

AEB 5188 Economics of Agribusiness Decisions

Summer B 2017

Instructor Information

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Class Information

Days and time: Monday-Friday 9:30-10:45 (Period 2).

Classroom: MCCB 3124

Office hours: Tuesdays and Thursdays, 2-4 pm. These are the normal office hours. However, feel free to come by at any time if you have any question. I find the best to have appointments so that we can be more organized with our time. You could also call me or email me, and I will reply to you as soon as possible.

Course Description

This course introduces the principles of microeconomic theory and its application to the managerial decision-making. In doing so, this course studies how consumers and producers make their economic decisions under different market conditions. Although this course does not require economic background, basic knowledge of algebra/calculus and economics is of the great help.

Course Objectives

In the end of this course, student should be able to:

- Apply the principles of economics.
- Understand how consumers and producers make their decisions using optimization and mathematical models.
- Develop demand estimation and forecasting and recognize factors affecting the demand function.
- Estimate cost curves in the short and long run, and make optimal managerial decisions.
- Comprehend the interaction of these economic agents under different market conditions using intuitive graphs, and propose different managerial strategies.
- Apply pricing strategies and make managerial decisions under risk and uncertainty.

Textbooks

- **(Required)** Christopher Thomas, and S. Charles Maurice, 2016. Managerial Economics: Foundations of Business Analysis and Strategy. McGraw-Hill Education, 12th edition. **(TM)**

- **(Optional)** Walter Nicholson and Christopher M. Snyder, 2016. Microeconomic Theory: Basic Principles and Extensions. South-Western (Cengage Learning), 12th edition. **(NS)**
- **(Optional)** Paul Krugman and Robin Wells, 2014. Microeconomics. Worth Publishers; 4th edition. **(KW)**

Assignments and Grading Policies

Grading scale:

A = 93 and higher	C = 73 –76
A- = 90 –92	C- = 70 –72
B+ = 87 –89	D+ = 67 –69
B = 83 –86	D = 63 –66
B- = 80 –82	D- = 60 –62
C+ = 77 –79	E = less than 60

Grading weights:

- Class participation 5%
- Homework 15%
- Daily quizzes 15%
- Project/Class presentation 15%
- Midterm 25%
- Final 25%

Class participation: Class attendance is very critical for the understanding of the course material, especially during this short period of time (6 weeks). As an incentive, class participation takes a portion of the grading system, representing 5% of the total grade. This participation must include physically presence, active participation during class, respect with your classmates, etc.

Homework: Best way to learn and implement the microeconomic theory is throughout homework. These assignments give the students the chance to apply the managerial economics theory and strengthen their understanding. There will be 5 problem sets in total (one each week).

Daily quizzes: These quizzes are meant to solidify the knowledge acquired in each lecture. They will consist of multiple questions. Right after each lecture, the professor will post the quiz on Canvas and the students will have until midnight (11:59 pm) of each day to submit their answers.

Project/Class presentation (TBA): The idea of this project/class presentation is to let students apply the microeconomic concepts to real problems. The professor will provide a real agribusiness situation, in which the student has to identify the economic problem, find peer-reviewed articles to observe what other researchers have done so far, and use the lecture notes and propose policy recommendations. Students will have two weeks to finish this

project/presentation. As we believe in “democracy within a classroom,” the professor will determine which option fits the best in this course, a project report or an oral presentation.

Midterm/Final: There will be two exams to evaluate the students’ general understanding on the economics of agribusiness decisions.

Academic honesty: I will consider the effort that students put into each assignment and exam. The means (procedure) and the end (final answer) are important to me, and I will grade both accordingly. As established in University of Florida Policies, violation of the Student Honor Code is intolerable, and students not complying with this code will receive a grade of “0.” Attendance of seminars on ethical behavior may be required as well.

TENTATIVE COURSE OVERVIEW

Week 1 (June 26-30)

- Introduction Lecture
- Introduction to Economics
 1. First Principles (*KW, Chapter 1*)
 2. Managers, Profits, and Markets (*TM, Chapter 1*)

Homework 1: given on June 30, due on Jul 7.

Week 2 (Jul 3-7)

- Introduction to Economics (continued)
 1. Marginal analysis for optimal decisions (*TM, Chapter 3*)
 2. Basic Estimation Techniques (*TM, Chapter 4*)
- Demand Theory
 1. Theory of Consumer Behavior/Utility Maximization and Choice (*TM, Chapter 5; and NS, Chapter 4*)

Homework 2: given on Jul 7, due on Jul 13.

