

**AEC 219 – AGRICULTURAL ECONOMICS**  
**Texas A&M University-Commerce**  
**Department of Agricultural Sciences**  
**Fall 2014**

**Instructor:** Dr. Jose Lopez

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**Class Section:** 2

**Class Time:** TR 9:30 - 10:45 a.m., AGIT Room 253

**Office Hours:** For immediate consultation I will be available Mondays from 9:30 a.m. - 12:00 p.m., and Tuesdays and Thursdays from 2:00 p.m. – 5:00 p.m. or by appointment. You are also welcome to stop by my office at any other time. If I am unable to meet with you at that time, we will schedule an appointment. The best way to contact me is via email at [Jose.Lopez@tamuc.edu](mailto:Jose.Lopez@tamuc.edu). You can also email me from eCollege (<http://www.online.tamuc.org/>).

**Required Text:** *Agricultural Economics* by H. Evan Drummond and John W. Goodwin. Prentice-Hall, Inc., New Jersey, 3<sup>rd</sup> Ed., 2011. (ISBN 9780136071921)

**Prerequisites:** None.

**Teaching Philosophy:**

1. A course must deliver information, concepts and methods that will be useful in the student's professional life. However, learning analytical reasoning skills and improving the ability to process and use information efficiently is more important than memorizing facts and formulas and performing procedures repeatedly.
2. Students learn best when theories, concepts and procedures are explained in plain language as well as formally, and are complemented with examples or applications that are relevant to the students.

**Character Formation:** It is important during your college education to learn the values and rewards of hard work, responsibility, and honesty. The professor will promote character formation while teaching the course.

**Course Description:** A study of economic principles, with emphasis on their application to the solution of farm, agribusiness, and agricultural industry problems.

**Student Learning Outcomes:** Upon satisfactory completion of the course the student will be able to list and explain different agricultural economic fields, including the food industry, demand theory (e.g., demand and price analysis, consumer behavior, and market price determination), supply theory (e.g., production economics, cost analysis, and optimal output levels), and competitive environments (e.g., perfect and imperfect competition).

## **Topics:**

### **Part I: Agricultural Economics and Food**

#### **Chapter 1: The Food Industry**

- Overview of the food industry and its major sectors (farm service, producers, processors, and marketers); facts, trends, and contemporary issues in American agriculture (farm structure, concentration, globalization, coordination, and energy sources).

#### **Chapter 2: Introduction to Agricultural Economics**

- Agricultural Economics and its foundations; questions economic system must decide; economic systems used to allocate resources; levels of economic analysis; common logical fallacies (correlation versus causation, fallacy of composition, after this therefore because of this, zero sum game fallacy); relationships among two variables (linear direct, linear inverse, nonlinear direct, nonlinear inverse, and complex); slope of lines and curves.

### **Part II: Demand and Supply Theory**

#### **Chapter 3: Introduction to Market Price Determination**

- Market price determination; definition and dimensions of a market; conditions for perfect competition; concept of demand and supply; market demand and supply vs. quantity demanded and quantity supplied; movement of vs. movement along the demand and supply curves; equilibrium prices and quantities; surplus and shortages; concept of elasticity; broadly defined vs. narrowly defined goods; necessities vs. luxuries; cheap vs. expensive goods; elastic vs. inelastic market demand and supply curves.

#### **Chapter 8: The Theory of Consumer Behavior**

- Basic economic theory behind consumers' behaviors; law of demand; the substitution and real income effects; utility maximizing consumption level of two goods; concepts of utility, total utility, marginal utility, and the law of diminishing marginal utility; factors influencing consumer's tastes and preferences; the equi-marginal principle of utility maximization; determination of the market demand curve from individual consumer demands.

#### **Chapter 9: The Concept of Elasticity**

- Overview of the concept of elasticity; different types of elasticity (demand, supply, cross-price, and income); calculation and interpretation of the elasticity coefficients.

