

Spring 2015 / TTh 12:30–1:50pm / Mumford 313

ACE 456: Agricultural and Food Policy

Professor Barrett Kirwan

Office: 302c Mumford

M 2:00–3:00 pm; T 11:00 am–Noon; F 1:30–2:30 pm or by appointment

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Objective

The objective of this course is to teach you to think critically in the context of U.S. food and agricultural policy. The course examines the history and development of U.S. laws that apply, primarily, to agricultural producers. In addition, the course will evaluate agricultural policies including: price supports, subsidies, production restrictions, and legislation regulating farms' environmental impact. The benefits and harms of industrial agriculture will be discussed in the context of the "slow-food movement" and the entire food system.

Class Hours

Tuesday and Thursday, 12:30 p.m.–1:50 p.m. Room 313, Mumford Hall.

Office Hours

Monday, 2:00 pm – 3:00 pm; Tuesday 11:00 am – Noon; Friday, 1:30 pm – 2:30 pm; by appointment at other times, *or* just knock on my door. I encourage you to stop in during office hours to talk about any problems you may have concerning the course; about careers; or just about food, policy or things in general. If you wish to talk to me and have a conflict with the scheduled office hours, please feel free to set up an appointment.

Prerequisites

ECON 302 is a prerequisite for this class. You will also benefit if you have already taken a statistics course like ACE 261.

Required Course Material

We will be reading select chapters from several books. These chapters are compiled in the course reader that you can purchase at the bookstore. The readings will be on Reserve at the ACES Library. In addition, some will be on E-Reserves, and some I will post on Compass. We will read multiple chapters from the following books:

R.L. Paarlberg. 2010. *Food politics: what everyone needs to know*. Oxford Univ Pr on Demand
M. Pollan. 2006. *The Omnivore's Dilemma: A Natural History of Four Meals*. 450. New York, NY: Penguin Pr

Grades

- Final Exam: 30%
- Midterm Exam: 20%
- Homework: 20%
- Debate: 10%
- Policy Analysis and Evaluation: 10%
- Participation in Class Discussions and Other Class Assignments: 10%

Getting to Know You (20 pts)

Goal:

I find it easier to teach and facilitate a discussion when I know who you are and you know each other.

Assignment:

Complete the assignment by (1) introducing yourself in the course Discussion Board on Compass in the "Introduce yourself" forum (please include your major and how you got interested in your major, 15 pts) and (2) adding a picture of yourself (under Settings, in the upper right-hand corner of your Illinois Compass Homepage, go to "Personal Information" then "Personalize my settings", 5 pts). The assignment is due by noon Tuesday, January 27, 2015.

Homework (180 pts)

Goal:

An effective way of learning is to "get your hands dirty" and adapt the principles and examples from class to a new situation. Doing this in small "chunks" throughout the semester is less stressful and more effective than doing it all at once on an exam.

Assignment:

Each week you will be given a homework assignment that will be due the following week (except for exam week—see below). Homework assignments will typically be handed out in class on Tuesdays and due at the beginning of class the following Tuesday.

Evaluation:

Each homework assignment will be graded on a ten-point scale. There will be *nine* homework assignments. Homework handed in later than 12:45 pm (15 minutes after class starts) will lose 2 points, later than 3 pm, and it will lose 2 more points. No homework will be accepted later than 5 pm.

Debate (25 points for the brief + 50 points for the group grade + 25 points for the individual grade)

Goal:

Taking a position and learning to advocate for/defend it is a vital policy-making skill. Learning to challenge and be challenged in a controlled environment leads to civil discourse and productive decision-making. Doing this as part of a team allows you to learn from and teach others. This assignment also allows you to apply what you have learned by analyzing ideas not covered in depth during lecture.

Assignment:

You will be assigned to a group of four or five people, and your group will be assigned to support/oppose a specific policy proposal. Your arguments will primarily be based on one of the books we will read and discuss as a class. One week prior to the debate you will hand in a one-page brief describing your position and arguments.

Evaluation:

Your group will be evaluated on the strength of your arguments and the conviction of your advocacy. Arguments that reflect a clear understanding of the arguments presented by the book will be graded more favorably than those that do not. Following the debates each group member will comment on the involvement of the other group members in preparing for the debate.

Policy Analysis & Evaluation (75 points for the group grade + 25 points for the individual grade)

Goal:

Throughout the course you will learn some simple procedures to analyze real-world data. Your future success hinges on your ability to perspicaciously and simply communicate technical analysis.

In addition to oral communication, clear written communication will be essential for your future success. To be an effective leader, you need to learn to work as part of a team and compromise for the greater good.

