

# Empirical Industrial Organization I: Static models

## Reading list

February 27, 2024

### General

Akerberg, D., L. Benkard, S. Berry and A. Pakes, “Econometric Tools for Analyzing Market Outcomes,” Handbook of Econometrics, Volume 6A, Chapter 63.

Aguirregabiria, Victor. 2019. Empirical Industrial Organization: Models, Methods, and Applications. Chapters 1,2,4.

Bresnahan, Timothy. 1989. “Empirical Studies of Industries with Market Power” Handbook of Industrial Organization, Volume 2, Chapter 17. [link](#)

Einav, L. and J. Levin. 2010. ”Empirical Industrial Organization: A Progress Report.” Journal of Economic Perspectives, 24 (2): 145-62.

Luce, R. D.. 1958. Individual Choice Behavior. New York: John Wiley, 1958.

Nevo, A. and M. Whinston. 2010. “Taking the Dogma Out of Econometrics: Structural Modeling and Credible Inference,” Journal of Economic Perspectives, 24(2), 69–82.

Reiss, Peter, and Wolak, Frank. 2007. “Structural Econometric Modeling: Rationales and Examples from Industrial Organization,” Handbook of Econometrics, Volume 6A, Chapter 64. Sections 1-7. [link](#)

Schmalensee, Richard. 1989. “Inter-industry Studies of Structure and Performance” Handbook of Industrial Organization, Volume 2, Chapter 16. [link](#)

### Lectures 1 & 2: Logit and nested logit

\* Berry, S. T. 1994. ”Estimating discrete-choice models of product differentiation”. The RAND Journal of Economics, 25(2), 242–262.

Björnerstedt, Jonas and Verboven, Frank, ”Does merger simulation work? Evidence from the Swedish analgesics market”, American Economic Journal: Applied Economics, 2016, 8, 3, 125-164.

Cardell. N. S. 1991. ”Variance Component Structures for the Extreme Value and Logistic Distributions. Mimeo, Washington State University, 1991.

Blundell, Richard and Powell, James, ”Endogeneity in semiparametric binary response models”, Review of Economic Studies, 2004, 71, 655-670.

Petrin, Amil and Train, Kenneth, "A control function approach to endogeneity in consumer choice models", *Journal of Marketing Research*, Vol XLVI.

Train, Kenneth. 2009. *Discrete Choice Methods with Simulation*, Cambridge University Press. <https://eml.berkeley.edu/books/choice2.html>

- \* Train, Kenneth. 2009. Logit. Chapter 3 in *Discrete Choice Methods with Simulation*, Cambridge University Press. <https://eml.berkeley.edu/books/choice2.html>

M. Trajtenberg, "The Welfare Analysis of Product Innovations, with an Application to Computed Tomography Scanners," *JPE*, April 1989, 444-79.

Wooldridge, Jeffrey, "Control function methods in applied econometrics", *Journal of Human Resources*, 2015, 50, 1, 420-445.

### **Lecture 3: Demand estimation using aggregate data (BLP)**

- \* Berry, S., J. Levinsohn, and A. Pakes (BLP). 1995. "Automobile Prices in Market Equilibrium," *Econometrica*, 63, 841-890.
- \* Nevo, Aviv. 2000. "A Practitioner's Guide to Estimation of Random Coefficients Logit Models of Demand," *Journal of Economics & Management Strategy*, 9(4), 513-548.

Berry, S., J. Levinsohn, and A. Pakes (BLP). 2004. "Differentiated Products Demand Systems from a Combination of Micro and Macro Data: The New Car Market," *Journal of Political Economy*, 112, 68-105.

Berry, S. and A. Pakes. 2007. "The Pure Characteristics Demand Model," *International Economic Review*, Vol. 48, 1193-1225.

Nevo. 2001. "Measuring Market Power in the Ready-to-Eat Cereal Industry," *Econometrica*, 69(2), 307-342.

Waldfoegel, J. 2003. "Preference Externalities: An Empirical Study of Who Benefits Whom in Differentiated-Product Markets," *RAND Journal of Economics*, 34, 557-568.

### **Lecture 4: Demand estimation using aggregate and micro data**

- \* Conlon, C. and J. Gortmaker. 2020. "Best Practices for Differentiated Products Demand Estimation with pyblp," *The RAND Journal of Economics*, 51: 1108-1161.
- \* Petrin, Amil. 2002. "Quantifying the Benefits of New Products: The Case of the Minivan", *Journal of Political Economy*, 110(4).

Christopher Conlon and Jeff Gortmaker. 2023. "Incorporating Micro Data into Differentiated Products Demand Estimation with PyBLP," NBER Working Papers 31605.

