

AEC 8123 - Market Organization and Structure
Spring Semester, 2016
LRW 14, MWF 11-11:50 AM

INSTRUCTOR: Jesse Tack, Ph.D.
314 LRW
Office phone: 325-7999
Email: j.tack@msstate.edu

OFFICE HOURS: T, Th 2:00-3:00 PM, or by appointment

TEXTBOOKS & READINGS

No textbook required. I will handout (and/or post on myCourses) readings throughout the semester. I highly recommend that you purchase one of the following econometrics textbooks, which will be a useful reference both now and in the future.

1. Econometric Analysis of Cross-Section and Panel Data, by Jeffrey Woolridge
2. Econometric Analysis, by William Green

OVERVIEW OF COURSE

The student must have basic calculus, economics, and computer skills. We will use algebra, calculus and STATA quite often. If you don't already know STATA, that's ok. Some knowledge of statistics/econometrics is also required. Two basic tools will be used in this class: mathematical optimization and regression analysis. The underlying goal of this course is to familiarize the student with the scientific method as it relates to agricultural economics. We will concentrate on four major empirical frameworks: (1) consumer demand, (2) agricultural supply, (3) supply and demand, and (4) market structure and imperfect competition.

REQUIREMENTS

There will be 3 exams, several homework assignments, and quizzes. The quizzes will occur randomly and focus on the previous period's lecture. Maintaining a good set of notes and understanding the lecture material is crucial for this class! Homeworks must be completed using Microsoft Word and MathType.

GRADE COMPOSITION:

Exam 1	25%
Exam 2	25%
Exam 3	25%
Homework	15%
Quizzes	10%
	<hr/>
	100%

GRADING:

90 – 100	A
80 - 89	B
70 – 79	C

EXAM SCHEDULE:

- Exam 1: To be decided.
- Exam 2: To be decided.
- Exam 3: To be decided.

COURSE OUTLINE

I. CONSUMER DEMAND

1. Utility maximization and demand functions
2. Expenditure minimization and the Almost Ideal Demand System
3. Price Indices and the Linear Approximate Almost Ideal Demand System
4. Empirical demand analysis, testing economic theory and calculating elasticities

II. AGRICULTURAL SUPPLY

1. Primal and dual methods for generating a supply function
2. Price expectations and adaptive expectations models
3. Quasi-fixed factors and partial adjustment models
4. Nerlovian agricultural supply model
5. Empirical supply analysis, nested models

III. SUPPLY AND DEMAND

1. Simultaneous estimation of supply and demand
2. Identification problem
3. Indirect least squares and two stage least squares estimators
4. Systems of equations estimation: seemingly unrelated regression and three stage least squares

IV. MARKET STRUCTURES & IMPERFECT COMPETITION

1. Market power concepts (causes of imperfect competition)
2. Seller market power: monopoly and oligopoly
3. Buyer market power: monopsony and oligopsony
4. Empirical identification of market power