

Virginia Tech
Department of Agricultural and Applied Economics

AAEC 1005
Economics of the Food and Fiber System

Fall 2008
Dixie Watts Reaves

Course Description

Economic principles that underlie the functioning of the food and fiber system are developed and applied to analysis of issues important to society. Emphasis on interrelationships of U.S. micro-economic policy, agriculture, and the economic well-being of world society in terms of the availability and price of food and fiber, the use of natural and environmental resources, and development of rural economies.

Course Objectives

1. Describe the diverse agricultural/agribusiness sector in the United States.
2. Demonstrate economic objectives from the perspective of both producers and consumers of food and fiber products.
3. Demonstrate the profit maximization and/or equilibrium positions for producers and consumers of food and fiber products, and describe how these positions are influenced by the broader economic environment.
4. Describe the interrelationships between the agricultural sector and the remainder of the economy, and describe the implications of policy changes on agriculture, with particular attention to resource and environmental policy.
5. Describe the increasing globalization/internationalization of agricultural markets, and demonstrate the importance of efficiency in food and fiber production for the U.S. and for the world community.

Grading

8 Quizzes	200 points
4 Exercises	100 points
Cumulative Final	100 points

Eleven unannounced quizzes will be given throughout the semester. The 3 lowest or missing grades from the 11 total quizzes will be dropped. There will be **no make-up quizzes**. A quiz missed for illness, a class trip, etc. will count as one of your drops.

Final grades will be converted to percentages, and the class will set its own curve. A ten-point scale with pluses and minuses will be used. For example, if the top grade in the class is 94%, then 85-94 will be A- to A; 75-84 will be B- to B+, etc.

Course Outline

Assignment

I. Course Objectives and Introduction

Introduction & Key Terms Ch.1

The Food & Fiber System Ch.2
Input Supply
Farm Production
Output Marketing
Farmer Cooperatives

II. Producer & Consumer Decision-Making

Producer Decision-Making Ch.4
Physical Relationships
Value Relationships

Production Costs & Supply Ch.6(pp.139-161)

Consumer Decision-making & Demand Ch.3

III. Market Structure

Price Determination Ch.6(pp.162-end)

Alternative Market Structures Ch.7,8

IV. Special Topics

The Futures Market Ch.12

Natural Resource & Environmental Issues Ch.13

Rural Development & International Issues Ch.14,15

Final Exam: Monday, December 15, 10:05am-12:05

Text: **Recommended:** Gail L. Cramer, Clarence W. Jensen, and Douglas D. Southgate, Jr., *Agricultural Economics and Agribusiness*. John Wiley and Sons, Inc. Older editions are acceptable. Available "Used" at the bookstore.

Additional Course Information

Professor:

Dixie Watts Reaves
e-mail: dixie@vt.edu
307 Hutcheson Hall
(540)231-6153
Office Hours: Generally T,H 9:30-10:45am
Other times welcomed by appointment.

Graduate Teaching Assistant

Zachary Hatcher
e-mail: zachary.hatcher@vt.edu
319-A Hutcheson
(540)231-6399
Office Hours: Mon 1-2 pm, Wed 2-3 pm

Class Attendance:

Class attendance in this course is critical. Past history has shown that those who attend class regularly tend to do better in the class. Give yourself every opportunity to do well. Attending class assures that you hear what I think to be the most important material in the text; it assures you of not missing a quiz; and it gives you the opportunity to ask questions and to learn from the questions asked by your classmates. <http://classnotes.aaec.vt.edu/aaec1005/index.htm> is a supplemental course website. The site is meant to be a study aid and is in no way a substitute for attending class. Pay particular attention to the Review & Practice Concepts and the Contagious Confections sections: these can be used to review material from class and to get extra practice using concepts. Class notes are **NOT** posted online. If you absolutely have to miss class, you should arrange to get the notes from a classmate or the teaching assistant.

Office Hours and Help Sessions:

The teaching assistant assigned to our class will hold regular office hours each week. These are times that the TA is guaranteed to be in the office to help you with any questions you may have. Take advantage of these set hours. I will generally plan to be in the office from 9:30 to 10:45am on Tuesdays and Thursdays. However, due to committee assignments and occasional extension/research travel, I may not be able to keep these hours each and every week. I recommend that you call before stopping by (or see me immediately after class). Further, I am happy to set up a time to meet with you to discuss any concerns that you have. Simply email or call to set up an appointment. To do your best in the class, take advantage of all resources that are available to you.

Virginia Tech Honor System:

You are expected to abide by the Honor Code in this class. By writing your name on each quiz and exam, you are agreeing that you have neither given nor received unauthorized assistance on the quiz or exam. Furthermore, you are stating that you are not aware of anyone else giving or receiving unauthorized assistance. Do not cheat: it is your system and your honor. Report any suspected incidence of cheating to me or the teaching assistant. You are allowed to discuss the exercises with your classmates, but each individual must complete and turn in the assignment, unless otherwise noted. When turning in exercises, you will be asked to list the individuals that you worked with to complete the assignment.

Guest Lecturers:

Throughout the semester, there will be a few occasions when I must be absent from class to participate in research and extension activities off campus. When I have these other commitments, I will arrange to have a guest speaker for the class. Attendance during these classes is equally as important as any other class, and material provided by guest lecturers will be included on quizzes and the exam.

General Philosophy:

I believe strongly in the importance of undergraduate teaching and advising. While your academic success or failure ultimately falls in your hands, I will do everything I can to help you succeed. Do not

hesitate to ask. I hope you have a great semester, and I hope you enjoy this class. *Dixie*