

AREC 710 (792)
Advanced Agricultural Economics

Instructors: Marco Costanigro, Stephen Koontz and Dawn Thilmany

Office Hours: By appointment

Meeting time: T, Th 2-4 pm

Location: Clark B 301

Readings: The Oxford Handbook of the Economics of Food Consumption and Policy
 Additional Handouts and Materials posted online

Grading:

Oral exam	60% (Tentative date: October 2014)
Homeworks and presentations	20%
Paper Presentation/Critique	20%

Course Outline

I. Empirical Demand Issues (Thilmany McFadden)-August 26-September 2nd

Alston, J. *Consumer Demand Analysis: Class Notes*. Department of Agricultural Economics, University of California-Davis, Davis, CA.

USDA-ERS Consumer Demand Resources

<http://www.ers.usda.gov/topics/food-choices-health/food-consumption-demand/>

Literature and student presentation choices

- A. Dhar, T., J.P. Chavas, and B.W. Gould. "An Empirical Assessment of Endogeneity Issues in Demand Analysis for Differentiated Products." *American Journal of Agricultural Economics* 85(2003): 605-617
- B. Grant, J. H., Lambert, D. M. and Foster, K. A. (2010), A Seasonal Inverse Almost Ideal Demand System for North American Fresh Tomatoes. *Canadian Journal of Agricultural Economics/Revue canadienne d'agroeconomie*, 58: 215–234.
- C. Tonsor, G.T., J. R. Mintert, and T. C. Schroeder (2010). U.S. Meat Demand: Household Dynamics and Media Information Impacts. *Journal of Agricultural and Resource Economics* 35(1):1–17
- D. Volpe, R., Okrent, A., & Leibtag, E. (2013). The Effect of Supercenter-format Stores on the Healthfulness of Consumers' Grocery Purchases. *American Journal of Agricultural Economics*, 95(3).

II. Topics in Market Power –SPECIAL DAYS PROPOSED: Sept 3rd and 10th

- A. Cowling, K. and M. Waterson. Price-Cost Margins and Market Structure. *Economica*. Vol. 43, No. 171 (Aug., 1976), pp. 267-274

- B. Schroeter, J.R.. Estimating the Degree of Market Power in the Beef Packing Industry. *The Review of Economics and Statistics*. Vol. 70, No. 1 (Feb., 1988), pp. 158-162
- C. Koontz, S.R., P. Garcia, and M.A. Hudson. Meatpacker Conduct in Fed Cattle Pricing: An Investigation of Oligopsony Power *American Journal of Agricultural Economics*. (1993) 75(3): 537-548
- D. Koontz, S.R. and P. Garcia. Meat-Packer Conduct in Fed Cattle Pricing: Multiple-Market Oligopsony Power. *Journal of Agricultural and Resource Economics*. Vol. 22, No. 1 (July 1997), pp. 87-103
- E. Cai, X., Stiegert, K. and Koontz, S. (2011), Regime switching and oligopsony power: the case of U.S. beef processing. *Agricultural Economics*, 42: 99–109.

III. Marketing Margins and Transaction Costs-September 11-16

Market Integration Handout, D. Thilmany. Updated 2013.

- Literature and student presentation choices
 - A. Hu, W., D. Thilmany and D. Pendell. “Exploring Seasonal Dynamics and the Role of Energy Costs in Regional Apple Markets.” *Agricultural and Resources Economic Review*. Forthcoming.
 - B. Bekkerman A, B.K. Goodwin, and N.E. Piggott. 2013. “A variable threshold band approach to measuring market linkages.” *Applied Economics*. 45.
 - C. Padilla-Bernal, L., D.D. Thilmany, and M.L. Loureiro, "An Empirical Analysis for Market Integration and Efficiency of U.S. Fresh Tomato Markets," *Journal of Agricultural and Resource Economics*. 28(2003): 435-450.

