University of Florida
Food and Resource Economics Department

AEB5188 Economics of Agribusiness Decisions

Summer Term B 2012

Section: 4919
3 Credit Hours

MTWRF 12:30pm – 1:45pm
Classroom: MCCB G108

Instructor and Contact Information

Instructor: Dr. Mikael Sandberg
Office: 1193 McCarty Hall A
Phone: (352) 392-1826 ext. 408
Office Hours: Monday, Tuesday, Wednesday, 
& Thursday 2:00pm – 3:00pm.
E-mail: sandberg@ufl.edu

Given other professional obligations this term, availability outside of posted office hours will be limited. However, feel free to e-mail me for an appointment.

11:00am – 12:30pm is reserved for administrative duties, preparing for classes, and lunch. Please do not disturb.

Many students find that e-mail is an efficient and fast way to ask questions. Please note that I do not utilize the e-mail tools within E-Learning Sakai. When e-mailing me, please indicate in which class you are enrolled so that I can address your concerns properly. Courteous and professional e-mails can expect a prompt reply (usually within 24 hours).

General Course Information


Catalog Description: Comprehensive treatment of microeconomic theory and its use in managerial decision making.

...which really means: AEB5188 is a managerial economics course that combines quantitative analysis with microeconomic theory (for further details, please see the ‘Course Structure and Course Content’ section of this syllabus). This is a fairly analytical course that probably represents the highest level of economic theory that you have been exposed to thus far in your education career. The goal of this course is to give students an understanding of the economic principles and theories that govern consumer behavior and the behavior of firms.

Prerequisite: AEB3103 or ECO2023 or the equivalent. This course will be taught with the explicit assumption that students have taken at least one previous microeconomic course.

The instructor reserves the right to change the policies and dates stated in this Course Syllabus at any time. Any changes will be communicated in class, via the Gatorlink e-mail listserv, and posted on E-Learning.
E-Learning Sakai: There is an E-Learning Sakai web-page for this course; however the quantity of material posted on E-Learning for this course will be limited. Grades will be posted on E-Learning Sakai under the ‘Feedback’ tab and assignments will be posted under ‘Announcements’ on the home screen. To access E-Learning Sakai, you will need your Gatorlink username and password. E-Learning Sakai can be accessed via https://lss.at.ufl.edu/. If you are having difficulties accessing E-Learning Sakai, please contact the UF Computing Help Desk by calling (352) 392-HELP or via e-mail helpdesk@ufl.edu. You will need your UFID when contacting them.

Attendance: Given that AEB5188 is a graduate level course, students are expected to attend class and to be on-time. The Summer B semester is only 6 weeks, so we will proceed at a rapid pace – two days during a summer semester is the equivalent of an entire week during a regular fall/spring semester. Regular attendance is a pre-requisite for doing well in this course. You should notify me in advance about missing class; excessive unexcused absences will result in negative consequences regarding your course grade.

Format: The course will be delivered via traditional lectures and discussions. I am a firm believer in active learning and classroom dialogs. Students should expect to participate in class discussions and to be ‘called upon.’

Course Structure and Course Content

Course Objectives: Managerial Economics concerns the application of economic theory and principles to the operations of a firm. More specifically, it addresses how the tools of economics can be used to understand the environment in which the firm operates and how these tools can be applied to achieve the universal goal of profit-maximization. After the successful completion of AEB5188, the typical student should have a rather sophisticated understanding of the economic principles forming the foundation of well-informed managerial decisions.

Managerial Economics, or the Economic Analysis of the Firm, can be divided into the external analysis and internal analysis of a firm.

The external analysis of a firm includes the understanding of
- the interaction of the market forces of demand and supply;
- the quantitative representation of market analysis;
- the elasticity of demand and its influence on the operations of a firm;
- the empirical formulation of demand functions;
- the economics behind consumer behavior;

The internal analysis of a firm includes the understanding of
- the economic principles influencing business decisions;
- the difference between short-term and long-term planning decisions of a firm;
- the empirical formulation of production and cost functions;
- the use of economic analysis as a tool to achieve profit maximization for firms in a variety of contexts.
**Tentative Course Outline:** The instructor reserves the right to change this outline as appropriate. Some chapters will be covered in their entirety and from others we will only cover selected sections.

**Introduction and Managerial Analysis**
- Chapter 1: Managers, Profit, Markets
- Chapter 2: Demand, Supply, and Market Equilibrium
- Chapter 3: Marginal Analysis for Optimal Decisions

**External Analysis: Understanding Consumer Behavior**
- Chapter 5: Theory of Consumer Behavior
- Chapter 6: Elasticity and Demand

**Internal Analysis I: Production Theory**
- Chapter 8: Production and Cost in the Short Run
- Chapter 9: Production and Cost in the Long Run
- Handout: Production and Cost Estimation (*if time permits*)

**Internal Analysis II: Firm Behavior**
- Chapter 11: Managerial Decisions in Competitive Markets
- Chapter 12: Managerial Decisions for Firms with Market Power

**End-of-Chapter Problems:** Each chapter in the textbook is accompanied by numerous study problems and exercises labeled ‘Technical Problems.’ The solutions for ALL Technical Problems are presented at the end of the textbook. To do well in this class, you should work these problems. Some of these problems may require you to read the chapter before attempting to solve them. Note: these exercises are NOT to be turned in; rather they are assigned to help you learn the material.

