

University of Manitoba
Department of Agribusiness and Agricultural Economics
ABIZ.3510, Economics of Food Policy
Tuesdays and Thursdays, 10:00 - 11:15am, Agriculture 130
Winter 2018

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Email: all email communication is to be conducted through the UM Learn course website. Messages will be answered within two business days. Messages sent to the Professor's U of M email address **will not** receive responses.

All course-related email correspondence will be sent to the address on file with UM Learn.

Course-related materials will be posted to the course webpage (not on UM Learn) at <https://ryancardwell.wordpress.com/teaching/abiz-3510-economics-of-food-policy/>.

Office Hours: Wednesdays 3:00pm - 4:00pm or **by appointment**

Course Objectives:

The objective of this course is to provide students with an understanding of the motivations for food and agricultural policies and the instruments that governments use to pursue policy goals. The material will be taught at a level that is suitable for policy analysis in the employ of government and business. All students are expected to have solid backgrounds in microeconomic theory (at the level of ECON.2010).

The first part of the course introduces motivations for food and agricultural policies and presents the policy tools that can be used to meet policy goals. We will also spend time reviewing the economic theory, and introducing some new tools, that are required to analyse the effects of policy interventions. The second part of the course provides details on specific policies, with emphasis on Canadian food and agricultural policies, and on international trade.

Programmes such as AgriInvest and AgriStability are discussed, however the primary goal of this course is **not** to memorise the details of specific government policies. Government policies invariably change every few years, so knowledge of a specific programme is useful only for limited period of time. This course is intended to **provide students with the tools to understand and analyse both current and future food and agricultural policies**. This is an applied economics course - there will be a heavy emphasis on the use of economic theory to analyse policies.

Evaluation:

Quiz (January 30)		2%
Midterm Examination		23%
Assignments	2 X 5 =	10%
Term Paper		15%
Final Examination		50%

Reading Material:

There is one required textbook, and several supplemental materials that will be used throughout the term. Students can purchase the required textbook from the University bookstore, and there will be at least one copy on reserve in the William R. Newman (Agriculture) Library. Other materials will be available online, as photocopied handouts or on reserve in the library.

The required text is:

Schmitz, A., C. Moss, T.G. Schmitz, H. Furtan and H.C. Schmitz, 2010, *Agricultural Policy, Agribusiness and Rent-Seeking Behaviour, Second Edition*. Toronto: University of Toronto Press.

This text is referred to as **Schmitz et al.** throughout the rest of the syllabus.

Other materials include:

An Overview of the Canadian Agriculture and Agri-Food System, Agriculture and Agri-Food Canada, March 2016.

Anderson, K. and W. Martin. 2008. "Distortions to Agricultural Incentives in China and Southeast Asia." World Bank Agricultural Distortions Working Paper #69.

Barichello, R., J. Cranfield and K. Meilke. 2009. "Options for Supply Management in Canada with Trade Liberalisation." *Canadian Public Policy* 35(2): 203-217.

Barnett, B.J. and O. Mahul. 2007. "Weather Index Insurance for Agriculture and Rural Areas in Lower-Income Countries." *American Journal of Agricultural Economics* 89(5): 1241-1247.

Cardwell, R. C. Lawley and D. Xiang. 2015. "Milked and Feathered: The Regressive Welfare Effects of Canada's Supply Management Regime." *Canadian Public Policy*. 41(1): 1-14.

Carter, C. A., & Mérel, P. (2016). Hidden costs of supply management in a small market. *Canadian Journal of Economics*, 49(2), 555-588.

Dewbre, J., J. Antón, and W. Thompton. 2001. "The Transfer Efficiency and Trade Effects of Direct Payments." *Am. J. Agr. Econ.* 83 (5): 1204-1214

Gardner, B. 2008. "Distortions to Agricultural Incentives in the United States and Canada." World Bank Agricultural Distortions Working Paper #62.