IV. Product differentiation and the economics of information-Sept 18-30

- A. Monopolistic competition: Chamberlin (1933)
- B. From commodities to differentiated products. Hedonic Pricing
Chapter 3 (Costanigro and McCluskey) in:
 Lusk, Jayson L., Jutta Roosen, and Jason Shogren. 2011. *The Oxford Handbook of the Economics of Food Consumption and Policy*. Oxford University Press, USA.
- C. Vertical differentiation:
Chapter 9 (Giannakas) in:
 Lusk, Jayson L., Jutta Roosen, and Jason Shogren. 2011. *The Oxford Handbook of the Economics of Food Consumption and Policy*. Oxford University Press, USA.
- D. The Economics of Information:
 - i. Stigler, George J. 1961. “The Economics of Information.” *The Journal of Political Economy* 69 (3): 213–25.
 - ii. Akerlof, George A. 1970. “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism.” *The Quarterly Journal of Economics* 84 (3): 488–500.

- iii. Nelson, Phillip. 1970. "Information and Consumer Behavior." *The Journal of Political Economy* 78 (2): 311–29.
- iv. Shapiro, Carl. 1982. "Consumer Information, Product Quality, and Seller Reputation." *The Bell Journal of Economics* 13 (1): 20–35.
- v. ———. 1983. "Premiums for High Quality Products as Returns to Reputations." *The Quarterly Journal of Economics* 98 (4): 659–80.
- vi. Tirole, Jean. 1996. "A Theory of Collective Reputations (with Applications to the Persistence of Corruption and to Firm Quality)." *The Review of Economic Studies* 63 (1): 1–22.
- vii. Costanigro, Marco, Jill J. McCluskey, and Christopher Goemans. 2010. "The Economics of Nested Names: Name Specificity, Reputations, and Price Premia." *American Journal of Agricultural Economics* 92 (5): 1339–1350. doi:10.1093/ajae/aaq065.

E. Horizontal differentiation:

Chapter 10 (Merel and Sexton) in

Lusk, Jayson L., Jutta Roosen, and Jason Shogren. 2011. *The Oxford Handbook of the Economics of Food Consumption and Policy*. Oxford University Press, USA.

V. Quality, Reputations and the Economics of information-September 25-30

A. Current Literature

VI. Evaluating Welfare Effects: Equilibrium Displacement Models-October 2-9

- A. James, J. S., and J. M. Alston. "Taxes and Quality: A Market-Level Analysis." *Australian Journal of Agricultural and Resource Economics* 46, no. 3 (2002): 417-45.
- B. C Zhen, IF Brissette, RR Ruff -. 2014. By Ounce or by Calorie: The Differential Effects of Alternative Sugar-Sweetened Beverage Tax Strategies. *American Journal of Agricultural Economics*. Volume 6.
- C. Carpio, C. E., and O. Isengildina-Massa. "To Fund or Not to Fund: Assessment of the Potential Impact of a Regional Promotion Campaign." *Journal of Agricultural and Resource Economics* 35, no. 2 (2010): 245-60.

Week	Scheduled date	Topic	Instructor	Materials
1	26-Aug	Constrained utility maximization and demand separability	Thilmany	Handout on Demand Systems
1	28-Aug	Demand system specification	Thilmany	Oxf. Hand. Chapter 1
2	2-Sep	Empirical issues in demand estimation	Thilmany	Recent literature in Demand
2	3-Sep	Market power	Koontz	See RamCT
3	10-Sep	Market Power	Koontz	
3	11-Sep	Market integration (prices and competition across space)	Thilmany	Handout on Market Integration
4	16-Sep	Market integration -empirical issues	Thilmany	Recent literature in Market Prices
4	18-Sep	Monopolistic competition, and vertical product differentiation	Costanigro	Oxf. Hand. Chapter 9
5	23-Sep	Vertical product differentiation	Costanigro	Oxf. Hand. Chapter 9
5	25-Sep	Horizontal product differentiation	Costanigro	Oxf. Hand. Chapter 10
6	30-Sep	Quality, Reputations and the Economics of information	Costanigro	Papers
6	2-Oct	Equilibrium Displacement Models	Thilmany	Oxf. Hand. Chapters 11/12
7	7-Oct	Equilibrium Displacement Models	Thilmany	Recent Projects in DARE
7	9-Oct	Student Paper presentations-review		
8	16-Mar	Oral Exams		