

**ECON 8747-001 INDUSTRIAL ORGANIZATION**

**Empirical Methods in Industrial Organization and Regulation**

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Office hours: TR 10.30-11:30am or by appointment

Class time and location: TR 2.00-3.15pm, ECON 5

Class website: CULearn

**Course Description**



Schmalensee, R. (1989), "Inter-Industry Studies of Structure and Performance," in Schmalensee and Willig (eds), *Handbook of Industrial Organization*, Volume II, Elsevier, New York, Chapter 16. (please see me: this paper provides historical background to issues outlined by Salinger and Bresnahan. We will be discussing the latter papers in future weeks).

## II. Production and Costs

Evans, D. and Heckman, J. (1984), "A Test of Subadditivity of the Cost Function with an Application to the Bell System," *American Economic Review*, 74(4), 615-623.

Levinsohn, J. and Petrin, A. (2003), "Estimation of Production Functions using Inputs to Control for Unobservables," *Review of Economic Studies*, 70(2), 317-342.

Olley, S. and Pakes, A. (1996), "The Dynamics of Productivity in the Telecommunications Equipment Industry," *Econometrica*, 64(6), 1263-97.

Akerberg, D. and Caves, K. (2003), "Structural Identification of Production Functions," mimeo, UCLA (<http://www.bol.ucla.edu/~kcaves/prodfunct3.pdf>).

- Hausman J., Rosston, G. and Pakes, A. (1997). "Valuing the Effect of Regulation on New Services in Telecommunications," *Brookings Papers on Economic Activity: Microeconomics*: 1-54.
- Train, K., McFadden, D. and Ben-Akiva, M. (1987), "The Demand for Local Telephone Service", *Rand Journal of Economics*, 18, 109-123.
- Savage, S. and Waldman, D. (2007), "Learning and Fatigue During Choice Experiments: A Comparison of Online and Mail Survey Modes," forthcoming in *Journal of Applied Econometrics* (useful description of survey data collection issues with an IO application).

#### IV. Conduct in Homogenous Products Markets

- Bresnahan, T. (1982), "The Oligopolistic Solution Concept is Identified," *Economics Letters*, 10, 87-92.
- Bresnahan, T. (1989), "Empirical Studies of Industries with Market Power," *Handbook of Industrial Organization*, Volume II, Elsevier, New York, Chapter 17.
- Clay, K. and Troesken, W. (2003), "Further Tests of Static Oligopoly Models: Whiskey, 1882-1898," *Journal of Industrial Economics*, Vol. 51, 151-166, available at SSRN: <http://ssrn.com/abstract=418942>.
- Genesove, D. and Mullin, W. (1998), "Testing Static Oligopoly Models: Conduct and Cost in the Sugar Industry, 1890-1914," *Rand Journal of Economics*, 29(2), 355-77.
- Knittle, C. and Kim, Dae-Wook, "Biases in Static Oligopoly Models?" *forthcoming in The Journal of Industrial Economics*, <http://www.econ.ucdavis.edu/faculty/knittel/papers/mp061305.pdf>.
- Kahai, S., Kaserman, D. and Mayo, J. (1996), "Is the 'Dominant Firm' Dominant? An Empirical Analysis of AT&T's Market Power," *Journal of Law and Economics*, 39, 499-517.
- Salinger, M. 1990. "The Concentration-Marg

Sullivan, D. (1985) "Testing Hypotheses about Firm Behavior in the Cigarette Industry", *Journal of Political Economy*, 93, 586-598.

Wolfram, C. (1999) "Measuring Duopoly Power in the British Electricity Spot Market" *American Economic Review*, 89, 805-826.

#### V. Conduct in Differentiated Products Markets

Berry, S., Levinsohn, J. and Pakes, A. (1995), "Automobile Prices in Market Equilibrium," *Econometrica*, 63(July), 841-990.

Borenstein. 1989. "Hubs and High Fares: Dominance and Market Power in the U.S. Airline Industry," *Rand Journal of Economics*, 2(3), 344-365.

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

Bresnahan, T. (1987), "Competition and Collusion in the American Automobile Industry: The 1955 Price War," *Journal of Industrial Economics* 35(4): 457-482.

