

On my honor, as an Aggie, I have neither given nor received unauthorized aid on this academic work.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**Agricultural Economics 429**  
**Fall 2010 Exam #1**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

5. \_\_\_\_\_

**Total** \_\_\_\_\_

**1a. (6 pts.)** A lot of attention has been focused on the forces of change in agriculture. List one of the forces discussed in class and provide an example for how it acts as a force of change.

**1b. (6 pts.)** Describe the role of the President in the process of a bill becoming a law. Under what circumstances would he/she be completely powerless?

**1c. (6 pts.)** It was mentioned in class that Senators often have a broader perspective on policy issues than members of the House of Representatives? Why?

Write the letter corresponding to the most appropriate answer in the blank provided:

- \_\_\_\_\_ **2a.** (5 pts.) Changes to which of the following would cause a shift to the right in the supply of corn?
- A. Higher Income
  - B. Population
  - C. Higher Fertilizer Prices
  - D. Genetically Modified Seed
  - E. All of the Above
- \_\_\_\_\_ **2b.** (5 pts.) Who shares policy-making power?
- A. The Iron Triangle
  - B. Congress and Interest Groups
  - C. The Senate and House of Representatives
  - D. All of the Above
  - E. None of the Above
- \_\_\_\_\_ **2c.** (5 pts) Which of the following is NOT a true statement?
- A. It is necessary to understand policy if you want to influence it.
  - B. If a person is a liberal then they are for more government.
  - C. Kingmakers are the most influential group on the influence triangle.
  - D. Differences in policy positions among people can often be traced to differences in their values.
  - E. All are True
- \_\_\_\_\_ **2d.** (5 pts) Which of the following is not a true statement?
- A. Farming accounts for a small percent of the total workforce.
  - B. The entire food and fiber system accounts for about 17% of the workforce.
  - C. The entire food and fiber system accounts for about .7% of GDP.
  - D. All are not true
  - E. All are true
- \_\_\_\_\_ **2e.** (5 pts) One of the characteristics of agricultural and food policy is?
- A. Changes are made in small increments
  - B. Changes are drastic from farm bill to farm bill
  - C. There are very few changes
  - D. None of the Above
  - E. All of the above
- \_\_\_\_\_ **2f.** (5 pts) Decision making in a democracy requires?
- A. Politics of the minority
  - B. Factual information
  - C. Having a majority in Congress
  - D. All of the above
  - E. None of the above
- \_\_\_\_\_ **2g.** (5 pts) What is the relationship between the domestic and export demand for wheat?

- A. Domestic demand is less inelastic than export demand.
- B. Domestic demand is more inelastic than export demand.
- C. There is no difference between the domestic demand and export demand for wheat.
- D. None of the above

**3a.** (6 pts.) If the price of wheat in equilibrium is \$6.00 per bushel and the quantity supplied equals quantity demanded at 1000 bushels. What would happen to quantity demanded if the price increased by 50% to \$9.00 per bushel assuming the demand elasticity is  $-0.7$ ? Show your work.

**3b.** (8 pts.) Describe the agricultural treadmill. If the treadmill were to stop would the U.S. be more or less competitive internationally? Why?

**3c.** (6 pts.) The policy process has been described as a lot like making sausage. Why? Why is it so important to understand how policy is made?

**3d.** (6 pts.) Is it more likely that John Deere will be more effective lobbying in Washington than the National Equipment Dealers Association on tractor emission standards or vice versa? Why?

**4a.** (6 pts.) As of August 22, 2010, many agricultural firms and organizations have given contributions to both Republican and Democratic Party candidates. Why might an organization give to both candidates in a given political race and why might an

organization wait until late in the race (close to the election) to give a large sum of their contributions?

**4b. (8 pts.)** What is the significance to the U.S. of having lost the Brazil cotton case? What is the significance to corn producers? Why might Bill Gates be interested in the final outcome? Why was Dr. Sumner's involvement so controversial?

**4c. (8 pts.)** In a three panel trade diagram, if a country becomes an importer of wheat through a free trade agreement, what interest groups in the importing country would be happy and unhappy?