

## ABUS 301:

### Agricultural Production Economics and Quantitative Analysis

#### Term

Spring 2012

#### Instructor

Dr. Jacob Brimlow

#### Office Hours and Contact Information

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Office Hours: MTWR: 10a – 1050a, and by appointment.

#### Course Description:

Application of microeconomic theory to the agricultural production process, including single and multivariate production and cost functions, price determination in competitive and non-competitive markets and programs. Prerequisites: ABUS 101 or ECON 103.

#### Course Objectives:

This course is designed to provide a foundation of intermediate economic theory useful for exploring agricultural production and markets. You will learn:

1. To use theories of consumer and producer behavior to explore decisions made by economic agents operating in a world of scarce resources. This includes being able to formulate predictions about market outcomes (prices and quantities) based on the behavior of individual economic agents responding to market structures and public policy.
2. To use the supply and demand framework to explore and predict how public policy (e.g., taxes and subsidies), international trade, and market externalities (e.g., pollution) effect economic outcomes and consumer welfare.
3. To use public choice theory (economic theory applied to government) to understand and predict political outcomes and policy decisions.

### Course Materials (Required)

Economics of Resources, Agriculture and Food, Wesley D. Seitz, et. al. ISBN-10: 1-57766-624-0, ISBN-13: 978-1-57766-624-0

Note: additional assigned readings will be posted on Blackboard.

### Course Management/Policies

Students are expected to read and adhere to all course policies found the College of Agriculture Common Course Policies found at:

[http://www.csuchico.edu/ag/\\_assets/documents/syllabi/COACCommonSyllabusPolicies.pdf](http://www.csuchico.edu/ag/_assets/documents/syllabi/COACCommonSyllabusPolicies.pdf)

These policies include things like: turn off your cell phone during class.

Unless approved by me on a case-by-case basis, NO LATE WORK WILL BE ACCEPTED, AND NO MAKE-UP ASSIGNMENTS OR EXTRA CREDIT WILL BE OFFERED. Generally, if you miss an assignment with a serious and *documented* excuse, such as a medical or family emergency (this does not include colds and flu), then that assignment will be omitted from your grade and more weight will be placed on another assignment.

### Grading

Grades will be determined by:

	Approximate Percentage
Homework and Other Assignments	20%
Quizzes and Class Participation	15%
Midterm 1	15%
Midterm 2	20%
Final Exam ( <b>comprehensive</b> )	30%

Grades will be assigned using the following scale:

93% - 100%	A
90% - 92%	A-
87% - 89%	B+
83% - 86%	B
80% - 82%	B-
77% - 79%	C+
73% - 76%	C
70% - 72%	C-
67% - 69%	D+
60% - 66%	D
Below 60%	Failure

### Course Topics

#### Part 1: Consumer Theory (Chapters 1, 2)

- Consumer Choice
  - Law of Demand
  - Utility
  - Budget Constraint
  - Indifference Curves
  - Constrained Utility Maximization (Demand Decisions)

*Reading: "Why Is Cash the Ultimate Gift?"*

Price Elasticity of Demand

*Reading: "Why Was the Great Newspaper Heist So Easy?"*

Income Elasticity

## **Part 2: Single Input/Output Production (Chapters 3, 4)**

Firms and Production

Production Functions

Factors of Production

Product Curves

Costs

Short-Run Costs

Profit Maximization

Long Run Costs

Planning

*Reading: "Could the Future Cost of Energy Change Life as We Know It?"*

Economies of Scale

Price Elasticity of Supply

## **Part 3: Multiple Input/Output Production (Chapter 6)**

Production Choices

Isoquants

Isocost Curves

Constrained Profit Maximization (Supply Decisions)

*Reading: "How Welcoming Should Lady Liberty Be?"*

Applying the Competitive Model

## **Part 4: Market Competition (Chapter 7)**

Price Taking vs. Price Making (Market Structure)

Perfect Competition

Imperfect Competition (Oligopoly, Monopoly, etc.)

Profits and Social Cost

*Debate: "Are Profits the Only Business of Business?"*

## **Part 5: Markets and Economic Analysis (Chapters 5, 8, 15)**

Topics will be chosen from the following, based on time and interest:

Market Supply and Demand Curves (Chapter 5)

Market Equilibrium and Dynamics (Chapter 5)

Externalities and Market Failure (Chapter 15)

Public Goods and Alternative Ownership Structures (Chapter 15)

*Reading: "Why Not Split the Check?"*

Taxes (Chapter 5)

*Reading: "What's to Love About Taxes?"*

*Reading: "What is the Role of Government?"*

International Trade (Chapter 8)

*Reading: "Is Globalization a Bad Word?"*

*Reading: "What's To Like About Outsourcing?"*

*Debate: "Are Protectionist Policies Bad for America?"*

Public Choice Theory