

ECON 8747-001 INDUSTRIAL ORGANIZATION

Empirical Methods in Industrial Organization and Regulation

Instructor: Scott Savage, Assistant Professor

Office: ECON 11 (south-west corner of basement)

Email: scott.savage@colorado.edu Phone: (303) 735-1165

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).

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).

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)

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)

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

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