

AGEC 220 SYLLABUS, SPRING 2016 (Current as of Jan 20, 2016)

Contact Information

Instructor = Roman Keeney (rkeeney@purdue.edu), KRAN 692
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Course Meetings & Office Hours

MWF 0130 – 0220 (Kran G016)
MW 1100 – 1200 (Kran 692)

Course Description

AGEC 220 is a course taught at the freshman/sophomore level for students in applied and agricultural economics. In many ways the course can be thought of as microeconomics in an applied setting, meaning we substitute corn or wheat for the more traditional fake good “widgets” often used in Econ textbooks.

While our class is largely focused on the study of market outcomes and function, we will spend some time on the market’s underpinnings and the choice problems they face. These agents, often referred to as producers and consumers are added (or aggregated) together to make the supply and demand that we track and analyze for analyzing market prices, quantities, trade, etc.

With an understanding of the agents’ problems and how they make best choices under the constraints they face, we can understand all the necessary conditions for market analysis including slopes of supply and demand and how they respond to market shocks and signals. In particular, we focus on the notion of equilibrium in markets and how there is a tendency for changes not to occur absent some shock entering in the system to disrupt the current state. From market equilibrium concepts we are able to develop every other major learning objective of import in the course – understanding welfare and policy impacts, analysis of trade between countries, evaluating competition, etc.

Textbook/Course Reading:

There is no required textbook for this course. The course operates without a textbook. It is my job to present to you the best examples, analysis, descriptions, and discussions that I can through class lectures, laboratory handouts, and assigned reading. Lectures are provided to students as powerpoint slides but you are responsible for all material presented, whether it appears on a slide or not. The slides are just a visual tool to outline the day’s topic and keep me organized. They are a rough map of the day’s examples and discussion points and in no way a complete accounting of the day’s material.

The suggested/optional textbook listed most closely follows the organization/outline we will use for material in the course but I do not assign chapters for reading or attempt to follow the organization and discussion of that book. Rather, I will draw upon a number of references in lecture and handouts in the course. When warranted, those will be referenced in the course but those references should not be taken as a signal for you to acquire the source material as I am just acknowledging the use of others’ intellectual effort. The annotated list below reflects the current list of sources I consider primary references that I have used in developing material for this course.

Course Reference List:

- Bressler, R.G. & R.A. King. 1970. Markets, Prices, and Interregional Trade. John Wiley & Sons, Inc., New York NY.
 - This is a classic textbook in agricultural economics. This book is especially strong in regional and related markets and discussion and examples for that topic area will be used in class.
- Dorfman, J.H. 2014. Economics and Management of the Food Industry. Routledge, New York NY.
 - Discussion and examples for comparative advantage and trade.
- Norwood, F.B. & J.L. Lusk. 2008. Agricultural Marketing and Price Analysis. Pearson Prentice Hall, Upper Saddle River NJ.
 - Much of the organization of the class including basic theory and analysis concepts.
- Rodrik, D. 2015. Economics Rules: The Rights and Wrongs of the Dismal Science. W.W. Norton & Company, New York NY.
 - Discussion of economics and the models used. Provides an outstanding perspective on the 'science of economics' and its use for understanding the world. Excellent discussion of the advantages and limitations of economic modeling.
- Tomek, W.G. & K.L. Robinson. 1972. Agricultural Product Prices. Cornell University Press, Ithaca NY.
 - Supply and Demand Basics.
- Vercammen, J. 2011. Agricultural Marketing: Structural Models for Price Analysis. Routledge, New York NY.
 - Modeling agricultural markets.

Grading and Graded Material

We will have 4 exams, each worth 20% of the final grade. The final 20% of your grade will consist of all other graded material (all quizzes, homework assignments, attendance etc.).

Quizzes: Quizzes may be announced or unannounced. They will be short, in-class evaluations of student competency on course learning objectives. They may occur at any time during the semester and during the class period.

Homeworks: Homework assignments are designed to facilitate student learning and preparation for exams. Students will have 2 to 6 days to complete assignments depending on length of the assignment and course timing. Some assignments may require in-class participation to be completed. Some assignments may require cooperation with classmates. Assignments may also incorporate requirements not explicitly stated here but will adhere to University guidelines.

