

ECON 5480A – Industrial Organization

Spring 2021

Thursday 1:30 – 4:15PM

- All class meetings are to be conducted online.
- Face-to-face teaching and assessment may be resumed when the pandemic stabilizes.

Professor: Shi, Ce “Matthew”

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Office hours: 4:30 – 5:30PM (Mon.), 12:15 – 1:15PM (Tue.) or by appointment

Course Description: This is the second half of the graduate industrial organization (IO) course. While our main focus is on empirical methodology and applied research topics in modern IO, we will review and discuss theoretical topics on a need basis. The objective of this course is to introduce students to empirical methods commonly used in the field, including structural econometric approaches to estimation of consumer demand, static entry game, and (single-agent) dynamic discrete choice problems. We will cover applications of empirical IO methods in the analysis of anti-trust, regulations, and a variety of policy issues in other related fields (e.g., marketing, public, environmental, banking, innovation, trade, media and political economy).

Suggested Readings:

(General textbooks for IO theory)

Tirole, Jean, 1988. *The Theory of Industrial Organization*. MIT Press.

Belleflamme, Paul and Martin Peitz, 2015. *Industrial Organization: Markets and Strategies*. Cambridge University Press.

(Other topics) [See the materials on the course Blackboard site.](#)

Method of Evaluation: Participation (5%), Assignment (20%), In-class Presentations (25%).

Participation: Participation will be graded based on attendance and contribution to the class. Lecture attendance is mandatory. You may want to notify me in advance or give me a note afterward for any medical emergency, religious holiday, and so on. Communication is highly valued in this class. I encourage you to ask questions and express your thoughts during the lectures. *There is no such thing as a stupid question.* When necessary, I will randomly choose a name to answer my question and/or to speak up. One can lose one participation point if she/he is absent without a valid excuse or refuses to speak.

Assignment: There will be one group assignment on demand estimation à la BLP (Berry, Levinsohn, and Pakes, 1995, *Econometrica*). Students will be work in groups of 2-3 members. More details will be announced in class.

Presentations: Students will form groups of two for two 40-minute presentations, which account for 10% and 15% of the overall grade, respectively. Students need to discuss with the professor their choice of paper two to three weeks in advance. All students – including non-presenters – are expected to carefully study the assigned readings and actively participate in discussion. More details will be announced in class.

Tentative Class Schedule:

| <i>Date</i> | <i>Topics</i> |
|-------------|---|
| March 11 | Introduction, structural vs. reduced-form analysis, production function |
| March 18 | Theories of product differentiation, empirical analysis of market power |
| March 25 | Demand estimation and applications |
| April 1 | IO research in the Chinese context (<i>class presentation</i>) |
| April 8 | Information & advertising, platforms, media markets |
| April 15 | Static entry game, endogenous product characteristics |
| April 22 | Other topics (<i>class presentation</i>) |

Students with Special Needs: If you have a documented disability and need special accommodations, please see me as soon as possible.

Academic Honesty: Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at <http://www.cuhk.edu.hk/policy/academichonesty/>. The sample statement can be downloaded at [http://www.cuhk.edu.hk/policy/academichonesty/Eng_html_files_\(2013-14\)/declaration_en.doc](http://www.cuhk.edu.hk/policy/academichonesty/Eng_html_files_(2013-14)/declaration_en.doc).