

Boston College
Department of Economics
Industrial Organization
EC 853 - Autumn 1996

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Carney Hall 246

Office Hours: Tuesdays 2:30pm - 4:00pm or by appointment.

The purpose of this course is to provide an overview of selected topics in industrial organization. The course will focus on a careful reading of a small number of papers. The journal readings will be made available in the mail room, while the books have been placed on reserve in O'Neil library. Copies of Tirole and Scherer have been ordered for the bookstore.

Evaluation:

1. 50% - Seminar presentations and accompanying documentation.
2. 50% - Term paper.

Reading List

1. Competition with Symmetric Information

1.1. Static Competition

Tirole (1988) - Chapter 5, 7.
Scherer and Ross (1990) - Chapter 6.
Dixit and Stiglitz (1977)
Klemperer (1987)
Klemperer-Meyer(1986):RJE (1986)
Kreps and Scheinkman (1983)
Berry, Levinsohn and Pakes (1996)
Goldberg (1996)

1.2. Entry, Product Choice and Advertising

Tirole (1988) - Chapter 8.
Scherer and Ross (1990) - Chapter 16
Dixit (1980)
Sutton (1991)
Sutton and Shaked (1982)
Judd (1985)
Breshnahan and Reiss (1991)
Dunne, Roberts and Samuelson (1988)

1.3. Repeated Interaction and Cooperation

Tirole (1988) - Chapter 6.
Scherer and Ross (1990) - Chapters 6 - 8.
Philips (1995) Section II.
Abreu (1988)
Green and Porter (1984)
Ellison (1994)
Porter (1983)

2. Competition with Asymmetric Information

2.1. Price Discrimination

Tirole (1988) - Chapter 3.
Scherer and Ross (1990) - Chapter 13.
Maskin and Riley (1984)
Varian (1985)
Blackstone (1975)
Shepard (1991)

2.2. Regulation of Monopoly

Laffont and Tirole (1993) - Chapters 1-2.
Baron and Myerson (1982)
Laffont and Tirole (1986)

2.3. Predatory Pricing

Tirole (1988) - Chapter 9.
Philips (1995) - Section 4.
Milgrom and Roberts (1982)

2.4. Auctions

Philips (1988) - Chapter 4.
Milgrom (1987)
Hendricks and Porter (1988)
Crampton (1994)
McMillan (1994)

Porter (1996)
Laffont, Osard and Vuong (1996)

2.5. Learning

Banerjee (1992)
Bikchandani, Hirschleifer and Welch (1992)
Pesendorfer (1995)
Irwin and Klenow (1994)
Klepper (1996)

3. Theory of the Firm

3.1. Introduction

Coase (1937)
Tirole (1988) Chapter 0
Williamson (1985)
Holmström and Tirole (1989)

3.2. The Firm and Asset Specificity

Grossman and Hart (1986)
Hart (1995) Chapter 2.
Klein, Crawford and Alchian (1978)
Monteverde and Teece (1982)
Anderson and Schmittlein (1984)

3.3. Contracts and Markets

Macauley (1963)
Joskow (1985)
Joskow (1987)
Carlton (1986)
MacLeod and Malcomson (1993)

3.4. Incentives and Internal Markets

Milgrom and Roberts (1992) - Chapter 11.

Holmstrom (1979)

Holmström and Milgrom (1991)

Lazear (1989)

MacLeod and Malcomson (1988)

MacLeod (1996)

3.5. Managerial Incentives

Milgrom and Roberts (1992) Chapter 13

Holmström (1992)

Hart (1983)

Grossman and Hart (1980)

Scharfstein (1988a)

Scharfstein (1988b)

References

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- Banerjee, Abhijit V.**, “A Simple Model of Herd Behavior,” *Quarterly Journal of Economics*, August 1992, *107* (430), 797–818.
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