

## **Agriculture: Economics and Policy**

**These topics do not appear on the AP Economics Course Description. You should skip this chapter.**

If you eat, you are part of agriculture! In the United States, agriculture is important for a number of reasons. It is one of the nation's largest industries and major segments of it provide real-world examples of the pure-competition model developed in Chapters 10 and 11. Also, agriculture clearly shows the effects of government policies that interfere with supply and demand. Further, the industry provides excellent illustrations of Chapter 5's special-interest effect and rent-seeking behavior. Finally, it demonstrates the globalization of markets for farm commodities.

This chapter examines the circumstances in agriculture that have resulted in government intervention, the types and outcomes of government intervention, and recent major changes in farm policy.