#### **Chapter 4: The Firm as a Production Unit**

- Behavior of the production unit from a microeconomic point of view; business structures; accounting and economic profits; conditions for perfect competition; the production process; fixed and variable inputs; output; long run; short run; production functions; returns to scale (increasing marginal returns, decreasing marginal returns, and negative marginal returns); marginal product; average product, stages of production function; the rational stage; the law of diminishing marginal product.

### **Part III: Production Economics and Competitive Environments**

#### **Chapter 5: Costs and Optimal Output Levels**

- Profit maximization; endogenous vs. exogenous factors; cost curves (TVC, TFC, TC, AVC, AFC, ATC, and MC); revenue curves (TR, MR, and AR); profit; graphical relationships among these curves; pure economic profits; loss minimization; shut down.

#### **Chapter 6: Supply, Market Adjustments, and Input Demand**

- The firm short-run supply curve vs. the market short-run supply curve; the short-run production decisions and the long-run production decisions using the MC, AVC, and the

ATC curves, and P; comparative static with shifts in the market supply and market demand curves.

Chapter 7: Imperfect Competition and Government Regulation

- Market structure and its importance to the firm; conditions for a perfectly competitive firm; conditions for a monopoly; average cost curves and marginal cost curves in perfect competition, monopoly, monopolistic competition and oligopoly; positive economic profits; monopolist profit maximizing; product differentiation; game theory and its relation with oligopolistic markets; collusion; natural monopolies; agricultural market orders.

**Grading:**

Exam 1	28.33%
Exam 2	28.33%
Exam 3	28.34%
Quizzes	5.00%
Attendance + Participation	10.00%
	<hr/>
	100.00%

Note: There would be an optional final comprehensive exam (Exam 4). The optional final comprehensive exam will replace your lowest exam grade (if you decide to take it).

**Grading Scale:**

<u>Range</u>	<u>Grade</u>
90-100.00	A
80-89.99	B
70-79.99	C
60-69.99	D
Less than 60	F

**Exams:** No makeup exams will be offered. A grade of zero will be assigned to any missed exams. Make sure you arrive in time.

**Quizzes:** Quizzes will be graded and discussed in class. Quizzes should be considered very important material for exams. Students are welcome to ask questions during office hours. Quizzes will involve exercises that apply agricultural economic principles. The students will take the quizzes via eCollege. A quiz will be given towards the end of each chapter or after the a chapter has been covered. The instructor will announce the deadlines in class. The class schedule provided below (see Class Schedule below) provides tentative dates for the quizzes.

**Review Questions:** Review Questions will not be graded but discussed in class. Students are welcome to ask questions during office hours. Review Questions will emphasize on agricultural economic problems that have applications to the solution of farm, agribusiness, and agricultural industry problems. Review Questions will be selected from the textbook. The students are NOT required to submit their answers.

**Class Attendance:** A maximum of two unexcused absences will be allowed. Each additional unexcused absence will reduce your earned attendance grade by 3.33 points (30 meetings \* 3.33 ≈ 100 points). The student is expected to use the unexcused absences for the days he/she gets sick or cannot attend to class because of a non-serious foreseeable or unforeseeable cause (e.g.,

flat tires, car problems, not feeling well, doctor and dentist appointments, visits to health clinics, field trips, sport activities and events, etc.). Excused absences must be for serious and unforeseeable causes, and fully documented. The instructor will pass attendance every class day during the first 5 minutes. If you are late, but arrive during the first 15 minutes of class, you should contact the instructor at the end of the class to earn ½ of a regular class attendance. Similarly, if you step out of the classroom when the instructor is passing attendance, and the instructor does not get your name, you should contact the instructor at the end of the class to earn ½ of a regular class attendance. It is your responsibility to contact the instructor in those cases at the end of the class. If you come to class, you are required to stay until the end of the class period; otherwise, you will earn ½ of a regular class attendance.