- \* Berry, S., and P. Haile. 2021. "Chapter 1 - Foundations of demand estimation," *The Handbook of Industrial Organization*, Editor(s): Kate Ho, Ali Hortaçsu, Alessandro Lizzeri, Elsevier, Volume 4, Issue 1, 2021, 1-62.

Berry, S. and P. A. Haile. 2022. "Nonparametric Identification of Differentiated Products Demand Using Micro Data," Cornell University Working Paper, arXiv:2204.06637.

Dubé, J.-P., J.T Fox and C.-L. Su. 2012. "Improving the Numerical Performance of Static and Dynamic Aggregate Discrete Choice Random Coefficients Demand Estimation," *Econometrica*, 80: 2231-2267.

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### **Lectures 5 & 6: Supply side**

References in the BLP section

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\* Nevo, Aviv. 2000. "Mergers with Differentiated Products: The Case of the Ready-to-Eat Cereal Industry." *The RAND Journal of Economics*, 31(3): 395–442.

\* Rosse, James, 1970. "Estimating Cost Function Parameters Without Using Cost Data: Illustrated Methodology". *Econometrica*, 38(2), 256-275.

### **Lectures 7 & 8: Mergers and market power**

\* Nevo, Aviv. 2000. "Mergers with Differentiated Products: The Case of the Ready-to-Eat Cereal Industry." *The RAND Journal of Economics*, 31(3): 395–442.

\* Nevo, Aviv. 2001. "Measuring Market Power in the Ready-to-Eat Cereal Industry." *Econometrica*, 69(2): 307–342.

Asker, J. and N. Volker. 2021. "Collusion, mergers, and related antitrust issues," *Handbook of Industrial Organization*, Volume 5, Issue 1.

Shapiro, C. 2010. "The 2010 Horizontal Merger Guidelines: From Hedgehog to Fox in Forty Years," *Antitrust Law Economics* 77: 701-59.

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Whinston, Michael D. 2007b. *Lectures on Antitrust Economics*. Cambridge, MA: MIT Press.

### **Lectures 9 & 10: Identification, optimal instruments, outside good**

\* Berry, S. and P. Haile. 2014. "Identification in Differentiated Products Markets using Market Level Data," *Econometrica*, 82(5), 1749–1797.

Berry, S. and P. Haile (2016). "Identification in Differentiated Products Markets", *Annual Review of Economics*.

Knittel, Christopher R., Metaxoglou, Konstantinos, 2014. "Estimation of random-coefficient demand models: two empiricists' perspective", *Review of Economic Statistics*, 96(1) 34–59.

Reynaert, Mathias and Frank Verboven. 2014. "Improving the performance of random coefficients demand models: The role of optimal instruments", *Journal of Econometrics*, 179, 83–98.

### **Lecture 11: Consideration sets and pass-through analysis**

\* J. Abaluck and Adams-Prassl, A. "What Do Consumers Consider Before They Choose? Identification from Asymmetric Demand Responses," *Quarterly Journal of Economics*, forthcoming.

G.S. Crawford, R. Griffith and A. Iaria, 2020. "A survey of preference estimation with unobserved choice set heterogeneity", *Journal of Econometrics*, <https://doi.org/10.1016/j.jeconom.2020.07.024>.

\* Miravete, E., Seim, K. and Thurk, J. 2023. "Elasticity and curvature of discrete choice models. CEPR DP 18310.

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### **Lecture 12: Choice frictions and advertising**

\* Handel, Benjamin R., and Jonathan T. Kolstad. 2015. "Health Insurance for "Humans": Information Frictions, Plan Choice, and Consumer Welfare." *American Economic Review*, 105 (8): 2449-2500.

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Goeree, M.S.. 2008. Limited Information and Advertising in the U.S. Personal Computer Industry. *Econometrica*, 76: 1017-1074.

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Hidalgo, Julian. 2023. This Craft's for You! Entry and Market(ing) Competitio in the U.S. Beer Industry. Job market paper, KU Leuven.

Hortaçsu, Ali, Seyed Ali Madanizadeh, and Steven L. Puller. 2017. "Power to Choose? An Analysis of Consumer Inertia in the Residential Electricity Market." *American Economic Journal: Economic Policy*, 9 (4): 192-226.

Luco, Fernando. 2019. "Switching Costs and Competition in Retirement Investment." *American Economic Journal: Microeconomics*, 11 (2): 26-54.

\* Sovinsky Goeree, M., 2008. "Limited Informatino and Advertising in the U.S. Personal Computer Industry", *Econometrica*, 76, 5, 1017 - 1074.