

**Title:** Cost and Distance Functions

**Instructor:** Dr. J. Stephen Clark, Business & Social Sciences

**Timing (month/year module will be offered):** Summer 2010

**Module Description:**

This module is designed to provide students with the background to understand the theory of cost and distance functions. It will discuss the properties of these functions and the relationships between them.

Specifically, students will study:

- 1) Cost functions
- 2) Distance functions
- 3) The relationship between cost and distance functions
- 4) Elasticities of substitution and complementarity
- 5) Functional forms of cost and distance functions

Text: Coelli, T.J. D.S. P. Rao, C. J. O'Donnell, G. E. Battese

An introduction to efficiency and productivity analysis, 2005

**Format:**

Lecture and Laboratory, 3-4 weeks, 3 hours per week

Students will be required to study relevant background material and prepare a term paper.

**Method of Evaluation:**

The grade will be based on the term paper plus a class presentation of results (100%).

**Prerequisites:** ECON4000 (Advanced Microeconomics)