

FRE 504 (1.5) Agricultural and Resource Policy Analysis

Course Outline

Class Time: Monday, Wednesday 2:30 - 4:00 PM

Room: ORCH3052

Instructor

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Office Hours: To be announced

Prerequisites

FRE 502: Food Market Analysis

FRE 501: Commodity Markets and Price Analysis

Description

The purpose of this course is to learn how to undertake economic analysis of government policies and institutions that are found in the agriculture, food, and resource sectors. This will include both domestic and trade policies, and institutions. As policies are somewhat unique to countries, our focus will be on Canada with periodic examples from other countries including the U.S., the EU, and from a sample of Asian countries. Following an introduction, the topics will include welfare cost analysis and measurement, the attention to the formation and choice of policies by politicians to reflect the various interest groups and their pressure; and the attention to issues of policy implementation.

Learning Objectives: by the end of the course students will be able to...

1. Identify government policy goals, the available policy instruments, and how to match goals with the most appropriate instruments.
2. Measure welfare costs and their components for trade and domestic government policies.
3. Determine the underlying beneficiaries of selected policy instruments.
4. Understand the determinants of government policy choice and the role of lobbyists.
5. Identify potential difficulties in implementing selected policies.

Class Format

12 lectures of 1.5 hours, twice a week for 7 weeks. (UBC is closed on January 2nd and February 13th).

Course Requirements (Subject to changes)

Your grade shall be determined as follows

Requirements	Date	Percent of Grade
Problem set	Due on January 25 th .	20%
Policy brief and analysis	Due on February 22 nd .	50 %
Reading Questions	3 times over the 7 weeks.	30%

Problem Set

The problem set will focus on measuring welfare costs for selected policies. It will allow the students to understand the key concepts in welfare cost analysis and how to apply them, as well as to develop the ability to measure these welfare costs conceptually.

Policy Paper, Brief, and Analysis

Students will be asked to write a paper analyzing a policy and also to write a policy brief about the same topic. Students will choose a policy issue that is important to stakeholders or within the literature of policy analysis and analyze the policy using numerical data. It will help students understand the key factors in policy choice while focusing on a real world case study. It will also make students familiar with the economic literature on the political economy of agriculture and resource policy. They will learn to identify the key pitfalls to consider in actual implementation of agricultural and resource policies using real world information. The policy brief is a two-page summary of their policy analysis and results from their paper. Producing a policy brief on the same topic challenges the students to be clear, concrete and concise and is likely a task they will have to do in their future careers.

Reading Questions

Over the course, students will be asked to answer in a written form some questions about the assigned readings. This exercise will ensure that students are keeping up with class material, as well as encourage class participation.

Academic Dishonesty

Please review the UBC Calendar “Academic regulations” for the university policy on cheating, plagiarism, and other forms of academic dishonesty. **Academic dishonesty will be dealt with very seriously in this course.**

Online Course Material

Available at Connect: <http://www.connect.ubc.ca>. You are required to regularly login to your course page for FRE 504. Your syllabus, course-lecture slides, additional material, announcements, assignments, and grades are available.

Course Outline and Readings

How to use this course outline: This outline is a collection of papers, and topics commonly taught in agriculture and resource policy analysis. Wherever possible a stable link to the paper is provided.

While some of these links will work anywhere, many of them are digitally protected requiring a subscription. You can access this material by logging in through your account at the UBC library, or on any computer connected via Ethernet on the UBC network. For some articles no link is provided, in that case, please search for the article (if you search via the UBC library you will find access to its electronic version).

Lecture Schedule

A. Policy Analysis and Welfare Cost with Case studies

Lecture 1	Partial Equilibrium Analysis of Gov't Policies I A.C. Harberger. 1971. "Three Basic Postulates for applied welfare economics," <i>Jour Econ Literature</i> , Vol 9:785-97. Available at (http://www.annualreviews.org/doi/pdf/10.1146/annurev-resource-043012-101557)
Lecture 2	Welfare Cost Effects of Various Food Policies
Lecture 3	Welfare Cost Effects of Various Food Policies continued, with applications from McCalla-Josling and Bruce Gardner readings a. Gardner, Bruce L., 1990. "The Economics of Agricultural Policies", First Edition, <i>Mcgraw,-Hill</i> . Ch. 1,2.
Lecture 4	Case Study of Welfare Cost: Canadian Dairy Policy Evaluation with Capitalization module a. Barichello, Richard R. 1981, "The Economics of Canadian Dairy Industry Regulation". Economic Council of Canada. Technical Report No. E/12 (Ottawa, February 1982)
Lecture 5	Case Study of Welfare Cost: Dairy Policy Evaluation continued a. Nogueira, Lia, Kathy Baylis, Richard R. Barichello, Hayley H. Chouinard. 2012. "Policy Risk in the Canadian Dairy Industry," <i>Applied Economic Perspectives and Policy</i> . 34(1):147-166. doi:10.1093/aep/ppr043.
Lecture 6	Case Study of Welfare Cost: Indonesian Dairy/BUSEP system

B. International Trade and Food Security

Lecture 7	International Trade Policy, Kerr and Gaisford readings
Lecture 8	Food Security: Definitions and a Case Study (Sri Lanka) with Guest Speaker: Professor Navin from the Liu Institute a. Richard Barichello and Rupananda Widanage, “Food Security in Rural Areas: Alternate Definitions, Measurement and Gender Issues”, in Theresa Davasahayam and Aekapol Chongvilaivan, Eds., <i>Ensuring a Square Meal: Gender and Food Security in Southeast Asia</i> , Singapore: ISEAS, 2013/4 b. The Economist, 2011. “The 9-Billion People Question.” Available at: http://www.economist.com/node/18200618
Lecture 9	Instruments & Goals, Policy Goals, Compensation Pr. a. Schmitz, A., C. Moss, T.G. Schmitz, H. Furtan and H.C. Schmitz, 2010, “Agricultural Policy, Agribusiness and Rent-Seeking Behaviour”, Second Edition. <i>Toronto: University of Toronto Press</i> . Ch. 4
Lecture 10	Political Economy/Rent-seeking; Capitalization a. Andrew Schmitz, Hartley Furtan, and Katherine Baylis, <i>Agricultural Policy, Agribusiness, and Rent- Seeking Behaviour</i> , Univ of Toronto Press, 2002 (SFB). Ch. 3
Lecture 11	Sean Cahill on Productivity Measurement I
Lecture 12	Sean Cahill on Productivity Measurement II