

**AEC 219 – AGRICULTURAL ECONOMICS**  
**Texas A&M University-Commerce**  
**School of Agriculture**  
**Spring 2015**

**Instructor:** Dr. Jose Lopez

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**Class Section:** 01W (Online)

**Class Time:** M-F (Online)

**Office Hours:** For in-person consultation I will be available Mondays and Wednesdays from 10:30 a.m. - 11:30 a.m., and Tuesdays and Thursdays from 2:00 p.m. – 5:00 p.m. You can also contact me via email at [Jose.Lopez@tamuc.edu](mailto:Jose.Lopez@tamuc.edu). Alternatively, you can email me from eCollege (<http://www.online.tamuc.org/>). You are also welcome to stop by my office at any other time for an in-person consultation. 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.

**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	15.00%
Exam 2	15.00%
Exam 3	15.00%
Exam 4	15.00%
Exercises – Short Exercises and Short Answers	25.00%
Exercises – MC Questions	10.00%
Video Summaries	5.00%
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	100.00%

**Note:** There would be an optional final comprehensive exam (Exam 5). The optional final comprehensive exam will replace one (the 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:** Make sure you take all the mandatory exams (see Class Schedule below). No makeup exams will be offered. A grade of zero will be assigned to any missed mandatory exams. Exams and quizzes will be administered through eCollege. Exams will be timed and are to be completed by 11:59 PM on the due date. Make sure you have internet access and that your laptop battery is fully charged (if using a laptop computer).

**Exercises:** Exercises will be graded and should be considered very important course material for your exam preparation. Exercises will involve agricultural economic principles and applications. Students will be required to submit their individual answers via eCollege according to the class schedule provided (see Class Schedule below). Exercises will become active the first day of each week and are to be completed by 11:59 PM on the due date.

**Video Summaries:** Every other chapter you will watch a video online. You will be required to submit your individual video summaries via eCollege according to the class schedule provided (see Class Schedule below). The videos will highlight current agricultural economic issues and trends.

**Review Questions:** Review Questions will not be graded. Students are welcome to ask questions during office hours. Review Questions summarize and assist students understanding the materials covered by the instructor and should also assist students in preparing for quizzes and exams. Consider the Review Questions as a Study Guide for the exams. The students are NOT required to submit their answers.

**Problem and Discussion Questions:** Selected problems and discussion questions from the textbook will be assigned but will NOT be graded. Students are welcome to ask questions via email or during office hours. These problems and discussion questions will emphasize on agricultural economic problems that have applications to the solution of farm, agribusiness, and agricultural industry problems. The students are NOT required to submit their answers to these selected problems and discussions questions from the textbook.

**Class preparation and attendance:** It is your responsibility to read and study the book chapters that will be covered, to read and study all handouts, to complete and submit all course assignments in-time, and to take all the mandatory exams before the deadline. Students are strongly encouraged to contact the instructor if they have any questions or comments. Email is the best way to contact me. I will be available for consultation via email or for in-person consultation during office hours.

**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:** The dates for all class activities and exams are announced in the Class Schedule provided at the end of this syllabus.

**Course access and navigation:** This course will be facilitated using eCollege. Students are required to access important class material from the eCollege website for the course. To get started with the course, go to: <http://www.online.tamuc.org/>. You will need your CWID and password to log in to the course. Make sure you visit this website every day.

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 Processor (i.e. MS Word or Word Perfect)

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:**

January 19, Monday	Martin Luther King Jr. Day (No Class)
January 20, Tuesday	First day of classes.
February 5, Thursday	Last day to drop a 16 week course with 100% refund and no grade.
March 16 – March 20	Spring Break (No Class)
May 8 <sup>th</sup> , Friday	Last day of classes.
May 9 – May 15	Week of Final Exams

*The instructor reserves the right to make modifications to this syllabus during the semester.*

**AEC 219 AGRICULTURAL ECONOMICS**  
**Class Schedule, Spring 2015**  
**Web Based Class**

Week of	Subject/Material Covered	Assignment Due By 11:59 PM on Due Date
Week 1 Jan 19 – Jan 25	Syllabus eCollege Tutorial	eCollege Tutorial
Week 2 Jan 26 – Feb 1	CH01: The Food Industry	Exercise - MC Exercise - SE or SA Video Summary
Week 3 Feb 2 – Feb 8	CH02: Intro to Ag. Economics	Exercise - MC Exercise - SE or SA
Week 4 Feb 9 – Feb 15	Exam 1 – CH01 and CH02	Exam 1
Week 5 Feb 16- Feb 22	CH03: Intro. Market Price Determination	Exercise - MC Exercise - SE or SA Video Summary
Week 6 Feb 23 – Mar 1	CH08: Theory of Consumer Behavior	Exercise - MC Exercise - SE or SA
Week 4 Mar 2 – Feb 8	Exam 2 – CH03 and CH08	Exam 2
Week 7 Mar 9 – Mar 15	CH09: Concept of Elasticity	Exercise - MC Exercise - SE or SA Video Summary
Week 9 Mar 16 – Mar 22	SPRING BREAK (No Class)	

Week 10 Mar 23 – Mar 29	CH04: Firm as Production Unit	Exercise - MC Exercise - SE or SA
Week 11 Mar 30 – Apr 5	Exam 3 – CH09 and CH04	Exam 3
Week 12 Mar 6 – Apr 12	CH05: Costs and Optimal Output Levels	Exercise - MC Exercise - SE or SA Video Summary
Week 13 Apr 13 – Apr 19	CH06: Supply, Market Adj. and Input Demand	Exercise - MC Exercise - SE or SA
Week 14 Apr 20 – Apr 26	Exam 4 – CH05 and CH06	Exam 4
Week 15 Apr 27 – May 3	CH07: Imperfect Competition and Government Regulation	Exercise - MC Exercise - SE or SA Video Summary
Week 16 Apr 28 – May 4	Study Week	Study Week
Week 17 Apr 28 – May 4	Exam 5 – Optional Final Comprehensive Exam CH01 through CH09	Exam 5