
In this course we investigate a range of questions relating to the internal organization of the firm and the implications for their competitiveness in markets. In particular, we investigate:

- What is a firm?
- Why firms exist?
- Why firms substitute internal transactions for market transactions?
- What trade between firms does to the internal organization of a firm?
- What determines the boundaries (the markets the firm operates in) and size of the firm (the scale of production)?

Our machinery for investigating these issues has two parts. The first is to consider simple models of firm behavior. The models explore behavior within firms as well as behavior across firms. The second is to consider empirical papers that speak to these models.

1 COURSE MATERIAL

There is no textbook for the course. In class I will present the simplest models of firm behavior. Many of the models are found in the most elementary of texts. The main course materials are empirical papers that speak to the models. Below you will find a list papers - I will consider several of them in class (I will let you know which papers, in particular) we consider. You can download these papers through the university website, using JSTOR, IDEAS, or scholar.google.com.

2 COURSE REQUIREMENTS

We will meet one or two times a week (check your timetable). On Tuesdays we meet from 11:00-12:45 in Room C1-6. On Thursdays we meet from 11:00-12:45; in Room C1-3 on November 8th; in Room CT-6 thereafter. The final grade is based on an assignment and a final exam. The specific breakdown is:

- Assignment: 30% of final mark (Tentatively Due Friday December 14)
- Final Exam : 70% of final mark (Wednesday December 19).

The assignment asks you to partner with another student in the class and referee an empirical paper related to the topics we cover. I will collect a smattering of papers and randomly assign them to groups. While there will be overlap in the papers assigned, I expect a unique submission from each group. I'll give more details on the assignment in the first few lectures.

I will periodically provide you with problem sets to prepare you for the final exam. In the problem sets you evaluate the models and empirics we discuss in class. The problem sets will not be graded. The onus is on you to understand the problems and their solutions.

3 OFFICE HOURS

I will hold regularly scheduled office hours for one hour following each lecture. My office is **H8-29**. When office hours are infeasible for you, email me at kapoor@ese.eur.nl to schedule an appointment.

4 EMAIL POLICY AND BLACKBOARD

Please use email only for administrative matters and scheduling appointments. To discuss content-related questions, please use my office hours. I will try to reply to emails within 24 hours.

I will post lecture slides and problems on blackboard. I will also make announcements through blackboard, so please keep on top of it

5 MATHEMATICS DISCLAIMER

The course is somewhat technical. I expect some familiarity with multivariate calculus, particularly differentiation and optimization, and econometrics. With other more difficult topics we will learn them as we proceed.

6 TENTATIVE TOPICS AND READINGS

The list of papers here is not definite. We will not read all of them. We may discuss papers which are not currently on the list.

UPDATE: The first list is a list of papers we will cover with high probability. The second is a list we will cover with low probability.

*****FIRST LIST*****

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*****SECOND LIST*****

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