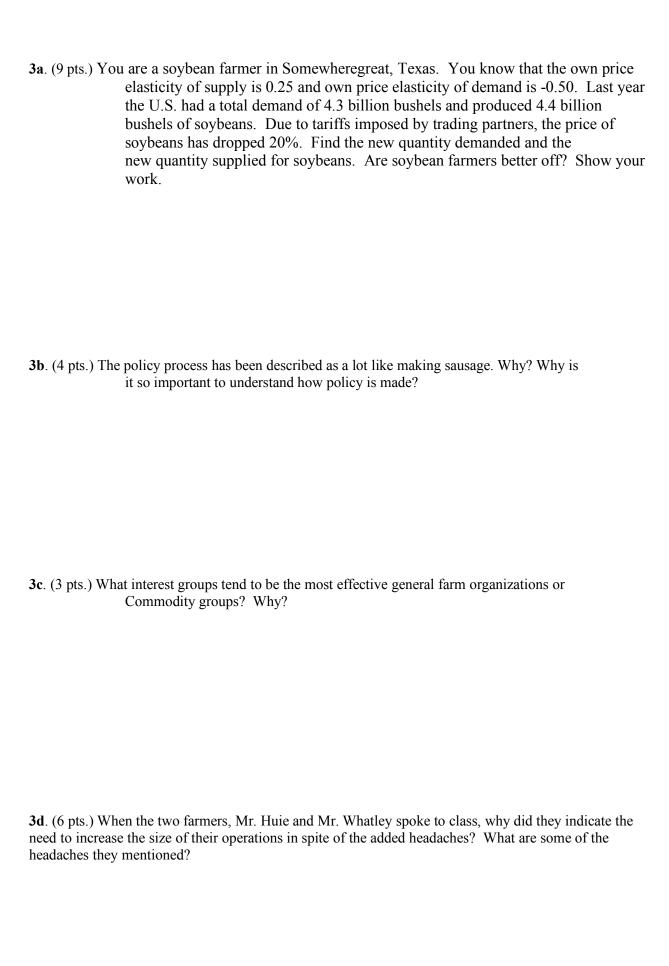
Signature:            Seat #:	
Agricultural Economics 429	
Fall 2018 Exam #1	
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<b>1a</b> . (6pts.) If you were the lobbyist for American Farm Bureau and your job is to provide donations to good supporters of agriculture, why would this November's election be especially difficult for you? Would you do?	
<b>1b.</b> (6 pts.) The elasticity of demand for agricultural commodities is -0.6, and the elasticity of supply is 0.7. Explain what each of these numbers mean, and how they related to the issue of variable farm income.	
<b>1c.</b> (4 pts.) Dr. Nathan Smith talked about the wide variety of issues a professional agricultural economias to handle on a daily basis. What did he say he had to fall back on to help tackle all the different issues? Would the answer be different if he was a consultant for an industry group? Why?	nis

Write	the letter corresponding to the most appropriate answer in the blank provided:
	2f. (3 pts) Which of the following is true about the 1970s?  A. Farm subsidies shifted from ensuring supplies to supporting farm prices B. Ethanol was incentivized with the Energy Policy Act of 1977 C. The EPA was created D. All of the above E. None of the Above

<b>2g.</b> (3 pts.) Which of the following would cause a change in supply?	
A. Change in taste and preferences	
B. Increase in income	
C. GMO seeds	
D. All of the above	
E. None of the above	
<b>2h.</b> (3 pts.) Which of the following would affect the own price elasticity of be	ef?
A. Decrease in imports of beef due to tariffs	
B. An increase in the price of pork	
C. An increase in disposable income	
D. All of the above	
E. None of the above	

2j. (8 pts.) What are the four main tools for influencing policy in a democracy?



<b>4.</b> (10 pts.) Describe how a bill becomes a law. Be sure to explain the importance of the conference committee in this process. How does cloture in the Senate help or hinder this process?

- **5**. (20 pts.) Label the exporting and importing countries below.
- A. On the graph below indicate:
  - the free trade quantities supplied and demanded in each country as QDFT and QSFT
- B. Now assume that the importing country institutes an import tariff
  - label the resulting prices in each country PIT
  - label the resulting quantities supplied and demanded in each country as QDIT and QSIT
  - indicate the prices and quantity traded in the trade sector as PIT and QIT
- C. Relative to the initial free trade situation indicate the effect of the import tariff on:
  - Exporting country producers
  - Exporting country consumers
  - Importing country producers
  - Importing country consumers
  - Importing country equipment dealers
  - Exporting country equipment dealers

