ECON 8747

INDUSTRIAL ORGANIZATION

INSTRUCTOR: Professor Håle Utar

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TIME AND LOCATION
Tuesday 9:30-10:45 AM ECON 5
Thursday 9:30-10:45 PM ECON 5

COURSE DESCRIPTION
This is a graduate course on empirical industrial organization. The focus of the course will be on firms’ productivity. We will study a selection of papers to understand empirical research on firms’ productivity, its relationship with organizational structure, its relationship with market conduct and power, and its relationship with market environment. Firms have different levels of productivity. Some essential questions are: What are the sources of ‘firm-fixed effect’? What are the roles of ‘learning’ and ‘selection’ in firm heterogeneity? What are the channels of learning? What are the aggregate consequences of firm heterogeneity? We will explore both sources of within firm productivity differences and, through reallocation patterns between firms, aggregate implications of firm heterogeneity. These questions also relate to other fields in economics such as macroeconomics, international trade, and development economics. In this course, we will approach this topic from an industrial organization perspective. We will treat firms as part of the environment under which they operate with explicit considerations of market power, market frictions, and uncertainty.

OFFICE HOUR
Tuesday 4:00 - 5:00pm

COURSE WEBPAGE

• For lecture notes, assigned articles and other class material: [CULearn](#)

COURSE OUTLINE

• Production Function/Productivity Estimation
The Inconsistency of Common Scale Estimators When Output Prices are Unobserved and Endogenous

Melitz, Marc: Working paper, 2000
Estimating Firm-Level Productivity in Differentiated Product Industries

Ackalberg, Dan, Kevin Caves and Garth Frazer (2006): Structural Identification of Production Functions

Market Demand

Campbell and Hopenhayn: The Journal of Industrial Economics, March 2005
Market Size Matters

Syverson, Chad: Journal of Political Economy, v. 112, no. 6, pp. 1181 Date: 2004
Market Structure and Productivity: A Concrete Example

The Slow Growth of New Plants: Learning about Demand?

Market Selection, Reallocation and Aggregate Productivity

Aggregate Productivity Growth: Lessons from Microeconomic Evidence

Policy Distortions and Aggregate Productivity with Heterogeneous Establishments

Reallocation, Firm Turnover and Efficiency: Selection on Productivity or Profitability?

Hsieh and Klenow: forthcoming in the Quarterly Journal of Economics
Misallocation and Manufacturing TFP in China and India

Petrin and Levinsohn: Working Paper 2010
Measuring Aggregate Productivity Growth Using Plant-level Data

Dynamic Industry Equilibrium Models

Selection and Evolution of Industry

Entry, Exit, and Firm Dynamics in Long Run Equilibrium

Markov-Perfect Industry Dynamics: A Framework for Empirical Work

Utar, Hâle: Working paper
Import Competition and Employment Dynamics

Dinlersoz, and Yorukoglu: Working paper 2010
Information and Industry Dynamics

Technical Appendix

Dynamic Programming

Lecture Notes from Fabrice Collard

Simulation Based Estimation Techniques

Simulation Estimation of Time Series Models

Duffie and Singleton: Econometrica 61 1993, pp.929-952
Simulated Moments Estimation of Markov Models of Asset Prices

Gouriéroux, Monfort, and Renault: Journal of Applied Econometrics 8 1993, S85-S118
Indirect Inference

Indirect Inference
• Innovation


– Klette and Kortum: The Journal of Political Economy, October 2004 Innovating Firms and Aggregate Innovation

– Competition and Firm Productivity
  * Bloom, Romer, and Van Reenen (2010): A trapped factors model of innovation

• Firm Productivity, Innovation and International Markets


– Constantini and Melitz: Working paper, 2007 The Dynamics of Firm-Level Adjustment to Trade Policy


– Bellone, Guillou, and Nesta: Working paper, 2009 Are Export Premia Robust to Innovation Statistics


– Utar, Hale: International Trade and Intermediaries

• Vertical Integration and Firms’ Boundaries


– Holmstrom and Roberts: Journal of Economic Perspectives, November 1998 The Boundaries of The Firm Revisited

Referee Report Assignments

I will assign two papers to each student for preparation of referee reports. The first referee report will be due on **February 17**. The second referee report will be due on **March 17**.

Presentations

Starting from March 29, tentatively, we will have class presentations. Each student will present the paper that is assigned for the second referee report.

Content: Research paper that is assigned to you to present.

Slide format: Keep it simple, do not put too much information on one slide. In the beginning of your presentation, give the outline of your talk, so your audience knows what to expect.

The length of the presentation: Prepare for approximately 45 minutes talk ~ about 25-30 slides

Grading Policy

You are expected to participate in the class and attendance is required. There will be one exam which will take place during the class time on April 26. No show at the exam or seminar presentation with no valid excuse according to university policy will be graded zero. There will not be any make-up exam. The final grade will be given as follows:

- ♠ Overall Class Participation 10%
- ♦ Referee Report I 20%
- ♦ Referee Report II 20%
- ♦ Seminar Presentations 25%
- ♦ Written Examination 25%

Methods of Communication

- • Face to face conversation (Preferred )
- • Phone call (For urgent situations)
- • Email (For non-urgent and low priority matters only)

I will be available during my office hours and/or immediately after class for questions on both class materials and other course-related matters. If you need to see me outside office hours, please make an appointment either during class, or by email, as I may not be available to see you if you come by without an appointment. The use of emails should be limited to brief communications such as keeping me informed or sending me files. Email is too time-consuming a method to give answers at any length to academic questions. Please come by during office hours instead.

Academic Integrity

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303 – 725 – 2273).
Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at http://www.colorado.edu/policies/honor.html and at http://www.colorado.edu/academics/honorcode/

**Disability Message**

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303 − 492 − 8671, Willard 322, and [http://www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

**Classroom Behavior**

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student’s legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See polices at [http://www.colorado.edu/policies/classbehavior.html](http://www.colorado.edu/policies/classbehavior.html) and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student-code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student-code)