

**ECG 742 - Consumption, Demand, and Market Interdependency**  
**Spring 2021**

(updated 2/22/21)

**Instructor:** Wally Thurman  
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Nelson 3314

**Logistics:** Class meets TH 1:30-2:45 in Nelson 2402  
Course website: [ecg742.wordpress.ncsu.edu](http://ecg742.wordpress.ncsu.edu)

**Format:** We will review papers in class and you will be asked to lead discussions. We will workshop your ideas for term papers, which could/should become chapters in your dissertation. I will lecture where that seems useful. There will be no exams.

**Texts:** McCloskey, *Economical Writing*, 3<sup>rd</sup> ed. (2019): required  
*Wall Street Journal*, student pricing available: highly recommended  
Deaton & Muellbauer *Economics and Consumer Behavior* (1980): a classic, recommended

**Grading:** Your grade will be determined by the following:

- your presentations and leading of discussion in class
- occasional assignments
- your term paper for the class
- your attendance at the ag econ workshop (some Tuesdays 3:00-4:15)

**Term Paper Deadlines:**

Paper proposal (1 page) due on Thursday February 4<sup>th</sup>  
First draft due on Thursday March 25<sup>th</sup>  
Second draft due on Thursday April 15<sup>th</sup>  
Presentations starting Tuesday April 20<sup>th</sup>  
Final draft due Monday May 10<sup>th</sup>

## Course Syllabus - topics and readings

- I. Derived demand, multi-market relationships, and marketing margins  
  
Friedman (1976, ch. 7), Gardner (1975)  
Diewert (1971), Muth (1964), Wohlgenant (1989)
- II. Agricultural Policy
  - A. Welfare Analysis  
Alston and James (2002), Madden (1991)
  - B. Transportation and International Trade  
Irrarrazabal, Moxnes, and Opromolla (2015), Bosker and Buringh (2020)
  - C. Supply Controls  
Rucker, Thurman, and Sumner (1995), Brown, Rucker, and Thurman (2007),  
Rucker and Thurman (1990), Borges and Thurman (1994), van Kooten (2019)
  - D. Price Supports and Price Stabilization  
Muth, Rucker, Thurman, and Chuang (2003)
  - E. Crop Insurance – see ECG 741
- III. Futures Markets and Agricultural Prices
  - A. Institutions  
Wikipedia: “Futures Exchange,” “Futures Contract”
  - B. Hedging  
CME “Self-Study Guide,” CME “Managing Price Risk”  
McKenzie, Isbell, and Brorsen (2019), Isbell, McKenzie, and Brorsen (2018)  
Wetzstein *et al.* (2018)
  - C. Intertemporal Price Relationships  
Hotelling (1931)
  - D. Performance  
Telser (1958), Boudukh *et al.* (2007), Irwin, Sanders, Smith, and Main (2020),  
Garcia, Irwin, and Smith (2015), Moran, Irwin, and Garcia (2020)
  - E. Announcement Effects  
Ying *et al.* (2019)
  - F. Market Evolution  
Telser (1981), Sandor (1973), Thurman (2011)

IV. Derived demand: markets for agricultural inputs

A. Asset demand and prices

Perrin (1972), Friedman (1976, ch. 17),  
Olmstead and Rhode (2001), Calomiris and Pritchett (2016)

B. Institutions and adaptation to environmental change

Meyer and Keiser (2018), Rucker, Thurman, and Burgett (2012 and 2019),  
Kawasaki (2019), Gould, Brown, and Kuzma (2018)

C. Contracting and transaction costs

Barzel (1997, ch. 3), Allen and Lueck (1997), Cheung (1969)

V. Price Indexes

(Deaton and Muellbauer, ch. 7) and Hicks aggregation  
Houseman (2018), Nakamura *et al.* (2015)