Crawford, G. (2000), "The Impact of the 1992 Cable Act on Household Demand and Welfare," *Rand Journal of Economics*, 31(3), 422-449.

Goldberg, Pinelopi Koujianou. 1995. "Product Differentiation and Oligopoly in International Markets: The Case of the U.S. Automobile Industry," *Econometrica*, 63(July): 891-951.

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

Nevo A. (2000), "A Research Assistant's Guide to Random Coefficients Discrete Choice Models of Demand," *Journal of Economics and Management Strategy*, 9(4), 513-548..

Petrin, A. and Train, K. (2004), "Omitted Product Attributes in Differentiated Product Models," (<http://elsa.berkeley.edu/~train/pt42504.pdf>).

#### VI. Entry and Potential Competition

([http://www.kellogg.northwestern.edu/faculty/greenstein/images/htm/Research/WP/clec\\_entry\\_march05.pdf](http://www.kellogg.northwestern.edu/faculty/greenstein/images/htm/Research/WP/clec_entry_march05.pdf)).

Reiss, P. (1996), "Empirical Models of Discrete Strategic Choices," *American Economic Review*, 86(2), 421-426.

Savage, S. and Wirth, M. (2005), "Price, Programming, and Potential Competition in US Cable Television Markets," *Journal of Regulatory Economics*, 27(1), 25-46.

Strassmann, D., Xiao, M. and Orazem, P. (2004), "Do Entry Conditions Vary over Time? Entry and Competition in the Broadband Market 1999-2003,"

([http://www.econ.rochester.edu/Faculty/Xiao/research/ETtime\\_Xiao\\_Orazem.pdf](http://www.econ.rochester.edu/Faculty/Xiao/research/ETtime_Xiao_Orazem.pdf)).

## VII. Politics and Regulation

Lafontaine, F. and Sivadasan, J. (2006), "[The Microeconomic Implications of Input Market Regulations: Cross-country Evidence from Within the Firm](#)," available at <http://www.colorado.edu/Economics/seminars/lafontaine.pdf>.

Lafontaine, F. and Malaguzzi Valeri, L. (2005), "The Deregulation of International Trucking in the European Union: Form and Effect," Michigan Law and Economics Working Paper No. 05-006, available at SSRN: <http://ssrn.com/abstract=730108> or DOI: [10.2139/ssrn.730108](https://doi.org/10.2139/ssrn.730108)

Ellison, S. and Wolfram, C. (2000), "Pharmaceutical Prices and Political Activity," ([http://econ-www.mit.edu/faculty/download\\_pdf.php?id=224](http://econ-www.mit.edu/faculty/download_pdf.php?id=224))

Edwards, G. and Waverman, L. (2004), "The Effects of Public Ownership & Regulatory Independence on Regulatory Outcomes," ([http://facultyresearch.london.edu/docs/The\\_Effects\\_of\\_Public\\_Ownership1.pdf](http://facultyresearch.london.edu/docs/The_Effects_of_Public_Ownership1.pdf))

Knittel, C. (2004), "Regulatory Restructuring and Incumbent Price Dynamics: The Case of U.S. Local Telephone Markets," *Review of Economics and Statistics*, 86(2), 614-625.

Knittel, C. (2003), "Market Structure and the Pricing of Electricity and Natural Gas," *The Journal of Industrial Economics*, LI(2), 167-192, available at <http://www.econ.ucdavis.edu/faculty/knittel/papers/mp061305.pdf>

Rosston, G., Savage, S. and Wimmer, B. (2005), "Regulated Prices with Competition and Heterogeneous Consumers (see me for copy).

Abel, J. (2002), "Entry in Regulated Markets: The Development of a competitive Fringe in the Local Telephone Industry," *Journal of Law and Economics*, 45, 289-316.

Blank, L., Kaserman, D. and Mayo, J. (1998), "Dominant Firm Pricing with Competitive Entry and Regulation: The Case of IntraL

- Rubinovitz, R. (1993), "Market Power and Price Increases for Basic Cable Since Deregulation," *Rand Journal of Economics*, 24, 1-18.
- Smart, S. (1994), "The Consequences of Appointment Methods and Party Control for Telecommunications Pricing," *Journal of Economics & Management Strategy*, 3(2), 301-323.
- Steiner, F. (2004), "The Market Response R

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