Agribusiness Economics Unit Objectives

* + Define “economics”.
	+ Explain the difference between an opportunity cost and a benefit and use this to determine whether or not a decision was rational.
	+ Define: Intrinsic Value; Scarcity; Economic Value
	+ Use the difference between intrinsic value and economic value to explain why a pro athlete makes more money than a civil servant.
	+ Summarize why money is more valuable than bartering?
	+ Define and explain the Tragedy of the Commons.
	+ Summarize how private property eliminates Tragedy of the Commons.
	+ Define “corporation” and explain its benefits.
	+ Define the following: a) Law of Supply b. Law of Demand c. Equilibrium Point d. Supply Curve e. Demand Curve
	+ Define and provide examples of the following: a) Demand curve shifter; b) Supply curve shifter; c) Complementary Good; d) Substitute Good; e) Goods with an inelastic demand.
	+ Explain the difference between moving along a curve and shifting a curve.
	+ Compare and contrast a price ceiling and a price floor.
	+ Use economics to explain why standard subsidies and rent control do not work from a market perspective.
	+ Identify a supply curve shifter, a demand curve shifter, a price floor, or a price ceiling on a graph.
	+ Take a stance on the MILC subsidy and determine if it is necessary and if it works economically.
	+ Develop an economic solution to persistently-low economic prices for a commodity that will support the producers of that commodity without causing a market imbalance between supply and demand.
	+ State the importance of how and why money enables the existence of banks.
	+ Be able to define each of the following: a. Microeconomics b. Macroeconomics c. Aggregate Supply d. Aggregate Demand.
	+ Be able to describe and provide examples of each of the following: a. Capitalism b. Socialism c. Communism d. Fascism e. Marxism
	+ Define each of the following: The Invisible Hand b. Classical Economics c. Laissez-faire Economics
	+ Summarize the beliefs of Adam Smith regarding government regulation.
	+ Summarize the principles that enabled the US to become an economic superpower.
	+ Define Gross Domestic Product, recession, depression, and unemployment.
	+ Write and use the formula for unemployment.
	+ Summarize the tools used by both Hitler and FDR to end the depressions in their countries.
	+ Summarize the theories of Keynes in regards to government roles in ending recessions.
	+ Compare and contrast the advantages and weaknesses of a strong or a weak dollar.
	+ Summarize the role the lack of a Gold Standard played in the Great Depression.
	+ Summarize the outcome of the Bretton Woods Conference.
	+ Take a stance on whether or not the US should return to the Gold Standard and back this stance with evidence.
	+ Define inflation.
	+ Summarize how each of the following are used to regulate the economy: a. Fiscal Policy b. Monetary Policy c. Exchange Rate Policy
	+ Summarize what role the Fed plays in the US economy.
	+ Define each of the following: a. Futures Contract b. Commodity c. Futures Market d. Hedger e. Speculator
	+ Summarize the conditions through which the Chicago Board of Trade began.
	+ Identify which components of a futures contract are negotiable and which are not.
	+ Summarize how the futures market enables prices of commodities to become public knowledge.
	+ Explain the incentives for each of the following to become involved in the futures market: farmers, purchasers, and speculators.
	+ Summarize what it means to go long vs. go short.
	+ Explain the difference between a physical contract and a cash settlement contract.
	+ Summarize why a company would choose a cash-settlement contract instead of exchanging the commodity
	+ Define each of the following: a. Initial Margin b. Maintenance Margin c. Margin Call d. Leverage
	+ Under given conditions, state whether it would be better to go long or go short.
	+ Summarize each of the following options for participation in the futures market: a. Open your own account. b. Have someone manage your account. c. Trading Advisor d. Commodity Pool.
	+ Summarize the role the federal government plays in economics today.
	+ Summarize how the Fed uses each of the following to regulate the economy: federal discount rate, federal reserve ratio requirement, open market operations, and federal funds rate.
	+ Summarize how and why quantitative easing is used today.
	+ Summarize the differences between a flat, proportional, progressive, and regressive tax and provide examples of each.
	+ State the purpose of each of the following: antitrust laws; regulatory agencies; Fair Labor Standards Act of 1938; patents; international trade.
	+ Explain the pro’s and con’s of a minimum wage.
	+ Summarize why international trade is a better alternative to producing all needed goods within a country using Absolute Advantage and Comparative Advantage.
	+ State the impact that tariffs and NAFTA have had on international trade.
	+ Summarize the importance of international trade to the US and WI economies.
	+ Define and explain trade surpluses and trade deficits.
	+ Compare and contrast the views of Keynes and Hayek; choose whose stance you agree with most and justify this choice using evidence and logic.