ABIZ/ECON 7950 Advanced Agricultural Demand Analysis
Fall 2018

Lectures: Mondays and Wednesdays, 10:00 am – 11:15 am, 365 Agriculture Building
Class web page: www.umanitoba.ca/umlearn

Instructor
Dr. Julieta Frank
376 Agriculture Building
E-mail: Julieta.Frank@umanitoba.ca
Office hours: Mondays and Wednesdays 11:15 am – 12:30 pm or by appointment

Course Description
In this course we will examine theory and applications of demand systems used primarily in agricultural settings, although other markets may be explored. We will begin with consumer demand theory, restrictions, and dual relationships. A large part of the course will be devoted to understanding how and why agricultural demand is specified and used. Specification of single demand equations will include functional forms, transformations, and dynamic models. Emphasis will be placed on demand systems: Linear Expenditure System (LES), Rotterdam, Almost Ideal Demand System (AIDS), Translog, and Inverse models. The relationship between price flexibilities and price elasticities will be also discussed. Finally, we will cover discrete choice models for demand.

Course Objectives
By the end of this course students should:
• Have a thorough understanding of the underlying theory of consumer behaviour
• Develop economic intuition
• Be able to bridge theory with empirical implementation
• Comprehend the analytical procedures and empirical techniques used in consumer demand
• Be able to formulate, estimate, and test complete systems of consumer demand equations
• Be familiar with the literature of consumer demand applied to agricultural settings

Course website
Class material will be posted on UM Learn (www.umanitoba.ca/umlearn). The page provides announcements, information about the course, grades, and other pertinent information. You may also use UM Learn to submit your assignments. I strongly recommend you to check the course web site frequently during the term, especially for announcements prior to class. If you have trouble logging into UM Learn please contact the Information Services & Technology (IST) Service Desk located in 123 Fletcher Argue, by phone at (204) 474-8600, or by e-mail at servicedesk@umanitoba.ca.
**Course Material**

Materials will be drawn from various sources, including book chapters and journal articles. The book by A. Deaton and J. Muellbauer, *Economics and Consumer Behavior*, Cambridge University Press, is a highly recommended reference and contains much of the material we will cover in class. The book is on reserve in the William R. Newman Library—Agriculture (236 Agriculture Building). Also, your microeconomics and econometrics textbooks from previous courses may be valuable references.

**Course Format and Requirements**

This class will meet for two instructor-guided lectures per week. Students are expected to read the course material before coming to class. Several times throughout the course students will be assigned a journal article to lead class discussion. To pass the course students are expected to complete homework assignments, a term paper, a midterm, and a final exam.

**Homework Assignments**

Assignments will be given throughout the term. I encourage you to work together and discuss problem sets with your classmates, but you must submit a separate assignment which must be entirely your own work. Assignments are expected to be presented in an organized and legible manner. When appropriate, you are also expected to provide economic discussion of models and interpretation of economic results. You may use the econometrics software of your choice. However, I will be most able to provide support for Stata, which is available in the graduate computer lab (366 Agriculture Building). Stata user manuals in pdf format are also available in the lab.

**Term paper**

The term paper should address a consumer demand problem using the methods discussed in class. Research problems can be identified through the readings. You are also welcome to meet with me for further discussion of your research topic. A written proposal including selected references is due on October 10. At this stage, you should focus on identifying the problem and suggesting, in general terms, what theory, procedures and data might be used. A preliminary written report with a brief in-class oral presentation is due on November 5. You should briefly revisit the motivation for the analysis, but focus on a discussion of the data, any preliminary results, and problems you are encountering with the work. In-class discussion is expected. The final paper is due on December 3. The paper should not exceed 20 pages (double spaced), including tables, figures, and references. Please proofread and spell-check your work before submitting it.

The liaison librarian of the Agriculture Library, Bill Poluha (Bill.Poluha@umanitoba.ca), will show you library resources that may be helpful for your paper and further research in general (literature searches across relevant databases and information resources in the field, reference management software, etc.). He has kindly agreed to meet you as a group in the Library Lab.
Exams
There will be a midterm exam and a final exam. The midterm exam will be on October 22. The final exam will be comprehensive and will take place during the final exam period.

Grading
<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework Assignments</td>
<td>15%</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>25%</td>
</tr>
<tr>
<td>Term paper</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
</tr>
<tr>
<td>(proposal: 6%, preliminary report: 9%, final paper: 15%)</td>
<td></td>
</tr>
</tbody>
</table>

Make-Up Policy
There will be NO make-up assignments/exams. Legitimate absences that are appropriately documented will be considered on a case by case basis. Failure to write a scheduled in-class exam without valid documentation will result in a grade of zero. Late or missed homework assignments will also receive a grade of zero.

Class communication
All communication for the course must comply with the Electronic Communication with Students Policy, which requires the use of your university email (http://umanitoba.ca/admin/governance/governing_documents/community/electronic_communication_with_students_policy.html). Please activate your account and check your university email regularly.

Academic Integrity
All University of Manitoba guidelines for academic honesty apply in this class. Students are expected to do their own assignments and exams. Plagiarism or any other form of cheating in assignments, examinations or term tests is subject to serious academic penalty. A student found guilty of contributing to cheating in examinations or term assignments is also subject to serious academic penalty (see the University of Manitoba’s General Calendar for further details).

Accommodations for students with disabilities
I am available to discuss appropriate academic accommodations that may be required for students with disabilities. Requests for academic accommodations are to be made during the first three weeks of the term, except for unusual circumstances, so arrangements can be made. Students are encouraged to register with Student Accessibility Services (SAS - http://umanitoba.ca/student/saa/accessibility) to verify their eligibility for appropriate accommodations. You can contact the SAS office in person at 520 University Centre, by phone at (204) 474-7423, or by email at servicedesk@umanitoba.ca.

ROASS Schedule A
Schedule A of the Responsibilities of Academic Staff with regards to Students (ROASS) provides information on various University policies and resources that are available for students.
Schedule A is posted on the course website. It is important that you familiarize yourself with this document.

**Important dates**

- September 19: Last day to register
- October 8: Thanksgiving Day (University closed)
- October 10: Term paper proposal due
- October 22: Midterm
- November 5: Preliminary report due
- November 12: Remembrance Day (University closed)
- November 13-16: Fall Term Break
- November 19: Last day for Voluntary Withdrawal
- December 3: Term paper due
- December 7: Last day of classes (December 5 for this class)
- December 10-21: Final exam period
Course Outline and List of Readings

1. Consumer Demand Theory


2. Single Equation Demand Relationships


3. Demand Systems


4. Aggregation and Separability


5. Time series, Specification and Structural Change


6. Discrete Choice Models

Train, K. *Qualitative Choice Analysis: Theory, Econometrics, and an Application to Automobile Demand*, MIT Press, 1993, Chapters 1-3.
