

AGEC 305
AGRICULTURAL PRICES
(3 Credit Hours)
Fall 2018
SHORT COURSE SYLLABUS

Instructors: Professor Ken Foster and Carlos Fontanilla

Dr. Foster's Office: 660 Krannert Building

Mr. Fontanilla's Office: 742 Krannert Building

Phone: 494-4191 (Dr. Foster)

E-Mail: agec305@gmail.com

Class Time: MW, 12:30 -- 1:20 p.m. in Krannert (KRAN) room G2, and on Fridays, 12:30 -- 1:20 p.m. or 1:30 – 2:20 p.m. Nelson Hall of Food Science Room 1225.

Office Hours:

Dr. Foster: Typically Monday and Wednesday 11:00 a.m. to 12:20 p.m.

Mr. Fontanilla: Tuesday and Thursday 10:30 a.m. to noon

Prerequisites: You should have successfully completed one of AGEC 220 (Marketing Farm Products), ECON 251 (Microeconomics), and STAT 301 (Introduction to Statistics) or equivalent. If you fail to meet one or more of these prerequisites please notify me immediately or drop the course. It is also assumed that you have successfully completed one of MA 220, 224, or the equivalent. We will utilize basic calculus concepts during the semester. We will also use Excel spreadsheets for plotting data, deriving simple statistical summary measures, linear regression analysis, and forecasting.

Textbook:

Hudson, Darren, *Agricultural Markets and Prices*, Blackwell Publishing, Malden, MA. 2007.

Course Philosophy and Objectives:

This course will provide students an opportunity to achieve a thorough understanding of the economic principles that determine prices in markets. The course is designed to provide knowledge of markets and the entities and factors that impact market equilibrium outcomes. Principles of microeconomic theory will allow students to formulate informed decisions in the context of being market participants as decision makers in production and demand markets. The microeconomic theoretical background will provide future decision makers in a broad range of industries and specializations the ability to understand market outcomes and use the understanding to make informed decisions.

Stylized facts specific to agricultural markets will provide context with regard to the definition of markets, determination of the factors that influence supply and demand decisions, and third party

impacts on market outcomes. These stylized facts will be presented within a general framework that provides students the opportunity to contrast the agricultural market with the entities and factors that influence markets for industries with varying structure.

Measurement of economic relationships using data will be emphasized. The provision of an appropriate mix of economic principles and empirical estimation tools provide the opportunity for future decision makers to formulate microeconomic theoretical based expectations and accurately measure market outcomes as realized over time.

Lectures on Mondays and Wednesdays will typically focus on theoretical concepts and their value for decision making in practical settings. Friday labs will focus around building analytical skills necessary to quantify the economic concepts from lecture and complete associated homework assignments. These assignments will be completed in *Microsoft Excel*®. Students are expected to be familiar with basic functions in *Excel* so that lab time can focus on more advanced functions necessary to complete the assignments. Student who are not interested in or open to rigorous exploration of economic theory and computational analysis will probably not enjoy or appreciate this course.

Attendance Policy:

Attendance will be taken in this course. Research has demonstrated that regular attendance and participation in class discussion increases final grades significantly. A seating chart will be developed for lecture and a sign-up sheet will be available at the labs. This is an advanced economics course and attendance provides students with an opportunity to practice the theory of choice in deciding whether or not to attend. Students face a classic choice between attendance/higher grades and other activities/lower grades and should carefully weigh the costs and benefits realizing that some benefits and costs may occur in the future. Attendance on exam dates is required and make up exams will only be given in extreme cases. In such cases, students should contact the instructor as soon as possible and preferably before the examination time. In general, a missed exam will become your dropped exam score. Attendance will be worth a fraction of your grade. To obtain those points you must occasionally participate meaningfully in class and miss no more than 5 class periods (labs and lectures) during semester not including exam dates.