Assignment:

I will assign you to a group of 4-5 people, and I will provide various data sets and research questions. You will choose the project you find most interesting.

Evaluation:

You will complete the report in three stages (1) choose a topic (due March 20, 5 pts) (2) write a memo justifying the topic (due April 8, 5 pts) (3) submit the final report (65 pts). The final version of the report will be due before midnight, Wednesday, May 7, 2014.

Take-home Midterm (200 pts)

Goal:

The lectures will emphasize policy analysis using economic models and statistical techniques. The best way to learn and remember these is to use them. This requirement gives you the opportunity to apply what you have learned, and it gives me a chance to evaluate how well the class is being taught.

Assignment:

You will be given a midterm exam that you should work on outside of class. The exam will be due one week after it is handed out. You are expected to work on it by yourself without input or assistance from anyone else except the instructor. You may use your notes, books, and material found on the web (as long as it does not violate the rule in the previous sentence).

Evaluation:

Your exam will be graded and returned to you, with comments, one week after you hand it in.

Final Exam (300 pts)

Goal:

The goal of the final exam is two-fold: (1) Give you incentive to study and learn the material taught in lecture. (2) Evaluate your understanding of the material covered in the class.

Assignment:

The final exam will be held Thursday, May 14 at 7–10 p.m. The location has not yet been decided. It will be comprehensive. It will also be closed-notes.

Evaluation:

I will grade your work based on the correctness of your analysis and the clarity of your arguments.

Graduate Students

If you are a graduate student taking this class for 4 credits, you have a little bit more work to do. You will do the Policy Analysis and Evaluation individually and it will be due on Thursday, April 30. You will present the results of your analysis to the class in a 15-minute presentation on April 30, 2015. The presentation will be worth 200 points.

Attendance, Class Participation, and Classroom Manners (100 pts)

Attendance and participation are not mandatory. This is, however, a lecture/discussion class, and, in the words of the late, great David Foster Wallace¹, “It won’t really function if you don’t participate—it will become just me giving a half-assed ad-lib lecture for 90 minutes, which (trust me) will be horrible in all kinds of ways. There is, therefore, a small percentage of the final grade that will concern the quantity and quality of your participation in class discussions. But the truth is that I’m way more concerned about creating an in-class environment in which all students feel totally free to say what they think, ask questions, object, criticize, request clarification, return to a previous subject, respond to someone else’s response, etc. Clinically shy students, or those whose best, most pressing questions and comments occur to them only in private, should do their discussing with me solo, outside class. If my scheduled office hours don’t work for you, please [text/email] me so we can make an appointment for a different meeting time.”

How Final Grades are Calculated

There are 1,000 points possible in this class, but—to be fair—your grade is not determined by a 1,000 point scale. Instead, to account for the relative difficulty of the class, I take the average of the 5 highest point totals, and that average becomes the point scale on which you are graded. For example, let’s say the five highest scores in a hypothetical class were as follows: Alice earned 960 points, Ben earned 950, Charles got 910, Derek received 900, and so did Ernie. To calculate the point scale I would take the average of these scores: $(960 + 950 + 910 + 900 + 900)/5 = 924$. This hypothetical class would be graded on a 924 point scale: 100–90% of 924 would be an A, 89.9–80% of 924 would be a B, 79.9–70% of 924 would be a C, and so on.

Typical Grade Distribution

Based on how I determine letter grades in this class, you can see that it is possible for *everyone* to receive an A. You will also notice it is *impossible* for *everyone* to receive a C. Most students work hard in this class and find it rewarding. Over the past four years, 55% of my students earned an A, 38% earned a B, 5% earned a C, and 2% earned a D. The upshot to all of this is that if you want an A in this class, you have to earn it. The good news is that it is possible—if you work hard and learn the material—to get a good grade.

¹David Foster Wallace (February 21, 1962 – September 12, 2008) was an award-winning American author of novels, essays, and short stories, and a professor at Pomona College in Claremont, California. He was widely known for his 1996 novel *Infinite Jest*, which *Time* included in its All-Time 100 Greatest Novels list (covering the period 1923–2006). (Wikipedia, accessed 1-21-2012)

Formatting Requirements

Whenever you turn in a typed assignment, please follow these formatting guidelines:

- 11-point font
- Single-spaced
- Fully justified (Look this up if you don't know what it means)
- 1.25-inch right and left margin
- 1-inch top and bottom margin
- Number all pages.

If you email an assignment to me, please use the following format for the file name: ACE456S15-Your Name-Assignment Name.pdf or .doc or whatever.

