

Course Outline Form: Winter 2017

General Information

Course Code: FARE*1400

Course Title: Economics of the Agri-Food System

Course Description:

This course will introduce basic concepts of economics and use these concepts to examine the Canadian agrifood system and its relationship to the Canadian and world economies. Economic theories will be used to analyze the agrifood system and policies that affect this system. We will present a body of knowledge that you can use to understand how the world works. As the name of the course indicates, we are studying a system. As such, we will present components of the system as individual topics, and then integrate the components whenever possible.

Credit Weight: 1.0

Academic Department (or campus): Dept. of Food, Agricultural & Resource Economics (FARE)

Campus: Ontario Agricultural College, University of Guelph

Semester Offering: W

Class Schedule and Location: M, W, F 3:30 to 4:20 pm, Room 200 Alexander Hall (ALEX)

The lectures will primarily be used for briefly reviewing course material and working through problems that illustrate the concept and its use. Please ask the instructor questions if something is not clear.

Seminar Section and Location:

- Seminar 01 Fri 10:30-11:20 am, MCLN 101
- Seminar 02 Fri 10:30-11:20 am, MCKN 235
- Seminar 03 Fri 11:30-12:20 pm, ALEX 028
- Seminar 04 Wed 11:30-12:20 pm, MCLN 101
- Seminar 05 Wed 12:30-13:20 pm, MCLN 101
- Seminar 06 Thur 11:30-12:20 pm, MCLN 101

Seminars will be a mix of exercises to reinforce your understanding of the material, discussion of issues, and introduction of related material. Completing and understanding all seminar assignments will help to reinforce your knowledge of the course material and aid in preparation for the mid-term and final exams.

Instructor Information

Instructor Name: Alfons Weersink

Instructor Email: aweersin@uoguelph.ca

Office location: MCLN 222, ph (519)824-4120, Ext. 52766

Office hours: Friday 10:30 a.m. to 11:30 a.m., otherwise by appointment

GTA Information

GTA Names: Mark Wickson (S01 & S04), mwickson@uoguelph.ca

Angela Sweeny (S02 & S05), asween01@uoguelph.ca

Nate Whittingham (S03 & S06), whittinn@uoguelph.ca

GTA Emails: see above

GTA office location: Room 010 and Room 002, J.D. MacLachlan Bldg.

GTA office hours: TBA during seminar in first week

The TAs are responsible for the seminars, and grading of assignments and exams. Ask them questions; they are there to help you.

Course Content

Specific Learning Outcomes:

<i>Learning Outcome</i>	<i>Competency</i>
Inquiry and Analysis	Ask appropriate questions and find evidence to comment on an issue in the agri-food sector
Problem Solving	Identify issues in the agri-food sector facing government and evaluate the policy options to address these issues.
Depth and Breadth of Understanding	Development of a critical understanding of how economics influences the decisions made by farmers, processors, retailers, and consumers and the resulting structure of the agri-food sector. Students will also be able to: <ul style="list-style-type: none">• Explain how prices are determined in a market economy,• Show how changes in factors of demand and/or supply affect market outcomes• Show how government policies affect prices and quantities in a market, and the consequential impacts of consumer and producer economic wellbeing• Explain why a dollar today is worth more than a dollar next year• Identify arbitrage opportunities

	<ul style="list-style-type: none"> • Explain how externalities create market inefficiencies
Quantitative Literacy	<ul style="list-style-type: none"> • Apply investment principles in the context of business decisions • Calculate equilibrium prices and quantities
Technological Literacy	Uses technology to research and support the discovery of knowledge on the agri-food sector
Global understanding	<ul style="list-style-type: none"> • Identify differences and similarities in food markets across countries • Explain how price differences affects patterns of trade, the gains from free trade, and the law of one price
Written Communication	Writes a clear comment with good vocabulary and little grammatical, spelling or functional errors on an issue in the agri-food sector.
Professional and Ethical Behaviour	Acts in a professional manner in class and seminars that respects the desire to learn of classmates and to teach by the instructor
Time Management	Plan for the completions of tasks including being prepared for lectures and finishing assignments in a timely manner.
Love of Learning	An appreciation of how economics can be used to examine events and issues in the agri-food sector.

Lecture Content:

This course is designed to provide a basic understanding of economics and how it applies to the workings of the agrifood system. This course provides a gateway for students wanting to take additional courses in food, agricultural and resource economics and agricultural business, either as an area of concentration or for possible graduate study in the future.

The major topics covered during the semester, along with a rough estimate of the amount of time allocated to each topic, are listed below. A detailed course outline is provided later in this handout.