Note: Holyday on July 4th

Week 3 (Jul 10-14)

- Demand Theory (continued)
 1. Elasticity and Demand (*TM, Chapter 6*)
 2. Demand Estimation and Forecasting (*TM, Chapter 7*)
- Production Theory
 1. Production and Cost in the Short Run (*TM, Chapter 8; and NS. Chapter 10*)

Midterm on Jul 14: Introduction to Economics and Demand Theory (TM, Chapters 1, 3, 4, 5, 6, 7).

Homework 3: given on Jul 13, due on Jul 21.

Week 4 (Jul 17-21)

- Production Theory (continued)
 1. Production and Cost in the Long Run (*TM, Chapter 9; and NS, Chapter 10*)
 2. Production and Cost Estimation (*TM, Chapter 10*)

Project/Case study: given on July 21, due on Aug 3 (if oral presentation) or 4 (if report)

Homework 4: given on Jul 21, due on Jul 28.

Week 5 (Jul 24-28)

- Demand, Supply and Market Structures
 1. Demand, Supply, Market Equilibrium (*TM, Chapter 2; and KW, Chapter 3*)
 2. Managerial Decisions in Competitive Markets (*TM, Chapter 11*)
 3. Managerial Decisions for Firms with Market Power (*TM, Chapter 12*)

Homework 5: given on Jul 28, due on Aug 3.

Week 6 (Jul 31- Aug 4)

- Pricing, Risk and Uncertainty
 1. Advanced Pricing Techniques (*TM, Chapter 14*)
 2. Decisions under Risk and Uncertainty (*TM, Chapter 15*)

Final on Aug 4: Production Theory, Demand, Supply and Market Structures, and Pricing, Risk and Uncertainty (TM, Chapters 2, 8, 9, 10, 11, 12, 14, 15).

UNIVERSITY OF FLORIDA POLICIES

Student conduct & honor code

“UF students are bound by The Honor Pledge which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at the University of Florida, the following pledge is either required or implied: “On my honor, I have neither given nor received unauthorized aid in doing this assignment.” The Honor Code (<http://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/>) specifies a number of behaviors that are in violation of this code and the possible sanctions. Furthermore, you are obligated to report any condition that facilitates academic misconduct to appropriate personnel. If you have any questions or concerns, please consult with the instructor or TAs in this class.”

Software Use

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do

so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Students with disabilities

“Students with disabilities requesting accommodations should first register with the Disability Resource Center (352-392-8565, www.dso.ufl.edu/drc/) by providing appropriate documentation. Once registered, students will receive an accommodation letter which must be presented to the instructor when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.”

CAMPUS RESOURCES

Health and Wellness

U Matter, We Care: If you or a friend is in distress, please contact umatter@ufl.edu or 352 392-1575 so that a team member can reach out to the student.

Counseling and Wellness Center

<http://www.counseling.ufl.edu/cwc/Default.aspx>, 392-1575; and the University Police Department: 392-1111 or 9-1-1 for emergencies.

Sexual Assault Recovery Services (SARS)

Student Health Care Center, 392-1161.

University Police Department,

392-1111 (or 9-1-1 for emergencies)

<http://www.police.ufl.edu/>

ACADEMIC RESOURCES

E-learning technical support

352-392-4357 (select option 2) or e-mail to Learning-support@ufl.edu.

<https://lss.at.ufl.edu/help.shtml>.

Career Resource Center

Reitz Union, 392-1601. Career assistance and counseling.

<http://www.crc.ufl.edu/>

Library Support

<http://cms.uflib.ufl.edu/ask>. Various ways to receive assistance with respect to using the libraries or finding resources.

Teaching Center

Broward Hall, 392-2010 or 392-6420. General study skills and tutoring.

<http://teachingcenter.ufl.edu/>

Writing Studio

302 Tigert Hall, 846-1138. Help brainstorming, formatting, and writing papers.

<http://writing.ufl.edu/writing-studio/>

Student Complaints Campus

https://www.dso.ufl.edu/documents/UF_Complaints_policy.pdf On-Line Students

Complaints: <http://www.distance.ufl.edu/student-complaint-processD>.