

AGEC 4203
INTERMEDIATE FOOD AND FIBER PRODUCTS MARKETING
FALL 2014

INSTRUCTOR: Dr. R. Wes Harrison, Professor
Dept. of Ag. Economics & Agribusiness
230 Martin D. Woodin Hall

OFFICE HOURS: By appointment. Tel: 225-578-2727
e-mail: rwharri@lsu.edu

LECTURES: 1030-1150am T TH, 118 PRESCOTT

TEXT: Microeconomics, Seventh Edition by Jeffrey M. Perloff.
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PREREQUISITES:

The prerequisite for the course is AGECE 3003 or its equivalent. The course is designed to build upon intermediate microeconomic theory covered in AGECE 3003, and will use some basic calculus, so if you have not taken the prerequisite (or its equivalent) you should consider dropping the course.

COURSE DESCRIPTION:

Industrial organization analysis applied to the food and fiber system; emphasis on structural problems and their control by competition, resource valuations.

COURSE OBJECTIVES:

The objective of the course is to develop your understanding for how agribusinesses, policy makers, and individuals can use industrial organization, and its microeconomic underpinnings, to analyze and resolve economic problems associated with imperfect markets in the food and agricultural sector.

Upon completion of the course, you should:

- 1) be proficient in the application of modern industrial organization analysis; and,
- 2) be able to use industrial organization and microeconomic models to analyze and predict the effects of imperfect markets, and government regulations, on economic behavior of consumers, producers, and markets within the food and agricultural sector.

GRADING POLICY

The grade obtained in the course will be determined by your performance on class participation, homework, three exams, and a comprehensive final exam. The weighting for each are as follows:

	<u>% of Grade</u>
Participation	10
Homework	15
Three Exams (Drop the lowest) 100 pts each x 2 exams	50
Cumulative Final Exam	<u>25</u>
	100

The final grading scale is as follows: 90-100=A; 80-89=B; 70-79=C; 60-69=D; and below 60=F.

Exam dates will be announced in class (and on Moodle) at least two weeks prior to the day an exam will be given. The final is scheduled for Tues., Dec 9th from 5:30 to 7:00 pm (All students must take the final, sorry, no exceptions).

OTHER POLICIES AND PROCEDURES

- (1) **There will only be one make-up exam given in this class.** You have two options:
 - a. You can use your one-exam drop option, or
 - b. Take a make-up exam that will be scheduled the last week of class. **This option is available only with an excused absence. You must provide documentation for the excused absence one week before or after the date of the exam you missed.**

- (2) The class will primarily follow a lecture format, but class participation activities will be part of most classes. Students are also encouraged to ask questions concerning material covered in class, class readings and other current issues related to the class material.

- (3) You will be held to all university policies regarding academic misconduct, as described under section 5.1 of the LSU student handbook.

**AGEC 4203 - Fall 2014
Course Outline**

Topic

Reading Material

Introduction to Industrial Organization (IO)

**Material to be
posted to on Moodle**

The U.S. Food Marketing System,

**Competition, Coordination, and
Technological Innovations into
the 21st Century**

**Material to be
posted to on Moodle**

Review of the Perfectly Competitive Model

Competitive Firms and Markets

Competition
Profit Maximization
Competition in the Short Run
Competition in the Long Run

Chapter 8 in Text

Applying the Competitive Model

Consumer Welfare
Producer Welfare
Competition Maximizes Welfare
Policies that Shift the Supply Curve
Policies that Create a Wedge between Supply and Demand

Chapter 9 in Text

Imperfect Markets, Market Power, and Market Structure

Monopoly

Monopoly Profit Maximization
Market Power
Welfare Effects of Monopoly
Cost Advantages that Create Monopolies
Government Actions & Barriers to Entry
Government Regulations to Control Market Power

Chapter 11 in Text

Pricing & Advertising

Price Discrimination
Perfect Price Discrimination
Quantity Discrimination
Multimarket Price Discrimination
Two-Part Tariffs
Tie-In Sales

Chapter 12 in Text

Oligopoly and Monopolistic Competition

Market Structures
Game Theory
Cooperative Oligopoly Models
Cournot Model
Stackelberg Model
Comparison of Models
Monopolistic Competition
Bertrand Model

Chapter 13 in Text

Factor Markets and Vertical Integration

Competitive Factor Market
Effects of Monopolies on Factor Markets
Monopsony & Vertical Integration

Chapter 15 in Text