Grading and Grade Policy:

Your final course grade will be determined as follows. There will be three in-class midterm exams given during the semester. Your lowest midterm exam will be dropped from consideration in computing your final grade and the remaining two exams will each count for 25% of your grade. There will also be a comprehensive final exam that will count for 25% of your final grade. You may choose to forego the final exam and accept the grade you have received to that point in the semester. However, if you choose this option then you will not be allowed to drop a midterm exam score. The remaining 25% of your grade will be split between problem sets and attendance. Approximately 8 problem sets will be assigned in Friday labs and will be due the following Wednesday. These will worth a combined 20% of your grade. The remaining 5% of your grade will be based on attendance and class participation. In computing final grades, the lowest problem set grade will be dropped.

The scale used in determining your final grade this year will be:

Letter Grade	GPA Index	Class Point Percentage Range
A+	4	97 – 100
A	4	93 – 96.9
A-	3.7	90 – 92.9
B+	3.3	87 – 89.9
B	3	83 – 86.9
B-	2.7	80 – 82.9
C+	2.3	77 – 79.9
C	2	73 – 76.9
C-	1.7	70 – 72.9
D+	1.3	67 – 69.9
D	1	63 – 66.9
D-	0.7	60 – 62.9
F	0	Less than 60

The tentative dates for the exams are:

In-Class Midterm Exam I (Monday Sep. 17th)

In-Class Midterm Exam II (Wednesday Oct. 10th)

In-Class Midterm Exam III (Monday Nov. 19th)

Final Exam (To be scheduled during finals week)

Homework Assignments are due in class on the next Wednesday following their assignment unless otherwise announced.

Note: The dates for the midterm exams are, as suggested, tentative and may deviate due to the needs of the instructor and/or the class. Any missed exam must be accompanied with a verifiable written excuse complete with appropriate contact information of the person issuing the excuse (i.e., name, phone number, etc.). Makeup exams and/or early exams are generally **not** given; instead, my usual policy is to use a missed exam as the dropped examination as mentioned above.

If special circumstances arise so that it is not possible for you to turn in your homework when due, then this would become your dropped homework on the first case. Any homework turned in after the deadline will be graded as follows. Points for wrong answers will be deducted from the lowest score obtained among the students who turned their homework in on time. That is, a late homework score can be no higher than the lowest homework score received among those who met the deadline. If you feel that you were not fairly graded on a particular homework assignment or an exam, you have until the **subsequent class period** after the homework/exam is returned to submit to the instructor a **typed request** for a re-grade, carefully detailing the reasons why you think you did not receive appropriate credit. Requesting a re-grade in no way assures you of receiving additional points. In fact, when a re-

grade is granted the entire assignment will be re-graded and the final score could be lower than that attained initially. Any efforts to change a paper between the time it is returned and a re-grade occurs will be considered a violation of the Purdue University's academic honor code and will result in a failing grade for the course. Finally, I believe that my grading policy is generous and thus I do not give extra credit assignments.

Academic Integrity:

In general you may collaborate on homework assignments, although each student must turn in her/his own original answer sheets. Even though joint work is not discouraged, I caution you against depending on each other too heavily with respect to homework assignments since independent work on assignments is an excellent way to prepare for exams. Also, when turning in homework assignments, exams, etc. I ask that you legibly print your name. Regarding exams and other in-class exercises, University policy on academic misconduct is clear: academic dishonesty in any form is strictly prohibited. Penalties are severe, determined by the instructors, and may include failure on the exam, quiz, paper, or project, and failure in the course. Instances of academic dishonesty will be referred to the Dean of Students for additional disciplinary action. The risks associated with academic dishonesty far outweigh the perceived benefits. Academic dishonesty includes passing off someone else's work as your own, using unauthorized "crib sheets" during exams, or sharing your answers with someone else during exams. Most notably, exams are not to be treated as "group discussions," and any individual or individuals suspected of doing so will be dealt with in a manner consistent with University policy and guidelines. Please see: https://www.purdue.edu/purdue/about/integrity_statement.php for additional information about Purdue academic integrity policies. Academic integrity is one of the highest values that Purdue University holds. Ideally, you will approach one of the instructors if you have concerns related to academic integrity and this course. However, individuals may also alert university officials to potential breaches of this value by either emailing integrity@purdue.edu or by calling 765-494-8778. While information may be submitted anonymously, the more information that is submitted provides the greatest opportunity for the university to investigate the concern. Lastly, if you have questions about the material being covered, your performance in the course or related concerns, please meet with one of the instructors during office hours or arrange an appointment. Do not wait until the end of the semester to do so if a problem arises.

