

Household Behaviour: Theory and Applications

Instructor

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Course description

The course addresses major dimensions of household behaviour from an economic point of view. In a first step the most important concepts for the analysis of household demand are discussed. Additional dimensions of household behaviour are labour supply and household production, which, in a second step, are considered in the framework of agricultural household models. Finally, some concepts of applied welfare analysis, which are based on the theory of household behaviour, are discussed.

Course outline

1 Introduction

- 1.1 Overview of the course
- 1.2 The role of theory and models in scientific research

2 Models of household demand

- 2.1 The theory of household demand: Basic concepts
- 2.2 Dual representations of preferences
- 2.3 Flexible functional forms
- 2.4 Discussion of empirical studies

3 Agricultural household models

- 3.1 The theory of the agricultural household
- 3.2 Separability of production, consumption and labour supply decisions
- 3.3 Nonseparability: Missing markets
- 3.4 Discussion of empirical studies

4 Applied welfare analysis

- 4.1 Consumer surplus and related concepts
- 4.2 Cost-of-living indices

5 Related topics

Teaching methods

Lectures (75 %), exercises and group work (25 %)

Language

English

Requirements

Participants should have a good knowledge of the basic concepts of the theory of household demand and a basic knowledge of econometrics.

Grading

For a certificate of successful participation the solution of problems (homework after the course) is required.

Credit points

3 CP

Literature

Chapter 2 (Demand Analysis) and Chapter 6 (Agricultural Household Models) of SADOULET, E., and A. DE JANVRY: *Quantitative Development Analysis*, Baltimore and London 1995, can serve as an introduction to the most important topics of the course.

Selected additional literature:

DEATON, A.: "Demand Analysis", in Z. GRILICHES and M. D. INTRILIGATOR (eds.): *Handbook of Econometrics*, vol. III, Amsterdam etc. 1986, 1767-1839.

DEATON, A.: *The Analysis of Household Surveys: A Microeconomic Approach to Development Policy*, Baltimore and London 1997.

DEATON, A., and J. MUELLBAUER: *Economics and consumer behavior*, Cambridge etc. 1980.

PHILIPS, L.: *Applied Consumption Analysis*, revised and enlarged ed., Amsterdam etc. 1983

SINGH, I., L. SQUIRE and J. STRAUSS (eds.): *Agricultural Household Models: Extensions, Applications, and Policy*, Baltimore and London 1986.