Econ 664 Empirical Studies in Industrial Organization

Fall 2022

Monday & Wednesday 11am – 12:15pm, Tydings 1132
Lecture notes, student presentations and assignments will be available on elms.umd.edu.

- Contact Information
- Overview
- Prerequisite
- Readings
- Assignments
- Course Outline

Contact Information

Ginger Z. Jin
3115 F Tydings Hall
Department of Economics
Phone: (301) 405-3484
E-mail: ginger@umd.edu
Web site: http://www.gingerjin.com/

Office Hour: Appointment by email

Overview

This course introduces students to the recent empirical literature of industrial organization. It is one of the three advanced courses on empirical IO, the other two are Econ625 taught by Professor Andrew Sweeting in Spring 2023 and Econ662 taught by Professor Chenyu Yang in Spring 2023.

The goal of this course is that, at the end of the semester, students have a good idea of how to take an industrial organization theory to data or vice versa. Specifically, the class consists of four themes: pricing and contracting; cartels, collusion and merger reviews; demand estimation; and information economics. Each theme will cover a range of regulated and unregulated industries, along with relevant government interventions such as antitrust, consumer protection, data laws, and innovation policies. The course will complement more detailed discussions of how to solve and estimate static and dynamic models in Econ 625 and Econ662.
Each theme of this course will cover 5-6 lectures, plus two student representations. In the lectures, we will focus on a series of research papers and discuss their research question, related theory, data, identification strategies, estimation techniques and policy implications. At the end of each theme, students will present two working papers for a topic that is related to the theme but not yet covered in the lectures. The topic and papers are listed below in the course outline.

**Prerequisite**

You are assumed to be familiar with econometrics and microeconomics theory, including game theory. Therefore, first year graduate courses in these areas are regarded as prerequisite. This course is also one of the courses in the second-year graduate sequence in industrial organization, so it is required for those taking industrial organization as a field. Students from other fields or other departments are welcome.

**Readings and Lecture Notes**

There is no textbook. Reading list is provided below in the course outline. For the papers to be discussed in lecture (denoted with *), I will provide an electronic copy on elms. The papers listed as useful readings are for your information and won’t be discussed in details during the lecture. You should be able to find them at JSTOR (www.jstor.org), NBER working papers (http://www.nber.org), SSRN working paper (www.ssrn.org), the UMD electronic journal list (www.lib.umd.edu), or the authors' websites.

Lecture notes will be posted on elms before class. Please note the date of the .ppt file, as each file may cover multiple papers within a theme, and I may update the slides throughout the semester.

**IO Theories**

We no longer have a dedicated IO theory class, so for each required paper, I will summarize the theory that I believe all IO economists should know for the focal topic. The theory will be taught at “Academic Masters” level (i.e., it will be theory-for-empirical people, not theory-for-theorists). Most universities do not have IO theory courses so there is nothing unusual about this.

The following reference books might be helpful for IO theories:


**Assignments**
You are required to fulfill the following assignments, with grading weights in parentheses. There is no mid-term or final.

(10) Paper summary before class

To maximize class engagement, for each required paper we will designate 4+ students to do extra preparation before the class:

#1: highlights research question and literature contribution;
#2: describes the data’s pros and cons for the main question addressed by the paper;
#3: describes the methodology of the paper; explains how it compares to alternative methods;
#4: points out at least one new research direction that could build upon the focal paper. The new direction could ask a related question using the same data or using different data in another empirical setting. The writing should reflect some detailed thoughts into the new research question, why it is important, and how it would contribute to the literature.

These students should submit a one-page written summary on their designated topic on ELMS, due at midnight before the date of the paper discussion in class.

(10) Class discussion

Every student is expected to read each required paper before the class and actively participate in discussion during the class. The value of discussion will be maximized if you prepare well, listen to the others' comments and offer insights to your peers (and to your professor).

In total, we have 4 themes. I would like to have one student volunteer to be the “leader” of the theme. The leader will compile new research ideas that arise in the class discussion throughout that theme. These “idea books” will be shared with the whole class at the end of each theme.

In the first class, I will set up a signup sheet in the collaboration section of elms.umd.edu. Every student can volunteer in 5 tasks, so that you can spread the workload evenly. Writing up a summary for a specific paper is counted as one task, being a leader for a theme is another task. If you volunteer to be the leader of a theme, you can sign up for 4+ paper summaries. If you are not the leader of a theme, you need to sign up for 5 paper summaries.

(30) Class Presentation

You are required to perform two class presentations throughout the class:

(1) present a working paper on one student-presentation topic at the end of a theme, and
(2) present your original research proposal at the end of the semester.

The end-of-theme papers are often empirical papers on a similar topic. Depending on the number of class attendants, student presenters within the same theme may coordinate on how they would
like to comment on the relationship between the two papers (similarities, differences, match/mismatch, etc).

(50) Research Proposal

You are expected to assemble a research proposal at the end of the semester, describing a research question that you would like to answer in the area of empirical IO, the data you would like to use and the identification strategy you are going to adopt assuming the availability of perfect data. To facilitate feedback, each student is required to present his/her research proposal in a 15-25 minutes slot in the last two class meetings. The written proposal is due on Dec 20, 2021. I would encourage you to discuss your preliminary idea(s) with me or your fellow students throughout the semester, so that you can screen out bad ideas and end up with something feasible to work on for your research proposal.

Course Format

We will hold every class in person at Tydings 1132. Masks are not required in classroom. If any instructor or student tests positive for COVID-19, they should report their positive test at return.umd.edu. Visit the health center website for information about requirements for returning to campus after a positive test. UMD’s policies on graduate courses and graduate student rights and responsibilities can be found at https://gradschool.umd.edu/faculty-and-staff/course-related-policies.

Office hour is subject to email appointment, and the format of office hour can be in-person or virtual (via Zoom) depending on mutual preference.

Course Outline

Theme 1: Pricing and Contracting

Aug. 29-Sept. 14: Lectures covering:


Useful readings:


Sept. 19-21: Student presentations on Theme 1: Differential Pricing


Useful reading:


Theme 2: Cartel, Collusion and Merger Reviews

Sept. 26 – Oct. 10: Lectures covering:


Useful readings:


Oct. 12-17: Student Presentations on collusion:


Theme 3: Demand Estimation and Oligopolistic Competition in Differentiated Products Markets

Oct. 19 – Oct. 31: Lectures covering:


Useful readings:


Nov. 2 – Nov. 7: student presentation on demand estimation
Theme 4: Information Issues

Nov. 9 – Nov. 28: Lectures covering:


Useful readings:


Nov. 30 – Dec. 5: Student presentation on Information


*Benjamin Vatter “Quality Disclosure and Regulation: Scoring Design in Medicare Advantage” working paper.

Dec. 7 – Dec. 12: Student Presentation of research proposal