

University of Manitoba
Department of Agribusiness & Agricultural Economics
ABIZ.7380 Agricultural Policy
Wednesdays, 10:00am – 12:30pm
Winter 2021

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Email: all email communication is to be conducted through email tool on 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 from me 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/abiz-7380-agricultural-policy/>. I do not post lecture notes. You are responsible for getting missed notes from a classmate.

Office Hours: By appointment – send me an email message via UM Learn to set a time.

Course Objectives:

This is a survey course on topics related to food and agricultural policy. The class format is mixed – traditional lectures and seminar-style discussions. Background theory and empirical tools will be taught via lectures, and applications (mostly empirical) will be discussed in seminar-style discussions. Students are expected to have training in econometrics and in microeconomic theory. Experience with Canadian agricultural policy is not required. By the end of the term, students should be able to understand and use economic (theory and empirical) tools to evaluate food and agricultural policies.

Evaluation:

Midterm Examinations	35% (1 x 15%; 1 x 20%)
Term paper	
proposal	5%
written paper	20%
presentation	5%
Final Examination	35%

Reading Material:

Reading material is drawn from several sources, including textbooks, academic journals, government and inter-governmental reports, working papers, and news articles. Students are required to **read all assigned readings every week** (approximately three journal articles/book chapters per week) in advance of the lecture on that topic.

All materials are available through the UM library, or will be posted on the course website.

Some recommended books:

Just, R. E., Hueth, D. L., & Schmitz, A. (2005). *The welfare economics of public policy: a practical approach to project and policy evaluation*. Edward Elgar Publishing.

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.

Trebilcock, M. J. (2014). *Dealing with losers: the political economy of policy transitions*. Oxford University Press, USA.

Van Kooten, C.G. (July 21, 2020 version). *Applied Welfare Economics, Trade and Agricultural Policy Analysis*. Available online at <http://web.uvic.ca/~kooten/Agriculture/ProjectEvaluation.pdf>.

Outline of Topics (note that this outline may be adjusted depending on time constraints and student interest):**1. Introduction**

Basics of welfare economics, background to policy analysis, policy formation in agriculture, theories of compensation, counterfactual analysis.

Required readings:

- 1) Schmitz, *et al.* (2010). Chapters 1-3 (including appendices).
- 2) Trebilcock (2014). Chapter 2.
- 3) EconTalk podcast: Daniel Sumner on the Political Economy of Agriculture.
http://www.econtalk.org/archives/2015/02/daniel_sumner_o.html

Supplementary Readings:

- 1) Just *et al.* (2005). Chapters 1-4.

2. Domestic support policies

The economics of policies that are (primarily) domestic (instead of international) in nature. These policies are primarily targeted at affecting domestic producers/processors/consumers, but can have significant effects on foreign markets.

Required readings:

- 1) Price supports
 - a. Lichtenberg, E., & Zilberman, D. (1986). The welfare economics of price supports in US agriculture. *The American Economic Review*, 76(5), 1135-1141.
- 2) Insurance
 - a. Smith, V. H., & Glauber, J. W. (2012). Agricultural insurance in developed countries: where have we been and where are we going? *Applied Economic Perspectives and Policy*, 34(3), 363-390.
- 3) Production controls
 - a. Van Kooten (2020). Pages 147-149.

3. International Trade

Gains from trade, trade policies, international trade agreements and institutions, trade disputes, empirical studies of trade flows.

- 1) Gains from trade, trade policy tools, compensation
 - a. Reed, chapters 2-4.
 - b. Trebilcock (2014), chapter 5.
- 2) Multilateral and preferential trade agreements
 - a. Reed, chapters 6 & 7.
- 3) Trade disputes
 - a. Anderson, K. (2002). Peculiarities of retaliation in WTO dispute settlement. *World Trade Review*, 1(2), 123-134.
 - b. Sumner, D. A., & Zuijdwijk, T. (2019). The law and economics of Canada's WTO litigation contesting US country-of-origin labeling (COOL). *Canadian Journal of Agricultural Economics*, 67(4), 327-347.
 - c. Cardwell, R., & Brewin, D. G. (2019). Blackleg or blackmail? Economics of the Canada–China canola trade dispute. *Canadian Journal of Agricultural Economics*, 67(3), 251-260.
 - d. Schnepf, R. (2014). Status of the WTO Brazil-US Cotton Case. *Congressional Research Service*, 43336.
- 4) Estimating the effects of trade agreements
 - a. Abler, D. (2007). Approaches to measuring the effects of trade agreements. *Journal of International Agricultural Trade and Development*, 3(2), 155-171.
 - b. Rose, A. K. (2004). Do we really know that the WTO increases trade? *American Economic Review*, 94(1), 98-114.
 - i. Grant, J. H., & Boys, K. A. (2011). Agricultural trade and the GATT/WTO: does membership make a difference? *American Journal of Agricultural Economics*, 94(1), 1-24.
 - c. Rude, J., & An, H. (2013). Trans-Pacific Partnership: Implications for the Canadian industrial dairy sector. *Canadian Public Policy*, 39(3), 393-410.

