450-2: INDUSTRIAL ORGANIZATION AND PRICES II

The course provides a graduate-level introduction to Industrial Organization (IO). It is designed to provide a broad introduction to topics and industries that current researchers are studying as well as to expose students to a wide variety of techniques. It will start the process of preparing economics Ph.D. students to conduct thesis research in the area, and may also be of interest to doctoral students in other fields.

Lectures: Monday/Wednesday 11-1, Andersen 3245

Course Web Page: http://www.faculty.econ.northwestern.edu/faculty/nevo/teaching/450-2.html

The required text for this course sequence concentrates on theoretical principles:


For a broader coverage of empirical and public policy issues, you should also read:


You also might want to read several of the surveys in:


Grading will be based on several problem sets and either a final exam or paper. In the list that follows starred items are especially important.

The following abbreviations are used for journal titles:

| AER | American Economic Review |
| BJE | Bell Journal of Economics |
| EMA | Econometrica |
| EJ | Economic Journal |
| IJIO | International Journal of Industrial Organization |
| JE | Journal of Econometrics |
| JEH | Journal of Economic History |
| JEL | Journal of Economic Literature |
| JEMS | Journal of Economics & Management Strategy |
| JET | Journal of Economic Theory |
| JIE | Journal of Industrial Economics |
| JLE | Journal of Law and |
| JPE | Journal of Political Economy |
| QJE | Quarterly Journal of Economics |
| RJE | Rand Journal of Economics |
| ReStat | Review of Economics and Statistics |
| ReStud | Review of Economic Studies |
I. Introduction


II. Production, Technology and Industry Structure


J. Panzar, “Technological Determinants of Firm and Industry Structure,” HIO1, Chapter 1.


III. Empirical Studies of Pricing

1. Static Models


September 1988, 283-300.


R. Schmalensee, “Inter-industry Studies of Structure and Performance,” in HIO2, Chapter 16.


2. Repeated Interaction

V. Aguirregabiria, “The Dynamics of Markups and Inventories in Retail Firms,” ReStud, April 1999, 275-308.


3. **Differentiated Products Industries**


4. **Welfare and Hedonic Prices**

*Hedonic Price Regressions and Price Indices*


*Welfare Measures Computed from Estimated Demand Systems*


5. **Price Discrimination**

*Static*


L. Stole, “Price Discrimination and Competition,” HIO3, Chapter 34.

H. Varian, “Price Discrimination,” HIO1, Chapter 10.
**Price Dispersion, Search and Loss leaders**


**Dynamic**


**IV. Market Structure**

1. **Entry Models**


2. **Entry, Growth, and Turnover**


V. Advertising


VI. Strategic Investment

Tirole, pp. 207-8, Chapter 8.


VII. Adoption of Technology and Network Externalities


A. Goolsbee, and P. Klenow, 2002, “Evidence on Learning and Network Externalities in the


VIII. Vertical Relations


IX. Auctions

1. **Theory**


2. **Empirics**


3. **Recent Papers**


X. Dynamics

1. **Single Agent**


2. **Multi-Agent Models**