**Class Participation:** Students should come to class prepared by reading and completing course assignments prior to class. It is the students' responsibility to be familiar with and understand all previously covered material prior to each new lecture. Class participation is about answering the instructor's questions and/or providing your constructive comments, ideas, or opinion when discussing examples, homework, and in-class exercises. Students are encouraged to ask questions when they do not understand the class material; however, asking questions about something you do not understand is not class participation. Any form of class disruption (talking in class, texting, working on other course assignments, etc.) will result in losing participation points, and can also result in points being subtracted from your exams and quizzes.

**Students with Disabilities:** The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

**Office of Student Disability Resources and Services**  
**Texas A&M University-Commerce**  
**Gee Library**  
**Room 132**  
**Phone (903) 886-5150 or (903) 886-5835**  
**Fax (903) 468-8148**  
[StudentDisabilityServices@tamuc.edu](mailto:StudentDisabilityServices@tamuc.edu)

**Counseling Center:** A student that faces a crisis or a serious and unforeseeable event that affects his/her class performance must contact the Counseling Center, Student Services Building, Room 204, Phone (903) 886-5145. If important class material or course assignments are missed because of such crisis or event, the student must contact the instructor as soon as possible.

**General Policies for Classes:** All students enrolled at the University will follow the tenets of common decency and acceptable behavior conducive to a positive learning environment. See Student's Guide Handbook, Rules and Procedures, Code of Student Conduct (<http://www.tamuc.edu/CampusLife/documents/studentGuidebook.pdf>).

**Academic Integrity:** Students must follow the *Code of Student Conduct* in the *Student Guidebook* (<http://web.tamuc.edu/admissions/studentGuidebook.aspx>). Any form of plagiarism or academic dishonesty will not be tolerated. Academic honesty is defined on *Chapter 13*

Students (Academic) of the TAMUC Rules and Procedures

(<http://web.tamuc.edu/aboutus/policiesproceduresstandardsstatements/rulesprocedures/>):

“Academic dishonesty” includes, but is not limited to, plagiarism (the appropriation or stealing of the ideas or words of another and passing them off as one’s own), cheating, collusion (the unauthorized collaboration with others), and abuse (destruction, defacing, or removal) of resource material.

**Course Design:** A tentative class schedule of the material that will be covered each day is provided at the end of this syllabus. Tentative exam dates are also provided. The official exam dates will be announced in class. Quizzes will be either pop-quizzes or announced in class.

**eCollege:** This course will be enhanced using eCollege. Students are required to download PowerPoint presentations and other important class material from the eCollege website for the course (<http://www.online.tamuc.org/>). You will need your CWID and password to log in to the course. Make sure you visit this website when preparing for class.

If you do not know your CWID or have forgotten your password, contact Technology Services at 903.468.6000 or [helpdesk@online.tamuc.org](mailto:helpdesk@online.tamuc.org)

**Technology Requirements:** The following information has been provided to assist you in preparing to use technology successfully in this course.

- Internet access/connection – high speed recommended (not dial-up)
- Word and Spreadsheet Processor (i.e. MS Word or Word Perfect and MS Excel or a spreadsheet processor)

Additionally, the following hardware and software are necessary to use eCollege:

Our campus is optimized to work in a Microsoft Windows environment. This means our courses work best if you are using a Windows operating system (XP or newer) and a recent version of Microsoft Internet Explorer (6.0, 7.0, or 8.0).

Your courses will also work with Macintosh OS X along with a recent version of Safari 2.0 or better. Along with Internet Explorer and Safari, eCollege also supports the Firefox browser (3.0) on both Windows and Mac operating systems.

It is strongly recommended that you perform a “Browser Test” prior to the start of your course. To launch a browser test, login in to eCollege, click on the ‘myCourses’ tab, and then select the “Browser Test” link under Support Services.

