

Course Outline

EE484 Empirical Industrial Organization

Semester 2/2021

Number of credits: 3 credits (3-0-6)

Prerequisites: (a) EE311 and EE325 (or EE425) or
(b) with the consent of the lecturer.

Course Description

The empirical approach in industrial economics and application of econometric analysis in industrial economics theory, i.e., Estimation of demand and production functions, Measurement of market power, Analysis of Firm's strategic behavior, Vertical and horizontal competition, Firm's entry decisions, contract, and learning. Measurement of firm performance by efficiency and productivity indicators.

Learning Outcomes

Students will understand a range of econometric tools to analyze firms' and consumers' behavior to understand markets' functioning. This course aims to provide students the ability to formulate, estimate, and interpret demand and supply schedules and the degree of market power by firms. These are then used to make causal inferences on market-related policies. A vital ingredient of the course is the application of these methods to actual data in programming sessions.

Discussions during the lecture and seminar, a presentation, and homework will improve the student's research, writing, and presentation skills.

Description of Teaching and Learning Methods

Block schedule with lectures and tutorials—additional programming tutorials with Stata® or Python.

Test description of the examination

The portfolio examination consists of the following elements, adding up to a maximum of 100 credits. The grading follows the joint conversion key of the School of Economics and Management

Three individual homework 60%
One individual presentation 20%
One final report 20%

Content: Planning and Subject to Change

1. Introduction to NIEO: Week 1
2. Production, Planning, and Industry Structure: Week 2 and Week 3
3. Empirical Study of Pricing: Week 3 to Week 5
4. Welfare and Hedonic Price: Week 6 to Week 7
5. Empirical Study of Market Structure Week 8 to Week 10
6. Vertical Relations, Empirical Models of Bargaining and Related Topics Week 11 to Week 12
7. Estimation of Dynamic Models Week 13 to Week 14
8. Antitrust Week 15
9. Final Presentation Week 16

Literature

Berry, Steve, and Ariel Pakes, (2003): "Empirical Models of Firms and Markets," Lecture notes.

Reiss, Peter C., and Frank Wolak, (2008): "Structural Econometric Modeling: Rationales and Examples from Industrial Organization," in J.J. Heckman and E.E. Leamer (ed.), Handbook of Econometrics, edition 1, volume 6, chapter 64 Elsevier. (<http://www.stanford.edu/~preiss/makeit.pdf>).

- Akerberg, Daniel, C. Lanier Benkard, Steve Berry, and Ariel Pakes, (2008): "Econometric Tools for Analyzing Market Outcomes," in J.J. Heckman and E.E. Leamer (ed.), Handbook of Econometrics, edition 1, volume 6, chapter 63 Elsevier. (<https://web.stanford.edu/~lanierb/research/tools81-6-8.pdf>).
- Angrist J. D. and J.-S. Pischke, (2010): "The Credibility Revolution in Empirical Economics: How Better Research Design is Taking the Con out of Econometrics," Journal of Economic Perspectives, 24, 3-30. (<http://econ.lse.ac.uk/staff/spischke/AP%20JEP.pdf>)
- Einav Liran and Jonathan Levin, (2010): "Empirical Industrial Organization: A Progress Report," Journal of Economic Perspectives, 24, 145-162. <http://www.stanford.edu/~jdlevin/Papers/IO.pdf>
- Davidson Russell and James G. MacKinnon, (2004): Econometric Theory and Methods, Oxford University Press, Oxford.
- Motta, Massimo (2004): Competition Policy. Theory and Practice, Cambridge University Press.