4. Canadian Agricultural Policy

- a. Schmitz, A. (2008). Canadian agricultural programs and policy in transition. *Canadian Journal of Agricultural Economics*, 56(4), 371-391.
- b. AAFC Business Risk Management presentation slides
- c. Slade, P. (2020). Business risk management programs under review. *Canadian Journal of Agricultural Economics/Revue canadienne d'agroeconomie*, 68(3), 263-270.

5. Supply Management

- 1) Policy tools and welfare analysis – class notes
- 2) Unintended consequences
 - a. Three papers (read in the following order!)
 - i. Cardwell, R., Lawley, C., & Xiang, D. (2015). Milked and feathered: The regressive welfare effects of Canada's supply management regime. *Canadian Public Policy*, 41(1), 1-14.
 - ii. Doyon, M., Bergeron, S., & Tamini, L. D. (2018). Milked and Feathered: the regressive welfare effects of Canada's Supply Management regime: A comment. *Canadian Public Policy*, 44(3), 272-277.
 - iii. Cardwell, R., Lawley, C., & Xiang, D. (2018). Milked and Feathered: the regressive welfare effects of Canada's Supply Management regime: reply. *Canadian Public Policy*, 44(3), 278-288.
 - b. Chernoff, A. (2016). Essays on Firm Heterogeneity with Empirical Applications in Economic History and Agricultural Economics (Doctoral dissertation), chapter 4.
- 3) Liberalisation
 - a. Barichello, R., Cranfield, J., & Meilke, K. (2009). Options for the reform of supply management in Canada with trade liberalization. *Canadian Public Policy*, 35(2), 203-217.
 - b. Schmitz, A., & Schmitz, T. G. (2010). Benefit-cost analysis: Distributional considerations under producer quota buyouts. *Journal of Benefit-Cost Analysis*, 1(1), 1-15.
 - c. Carter, C. A., & Mérel, P. (2016). Hidden costs of supply management in a small market. *Canadian Journal of Economics*, 49(2), 555-588.

6. Agricultural Policies in other countries

- 1) Cross-country comparisons
 - a. OECD (2017), *Agricultural Policy Monitoring and Evaluation 2017*, OECD Publishing, Paris.
Chapters: Readers guide, 1, 2.3, 2.5, 2.8, 2.24
- 2) The US
 - a. Orden, D., & Zulauf, C. (2015). Political Economy of the 2014 Farm Bill. *American Journal of Agricultural Economics*, 97(5), 1298-1311.

3) The EU

- a. Burrell, A. (2009). The CAP: Looking back, looking ahead. *European Integration*, 31(3), 271-289.

7. International Food Assistance

1) Background

- a. Cardwell, Ryan. 2018. "Governance of International Food Assistance", In T. Josling, ed. *Handbook of International Food and Agricultural Policies, Volume III: International Trade Rules for Food and Agricultural Products*. World Scientific.

2) Empirical studies

- a. Cardwell, Ryan and P.L. Ghazalian. (2020). The Effects of Untying International Food Assistance: The Case of Canada. *American Journal of Agricultural Economics* 102(4), 1056-1078.
- b. Hoddinott, J., Sandström, S., & Upton, J. (2018). The impact of cash and food transfers: Evidence from a randomized intervention in Niger. *American Journal of Agricultural Economics*, 100(4), 1032-1049.
- c. Nunn, N., & Qian, N. (2014). US food aid and civil conflict. *The American Economic Review*, 104(6), 1630-1666.
 - i. USAID (2014). (Re)Assessing the Relationship Between Food Aid and Armed Conflict. Technical Brief.
 - ii. Christian, P. J., & Barrett, C. B. (2019). Spurious Regressions and Panel IV Estimation: Revisiting the Causes of Conflict. Working Paper. Available online at:
<http://barrett.dyson.cornell.edu/files/papers/Spurious%20Regressions%20and%20Panel%20IV%20Estimation%2027%20Dec%202019%20with%20appendices.pdf>

8. Obesity and Fat taxes

1) Background

- a. Becker, G., 2009. A Tax on Sodas? The Becker-Posner Blog
<http://www.becker-posner-blog.com/2009/05/a-tax-on-sodas-becker.html>

2) Empirical studies

- a. Okrent, A. M., & Alston, J. M. (2012). The effects of farm commodity and retail food policies on obesity and economic welfare in the United States. *American Journal of Agricultural Economics*, 94(3), 611-646.
- b. Allais, O., Bertail, P., & Nichèle, V. (2010). The effects of a fat tax on French households' purchases: a nutritional approach. *American Journal of Agricultural Economics*, 92(1), 228-245.

Important Dates

See the following website for important academic dates:

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

Students will receive grades on their first midterm exams before the voluntary withdrawal deadline.

Academic Integrity and Other Unpleasantness

Extensions for term papers will not be granted without a medical certificate. The term paper is subject to a penalty of 20% per day late. Missed examinations will be assigned a grade of 0 without a medical certificate (the certificate must be provided within seven days of the missed exam). 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