Policies and Procedures

What follows is considered “the fine print.”

Exams

By enrolling in this course you agree to take the exams at their scheduled times. You should not take this class if you have a conflict with any of these exam times. No makeup exams will be given unless you are ill or have a family emergency. If you are ill at the time of an exam, you need documentation from a physician or nurse. If you have a family emergency, contact the Dean's office and they will notify your professors. If you somehow miss an exam, you will receive a zero grade for that exam.

If you have three or more consecutive final exams, university policy states that you are allowed to reschedule as long as you take the appropriate action. Refer to Section 82 Final Examinations in the *Code of Policies and Regulations Applying to All Students* for instructions.

Students who need extra time or special accommodations should let me know in person at least one week prior to an exam. Please provide me with documentation according to University guidelines.

Regrading Policy: If you feel there has been an error in grading your exam, you may appeal the exam grade in writing. I will accept petitions no earlier than 24 hours after the exam has been returned and no more than one week after the exam has been returned. Under such an appeal, the entire exam will be regraded, and the final score may increase or decrease. Note: receiving a lower grade than you had anticipated is not grounds for a regrade.

Academic Integrity

As a student at the University of Illinois, you are bound in your academic work by the Code of Academic Integrity. This code says, in part:

It is the responsibility of the student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions.

If I suspect a student of academic dishonesty, I will follow the procedures described in the Code of Academic Integrity. For the specifics see http://admin.illinois.edu/policy/code/article1_part4_1-402.html

Disabilities

Please address any special needs or special accommodations with me at the beginning of the semester. Those seeking accommodations based on disabilities should obtain a Request for Accommodations letter from Disability Resources and Educational Services (DRES) (<http://disability.illinois.edu>). DRES can be reached via email at disability@illinois.edu, by phone at (217) 333-1970 (V/TTY), or in person at 1207 S. Oak St.

Statement of Educational Rights and Privacy Act

Any student who has suppressed their directory information pursuant to the Educational Rights and Privacy Act must self-identify to the instructor to protect the privacy of their attendance in this course.

General Emergency Response Recommendations

In an emergency in this building, we'll have two choices: get out or find a safe place to stay inside.

First, take a few minutes this week and learn the different ways to leave this building. If there's ever a fire alarm or something like that, *you* know how to get out, and you'll be able to help others get out too.

Second, if there's severe weather and leaving isn't a good option, Public Safety recommends that you go to a low level in the middle of the building, away from windows.

If there's a security threat, we'll find a safe place and lock the door or block it and be as quiet as possible, unless we're able to safely signal for help.

Finally, if you sign up for emergency text messages, at emergency.illinois.edu, you'll receive information from the police and administration during these types of situations.

If you have any questions, go to police.illinois.edu, or call 217-333- 1216.

Detailed Recommendations

These recommendations are provided by the Office of Campus Emergency Planning. There are two basic methods to respond in emergencies that may affect persons on campus, and more specifically, individual buildings: Building Evacuation (Get Out) and Shelter-In-Place (Stay In).

Only follow these actions if safe to do so. When in doubt, follow your instincts—you are your best advocate!

Building Evacuation (Get Out)—Action taken to leave an area for personal safety.

- Take the time to learn the different ways to leave your building Before there is an emergency.
- Evacuations are mandatory for fire alarms and when directed by authorities! No exceptions!
- Evacuate immediately. Pull manual fire alarm to prompt a response for others to evacuate.
- Take critical personal items only (keys, purse, and outerwear) and close doors behind you.
- Assist those who need help, but carefully consider whether you may put yourself at risk.
- Look for Exit signs indicating potential egress/escape routes.
- If you are not able to evacuate, go to an Area of Rescue Assistance, as indicated on the front page of this plan.
- Evacuate to Evacuation Assembly Area, as indicated on front page of this plan.
- Remain at Evacuation Assembly Area until additional instructions are given.
- Alert authorities to those who may need assistance.
- Do not re-enter building until informed by emergency response personnel that it is safe to return.

Shelter-in-Place (Stay In)—Action taken to seek immediate shelter indoors when emergency conditions do not warrant or allow evacuation.

- Severe Weather
 - If you are outside, proceed to the nearest protective building.
 - If sheltering-in-place due to severe weather, proceed to the identified Storm Refuge Area or to the lowest, most interior area of the building away from windows or hazardous equipment or materials.

