

ECON 4195: Undergraduate Empirical Industrial Organization

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Department of Economics
University of Virginia
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General Introduction: Industrial Organization is the field of economics that studies the operation and performance of markets and the behavior of firms in these markets. IO addresses such questions as: What determines market structure, or the identity and number of the market participants, the products they offer, the extent to which the various production stages are organized within a single firm instead of each being done by a separate firm? What are the determinants of a firm's market power, or its ability to charge prices higher than the marginal cost it faces to produce its goods? Modern Empirical Industrial Organization addresses questions of this sort by focusing on one industry at the time and using well-founded models that reasonably approximate the behavior of firms in these markets.

Prerequisites: Econ 3010, and Econ 3720.

Professor Ciliberto will teach the class till Spring Break.

Professor Aryal will teach the class after Spring Break.

Both Professors will evaluate the papers and final presentations.

Instructors:

Gaurab Aryal, email: aryalg@virginia.edu Office: Monroe Hall, #255.

Federico Ciliberto, email: Ciliberto@virginia.edu Office: Monroe Hall, #220.

Course Time: T-Th, 8:00am-9:30 am. Classroom: Monroe 114.

Office Hours:

Professor Aryal: Wednesdays, 11-12, and by appointment, in Monroe #255

Professor Ciliberto: Mondays, 11-12, and by appointment, in Monroe #220.

Method of Evaluation: Class Participation (5%), Homework Assignments (20%), Presentations (15%), Post-Presentations Quizzes (10%), Paper (40%), Final Presentation of Own Work (10%).

Mini-Paper, with weight distributed as follows:

3 Economic questions and why they are important (Motivation): 5%.

Literature Review: 5%.

Description of the Industry: 5%.

Empirical Model and Identification Strategy: 5%.

Discussion of Possible Policy Exercises: 5%.

Discussion of Limitations of the Analysis: 5%.

Final Paper Set-Up. 10%. This is based on how coherent the papers looks like, or, in other words, how well put together the paper is.

Textbook: *Quantitative Techniques for Competition and Antitrust Analysis*, by Peter Davis and Eliana Garces, Princeton University Press, 2010. See Calendar at bottom for more details.

Helpful References:

- *Industrial Organization: Markets and Strategies*, by Paul Belleflamme and Martin Peitz.
- *Modern Industrial Organization*, Carlton D. and Perloff J., Harper and Collins.

Participation in the Class:

Attendance at lectures is optional but will count for the participation grade. After missing one class, we will subtract 1 point for each class missed (so, for example, if you miss two classes, the grade will be 4, if you miss three classes, the participation grade will be 3, and so on). Students will be called on in class. Tardiness is discouraged (and penalized one point for each occurrence). Any disruptive behavior (e.g. reading a book during the lecture, using a pc during a class, texting on your cell phone, etc.) also will result in a lower participation grade.

Homework:

We will hand out homework. We allow collaboration on homework assignments, and **encourage you to work in study groups of at most 4 students**. You should turn **one** assignment for each study group. You cannot turn in photocopies of the assignment. Assignments that are **late** will not be accepted, unless we explicitly authorize the delay.

The Mini-Paper

The class is heavily geared towards the completion of the paper. This is the main objective of this class. The expectation is that the paper will be at least 15 pages long, but no more than 30 pages. Font size is 12, double-spaced with 1-inch margin.

You do not need to worry about making sure that you have data in order to complete the paper assignment. We will focus on learning how to find a question, determine whether it is interesting, making sure that nobody has examined it already, and figuring out how you would implement the full blown research project if you were fortunate to have the “ideal” dataset (indeed, figuring out what the “ideal” dataset would be is part of the exercise).

Presentations

You will present research papers that we have selected. The papers are in the Collab. You are required to use Power Point/Tex (Beamer) for your presentation.

Each presentation will be made by a group of two students. They may split the presentation, as they like. But each student will make two presentations, not necessarily with the same group. Both members of a presentation group will get the same grade for the presentation.

For each paper, students will have to describe (briefly, given the time constraint):

- 1) Question, Motivation, Objective
- 2) Empirical Model
- 3) Description of the Data
- 4) Identification Strategy
- 5) Results
- 6) Limitations

Each presentation will be assigned 30 minutes, and we will keep the time strictly enforced.

Quizzes:

After the presentations by the students, **all** students will be given a quiz consisting of 2 or 3 questions on the presentations.

Honor Policy.

We trust every student in this course to comply with all of the provisions of the UVa Honor System. By enrolling in this course, you have agreed to abide by and uphold the Honor System of the University of Virginia.

- All graded assignments must be pledged, including the homework.
- You may not access any old problem sets, old exams, answer keys without my explicit permission.
- When given permission to collaborate with others, do not copy answers from another student.
- Always cite any resources or individuals you consult to complete an assignment.
- All suspected violations will be forwarded to the Honor Committee and at my discretion, you may receive a grade of zero on that assignment regardless of any action taken by the Honor Committee.

Please let us know if you have any questions regarding the course honor policy.

If you believe you may have committed an Honor Offense, you may wish to file a Conscientious Retraction (“CR”) by calling the Honor Offices at (434) 924-7602. For your retraction to be considered valid, it must, among other things, be filed with the Honor Committee before you are aware that the Act in question has come under suspicion by anyone. More information can be found at www.virginia.edu/honor.