

ECON 321, Class 12: Ellison and Snyder

1. Read the introduction carefully.
2. Skim Section II.
3. Read Section III carefully. This is a great example of how a good IO study should include institutional detail.
4. Read Section IV. Write down what you consider to be one main strength and one main weakness of this data.
5. Read Section V and Section VI(i). Use the coefficient estimates in Table IV, column Δ^{CI} , the formula in equation (1), and the sample means in Table III to answer the following: Suppose an independent pharmacy pays \$55 for each of 4 drugs, one that is patented, one off-patent branded, one off-patent generic with one generic brand, and one off-patent generic with multiple generic brands. How much does the regression predict a chain pharmacy would pay for each of these drugs?
6. Read Sections VI(ii)-(iii).
7. Read Section VII carefully.