Agricultural and Resource Economics 358

Industrial Organization: Empirical Analysis
Spring 2006

Instructor: Ronald W. Cotterill

Reading List

NOTE: This reading list is comprehensive. The course will not cover all topics. Readings that are usually covered are identified by an asterisk. Each year the class, to a certain extent determines the focus of this course, so assigned readings/topic areas of interest can and do change. This means the reading list may change during the semester.

Required Text: None

Recommended Texts:

Graduate


Undergraduate


Other Texts


I. **Introduction: Scope and Method of Industrial Organization**

Scherer, Ch. 1 "Introduction"

*Martin, Ch. 1 “Introduction”*

*Greer, Introduction to Structure: What is Market Power?” Chapter 4.*


II. **Noncooperative Oligopoly Models – Theory and Tests Thereof**

A. Market Share, Concentration Relationships to Price Cost Margins (Profits)
1. Core of this unit

*Scherer and Ross, Ch. 6 "Economic Theories of Oligopoly Pricing".


2. General Surveys, Fisher McGowan Critique, Demsetz Critique

Scherer and Ross, Ch 11 "Market Structure Studies of Structure and Performance"

Martin, Ch. 16, 17, 18.


3. Single Equation Models for Profitability


B. Market Share and Concentration Relationships to Prices

1. Theory


2. Evidence


C. Conjectural Variation Studies: Homogeneous Product Industries


Breshnahan, Timothy F. "The Oligopoly Solution Concept is Identified," *Economic Letters*, Vol. 10 (1982), pp. 87-92 (or Church and Ware, pp. 440-447.)

D. Residual Demand Studies


E. Demand Systems Studies in Differentiated Product Industries

1. Introduction and Policy Framework for Elasticity Estimation

[http://europa.eu.int/comm/competition/mergers/others/#study](http://europa.eu.int/comm/competition/mergers/others/#study)


2. Flexible Demand System Approaches

a. Unilateral Elasticity Approaches


b. Total Elasticity Approaches

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1 Only in Differentiated Product Industries, such studies also exist for homogenous product industries.


Martin, Ch. 2 “Reaction Curve Oligopoly Models”.

*Church and Ware, “Bertrand Competition” (P. 256-263).


3. Logit and Generalized Logit Approaches


4. Generalized Models that Include Vertical Channel Pricing Games


5. Using Elasticities to Evaluate Price Impacts of Mergers


III. Product Differentiation: Address Models and Private Label Grocery Products

Church and Ware, Chapter II, “Product Differentiation” especially 379-391.


IV. Barriers to Entry

A. General Theory

*Waterson, Ch 4.

Scherer and Ross, Ch 10 "The Dynamics of Monopoly and Oligopoly Pricing"


B. Analysis of Entry Conduct and Testing for Barriers to Entry


V. Antitrust Policy Analysis


VI. The Market for Corporate Control: Mergers, Takeovers, Leveraged Buyouts. (Corporate level portfolio strategies, separation of ownership and control)