Exams: Exams are given during class time. The schedule for exams is not yet complete but the 4th exam will be given the Friday immediately prior to Dead Week. The final exam for this class is comprehensive and can be used to replace one of the 4 in-class exams from the semester. Those sitting for the final exam will get their lowest exam from the prior 4 replaced. Exam Reviews will be conducted in class and may include the requirement that students submit a review assignment developed to assist study and preparation.

Grading Scale

We will adopt a traditional grading scale for AGE220 using the A, A-, B+ framework. The table below is subject to downward revision at the instructor's discretion.

| Letter Grade | Scores earning grade (minimum, maximum) |
|---------------------|--|
| A+ | (99,100) |
| A | (92,98) |
| A- | (90,91) |
| B+ | (88,89) |
| B | (82,87) |
| B- | (80,81) |
| C+ | (78,79) |
| C | (72,77) |
| C- | (70,71) |
| D+ | (68,69) |
| D | (62,67) |
| D- | (60,61) |
| F | Below 60 |

Course Policies

All course policies not enumerated here derive directly from those dictated by materials documenting University guidelines and policies.

Attendance: Students are expected to attend all class meetings. Resource limitations preclude taking attendance at every class. Random attendance taking should be expected and will typically result in a quiz grade for those in attendance. Excuse of absences follow University policies on recognized excuses for absence from class. Remediation for missed work during an excused absence is at the discretion of the instructor and will be determined on a case by case basis.

Student Personal Conduct: Students are expected to respect the rights and learning opportunities of others in the classroom. This includes minimizing/avoiding any type of classroom disruption that may occur through talking with others, arriving late to class, etc.

Academic Misconduct: Cheating will not be tolerated. Academic misconduct will be referred to proper campus authority as outlined in University policy. It is not cheating to work with others on homework assignments. That is encouraged and the instructor hopes to foster that kind of horizontal learning and development at every opportunity. Students will be encouraged to disclose the nature of their involvement with others in preparation of homework assignments.

Homework Submission: Homeworks are to be submitted during class on the due date. It is important to submit homeworks on-time to maintain progress with the class and so that homework keys can be posted and papers returned.

Assignments that are received after class on the due date are subject to a penalty up to receiving a score of 0. Homeworks that are delayed due to a valid University excuse will be subject to a makeup policy that may require completion of an alternative assignment. Students that consult with the instructor and receive permission to submit their assignment at a later time are not subject to any late penalty. Any penalty for late submission will be weighed against the value of the student completing the assignment such that in most cases where students request a late submission the penalty will be either waived or minimized.

Background Preparation Required for AGEC 220

The goal of AGEC 220 is to provide enough foundational material as part of the course that anyone admitted to Purdue should be able to accomplish the learning objectives at a satisfactory level. Students with previous training or coursework in microeconomics (e.g. AGEC 203 or 204), fundamentals of algebra and calculus, and basics of spreadsheet manipulation will be well prepared for all aspects of AGEC 220. We will review fundamentals of all of these concepts during the semester in the context of developing our basic model of agricultural markets.

Change Log

Most recent version = Jan 25, 2016

- Jan 20, 2016 Version – Added TA info, Added Grading scale
- Jan 25, 2016 Version – Added homework submission policy subsection under course policies.

Topical Outline

1. Exam 1 Material
 - a. Supply
 - b. Demand
 - c. Basic Market Equilibrium (Graphical)
2. Exam 2 Material
 - a. Continuing Equilibrium
 - i. Economic Implications
 - ii. Mathematical and Computational
 - b. Market Structure and Performance
 - i. Pure/Perfect Competition
 - ii. Monopoly
 - iii. Between Pure Competition and Pure Monopoly
 - c. Welfare (Well-being)
 - i. Measures (Consumer and Producer Surplus)
 - ii. The 1st Fundamental Theorem (of welfare economics)
 - iii. Second best
3. Exam 3 Material
 - a. Policy
 - i. Market interventions
 - ii. Basic tax
 - iii. Basic subsidy
 - b. Equilibrium and Welfare in presence of policies
 - i. Incidence
 - ii. Dalton's Law
 - c. Linked/multiple markets
 - i. Factors of production and competition for those
 - ii. Product substitute/complement market linkages
4. Exam 4 Material
 - a. Trade
 - i. 2 country 2 product and comparative advantage
 1. Discussion: Free lunch or no?
 2. Discussion: Distributional implications of comparative advantage outcome
 - ii. 2 country 1 product model of trade equilibrium
 1. Modeling, solving
 2. Welfare, documenting the gains from trade
5. Additional Topics
 - a. Prices & Forecasting