

Syllabus for ECON 171 – Industrial Organization: Policy and Regulation

Instructor

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Office hours are Mondays 4-6pm, please make an appointment [here](#).

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Overview and objectives

Industrial Organization ('IO') is the field of economics that studies demand and supply in imperfectly competitive markets. It is used to address important real-world questions, such as:

- "How would a merger between Uber and Lyft affect ride-hail prices? Should the government allow or block such a merger?"
- "How does Strava choose which app features you get for free, and which you have to pay for?"
- "What are the effects of maximum electricity prices on investment in renewable energy sources? Should the government impose such price caps?"

Often, answering these questions requires combining economic theory with empirical analysis. This class is designed to introduce students to these techniques, which are widely used in the field by businesses, government agencies, consultants, and academic researchers. The course is structured as follows:

- The first part covers the analytical foundations of empirical industrial organization: the estimation of models of demand, cost, and entry.
- The second part uses this toolbox to study competition policy, with a focus on merger policy, antitrust, and other forms of market regulation.
- The third part consists of guest lectures by distinguished IO practitioners, who will provide a behind-the-scenes look into how the methods from the class are used in practice.

Organization

Lectures (ECON 171) are Mondays-Wednesdays from 8-9:15am, Dodd Hall 147. Active participation and asking questions make for a better course.

Practice sessions (ECON 171L) are on Mondays-Wednesdays from 3-3.50pm, Bunche Hall Room 2209A. Students will learn how to write code in R in order to apply the methods covered during class. Please bring a laptop with R installed.

Course material

- Slides (on Canvas)
- Sample code (on Canvas)

Overview of the classes

Part I: Core topics

1. Theory refresher: models of imperfect competition
2. Demand estimation with homogeneous goods
3. Demand estimation with differentiated goods
4. Cost function estimation

Part II: Competition policy and regulation

5. Competition policy: antitrust
6. Competition policy: horizontal mergers
7. Competition policy: vertical mergers
8. Guest lectures by IO practitioners

Evaluation

- 3 Problem sets: 50%.
 - Due dates: see problem set instructions
- 1 Midterm exam: 25% (only counts if better than final)
- 1 Final exam: 25% (if worse than midterm) or 50% (if better than midterm)