- Security Threat
 - If you cannot safely evacuate, find a secure area within your building to stay and await further information.
 - Assist those who need help, but carefully consider whether you may put yourself at risk.
 - Once within a safe place, attempt to secure the space (i.e.: lock doors, close windows/blinds).
 - If unable to lock the door, secure it by any means possible.
 - Remain quiet, unless making noise would be beneficial to your safety (i.e.: rescue recovery).
 - Without jeopardizing your safety, try to obtain additional clarifying information by all possible means, including the Illini-Alert Emergency Text Notification System.

Course Schedule

The schedule that follows lists the topic of each class this semester. The topics address various facets of U.S. agricultural policy. Each topic also emphasizes fundamental economic principles, which are listed below the topic for the class. Finally, to ensure you are getting the most from each lecture, check that you can do what is listed for each lecture.

The readings listed in the table below correspond to the following references:

- Food Politics: R.L. Paarlberg. 2010. *Food politics: what everyone needs to know*. Oxford Univ Pr on Demand
- Food Aid: Christopher B. Barrett and Dan Maxwell. 2005. *Food Aid after Fifty Years: Recasting Its Role*. Taylor & Francis, Inc., June
- Krugman: Elhanan Helpman and Paul R Krugman. 1992. *Trade Policy and Market Structure* [in English]. Cambridge, Mass.: MIT Press
- Gardner: B. L. Gardner. 1987. *The economics of agricultural policies*. New York: McGraw-Hill Companies
- Politics of Food Supply: W. Winders. 2009. *The Politics of Food Supply: U.S. Agricultural Policy in the World Economy*. Yale Univ Pr
- Gruber: Jonathan Gruber. 2012. *Public Finance and Public Policy* [in English]. 4 edition. 700. Freeman/Worth, December
- Omnivore's Dilemma: M. Pollan. 2006. *The Omnivore's Dilemma: A Natural History of Four Meals*. 450. New York, NY: Penguin Pr
- White & Hoppe: T Kirk White and Robert A Hoppe. 2012. *Changing Farm Structure and the Distribution of Farm Payments and Federal Crop Insurance*. Technical report 91. Washington, DC: US Department of Agriculture, Economic Research Service

The readings listed are *mandatory* and must be done *BEFORE* the lecture

Date	Reading	Topic and Purpose	Homework
1/20	Syllabus	Introduction; Food Production in the U.S. <i>Economic Principles:</i> Economic efficiency; Externalities <i>After this lecture you should</i> understand the course objectives and be able to discuss the beneficial and harmful effects of industrial agriculture in the U.S. and make an overall evaluation.	
1/22	Food Politics: 1, 4	Food prices and hunger: A global perspective <i>Economic Principles:</i> The role of prices in the world economy	

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Date	Reading	Topic and Purpose	Homework
		<i>After this lecture you should think more carefully about the effects of U.S. policies. You should also be able to answer the question “How do U.S. agricultural subsidies affect people in developing countries?”</i>	
1/27	Food Aid: 1, 2	Food Aid <i>Economic Principles:</i> Price Support; Production Surplus; Trade; Export subsidy; Political economy <i>After this lecture you should understand the dual effects of U.S. food aid and be able to analyze it as an export subsidy.</i>	Intro due
1/29	Krugman: 1, 2	Trade—Small Country <i>Economic Principles:</i> Trade; Barriers to trade; Tariff; Quota; Autarky; Comparative advantage <i>After this lecture you should be able to discuss a country’s comparative advantage and the effects of a tariff or quota.</i>	
2/3	Gardner: 2	Trade—Large Country <i>Economic Principles:</i> Trade; Barriers to trade; Market power; Tariff; Quota; Export Subsidy; Comparative advantage <i>After this lecture you should be able to analyze the effect of a large country’s tariff, quota, and export subsidy on the world price and the small country’s producers.</i>	HW 1 due
2/5		Empirical Strategies—The Effects of U.S. Food Aid on Recipient Countries <i>Economic Principles:</i> Causality vs. correlation <i>After this lecture you should think more carefully about causal relationships. You should be able to analyze a policy using a simple difference-in-differences approach. You should also be able to assess research on food aid.</i>	
2/10	Politics of Food Supply: 2	The beginning of government support for agriculture (1910-1930) <i>Economic Principles:</i> Monopolies <i>After this lecture you should understand the structure of U.S. agriculture between WW I and the Great Depression. You should also be able to analyze the welfare effects of a monopoly.</i>	HW 2 due
2/12		Cooperatives and Cartels <i>Economic Principles:</i> Cartel; Prisoners’ dilemma; Duopoly	

