Course Description

This is a graduate course on empirical industrial organization. The focus of the course will be on firms’ productivity. We will study a selection of (mostly) empirical research on firms’ productivity, its relationship with organizational structure, research and development, market conduct and power, and macroeconomic environment. Firms have different levels of productivity. Some essential questions are: What are the sources of persistence performance differences among firms within narrowly defined industries or ‘firm-fixed effect’? What are the roles of ‘learning’ and ‘selection’ in firm heterogeneity and what are its aggregate consequences?

Students will acquire the tools for research involving measurement of firms’ productivity and will be able to explore questions regarding both sources of firm productivity differences and aggregate implications of firm heterogeneity. These questions also relate to other fields in economics such as macroeconomics, international trade, and development economics. In this course, we will approach this topic from an industrial organization perspective by treating firms as part of the environment under which they operate with explicit considerations of market power, market frictions, and uncertainty.
Course Outline

♣ Production Function/Productivity Estimation


• Klette, Tor Jakob (1999): The Journal of Industrial Economics, Market Power, Scale Economies and Productivity: Estimates From a Panel of Establishment Data

• Klette and Grilliches (1996): Journal of Applied Econometrics, The Inconsistency of Common Scale Estimators When Output Prices are Unobserved and Endogenous


• Ackelberg, Dan, Kevin Caves and Garth Frazer (2006): Structural Identification of Production Functions

♣ Market Demand


Market Selection, Reallocation and Aggregate Productivity

- Garicano, LeLarge, and Van Reenen (2013): Firm Size Distortions And The Productivity Distribution: Evidence From France

Dynamic Industry Equilibrium Models


◊ Dinlersöz, and Yörükoglu (2012): American Economic Review, 102(2) pp. 884-913 Information and Industry Dynamics

♦ Innovation, R&D, Technology Adoption and Firm Productivity

• Jaffe, Adam (1986): American Economic Review, Technological Opportunity and Spillovers of R&D: Evidence from Firms’ Patents, Profits, and Market Value


◊ Bloom, Schankerman, and Van Reenen (2013): Econometrica, Identifying Technology Spillovers and Product Market Rivalry


◊ Graetz and Michaels (2016): Robots at Work

♣ Competition and Firm Productivity


♣ Firms’ Internal Organization and Productivity

• Bloom and Van Reenen (2007): Quarterly Journal of Economics, Measuring And Explaining Management Practices Across Firms And Countries


♣ Firms’ Internal Organization, Productivity and Macroeconomics


• Bloom, Draca, and Van Reenen (2014): forthcoming in Review of Economic Studies Trade induced technical change? The impact of Chinese imports on innovation, IT and productivity

TIME AND LOCATION
Thursday 12:00-14:00pm, V10-122

OFFICE HOURS
Thursday 3:00-5:00 pm

EXAM
You are expected to participate in the class and attendance is strongly recommended. There will be one written exam which will take place during the class time on July 21.

REFEREE REPORT ASSIGNMENTS
I will assign one paper to each participated student for preparation of a referee report. The referee report will be due on June 30.

GUIDELINES FOR A REFEREE REPORT
The purpose of a referee report is to recommend to an editor whether a paper is suitable for publication for a particular journal or not, potentially after revision. The job is to document reasons for accepting, rejecting, or requesting revisions. It should contain:

- A good summary of the paper
  - What is the question asked by the authors/
  - What is the modeling strategy?
  - What data are used?
  - How is the hypothesis formulated and tested?
  - What are the results?
  - How does it fit in the relevant literature?
- Development of 3 or 4 main points (positive or negative)
– For a positive point: why the question is particularly important, or the approach particularly novel, or the techniques new, or the identification strategy innovative, the data very uncommon etc..

– For a negative point: Lack of correspondence between the idea and the model, the model and the empirical technique, the empirical strategy/results and the conclusion; lack of significant contribution

• 4 or 5 small points that need clarification or addition

– Specific points that can be improved for sure

PRESENTATIONS

Each student will present the paper that is assigned for the referee report.

Content: Research paper that is assigned to you to present.

The length of the presentation: Prepare for approximately 20 minutes talk ~ about 10 slides

GRADING POLICY

The final grade will be given as follows:

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FinalGrade = \max\{100\% \text{ Exam}, 50\% \text{ Exam} + 25\% \text{ RR} + 25\% \text{ Presentation}\}
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