

Empirical Industrial Organization: Static Models Reading List

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This course covers issues related to estimation of static models in industrial organization. Over the course of the day we will cover topics divided into 6 lectures as detailed below. For each lecture I provide a reading list that is intended for your future reference as well as for the course and includes many more papers than we will cover in the master class. The papers we will discuss in class are denoted with a *.

Lecture 1: Traditional Approach to Demand Estimation; Modern Empirical IO

1. *P. Reiss and F. Wolak, "Structural Econometric Modeling: Rationales and Examples from Industrial Organization," Handbook of Econometrics, Volume 6A, Chapter 64.
2. T. Bresnahan, "The oligopoly solution is identified," Economic Letters, 1982, 10, 87-92.
3. K. Corts, "Conduct Parameters and the Measurement of Market Power," JE, November 1998, 227-50.
4. Z. Griliches. "Hedonic price indexes for automobiles: An econometric analysis of quality change. In The Price Statistics of the Federal Government". NBER, New York, 1961.
5. D. Akerberg, L. Benkard, S. Berry and A. Pakes, "Econometric Tools for Analyzing Market Outcomes," Handbook of Econometrics, Volume 6A, Chapter 63.
6. A. Pakes "A reconsideration of hedonic price indices with an application to PCs" 2002. NBER Working Paper

Lecture 2: Discrete Choice and Random Utility Models of Demand

1. *D. McFadden. "Econometric Models of Probabilistic Choice". In Charles Manski and Daniel McFadden, editors, Structural Analysis of Discrete Data with Econometric Applications. MIT Press, Cambridge, MA, 1981.
2. *P. Goldberg, "Product Differentiation and Oligopoly in International Markets: The Case of the U.S. Automobile Industry," Econometrica, July 1995, 891-951.
3. T. Bresnahan, "Competition and Collusion in the American Automobile Market: The 1955 Price War," JIE, 1982, 457-482.
4. T. Bresnahan, S. Stern, and M. Trajtenberg, "Market Segmentation and the Sources of Rents from Innovation: Personal Computers in the Late 1980s," RAND Special Issue, 1997.
5. J. Hausman and D. McFadden (1984). "Specification Tests for the Multinomial Logit Model." Econometrica, 52(5):1219-1240.
6. D. McFadden (1987). "Regression-Based Specification Tests for the Multinomial Logit Model." Journal of Econometrics, 34:63-82

7. Lecture 3: Estimating Random Coefficient Models

8. *S. Berry, "Estimating Discrete-Choice Models of Product Differentiation," Rand, Summer 1994, 242-62. *S. Anderson, A. dePalma and J. Thisse. Discrete Choice Theory of Product Differentiation, 1992, MIT Press.
9. *A. Nevo, "A Practitioner's Guide to Estimation of Random Coefficients Logit Models of Demand," JEMS, Winter 2000, 513-48
10. *S. Berry, J. Levinsohn and A. Pakes, "Automobile Prices in Market Equilibrium," Econometrica, July 1995, 841-90.
11. Pinske, J., M. Slade, and C. Brett, "Spatial Price Competition: a Semiparametric Approach," Econometrica, 2002, 70, 1111-1153.
12. S. Berry and A. Pakes, "The Pure Characteristics Demand Model," International Economic Review, 2007, 48(4):1193-1225.
13. J. Hausman, G. Leonard and J. Zona, "Competitive Analysis with Differentiated Products," Annales D'Economie et de Statistique, April/June 1994, 159-80.
14. I. Hendel, "Estimating Multiple Discrete Choice Models: An Application to Computerization Returns," Review of Economic Studies, April 1999, 423-46.
15. M. Trajtenberg, "The Welfare Analysis of Product Innovations, with an Application to Computed Tomography Scanners," JPE, April 1989, 444-79.
16. S. Stern, "Simulation-Based Estimation," Journal of Economic Literature, December 1997, 35(4): 2006-2039.

Lecture 4: Using Micro and Macro Data in Estimation

1. *A. Petrin, "Quantifying the Benefits of New Products: The Case of the Minivan," JPE, August 2002, 705-29.
2. *S. Berry, J. Levinsohn and A. Pakes, "Differentiated Products Demand Systems from a Combination of Micro and Macro Data: The New Car Market," JPE, February 2004, 68-105.
3. A. Nevo, "New Products, Quality Changes and Welfare Measures Computed from Estimated Demand Systems," ReStat, 2003, 266-75.

Lecture 5: Applications

1. *A. Nevo, "Measuring market power in the ready-to-eat cereal industry," Econometrica, 2001, 69(2), 307-42.
2. M. Slade, "Market Power and Joint Dominance in U.K. Brewing, Journal of Industrial Economics," 2004, 70, 133-163.
3. C. Wolfram, "Measuring Duopoly Power in the British Electricity Spot Market," AER, 1999, 805-26.
4. R. Feenstra and J. Levinsohn, "Estimating markups and market conduct with multidimensional product attributes," Review of Economic Studies, 1995, 62 (1), 19-52.

5. S. Berry and A. Pakes, "Some Applications and Limitations of Recent Advances in Empirical Industrial Organization: Merger Analysis," *AER* 1993, 83(2), 247-252.
6. A. Nevo, "Mergers With Differentiated Products: The Case of the Ready-to-eat Cereal Industry," *RAND Journal of Economics*, 31, 2000, 395-421.
7. J. Pinske and M. Slade, "Mergers, Brand Competition, and the Price of a Pint, *European Economic Review*," 2004, 48, 3, 617-643.

Lecture 6: Informational Issues

1. *K. Bagwell, "The Economic Analysis of Advertising," HIO3, Chapter 28.
2. *M. Goeree "Limited Information and Advertising in the US Personal Computer Industry, *Econometrica* 76(5), September 2008, pp. 1017-1074.
3. L. Benham, "The Effects of Advertising on the Price of Eyeglasses," *JLE*, October 1972, 337-5
4. D. Akerberg, "Empirically Distinguishing Informative and Prestige Effects of Advertising," *RJE*, Summer 2001, 316-33.
5. G. Jin and P. Leslie, "The Effect of Information on Product Quality: Evidence from Restaurant Hygiene Grade Cards," *QJE*, May 2003, 409-51.
6. J. Milyo and J. Waldfogel, "The Effect of Price Advertising on Prices: Evidence in the Wake of 44 Liquormart," *AER*, December 1999, 1081-96.
7. R. Sauer and K. Leffler, "Did the Federal Trade Commission's Advertising Substantiation Program Promote More Credible Advertising?" *AER*, March 1990, 191-203.
8. A. Sorenson, "Equilibrium Price Dispersion in Retail Markets for Prescription Drugs," *JPE*, August 2000, 833-50.
9. D. Genesove (1993) "Adverse Selection in the Wholesale Used Car Market," *JPE*: 644-665.