

LITERATURE REVIEW PROJECT

The goal of this project is for you to become an expert on some small focused area of industrial organization and to generate two potential viable research paper ideas in the area. So there will be two parts to the final project you hand in. First, will be a tightly written review of the literature, 8-10 pages, double-spaced, in length. At the end of the literature review, I want you to write a final section giving relevant details of two projects one could pursue in the area that would lead to a contribution to the literature (maximum of 4 pages, double-spaced).

Literature Review

For the literature review portion, I am looking for an *analysis* of the literature, not a summary! Weave a logical story for me about how the literature fits together and has progressed over time. You should be answering questions such as:

- 1) What are the main ideas and contributions that form the core of the literature?
- 2) Which papers are important and which ones are not?
- 3) Have there been controversies and how have they been resolved?
- 4) What are common mistakes and/or assumptions made by the papers?
- 5) What are the current deficiencies and unresolved issues as you see them?
- 6) Are there important connections to other topics?
- 7) Has the emphasis been more empirical or theoretical? Why?

Throughout your readings you need to be discerning and critically examine the group of papers you read in the topic area. Explain how various papers in your bibliography *relate* to each other. There are two types of papers that I have received a lot in the past, but don't want to see: 1) a paper where each paragraph is a separate superficial summary of another paper read by the author, or 2) a paper that gives a detailed analysis of really only one paper read by the author (not so curiously, this paper usually ends up being the one that is presented in class by the author as well). Please avoid these mistakes. To write a literature review the way I've explained above takes much more time and thought, but yields much higher rewards, both in terms of grade in the course and knowledge gained.

Picking a topic for the project tends to be a difficult process for most because they spend too much time trying to get the perfect topic idea (this is often the same reason why some people take 6+ years to get their PhD). It is difficult to pick a topic in an area that you don't know much about, so in the end, do some exploring, pick a topic and go with it. The worst that could happen is that at the end of the quarter you have picked up valuable research skills, but realize that the topic you chose is not one you wish to pursue in the future. That's information you didn't have at the beginning of the quarter, so it's not a loss at all!

With that said, to help yourself pick a topic, there are some things you should definitely do in the first couple weeks of the term.

1) Review my syllabus and the topics we will be covering. If there is an interesting article there, pick it up and spend a couple minutes reading the abstract and the introduction to see if it continues to interest you. At that point, you may want to check the articles references and go look at some of those articles as well. The headings themselves in the course syllabus are often too broad. For example, there have been thousands of articles on the economics of antitrust law. You would need to narrow it down more than this.

2) Go to the library and look at the main field journals in industrial organization, A) *RAND Journal of Economics* (HD 2763.A2.B4); B) *Journal of Industrial Economics* (HD 1.J6), C) *International Journal of Industrial Organization* (HD 28.I525) and D) *Review of Industrial Organization* (HD 2326.R48). In terms of quality, most would agree that RAND is best, JIE and IJIO are comparable, and RIO is last.

3) Check out some of the links to I.O.-related organizations and data sources on my webpage.

4) Talk to me if you have questions and to make sure you are getting a narrow, but not too narrow, topic. Make sure we talk and agree on your topic by the third week of the term.

Once you have a topic, some students have difficulties finding more than a few relevant papers in the area. The main way to find related papers is to follow the references in the papers you have found. The other way is to do a search on EconLIT, which you can access through Knight Library's homepage. At their homepage, click **Social Sciences** under the Indexes & Abstracts heading. Then click **Economics** and then **EconLIT**. Undergraduate texts often have important references in their bibliographies too. If after these steps, you still cannot find more than a handful of articles on your topic, talk to me and we can discuss whether your topic is too narrow.

In deciding which papers are important in the literature, one signal (though not a perfect one by any means) is the quality of the journal. Top general interest journals that publish a decent amount of I.O. articles include:

American Economic Review (HB 1 .E26 - Knight library call number)

Economic Journal (HB 1 .E3)

International Economic Review (HB 1 .I65)

Journal of Political Economy (HB 1 .J7)

Quarterly Journal of Economics (HB 1 .Q3)

Review of Economics and Statistics (HA 1 .R35)

Review of Economic Studies (HB 1 .R4)

Lower-ranked general interest journals with decent amount of I.O. articles include:

Canadian Journal of Economics (HB 1 .C3) Economic Inquiry (HB 1 .W47)

Economica (HB 1 .E3)

Southern Economic Journal (HC 107 .A13 A67)

Final Section Detailing Two Projects

After carefully researching a topic area, you should have some notion of what are some projects one could pursue to extend the literature or even resolve “problems” you find in the literature. The constraint is that you need to give some detail about how one could actually operationalize the project. There are often “holes” in the literature because it is very difficult or impossible to correct these holes. For example, there may be theory that has not been tested because it is virtually impossible to obtain the data. There may be theory that has simplistic and potentially unrealistic assumptions, but to correct this and assume more realistic features makes the model intractable. So what I want are descriptions of two projects that appear reasonably viable. Each project description should have the following:

- 1) An introduction that describes your project idea in 5 sentences or less.
- 2) Some explanation for how this project would contribute to the literature - you can assume that I, the reader, has just read your literature review.
- 3) Details about how one would approach the project and what results one may find. **If it is a theoretical idea** tell me which paper’s model you would start with as your base model and the ways you would modify or extend the model. What theoretical tools or methodologies would you use? Which hypothesis or hypotheses would you address? What type of results would you expect to find? What empirical evidence would you present or try to find to support your model’s assumptions or results? **If it is an empirical idea**, what theoretical framework would you use to guide the empirical work? Where would you get the data? Which hypothesis or hypotheses would you be testing? What type of econometric methodologies would be appropriate for your testing?

The two projects you pick should come about after spending time trying to generate lots of projects ideas. You should start by trying to think of 10-15 possible projects. Be creative and don’t be very critical of the ideas at first. Think about other areas of economics you have studied and how it might relate to the trade issues with your topic. Then, after this brainstorming period, get more critical and start thinking about which of your ideas represent a better contribution to the literature and which ones are more viable, to eventually get down to two projects you want to think more deeply about and write about.