Empirical Analysis of Industrial Organization (AEM 7400)

Instructor: Jeff Prince
Office: 423 Warren
Email: jtp35@cornell.edu
Phone: 607-254-4744
Office Hours: By appointment

Objective: This class will analyze in detail leading papers in the empirical industrial organization (IO) literature. In doing so, the objective will be to develop students’ skills in determining appropriate theoretical and corresponding econometric models for applied research, and to improve students’ proficiencies with a variety of econometric models (e.g., OLS, IVs, MLE, GMM, discrete choice, etc.).

Methodology: To achieve the above objective, students will read, and we will discuss in depth, the theory and methods of many strong applied IO papers in a variety of major subfields. When possible, students will get hands-on experience with estimating models used in these papers.


Evaluation: Students will be evaluated based on homework assignments. For students taking the class for a grade, late assignments will be penalized at 5 points (out of 100) per day. For those auditing the class, completing all homework is highly encouraged, but assignments turned in more than one week late will not be marked.

Course Outline:

Week 1 (1/25 – 1/31):
1. Reduced Form vs. Structural Models (Introduction to Empirical IO)
2. Price/Quantity Competition
   a. Static

Week 2 (2/1 – 2/7):
ii. Burnstein (2005)
iii. Azzam (1997)
Week 3 (2/8 – 2/14):
   b. Repeated Interaction
       i. Borenstein & Shepard (1996)

Week 4 (2/15 – 2/21):
   3. Entry
      a. Bresnahan & Reiss (1990)
      b. Mazzeo (2002)

Week 5 (2/22 – 2/28):
   c. Goolsbee & Syverson (2009)
   d. Gowrisankaran & Krainer (2007)

Week 6 (3/1 – 3/7):
   4. Production/Costs
      b. Ackerberg, Caves, & Frazer (2007)

Week 7 (3/8 – 3/14):
   5. Differentiated Products

Week 8 (3/15 – 3/21):

Spring Break

Week 9 (3/29 – 4/4):

Week 10 (4/5 – 4/11):
   b. Ackerberg (2001)

Week 11 (4/12 – 4/18):
   b. Gandal, Kende, & Rob (2000)

Week 12 (4/19 – 4/25):
   8. Dynamics
      b. Rust (1987)

Week 13 (4/26 – 5/2):
   c. Prince (2008a)

Week 14 (5/3 – 5/9):
   e. Ryan (2006)

Week 14 (5/3 – 5/9):
   9. Auctions
Papers to be Discussed:

1. Structural vs. Reduced Form Models
   

2. Price/Quantity Competition
   
   Static Models
   


   Price Discrimination
   

   Repeated Interaction
   

3. Entry
   


4. Production/Costs


5. Differentiated Products


6. Advertising


7. Technology Adoption and Network Externalities


8. Dynamics


9. Auctions