Topic	Weeks
Production Economics	1
Cost of Production	1
Supply & Competitive Firms	1
Investment analysis	1
Choice with risk	1
Consumer Demand	1
Supply and Demand	1
Applied Welfare Analysis	1

Trade	1
Imperfect Competition	1
Externalities and resource use	1
Asymmetric Information	1

Seminars:

Active participation in smaller learning environments is a cornerstone of your instructor's approach to learning. The seminar sessions in this course are designed to provide such an environment. They do so by providing an opportunity to review key concepts, explore how to apply key concepts, and active engagement via problem solving designed to reinforce concepts and facilitate group learning.

Course Assignments and Tests:

Students will be evaluated based on performance on seminar assignments, participation in seminars, one written assignment, and two tests. Your final grade will be determined as follows:

Assignment or Test	Due Date	Contribution to Final Mark (%)	Learning Outcomes Assessed
Assignments (due in lab)			
1	Week of Jan 23	5%	<ul style="list-style-type: none"> • Technological Literacy • Quantitative Literacy • Problem Solving • Time Management • Inquiry and Analysis • Written communication
2	Week of Feb 6	5%	
3	Week of Feb 27	5%	
4	Week of Mar 13	5%	
5	Week of Mar 27	5%	
Written	Week of Apr 3	5%	
Seminar Participation	Weekly	5%	<ul style="list-style-type: none"> • Love of Learning • Professional Behaviour •
Midterm Exam (in-class)	Feb 17, 2017 3:30-4:20	25%	<ul style="list-style-type: none"> • Inquiry & Analysis, • Depth and Breadth of Understanding
Final Exam (registrar schedule)	April 21, 2017 19:00-21:00	40%	<ul style="list-style-type: none"> • Inquiry & Analysis, • Depth and Breadth of Understanding

Additional Notes (if required):

Assignments

There will be 6 assignments throughout the semester. Assignments will be designed to reinforce the principles learned in lecture and seminar and will be useful in preparing for the

mid-term and final exam. The assignments are due at the beginning of your seminar. Each assignment will be graded out of 100 possible marks and each will be worth five percent (5%) of your final mark.

Participation

To encourage active engagement, 5% of your final grade will be determined based on your participation in seminar sessions. **This is a participation mark; it is not a mark for attendance.** Participation can take many forms, including asking questions, answering questions posed to the seminar, and contributing to discussion sessions. To provide clearer expectations, the following scheme shall be used to assess seminar participation marks for this course:

Grade	Participation	Discussion
9-10	Always	Excellent: understands and is able to intelligently use concepts; offers insightful answers to posed questions; uses concepts to back up arguments. Valuable comments in virtually every seminar.
7-8	Almost always	Good: thoughtful comments for the most part; provides competent analysis when prompted; willing, able, and frequent contributor.
5-6	Frequent	Fair: contributions sporadic and at times incomplete or poorly supported; can demonstrate familiarity with most concepts
3-4	Occasional	Not good: remarks marred by misunderstanding of key concepts; only occasionally offers comments or opinions; actual knowledge of material is outweighed by improvised comments and remarks.
0-2	Rare	Poor: rarely speaks, and parrots notes/readings when asked to offer an opinion; little to no apparent familiarity with concepts.

Final examination date and time: April 21, 2017, 19:00-21:00 in TBA

Final exam weighting: 40%

Final Examination Regulations are Detailed at: [Examination Regulations](#)

Course Resources

Required Texts:

Perloff, Jeffrey M. 2015. *Microeconomics* (7th edition). Pearson Addison Wesley, Boston MA.

Other Resources:

Course Website

There is a course website that contains course material and resources. The website can be accessed by login on to the CourseLink website at: <https://courselink.uoguelph.ca/>

E-Mail Communication

As per university regulations, all students are required to check their @uoguelph.ca e-mail account regularly; e-mail is the official route of communication between the university and its students.

Course Policies

Grading Policies:

Deadlines

Deadlines for course material are firm. Unless appropriate documentation is provided, all late work will be assigned a grade of zero. Students who wish to claim illness or compassionate reasons for missing term work or exams must submit the appropriate certificates or verification as indicated in the University of Guelph Undergraduate Calendar, as outlined at:

[Undergraduate Grading Procedures](#)

Review of Mark Awarded

Requests to re-grade elements of the course evaluation can be accommodated. Students should be aware that a request to review the mark awarded for any element of the evaluation could result in your mark being revised either upwards or downwards.