Knutson, R.D., J.B. Penn and B.L. Flinchbaugh. 2006. *Agricultural and Food Policy, Sixth Edition*. Upper Saddle River, Prentice Hall.

Norton, G.W., J. Alwang and W.A. Masters. 2006. *The Economics of Agricultural Development: world food systems and resources use*. New York, Routledge.

Reed, M.R. 2016. *International Trade in Agricultural Products*.

Regulation of Agricultural Biotechnology in Canada: An Educator's Resource, 2007.
http://publications.gc.ca/collections/collection_2007/cfia-acia/A104-24-2007E.pdf.

Schmitz, A. 2008. "Canadian Agricultural Programs and Policies in Transition", *Canadian Journal of Agricultural Economics* Volume 56, p. 371-391.

Schmitz, A. and T. Schmitz. 2010. "Benefit-Cost Analysis - Distributional Considerations Under Producer Quota Buyouts." *Journal of Benefit-Cost Analysis* 1(1).

Ward, Frank A., 2006. *Environmental and Natural Resource Economics*. Columbus, Pearson Prentice Hall.

Additional readings will be assigned throughout the term.

Outline of Topics:

1. Agriculture and Agribusiness in Canada

Readings:

An Overview of the Canadian Agriculture and Agri-Food System 2016, Agriculture and Agri-Food Canada.

2. What is policy analysis?

Readings:

Schmitz *et al.*, chapters 1 and 2.

Worthwhile Canadian Initiative blog entry January 31, 2011. Available online at

http://worthwhile.typepad.com/worthwhile_canadian_initi/2011/01/evaluation-1.html.

Knutson *et al.*, Chapter 2.

3. Economic Tools for Policy Analysis

Readings:

Schmitz *et al.*, Chapter 3.

Dewbre, *et al.* (2001).

4. Income Stabilisation and Insurance

Readings:

Schmitz *et al.*, Chapters 3 and 8.

Barnett and Mahul (2007).

5. Marketing and Market Regulation

Readings:

Hobbs (1996).

6. Supply Management

Readings:

Barichello, *et al.* (2009).

Schmitz and Schmitz (2010).

Cardwell, *et al.* (2015).

Carter and Merel (2016).

7. Food Safety

Readings:

Schmitz *et al.*, Chapter 16.

8. Environment

Readings:

Schmitz *et al.*, Chapter 13.

Knutson, *et al.* Chapter 9.

Ward, pp. 312-315.

9. Input and Credit Markets, Land Markets

Readings:

Schmitz *et al.*, Chapters 10, 14.

10. Research and Innovation

Readings:

Schmitz *et al.*, Chapter 11.

11. International Trade: Theory and Policies

Readings:

Schmitz *et al.*, Chapter 9.

Reed, Chapters 2,3,4.

12. International Trade: Institutions and Agreements

Readings:

Reed, Chapters 6,7.

13. Canadian Food and Agricultural Policy and Policy History

Readings:

Schmitz *et al.*, Chapter 6.

Schmitz (2008).

Gardner (2008).

14. Food and Agricultural Policy in Foreign Countries

Readings:

Schmitz *et al.*, Chapters 5 and 7.

Anderson and Martin (2008).

Norton *et al.* (2006).

Important Dates (e.g., voluntary withdrawal date)

See the following website for important academic dates:

<http://umanitoba.ca/student/records/deadlines/index.html>.

Academic Integrity and Other Unpleasantness

Extensions for assignments or term papers will not be granted without a medical certificate. Assignments and the term paper are subject to a penalty of 20% per day late. Missed examinations will be assigned a grade of 0 without a medical certificate. In the event that a medical certificate is provided within seven days of the missed exam, the points allocated to that exam will be added to the weight of the final exam.

University policy prohibits plagiarism and cheating. Please consult The University's policies at:

http://umanitoba.ca/student/resource/student_advocacy/cheating_plagiarism_fraud.html