**Important Dates:**

Aug. 26 <sup>th</sup> , Tuesday	First day of this class.
Sep. 10 <sup>th</sup> , Wednesday	Last day to drop a 16 week course while remaining enrolled with 100% refund.
Oct. 30 <sup>th</sup> , Thursday	Last day to drop a 16 week course while still enrolled (Q grade / No refund).
Dec. 4 <sup>th</sup> , Thursday	Last day of this class.
Dec. 11 <sup>th</sup> , Thursday	Optional final exam, 8:00-10:00 a.m.

**AEC 219 .002 Agricultural Economics**  
**Class Schedule, Fall 2014**  
**TR 8:00 - 9:15 a.m.**

<b>August</b>			
Tue	Aug 26	<b>Intro</b>	<b>Syllabus</b>
Thr	Aug 28	<b>Part I</b>	<b>Agricultural Economics and Food</b> CH01 The Food Industry
<b>September</b>			
Tue	Sep 2	CH01	(continued)
Thr	Sep 4	CH01	(continued) Review Questions: CH01 P&DQ # 1, 3, 5, 6, 8, 12, 13, 14, and 15.
Tue	Sep 9	CH01	(continued) CH02 Introduction to Agricultural Economics
Thr	Sep 11	CH02	(continued)
Tue	Sep 16	CH02	(continued) Review Questions: CH02 P&DQ # 1, 4, 6, and 7.
Thr	Sep 18	<b>Part II</b>	<b>Demand and Supply Theory</b> CH03 Introduction to Market Price Determination <b><i>Deadline to submit via eCollege your answers to CH01, CH02, and CH03 HW MC Q.</i></b>
Tue	Sep 23	CH03	(continued) Review Questions: CH03 P&DQ # 1, 2, 4, and 5.
Thr	Sep 25	CH03	(continued)
Tue	Sep 30	<b>Exam 1</b>	
<b>October</b>			
Thr	Oct 2	CH08	The Theory of Consumer Behavior
Tue	Oct 7	CH08	(continued)
Thr	Oct 9	CH08	(continued) Review Questions: CH08 P&DQ # 1, 3, 6, and 7.

Tue	Oct 14	CH09	The Concept of Elasticity
Thr	Oct 16	CH09	(continued) Review Questions: CH09 P&DQ # 1, 2, 3, 5, 6, 7, 8, 9, and 10.
Tue	Oct 21	CH09	(continued) CH04 The Firm as a Production Unit
Thr	Oct 23	CH04	(continued) <b>Deadline to submit via eCollege your answers to CH09, CH09, and CH04 HW MC Q.</b>
Tue	Oct 28	CH04	(continued) Review Questions: CH04 P&DQ # 1, 2, 3, 4, 5, 6, and 7.
Thr	Oct 30	CH04	(continued)
<b>November</b>			
Tue	Nov 4	<b>Exam 2</b>	
Thr	Nov 6	<b>Part III Production Economics and Competitive Environments</b> CH05 Costs and Optimal Output Levels	
Tue	Nov 11	CH05	(continued) Review Questions: CH05 P&DQ # 1, 2, 3, and 5.
Thr	Nov 13	CH05	(continued) CH06 Supply, Market Adjustments, and Input Demand
Tue	Nov 18	CH06	(continued) CH07 Imperfect Competition and Government Regulation Review Questions: CH06 P&DQ # 2, 3, 4, 5, and 8.
Thr	Nov 20	CH07	(continued) <b>Deadline to submit via eCollege your answers to CH05, CH06, and CH07 HW MC Q.</b>
Tue	Nov 25	CH07	(continued)
Thr	Nov 27	<b>Thanksgiving Holidays: Nov. 27-28 (No Class)</b>	
<b>December</b>			
Tue	Dec 2	CH07	(continued) Review Questions: CH07 P&DQ # ???

Thr	Dec 4	<b>Exam 3</b>
Thr	Dec 11	<b>Optional Final Exam (8:00 - 10:00 a.m.)</b>

*This is a tentative class schedule. The instructor reserves the right to make any modification.*