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Part IIB, Paper 9

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Empirical Studies in Industrial Organization

Here are some questions that you should always try to answer about any empirical paper you have read:

1. What is the research question?
2. What are the goals of the paper? (does the paper aim to develop methods, answer a policy question, test models or measure an effect?)
3. Why is the paper important according to the author? Do you agree with the author?
4. If the objective is a methodological advance, what is the problem that the author addresses? Why are existing techniques inadequate? How successful is the author's approach? Could we use this approach to different markets?
5. What is the theoretical foundation for the empirical work? How appropriate is the model for the applications? How tight is the relationship between the theoretical and empirical models?

6. For papers using structural empirical models:

Why does the author use a structural model? Could any of the questions be addressed with other approaches? What is the source of identification? Could the model be generalized?

Does the model seem to capture the key features of the market? What elements are missing from the model that might be important? Is it clear what the implications of ignoring these elements are for the estimates?

Can you think of alternative models of behaviour for the market?

7. For papers not using structural empirical models:

Why does the author choose this particular model?

Does the author evaluate the model specification?

Are the interpretations of the estimates and/or hypothesis clear?

Are there parameters or distributions of interest that one could identify and estimate by imposing more structure from economic theory?

8. What is the data being used here? How was it collected? What are the important variables? How are they defined? What is the unit of observation?
9. What is assumed to be exogenous and endogenous? How is the endogeneity addressed? Do you think the solution is credible?
10. What variation in the data does the author rely on for identification of each element of the empirical model? What assumptions must be true about this variation for the author's interpretation of the results to be correct? If you had an ideal data set, what would it look like? How is the data set in this paper different from that ideal data set? How much of the identification is coming from the model and how much from the data?
11. What econometric techniques are being used in this paper? Are they appropriate? What is the central estimating equation (or equations)? What is in the unobservable component?
12. What are the main results of the paper? What are the economic implications of the results? What do we learn from this paper? What questions does this paper leave unanswered? How might you answer them?