

**Food and Resource Economics (FRE) 420**  
**“Trade and Domestic Policy in Global Food Markets”**  
Term 1 2008

Ver. 31/08/08

**Instructor:** Rick Barichello  
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Office Hours: Tu, Th 1030-1130 or by appointment

**Lectures:** Tu, Th 1230-1400 McM 154

**Course Grading:**

Midterm Exam	20%	October 21, 2008
Final Exam	40%	December
Paper	35%	Paper Due Nov 30, 2008 (last day of classes)
Class Participation	5%	

**TA:**

Office: Rm 344 McMillan. Tel  
Office Hours:

**Learning Outcomes:**

- (a) to learn the process by which policies become adopted and changed, and the role that economic analysis can play in contributing to that process
- (b) to learn to analyze agri-food (farm and post-farmgate sub-sectors) policies and institutions by determining their costs, benefits, the distribution of those costs and benefits, and the measurement of welfare costs
- (c) to adapt traditional economic analysis to an environment of international trade and global markets in analyzing agrifood policies
- (d) to learn the details of the major policies and institutions that affect the agri-food and resources sectors in BC and Canada, and the major policy issues that are debated
- (e) to learn the effect of macro-economic policies on these sectors
- (f) To be able to present a policy analysis and critique popular and published literature in favour of or in opposition to various policies.

**Reading materials:**

James A. Brander, *Government Policy Toward Business*, 3<sup>rd</sup> Edition, Wiley & Sons, Canada, 1995  
Alex McCalla and Tim Josling, *Agricultural Policy Analysis*, MacMillan, 1985 (MJ)  
Eric Monke and Scott Pearson, *The Policy Analysis Matrix for Agricultural Development*, Cornell University Press, 1989 (MP)  
Andrew Schmitz, Hartley Furtan, and Katherine Baylis, *Agricultural Policy, Agribusiness, and Rent-Seeking Behaviour*, Univ of Toronto Press, 2002 (SFB)

**Main Components of Course**

1. Key terms and issues in economic analysis of policy
2. The process of policy choice
3. Economic analysis tools to assist in policy choice
4. Specific ag and food policies, issues, and analysis
5. Presentations on current problem areas

**Paper**

Analysis of current policy issue, to be done in teams of two people. Topic options available in consultation with me. Handout to be distributed with more details.

## **Planned Lecture Schedule and related readings – Fall Term, 2008**

- Lec 01 Intro; importance of ag policy issues, role of economics, Normative/Positive Economics
- Lec 02 Agricultural Policy Making: Policy Problem Areas; Ch. 2, SFB
- Lec 03 Policy Goals; Brander, Ch. 2, 3, 4
- Lec 04 Market failure and government intervention
- Lec 05 Theoretical Considerations in Optimal Policy Making; Ch. 4 SFB
- Lec 06 Rent Seeking I : Ch 3, SFB
- Lec 07 Rent Seeking II: capitalization of benefits
- Lec 08 Welfare Cost Analysis of Agricultural Policies I; Ch. 5,6 SFB
- Lec 09 Welfare Cost Analysis of Agricultural Policies II
- Lec 10 Welfare Cost Analysis of Ag Policies III
- Lec 11 International market price formation: Excess supply and demand analysis I; MJ Ch 2
- Lec 12 International market price formation: Excess supply and demand analysis II
- Lec 13 Macroeconomics and agricultural policy
  - Oct 21 Midterm Exam
- Lec 14 Policy Analysis Matrix I (MP)
- Lec 15 Policy Analysis Matrix II
- Lec 16 Canadian Ag Policy Topics: a. Safety Nets and NISA; Ch 7,11 SFB
- Lec 17 b. Canadian Wheat Board
- Lec 18 c. Supply management; Ch 9, SFB
- Lec 19 d. Trade Conflicts in Canadian Agriculture
- Lec 20 e. Kyoto Accord Issues/Environmental Policy and Agriculture; Ch 14 SFB
- Lec 21 f. Food Quality and Safety; Ch 15 SFB
- Lec 22 g. Agricultural Productivity and R&D; Ch 13 SFB
- Lec 23 h. Rising Food Prices