

INSTRUCTORS: **Helen Jensen** 578E Heady, tel. 294-6253, hhjensen@iastate.edu
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OFFICE HOURS: Jensen: M 1:00-3:00 PM, W 4:00-5:00 PM
Moschini T and R, 2:00-3:00 PM

CLASSES: M and W, 9:00-10:30 AM, 274 Heady Hall

COURSE CONTENT

Analysis of demand with emphasis on the theory of consumption decisions, the development and estimation of models, and the assessment and interpretation of empirical results. Topics will include the following. Demand system specification. Duality and flexible functional forms. Separability and aggregation. Dynamic demand models. Household consumption models, demographics, and equivalent scales. Cost-of-living indices and standard of living measurement. Quality of goods. Empirical applications with emphasis on food demand.

GRADES: 40 % term paper, 60 % final exam.

ORGANIZATION

We have chosen to extend each lecture's time by 15 minutes so that we can finish classes before Thanksgiving. Moschini will teach the first half of the course (August 21 – October 4) and Jensen will teach the second half (October 9 – November 15). Students must choose a topic for their term paper as early as possible, in consultation with the instructors. A one-page term paper proposal is due by Wednesday, November 29. The final exam will take place at a mutually agreed time in the week of December 4-8. The term paper is due by noon on Friday, December 22.

TEXTBOOKS

Deaton, A., and Muellbauer, J. Economics and Consumer Behavior. Cambridge: Cambridge University Press, 1980.

Pollak, R.A., and Wales, T.J. Demand System Specification & Estimation. Oxford University Press, 1992.

READINGS: Detailed reading lists will be provided during the course.

WEBSITE: <http://www.econ.iastate.edu/classes/econ639/index.htm>

OUTLINE of TOPICS

Part I

1. Review of Consumer Theory
2. Functional Forms and Demand System Specification
3. Estimation of Demand Systems
4. Homotheticity, Separability, and Aggregation
5. Curvature Conditions and Semiflexible Forms
6. Dynamic Demand Models
7. Inverse and Mixed Demand Systems
8. Nonparametric Analysis and Structural Change in Demand Models
9. Index Numbers and Cost-of-Living Measurement

Part II

10. Demographics in Demand Models
11. Engel Curve Analysis and Equivalent Scales
12. Survey and Data Issues
13. Discrete Choice Models and Zero Expenditures
14. Quality and Product Characteristics
15. Household Production Theory
16. Demand for Nonmarket Goods: Health and Nutrition
17. Information, Advertising and Promotion
18. Food Assistance Programs: Design and Evaluation