Course Policy regarding use of electronic devices and recording of lectures:

Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

University Policies

Academic Consideration:

The University of Guelph is committed to supporting students in their learning experiences and responding to their individual needs and is aware that a variety of situations or events beyond the student's control may affect academic performance. Support is provided to accommodate academic needs in the face of personal difficulties or unforeseen events in the form of Academic Consideration.

Information on regulations and procedures for Academic Consideration, Appeals and Petitions, including categories, grounds, timelines and appeals can be found in [Section VIII \(Undergraduate Degree Regulations and Procedures\) of the Undergraduate Calendar](#).

Academic Misconduct:

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

Detailed information regarding the Academic Misconduct policy is available in [Section VIII \(Undergraduate Degree Regulations and Procedures\) of the Undergraduate Calendar](#).

Accessibility:

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Student Accessibility Services (SAS), formerly Centre for Students with Disabilities (CSD), as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email sas@uoguelph.ca or visit the [Student Accessibility Services website \(http://www.uoguelph.ca/csd/\)](http://www.uoguelph.ca/csd/).

Course Evaluation Information:

End of semester course and instructor evaluations provide students the opportunity to have their comments and opinions used as an important component in the Faculty Tenure and Promotion process, and as valuable feedback to help instructors enhance the quality of their teaching effectiveness and course delivery.

While many course evaluations are conducted in class others are now conducted online. Please refer to the [Course and Instructor Evaluation Website](#) for more information.

Drop period:

The drop period for single semester courses starts at the beginning of the add period and extends to the Fortieth (40th) class day of the current semester (the last date to drop a single semester courses without academic penalty) which is listed in [Section III \(Schedule of Dates\) of the Undergraduate Calendar](#).

The drop period for two semester courses starts at the beginning of the add period in the first semester and extends to the last day of the add period in the second semester.

Information about Dropping Courses can be found in [Section VIII \(Undergraduate Degree Regulations and Procedures\) of the Undergraduate Calendar](#).

Additional Course Information

Detailed course outline follows.

Tentative Lecture and Seminar Schedule

Date	Topic	Reading	Seminar
9 January	Introduction & Economic definitions	Class notes	
Production Economics			
11 January	Production, production function, total physical product	Perloff 6	Course orientation
13 January	Marginal & average physical product, 3 stages of production		
16 January	Isoquants, rates of technical substitution, returns to scale		
Cost of Production			
18 January	Demand for an input; cost of production in the short run	Perloff 7	Production seminar
20 January	Cost of production in the long run		
20 January	Economies of size & learning by doing		
Supply & Competitive Firms			
23 January	Profit maximization in the short run	Perloff 8	Cost seminar Assignment 1 due
25 January	Shut down, firm's supply & market supply		
27 January	Profit maximization in the long run		
Investment Analysis			
30 January	Time value of money & future value	Class notes	Supply seminar
1 February	Discounting & present value		
3 February	Investment criteria		
Choice with Risk			
6 February	Risk, probability & expected value	Perloff 17	Investment analysis seminar Assignment 2 due
8 February	Expected utility, risk aversion & investment		
Consumer Demand			
10 February	Utility theory & the budget constraint	Perloff 4 & 5	Choice with risk seminar
13 February	Consumer's choice problem & demand		
15 February	Commodity advertising		
17 February	In class midterm exam		
Supply and Demand			
27 February	Supply & demand	Perloff 2 & 3	Review of midterm Consumer demand seminar Assignment 3 due
1 March	Market equilibrium		
3 March	Shocking the equilibrium		

Date	Topic	Reading	Seminar
Applied Welfare Analysis			
6 March	Market failure	Perloff 9	Equilibrium seminar
8 March	Reasons for government intervention		
10 March	Economic surplus measures		
Trade			
13 March	Autarky & arbitrage	Class notes	Welfare analysis seminar Assignment 4 due
15 March	Law of one price & equilibrium with trade		
17 March	Gains from trade; NAFTA & WTO		
Imperfect Competition			
20 March	Market structure characteristics	Perloff 11, 12 & 13	Trade seminar
22 March	Monopoly,		
24 March	Oligopoly, Monopolistic competition		
Externalities and resource use			
27 March	Externalities	Perloff 18	Imperfect competition seminar Assignment 5 due
27 March	Tragedy of the commons		
27 March	Public goods		
29 March	Agri-environmental policies		
31 March	Carbon markets		
31 March	Cap and trade systems		
Asymmetric Information			
3 April	Adverse selection & moral hazard	Perloff 19 & 20	Externalities seminar
5 April	Markets for lemons		
7 April	Contracting		