

# Empirical Industrial Organization I: Static models

Reading list

March 29, 2021

## General

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

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

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

P. Reiss and F. Wolak, “Structural Econometric Modeling: Rationales and Examples from Industrial Organization,” Handbook of Econometrics, Volume 6A, Chapter 64.

## Reference

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

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](#)

## 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.

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>

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.

## **BLP**

- \* Berry, S., J. Levinsohn, and A. Pakes. 1995. "Automobile Prices in Market Equilibrium," *Econometrica*, 63, 841-890.

Berry, S. and P. A. Haile. 2020. "Nonparametric Identification of Differentiated Products Demand Using Micro Data," NBER Working Paper No. 27704.

Berry, S., J. Levinsohn, and A. Pakes. 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.

- \* Conlon, C. and J. Gortmaker. 2020. "Best Practices for Differentiated Products Demand Estimation with pyblp," *The RAND Journal of Economics*, *forthcoming*.

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.

Petrin, Amil. 2002. "Quantifying the Benefits of New Products: The Case of the Minivan", *Journal of Political Economy*, 110(4).

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

- \* 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.

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

## **Identification and optimal instruments**

- \* 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.

## **Supply side**

References in the BLP section

Genesove, David and Wallace Mullin, 1998. "Testing Static Oligopoly Models: Conduct and Cost in the Sugar Industry". *The RAND Journal of Economics*, 29(2), 355 - 377.

- \* 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.

## **Applications: 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.

Whinston, Michael D. 2007a. "Antitrust Policy towards Horizontal Mergers." In *Handbook of Industrial Organization*, vol. 3, ed. Mark Armstrong and Robert Porter, 2369–2440. Amsterdam: Elsevier.

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

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

## **Applications: Choice Frictions**

J. Abaluck and J. Gruber, "Choice Inconsistencies among the Elderly: Evidence from Plan Choice in the Medicare Part D Program," *American Economic Review*, 2011, 1180-1210.

Ben Handel. 2013. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts." *American Economic Review* 103(7) 2643-82.

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.

J. Heckman, "Heterogeneity and State Dependence," chapter in *Studies in Labor Markets* edited by S. Rosen, 1981.

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.