Overview and Objectives. I will teach the first half of both terms in the two-semester second-year sequence in Industrial Organization. In the fall, the second half will be taught by Ali Hortaçsu, who is visiting from the University of Chicago.

The course will be oriented primarily toward empirical work, although we will cover theoretical background for each topic at varying degrees of depth, and the empirical work studied will almost always have a close tie to an economic model.

My goals in the course are to help you (1) understand some key papers in the IO literature (2) master key methodological developments in the field, (3) think critically about research questions and methods in the field, and (4) begin to develop your own ideas for research.

The basic structure of the course will be presentation and discussion of papers, which you will read in advance. I will typically present key components of the papers, raising questions for you as we go in order to generate discussion. I expect you to arrive prepared and to participate actively. Thoughtful questions and ideas from you will improve the course for everyone.

Course Requirements. Students are expected to (1) read the papers assigned for each class meeting; (2) participate in the discussion of papers during class; (3) turn in regular homework assignments (4) take an in-class final exam covering topics from both halves of the semester.

Homework assignments will likely include problem sets, programming of estimation routines for models discussed in class, and/or “referee reports” on papers from the reading list and/or papers presented in the Thursday IO Seminar.

Grades will be based on the quality of the required work for the course, including class participation.

READING LIST

I will give you a schedule of topics and papers for the course. Below is a much more extensive “reading list,” divided somewhat arbitrarily. The list is meant to provide a starting point for reading on a number of topics. It does not attempt to be comprehensive, to cover all important topics in IO, or even to select the “best” papers in each area!

Basic IO Theory

Tirole, J. (1988). The Theory of Industrial Organization, MIT Press. This text is outdated and not too far ahead of what I teach undergrads. But it is an excellent starting point for much of the basic theory of IO. We will only discuss things from this book occasionally, but you should make sure you know what is inside – certainly any of this is fair game for oral exams.
Handbook Chapters in Empirical IO

There are several very recent handbook chapters on IO. Together these provide excellent resources on methods used in recent applied work in IO, as well as an overview of applications in some areas.


Early Structural I.O.: Measuring Market Power, Inferring Costs


Supply and Demand in Differentiated Products Markets


Berry, S., J. Levinsohn, and A. Pakes (2004). “Differentiated Products Demand Systems from a


**Costs, Technology, Productivity**

Ackerberg, D., Caves, K., and Frazer, G. Structural Identification of Production Functions working paper, UCLA.


**Entry, Exit, Industry Dynamics**


**Network Effects**


**Empirical Studies of Contracts**


**IO of Health Care**


**Durable Goods**


Tirole, ch. 1 (+ appendix)


Price Discrimination


, Tirole, ch. 3 (+ appendix).

New Products


Advertising


**Mergers**

DOJ Horizontal Merger Guidelines, www.usdoj.gov/atr/


**Search**


**Vertical Relations**


**Dynamic Models**


Auctions


Cantillon, E. and M. Pesendorfer (2001). “Combination Bidding in Multi-Unit Auctions,” working paper, HBS and LSE.


Empirical Analysis of the Turkish Treasury Auction Market,” working paper, Chicago.

Collusion


