cameras Online," *Marketing Science*

Honka (2014), "Quantifying search and switching costs in the US auto insurance industry," *RAND Journal of Economics*

6 Production Function Estimation 1: Introduction and OP

Olley, S. and A. Pakes (1996), "The Dynamics of Productivity in the Telecommunications Equipment Industry," *Econometrica*, vol. 64, no. 6, pp. 1263-1298

7 Production Function Estimation 2: LP and Issues in OP & LP

Levinsohn, J. and A. Petrin (2003), "Estimating Production Functions Using Inputs to Control for Unobservables," *Review of Economic Studies*, vol. 70, no. 2, pp.
317-341

8 Production Function Estimation 3: ACF

Ackerberg, D., K. Caves and G. Fraser (2015), " Identification Properties of Recent Production Function Estimators," *Econometrica*, forthcoming