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<th>CHAPTER</th>
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<td>Chapter 11</td>
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<td>Chapter 12</td>
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<td>4, 5, 6, 7, 9, 12, 13, 15, 16</td>
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**Student Workbook:** There is also a Student Workbook, available free of charge on the textbooks website. This Workbook, available in PDF format, contains chapter reviews and supplemental exercises. You can find the Workbook at [www.mhhe.com/thomas10e](http://www.mhhe.com/thomas10e) and click ‘Student Edition’ on your left. Take advantage of this invaluable study tool!
Evaluation of Performance and Grading

**Grades:** You have the opportunity to earn up to 300 points throughout the semester. Your final grade for AEB5188 will be based on the following:

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<tr>
<th>Points</th>
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<tr>
<td>100 possible</td>
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<td>100 possible</td>
<td>Exam 2</td>
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<td>80 possible</td>
<td>Take-Home Projects</td>
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<td>20 possible</td>
<td>Participation</td>
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<td><strong>300 possible total points</strong></td>
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The course grades will have the following benchmarks:

- **A** (≥ 279)  
- **A-** (270 - 278)  
- **B+** (261 - 269)  
- **B** (249 - 260)  
- **B-** (240 - 248)  
- **C+** (231 - 239)  
- **C** (219 - 230)  
- **C-** (210 - 218)  
- **D+** (201 - 209)  
- **D** (189 - 200)  
- **D-** (180 - 188)  
- **E** (≤ 179)

Grades are not negotiable and ‘haggling’ over grades is NOT entertained. If you believe that your exam or assignment is incorrectly graded or that your grade is incorrectly posted, please contact me via e-mail (i.e., in writing) as soon as possible. After 5 days have passed, your posted grade will be assumed to be correct and accurate. For general information about grading and the grading policy at the University of Florida, please refer to: [www.registrar.ufl.edu/catalog/policies/regulationgrades.html](http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html).

**Exams:** There will be two (2) in-class exams. Each exam is worth 100 points. The exams will consist of short-answer, essay, and problem-solving questions. The exams are closed book and closed notes. You will have the entire class period, i.e., 75 minutes, to complete the examination. You may need a calculator for the exams. However, graphing calculators, cell phones, laptops or similar devices are **not** allowed. Sharing calculators during an exam is not allowed. Exams are administered in our regular classroom. Statistical tables will be provided.

End of chapter exercises are excellent preparation for exams.

- **Exam 1:** Friday July 20 @ 12:30pm
- **Exam 2:** Tuesday August 7 @ 12:30pm

**Early or late exams are not given. Exam dates are subject to change at the discretion of the instructor. Any changes will be communicated via E-learning Sakai and via the Gatorlink listserv. Make-up exams are only granted to documented emergencies and circumstances cleared with the instructor PRIOR to the exam. It is entirely at the instructor’s discretion to grant the privilege of a make-up exam.**

**Exam day policy:** It is expected that all students are on-time to exams. Leaving the classroom during the exam is not allowed, so please make sure you use the restroom, if needed, before the exam begins. **NO ONE WILL BE ALLOWED TO ENTER THE CLASSROOM TO BEGIN THE EXAM AFTER THE FIRST STUDENT HAS TURNED IN THEIR FINISHED EXAM.**
**Take Home Projects:** There will be four (4) take-home assignments posted on E-Learning Sakai during the semester – each worth 20 points. There are no make-up assignments. Details about assignments will be provided in class during the semester. Missing class therefore implies potentially missing any in-class assignments. **Take-home assignments are due no later than 12:30pm (i.e., BEFORE the class officially begins) on the designated due dates.** The preferred way to hand in your assignment is in-class at 12:30pm, before the lecture begins, on the due date. Given the nature of our 6-week term, Take Home Projects may be assigned with relatively short notice.

Please note that class is cancelled Thursday August 9 and Friday August 10.

**Other Important Information**

Students are responsible for all deadlines/critical dates and policies set forth by the University of Florida and the UF Graduate School. Deadlines/critical dates are published on the University of Florida Office of the University Registrar’s web-site, http://www.registrar.ufl.edu/. Current academic policies are presented in the University of Florida Graduate Catalog. Students are also fully responsible for adhering to the policies and procedures of the MAB program in Food and Resource Economics.

**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 Requesting Classroom Accommodation:** The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Please contact this office at 0020 Reid Hall, 392-8565, www.dso.ufl.edu/drc/. Any student requesting accommodation will have to provide documentation from the Disability Resource Center.

**UF Counseling Services:** The life of a college student can sometimes be overwhelming. Resources are available on-campus to help students manage personal issues or gain insight into career and academic goals. Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s various counseling resources. The following resources are available for all UF students,

- For general student affairs, Dean of Students Office, 392-1261 (after hours, call 392-1111)
- For mental health consultations, Counseling & Wellness Center, 392-1575 (24/7 phone access)
- For physical health consultations, Student Health Care Center, 392-1161
- For victims of sexual assault, Office of Victim Services, 392-5648 (after hours, call 392-1111)
- For career guidance, Career Resource Center, 392-1602, www.crc.ufl.edu
Academic Honesty: In 1995 the UF student body enacted an honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students. In their words, the Honor Code

Preamble: In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

The Honor Pledge: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment." The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Student Responsibility: Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court.

Faculty Responsibility: Faculty members have a duty to promote honest behavior and to avoid practices and environments that foster cheating in their classes. Teachers should encourage students to bring negative conditions or incidents of dishonesty to their attention. In their own work, teachers should practice the same high standards they expect from their students.

Administration Responsibility: As highly visible members of our academic community, administrators should be ever vigilant to promote academic honesty and conduct their lives in an ethically exemplary manner. This policy will be vigorously upheld at all times in this course.

Any instances of academic dishonesty will be reported to Student Judicial Affairs.

By enrolling in this course you are agreeing to the terms outlined in this syllabus. Please feel free to contact me should you have any questions or concerns.