ECON 8757-001 INDUSTRIAL ORGANIZATION AND PUBLIC POLICY

Empirical Methods in Industrial Organization and Regulation

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Office hours: MW 10.01am-11.31am or by appointment
Class time and location: MW 1-30-2.45pm, ECON 5
Class website: CU Learn; see https://culearn.colorado.edu/webct/entryPageIns.dowebct

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 descriptive analysis, examining the predictions of IO theories, and estimating structural parameters. The course will be taught with formal lectures, seminars, the discussion of papers that emphasize relevant empirical issues and methods, and with problem sets in applied econometrics and IO.

Class requirements

Class meets Monday and Wednesday from 1.30-2.45pm. Attendance is compulsory. You are required to keep up with weekly course readings and come to class prepared for lectures and discussion. You are also required to attend seminars on March 9 by Shane Greenstein (Northwestern) and on April 6 by John Mayo (Georgetown).

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 1-2 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 in general), briefly explain the estimation approach and data, and outline what you think are the most interesting aspects of the paper (see page 9 below). During the semester, several or your summaries will be randomly graded.

Problem sets: You are required to complete five or six problem sets, about one problem set every two weeks. Typically, each problem set will require you to use STATA to implement an econometric procedure and interpret your findings.

Exams: There will be a mid-term exam on Monday, March 12 during class and a final exam on Monday, May 7,1.30-4pm in ECON 5.
There will be no make up for late submissions unless there is an unusual circumstance that is discussed with the instructor. If you are aware of any problems that may hinder your performance in the class please discuss with me sooner than later. Feel free to form study groups to review and discuss lecture/reading material, but you must submit individual work for grading.

**Proposed topics**

Introduction to IO  
Empirical IO  
Data  
Production and Costs  
Demand  
Conduct in Homogenous Product Markets  
Conduct in Differentiated Product Markets  
Merger Analysis  
Entry and Potential Competition  
Regulation

**Reading list**

The course will develop the empirical research skills you need to examine questions of interest in IO and regulation. Students are assumed to be familiar with IO theory and applied econometrics at the undergraduate level. The following references will permit you to refresh your knowledge where necessary throughout the course:


The reading list below includes more papers than we may 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


Production and Costs


Demand


Conduct in Homogenous Products Markets


Conduct in Differentiated Products Markets


Merger Analysis


Entry and Potential Competition


Regulation


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, 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 and at http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

The University of Colorado at Boulder policy on Discrimination and Harassment, the University of Colorado policy on Sexual Harassment and the University of Colorado policy on Amorous Relationships apply to all students, staff and faculty. Any student, staff or faculty member who believes s/he has been the subject of discrimination or harassment based upon race, color, national origin, sex, age, disability, religion, sexual orientation, or veteran status should contact the Office of Discrimination and Harassment (ODH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550. Information about the ODH, the above referenced policies and the campus resources available to assist individuals regarding discrimination or harassment can be obtained at http://www.colorado.edu/odh.

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 Services’ letters for students with disabilities indicate legally mandated reasonable accommodations. The syllabus statements and answers to Frequently Asked Questions can be found at http://www.colorado.edu/disabilityservices.

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, near the beginning of the semester, 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 1-2 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.