

Announcements

- Problem Set 1 due Wednesday.
- Problem Set 2 (just one problem) due two weeks from today.
 - After today's lecture, we will have covered all topics on Problem Set 2.
- Starting Part 2 of the course next Monday. See Julia setup “assignment” on Canvas.

Overview of Topics

- **Part 1:** Fundamental IO theory (**Core IO**)
 1. Theory of the firm; producer theory
 2. Monopolies: Pricing; product quality/choice
 3. Price discrimination
 4. Competition: Static; dynamic
 5. Entry models
- **Part 2:** Fundamental tools of structural estimation (**Broadly applicable empirical tools**) [**Starting Monday**]
 1. Computational building blocks
 2. Estimating demand systems
 3. Estimating models of single-agent dynamics
 4. Auctions
- **Part 3:** The IO research process

IO Seminar series

Tomorrow's seminar

- Tuesday, September 17th, 11:40am to 12:55pm
- ILR CC 525
- Tomás Domínguez-lino (Chicago Booth)
- “Efficiency and Redistribution in Environmental Policy: An Equilibrium Analysis of Agricultural Supply Chains”

Abstract: I build an empirical model of the South American agricultural sector to show how environmental policy is transmitted along a supply chain when regulation at the externality's source is infeasible. Given obstacles to a carbon tax on farmers, I show how alternative market-based policies—downstream agribusiness taxes—reduce upstream emissions but their effectiveness is limited by international leakage and domestic mistargeting, while also being regressive. Agribusiness monopsony power worsens targeting by lowering pass-through to upstream farmers in uncompetitive and emissions-intense regions, thus eroding the Pigouvian signal where social cost is highest. By contrast, command-and-control tools perform robustly when markets face pre-existing distortions.