

ECON 8757-001 INDUSTRIAL ORGANIZATION AND PUBLIC POLICY**Empirical Methods in Industrial Organization and Regulation**

Instructor: Associate Professor Scott Savage
Office: ECON 121 (north-west corner of ground floor in economics building)
Address: Department of Economics, 256 UCB, Boulder, Colorado 80309-0256
Email: scott.savage@colorado.edu Phone: 303-735-1165 Fax: 303-492-8960
Office hours: MW 11am to 12pm or by appointment
Class time and location: MW 1.30pm to 2.45pm, ECON 5
Class website: <https://learn.colorado.edu/>

Course Description

ECON 8747 introduces students to empirical methods used in studies of industrial organization (IO) and regulation. The course focuses on important questions in IO, and the use of econometrics for

Class requirements

The class meets Monday and Wednesday from 1.30pm to 2.45pm. Attendance is compulsory. You are required to keep up with weekly course readings and come to class prepared for lectures and the discussion of material with your peers.

Grading

The final grade will be based on four assessments: class preparation (25%); problem sets (25%); mid-term exam (25%); and final exam (25%).

Class preparation: We will discuss about a dozen papers during the semester. Please use the “Reading List” below to read the assigned papers each week and come to class prepared for discussion. To help you organize your thoughts, please prepare a 1 to 2 page summary of the paper and submit the summary to the instructor. Here, you will need to state the research question, explain why the question is important to IO (and economics

The reading list below clearly includes more papers than we will cover in the course. You should use the list as a guide for reading outside of the class, ideas and future reference. Most papers are easily available from JSTOR, journal and author web sites. Please let me know if you have any trouble locating a paper.

Introduction to IO, Empirical IO and Data

- Aguirregabiria, V. 2012. Empirical Industrial Organization. Mimeo.
- Keane, M. (2010). "Structural vs. Atheoretic Approaches to Econometrics," *Journal of Econometrics*, 156, 3-20.
- Liran, E., and Levin, J. 2010. "Empirical Industrial Organization: A Progress Report." *Journal of Economic Perspectives*, 24(2), 145-62.
- McAleer, M., Pagan, A. and Volker, P. (1985), "What Will take the Con out of Econometrics," *American Economic Review*, 75(3), 293-307.
- Nevo, A., and Whinston, M. (2010), "Taking the Dogma Out of Econometrics: Structural Modeling and Credible Inference," *Journal of Economic Perspectives*, Spring, 69-82.
- Reiss, P. and Wolak, F. (2004), "Structural Econometric Modeling: Rationales and Examples from Industrial Organization," in Engle and McFadden (eds.), *Handbook of Econometrics*, Volume V, 1-5, North-Holland, Amsterdam
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- Chevalier, J., Kashyap, A. and Rossi, P. (2003), "Why Don't Prices Rise During Periods of Peak Demand? Evidence from Scanner Data," *American Economic Review*, 93(1), 15-37).
- Clay, K. and Troesken, W. (2003), "Further Tests of Static Oligopoly Models: Whiskey, 1882-1898," *Journal of Industrial Economics*, 51, 151-166.
- Corts, K. (1998), "Conduct Parameters and the Measure of Market Power," *Journal of Econometrics*, 88(2), 227-50.

Nevo, A. (2001), "Measuring Market Power in the Ready-to-Eat Cereal Industry,"
Econometrica, 69(2), 307-322.

Petrin, A. and Goolsbee, A. (2004), "The Consumer Gains from Direct Broadcast
Satellite and the Competition with Cable Television," *Econometrica*, 72(2), 351-381.

- Goolsbee, A., and Syverson, C. "How Do Incumbents Respond to the Threat of Entry? Evidence from the Major Airlines," *Quarterly Journal of Economics*, 123, 1611-1633.
- Greenstein, S. and Mazzeo, M. (2006), "Differentiated Entry into Competitive Telephony," *Journal of Industrial Economics*, LIV(3), 323-350.
- Mazzeo, M. 2002. "Product Choice and Oligopoly Market Structure," *Rand Journal of Economics*, 33(2), 221-242.
- Reiss, P. (1996), "Empiric

Savage, S., Waldman, D., and Hiller, S. 2012, "Market Structure and Media Diversity,"
Mimeo. See me for most recent draft.

Watson, R. 2009. "Product Variety and Competition in the Retail Market for Eyeglasses,"
Journal of Industrial Economics, LVII(2), 217-251.

Campus policies

Students and faculty each have responsibility for maintaining an appropriate learning environment. Those who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor

Temporary Injuries under Quick Links at [Disability Services website](#) and discuss your needs with your professor.

Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, please indicate by email, before the end of week two, if there is a conflict. See full details at http://www.colorado.edu/policies/fac_relig.html.

Guide to reading papers for class discussion

We will discuss about a dozen papers during the semester. Please prepare a 1 to 2 page summary for the designated paper that considers the following questions:

1. What is the research question and why is it interesting?
2. What IO theory is related to the research question, and what is the empirically testable implication of the theory?
3. Which market/industry is studied? Do you think the paper's results will generalize to other markets or industries?
4. How were the data obtained, e.g., are the data experimental or observational, are the data publicly available, are the data obtained from single or multiple sources?
5. Describe the dependent variable and the important independent variable(s) of interest. State the parameter of interest and describe how it relates to the theory in point 2 above.
6. How is the parameter of interest identified, i.e., how does the study use information from the sample data to estimate the population parameter of interest? Can you think of alternative means of identification?
7. Interpret the sample estimate of the important parameter of interest.
8. Are there any plausible alternative interpretations of the estimate of the important parameter of interest?
9. Do the findings from the study have public policy implications?
10. What you have learned from the paper in terms of IO and applied econometrics. What did you particularly like and/or dislike about the paper (VERY IMPORTANT: I am interested in your personal views)?