

Foundations of Agricultural Economics

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Introduction

1. My name is Brent, what's yours?
2. Logistics:
 - ▶ Get Github account
 - ▶ If on Windows, install putty and get ssh key
 - ▶ Send me your ssh key
 - ▶ Fork AEFoundations into your Github account
 - ▶ After class, go to <http://quant-econ.net/py/index.html>
 - ▶ Install Anaconda Python 3
 - ▶ Work through Part 1 this week and try to do the exercises

Motivating question

1. Applied question for ag. economist: Are farm households “underinsured”? And if so, what should we do about it?
2. Let's think about an easier question: How can we assess potential benefits and efficacy of a subsidized insurance program?
3. There is lots that we need to know to tackle this question:
 - ▶ Theory behind risk and insurance;
 - ▶ Data collection and measurement;
 - ▶ Modeling (production, risk, households) and econometrics;
 - ▶ Farming and sources of risk mitigation
4. Lot's to learn, but we have to start somewhere!
 - ▶ Let's start with decision making under uncertainty

Uncertainty in economic analysis

- ▶ How we measure the cost of uncertainty?
- ▶ How does the presence of uncertainty influence behavior?