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Date	Reading	Topic and Purpose	Homework
		<i>After this lecture you should</i> understand why cartel agreements are difficult to enforce and how cartels manage to exist in the real world.	
2/17		Efficient Markets <i>Economic Principles:</i> Competitive markets; Efficient markets; Taxes <i>After this lecture you should</i> understand that the simplified models used in class are, in fact, a reflection of real-world markets.	HW 3 due
2/19	Gruber: 19	Distributional Effects of Taxes and Subsidies <i>Economic Principles:</i> Tax incidence; Subsidy incidence <i>After this lecture you should</i> be able to analyze the effects of a commodity tax including the welfare effects and who ultimately bears the burden of the tax.	
2/24	Politics of Food Supply: 3	The first attempt to support agriculture (The AAA of 1933) <i>Economic Principles:</i> Supply controls; Price supports <i>After this lecture you should</i> be able to analyze the welfare effects of price supports and supply controls. You should also be able to analyze the effects of a combination of policies.	HW 4 due; Midterm handed out
2/26	Handout	How to Learn & A Picture of U.S. Agriculture Today <i>Economic Principles:</i> Efficiency vs. Equity <i>After this lecture you should</i> understand Bloom's taxonomy and ask/answer questions at every level of the taxonomy. You should also understand the variety of farm structure in the U.S. and be able to identify policies that benefit each farm type.	
3/3	Omnivore's Dilemma ch 1-2	The Omnivore's Dilemma: Corn <i>Economic Principles:</i> Technological adoption; Unintended effects; Externalities; Production <i>After this lecture you should</i> understand the costs and benefits of producing enough food to feed everyone on the planet. You should also understand <i>rhetoric</i> and how to use it.	Midterm due
3/5	Watch: Food Inc.; OD 3-5	The Effects of "the industrial food system" <i>Economic Principles:</i> Externalities; Causation vs. correlation; Regulation	

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Date	Reading	Topic and Purpose	Homework
		<i>After this lecture you should</i> understand some of the harms of the current food system and have ideas about how to address those harms.	
3/10	Omnivore's Dilemma ch 6-7	Omnivore's Dilemma: Obesity <i>Economic Principles:</i> Externalities; Causation vs. correlation; Political economy <i>After this lecture you should</i> be able to use economic models and data to evaluate claims in the popular press.	HW 5 due
3/12		Modern Farm Policy <i>Economic Principles:</i> Political economy; Price support; Production subsidy; Production quota <i>After this lecture you should</i> understand and be able to define the programs used to support U.S. agriculture.	
3/17		Empirical Applications to Modern Farm Policy <i>Economic Principles:</i> Unintended effects <i>After this lecture you should</i> understand how to analyze the effects of policies in the real world.	HW 6 due
3/19	White & Hoppe	Who Benefits from Agricultural Support? <i>Economic Principles:</i> Equity vs. Efficiency; Distribution of benefits; Firm structure and growth <i>After this lecture you should</i> understand the variety of farms in the U.S., and how agricultural policy affects them.	
3/31		Crop Insurance and the 2014 Farm Bill? <i>Economic Principles:</i> Political economy, Logrolling, Intransitivity <i>After this lecture you should</i> be able to carry on a well-informed, coherent conversation about the 2014 Farm Bill.	HW 7 due
4/2		Trade—Large Country <i>Economic Principles:</i> Trade; Barriers to trade; Market power; Tariff; Quota; Comparative advantage <i>After this lecture you should</i> be able to analyze the welfare effects of a large country's tariff/quota.	Policy topic due

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Date	Reading	Topic and Purpose	Homework
4/7		Debate #1	HW 8 due; Judging sheet
4/9		Debate #2	Judging sheet
4/14		Debate #3	Judging sheet; Policy memo due
4/16		Debate #4	Judging sheet
4/21		Debate #5	Judging sheet
4/23		Graduate Student Presentations <i>Economic Principles:</i> Policy analysis, Policy evaluation <i>After this lecture you should</i> have a clear understanding of the work done by the graduate students in the class, and a better understanding of what it takes to have a good Policy Analysis and Evaluation.	
4/28		Graduate Student Presentations <i>Economic Principles:</i> Policy analysis, Policy evaluation <i>After this lecture you should</i> have a clear understanding of the work done by the graduate students in the class, and a better understanding of what it takes to have a good Policy Analysis and Evaluation.	
4/30		Review <i>Economic Principles:</i> The principles of public finance <i>After this lecture you should</i> be able to analyze virtually any U.S. agricultural policy, both theoretically and empirically.	HW 9 due
5/5		Policy Analysis and Evaluation due before midnight	Policy analysis due
5/14		Final Exam in (location TBD) at 7:00 pm – 10:00 pm	