

Can we make a deal?

Real-world market invades Ag Hall

“How many pens of cattle you got?”
 “Depends on the weight.”
 “1150s.”
 “Some. How many you need?”
 “Ten pens.”
 “What will you give me for ’em?”

This may sound like a business transaction in an office at Hitch Feeders. Actually, it’s a conversation between students gathered in Oklahoma State University’s Agricultural Hall.

The students are enrolled in Agricultural Economics 3990, the Fed-Cattle Market Simulator, which is better known as the packer-feeder game. This class uses real-world scenarios to teach students about the fed-cattle market.

Four agricultural economics professors developed the class during the summer of 1990. Clem Ward, Jim Trapp, Derrell Peel and Steven Koontz developed the class as a research tool to help students better understand what happens in the market place. Ward said the class uses experimental economics to show students what will happen when certain aspects of the market change.

Students said the class is a great teaching tool because the concepts they learn in other classes come alive as they participate in real-world situations.

“The class is really interactive,” said Brandon Payton, agricultural education senior. “We learn firsthand how feedlots work.”

In the classroom, eight feedlot teams made up of two to four people market their fed cattle to four meat-packing teams, which also consist of two to four people. The packer teams negotiate to

purchase the fed cattle at a price that is most profitable for them, while the feedlot teams wait for a price that will give them a profit.

Each class session begins with students trading and is stopped only when mini-lectures are needed to help the class move forward.

Within the 90-minute class, 10- to 15-minute mini-lectures are used to enhance the students’ learning by giving them supplemental information they need to get the cattle traded.

The packer-feeder game takes what the students know and builds on it as the semester progresses.

“This is a hands-on learning class where you get out of it as much as you put into it,” Ward said.

The class is taught at OSU during the spring semester and mainly consists of juniors and seniors who are working on degrees in agricultural economics, agricultural education or animal science. Few underclassmen take the course because they haven’t been exposed to the concepts that are used in the class.

Ward said he wants the students to interact with each other, try new ideas and see if they work. Therefore, grading for the class is fairly simple. It is based on attendance, homework and participation, because if students are not actively involved in class, they will not gain anything from the experience.

“It doesn’t bother me that there are no tests,” said Chandra Ratcliff, agri-

cultural economics senior. “We don’t have to regurgitate stuff — we learn from our mistakes. The game can be ruthless.”

Ward said the real rewards come from seeing the “teachable moments when the light bulb comes on.”

Another reward is the way the students interact when trading.

This is a hands-on learning class where you get out as much as you put into it.

— Clem Ward professor

“It runs really smooth,” Payton said. “We get to meet more people and do something. We are part of the class.”

To make the class closer to the real-world market, a grid-pricing setup was incorporated into the class in the 2001 spring semester.

OSU students are not the only participants in the class. Seven other universities have followed OSU’s lead and adopted the game by purchasing a license to operate the software for teaching or extension purposes. The game is played in universities from South Dakota to Texas and from Colorado to Kentucky.

Since 1992, the class also has been used as a cooperative extension workshop, where industry leaders, agricultural producers, educators and student groups increase their knowledge and understanding of the fed-cattle market.

The addition of a grid-pricing setup will allow the workshops to be closer to the market that the participants deal with daily.

Since the beginning, more than 80 workshops, which are from a half-day to two days in length, have been conducted. The first industry workshop was



“Are we making any money yet?” is a question frequently heard from students involved in agricultural economics’ packer-feeder game.

Jennifer Scoviers

held by Excel Corp., which has since sponsored 12 workshops.

The workshops turn the tables, allowing industry leaders to experience what the other side does. This gives them a better understanding of how they affect everyone around them.

The workshops also help producers gain insight on what feedlot operators do, and they can use this information to get the best prices for their cattle.

Research is a big part of the class as data collected is used to address beef industry issues. The class provides useful information in a short time — the same data would be hard for researchers to compile from the industry.

One area researchers have investigated was how management affects packer industry mergers.

Ward said this type of data is hard to collect in the industry because no two mergers are alike. In the classroom, however, researchers have found that management skills are sometimes more important to a merger than industry position.

Involving teaching, extension and



Jennifer Sconyers

Keeping up with each sale transaction helps students gain understanding of the real-world market.

research, the packer-feeder game is a good example of implementing the land grant's mission. That quality combination has helped the game move from Agricultural Hall to other universities and

into the packer-feeder industry and made learning "real-life" fun for all. *ej*

*By Jennifer Sconyers
Bristow, Okla.*