**Course Title:** Foundations of Agricultural Economics (AAE 641)  
**Instructor:** Brent Hueth

**Course Description:** This course surveys research on agricultural industries, markets, and policy. Topics include organization and coordination of farming, processing, and retailing; uncertainty and information in markets for insurance and credit; scientific discovery, innovation, and agricultural industrialization; rural economic development and redistributive policies; cooperative enterprise, market regulation, and spatial competition; and the role of agriculture in economic growth and development. **Prerequisites:** AAE 635 and 636 or equivalent.

**Course Purpose and Learning Objectives:** This course fulfills the first of three course requirements constituting the Economics of Agriculture Ph.D. major field in the Dept. of Agricultural and Applied Economics. Objectives for student learning include:

- Familiarity with theoretical and methodological approaches commonly used by economists who study agriculture;
- Knowledge of U.S. national and international statistical resources that describe the evolution and current status of agricultural and related industries;
- Awareness of institutions (formal and informal) common to food and agricultural industries;
- Ability to develop and characterize analytical and empirical linkages between agriculture and the broader economy, including:
  - Interactions with land, water, and soil resources;
  - Connections to food, fuel, and fiber industries;
  - Role in early development of societies and nation states;
  - Rural-urban population flows;
  - Growth and development of modern economies;
- Ability to analyze critically policies that are a response to market frictions and distributive conflict among populations seeking to: *cultivate* land for agricultural production, *protect* and *preserve* land for its recreational or aesthetic value, and *inhabit* land as residents of farm and agricultural-based communities or regions.

**Course Assignments and Grading**

- Students must come prepared to discuss readings and homework problems that I assign prior to each class.
- I will administer occasional unannounced in-class quizzes asking students to analyze and elaborate on one or more topics during class discussion.
- The course grade will depend on classroom participation (30%), quiz scores (30%), and a final exam (40%).
Topics

- Introduction: What is Agricultural Economics?
- Broad Strokes: An Overview of the Economic Structure, Evolution, and Institutions of Agriculture
- The Actors: Farmers, Firms, Consumers, and Legislators
- Production and Distribution: Technology, Organization, and Agency
- Finance and Insurance: Limits to Liquidity and Risk Bearing
- Collective Action: Research and Innovation, Natural Resources, and Cooperative Enterprise
- Organizing Markets: Standards, Measurement, and Market Orders
- Assessing Policy and Measuring Sectoral Performance: Beyond Market Failure
- Cross Currents in Political Action: Enforcing Competition, Sanctioning Market Power, and the Rural-Urban Divide
- Agriculture and the National Interest: Trade, Growth, and Food Security
<table>
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<tr>
<th>Section</th>
<th>Topics</th>
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<tbody>
<tr>
<td>Introduction: What is Agricultural Economics?</td>
<td>Development of agricultural economics as a field; link with early literature on farm management, subsequent integration with economics discipline, and connection to land-grant university institution.</td>
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<tr>
<td>Broad Strokes: An Overview of the Economic Structure, Evolution, and Institutions of Agriculture</td>
<td>Overview of production and distribution, trends and currents structure; brief description of institutions, including farm households, risk sharing (crop sharing and cooperatives), credit rationing and interlinked markets, grades and standards, breeding and genetic evaluation bodies, and natural resource management/common institutions.</td>
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<tr>
<td>The Actors: Farmers, Firms, Consumers, and Legislators</td>
<td>Measurement of farming activities and farm sectors; typology and function of intermediaries; demand for agricultural products; legislators and political economy of farm and rural policies.</td>
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<tr>
<td>Production and Distribution: Technology, Organization, and Agency</td>
<td>Production and organization in agriculture; technological scale and scope; coordination and contracting.</td>
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<td>Finance and Insurance: Limits to Liquidity and Risk Bearing</td>
<td>Models of information and commitment frictions in credit and insurance; institutional responses.</td>
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<td>Collective Action: Research and Innovation, Natural Resources, and Cooperative Enterprise</td>
<td>Agricultural research and extension; induced innovation; biological innovation; common pool resource management, cooperative enterprise.</td>
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<tr>
<td>Organizing Markets: Standards, Measurement, and Market Orders</td>
<td>Grading standards and standards bodies; market orders; quality measurement.</td>
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<td>Assessing Policy and Measuring Sectoral Performance: Beyond Market Failure</td>
<td>Assessing and measuring economic welfare; market frictions and market failure.</td>
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<tr>
<td>Cross Currents in Political Action: Enforcing Competition, Sanctioning Market Power, and the Rural-Urban Divide</td>
<td>Agricultural development policy; migration/immigration; competition policy in agriculture</td>
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<tr>
<td>Agriculture and the National Interest: Trade, Growth, and Food Security</td>
<td>Agriculture in models of economic growth and population movement</td>
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