
Industrial Organization II

Final Exam 2005

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Question 1 (35%): Read Goolsbee and Syverson, “How do Incumbents Respond to the Threat of Entry: Evidence from the Major Airlines” available at

<http://home.uchicago.edu/~syverson/southwestentry.pdf>.

Write a referee report on this paper. It should have the following sections:

1. A $\frac{1}{2}$ - 1 page outline of the paper.
2. A very clear discussion of the sources of identification that are being exploited. Critically assess the validity of the identification strategy.
3. Any comments on changes that you would make to the paper to make it stronger.
4. An assessment of the value of the contribution made by the paper.
5. A recommendation to the editor (of, say, the *AER*)

Question 2 (15%): Estimated demand systems are sometimes used in complex merger cases to assess the price effects likely to result from a merger in a differentiated goods market. Some economists have argued that using a Logit demand system in such instances is little different from judging the impact of the merger from just examining the HHI's.

1. Comment on this point of view.
2. Discuss the advantages and disadvantages of different approaches to modeling demand in this setting.

(No more than three pages for this question)

Question 3 (50%): Read Skrzypacz, “Bargaining under Asymmetric Information and the Hold-Up Problem” available at

<http://www.stanford.edu/~skrz/Research.htm>

Write a referee report on this paper. It should have the following sections:

1. A $\frac{1}{2}$ - 1 page outline of the paper.
 2. A very clear discussion of the assumptions and the results.
 3. Any comments on changes that you would make to the paper to make it stronger.
 4. An assessment of the value of the contribution made by the paper.
 5. A recommendation to the editor (of, say, the *AER*)
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