Students with Disabilities:

Purdue University strives to make learning experiences as accessible as possible. If you anticipate or experience physical or academic barriers based on disability, please make an appointment to speak with Dr. Foster within the first week of the semester (or immediately when these issues arise) in order to discuss any proposed accommodations. It is important that we talk about this as soon as possible. Please note that University policy requires students with disabilities to register with Disability Resource Center (<https://www.purdue.edu/drc/> or drc@purdue.edu or by phone: 765-494-1247) to arrange for classroom or other accommodations.

Diversity and Inclusion

It is the instructor's belief that disparaging remarks and treatment toward others based on their diversity parameters has no place in the academic setting. Such behaviors will not be tolerated in this class. Purdue University is committed to maintaining a community that recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her own potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The instructor's experience is that respect for diversity strengthens a community, stimulates creativity, promotes the exchange of ideas, and enriches life. Purdue's nondiscrimination policy can be found at: http://www.purdue.edu/purdue/ea_eou_statement.html. It will be vigorously enforced and violations may result in grade penalties and removal from the classroom.

Course and Instructor Evaluations

Both of the instructors greatly value the feedback of students to help improve their teaching and the quality of this course. Online evaluation responses are typically very low at Purdue (< 60% response rate). We will not award any extra credit points for completing the evaluations. However, if more than 90% of the class completes their evaluations then Dr. Foster will serenade the class.

Subject to Change Statement:

Information provided in this syllabus, other than the grading and attendance policies, may be subject to change as deemed appropriate by the instructors and the university.

Important Dates:

Monday, August 20th First day of classes

Monday, September 3rd Labor Day —No Class

Monday, September 3rd Last Day to drop the course without it appearing on your record

Monday, September 17th Last Day to drop the course with either W or WF appearing on your record

Monday, September 17th First Midterm (tentative date)

Monday-Tuesday, October 8th and 9th October Break —No Class

Wednesday, October 10th Second Midterm (tentative date)

Tuesday, October 23rd Last day to drop a class

Monday, November 19th Third Midterm (tentative date)

Wed. – Sat., November 21-24th Thanksgiving Break—No Class

Friday, December 7th Last day of class

Monday December 10th – Saturday December 15th Final Exams Week

AGEC 305 BASIC COURSE OUTLINE (GO TO BLACKBOARD FOR LEARNING OBJECTIVES)

- I. Review of Markets and Prices (Class Notes; Hudson *Introduction* and *Chapter 3*)
- II. Underlying Behavioral Models in Economics and the role of Prices (Class Notes; Hudson *Chapters 2, 4, and 5*)
 - a. Utilizing the Laws of Supply and Demand
<First Midterm About Here>
 - b. Optimization by economic agents using mathematical models
 - c. The Marketing Channel
 - d. Stylized facts of agricultural markets
 - e. Estimation
<Second Midterm About Here>
- III. Forecasting and Pure Price Analysis (Class Notes; Hudson *Chapter 7*)
<Third Midterm About Here>
- IV. Demand for Non-market Goods (Class Notes; Hudson *Chapter 8*)
- V. Spatial Analysis of Prices (Class Notes; Hudson *Chapter 6*)

Sample Grade Outcomes and Computations:

Student A

First Midterm = 80 out of 100

Second Midterm = 50 out of 100 (lowest midterm score omitted)

Third Midterm = 85 out of 100

Final Exam = 75 out of 100

Problem Sets = 650 out of 700 (all problem sets added together with lowest score omitted)

Attendance and Participation = 0 out of 100

Total Grade = $0.25*80 + 0.25*85 + 0.25*75 + 0.2*(650/700)*100 + 0.05*0 = 78.6 = C+$

Student B

First Midterm = 90 out of 100

Second Midterm = 90 out of 100

Third Midterm = 97 out of 100

Final Exam = opted out

Problem Sets = 690 out of 700 (all problem sets added together with lowest score omitted)

Attendance and Participation = 100 out of 100

Total Grade = $0.25*90 + 0.25*90 + 0.25*97 + 0.2*(690/700)*100 + 0.05*100 = 93.7 = A$