

AEB 6225

Public Policy and the Agribusiness Firm

Purpose: This course focuses on understanding the policy - development process and analyzing domestic and international policies and their influence on the decisions and success of agribusiness firms. Emphasis will be placed on developing a policy perspective and an understanding of the significance of policy dynamics. Various policy environments, drivers, mechanisms and processes will be analyzed. The economic and political forces underlying policy formation and change will be examined. The impact of current policies and policy issues on agribusiness firms, the relationship between policy signals and firm decisions, and the avenues for influencing the policy process will be explored. Policies considered include those associated with domestic agricultural price and income support, international trade, competition, the environment, food safety, biotechnology, country – of – origin labeling, traceability, economic development, agroterrorism and globalization. U.S. policies are compared with those which influence agribusinesses in other countries.

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Office Hours: My office hours are Monday and Wednesday from 8:30 to 12:00 and Tuesday 1:30 to 3:00. I will meet with students by appointment outside these hours if I receive a request by Email at least 24 hours in advance.

Overview: This class meets two times a week (Tuesday 11:45-12:35 & 12:50-1:40 and Thursday 12:50-1:40). Course grades will be assigned based on weekly homework, three examinations and class participation. Homework will be due in a week increment.

Textbooks: The primary textbook used in this course is

Schmitz, Andrew, Charles B. Moss, Troy G. Schmitz, Hartley W. Furtan., and H. Carole Schmitz. 2010. *Agricultural Policy, Agribusiness, and Rent-Seeking Behavior*, Second Edition. Toronto: University of Toronto Press.

Supplementary Material: I will use Canvas to manage attendance and homework. Other materials such as lecture notes will be made available on my personal server <http://www.charlesbmoss.com:8080/AgPolicy> .

Class Attendance and Make-up Policy: Class attendance is expected and I will follow the Attendance Policy found in University of Florida's Undergraduate Catalog - <http://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx> .

Grading: Grades will be assigned according to the following weights

Course Grade Weights	
Activity	Percent of Final Grade
Homework	15 %
Two Midterm Examinations	50%
Final Examination	30%
Class participation	5 %

Grades will be assigned based on the following scale

Grading Scale*		
Grade	Percentage of Total Points	Numeric GPA
A	96-100	4.00
A-	92-96	3.67
B+	88-92	3.33
B	84-88	3.00
B-	80-84	2.67
C+	76-80	2.33
C	72-76	2.00
C-	68-72	1.67
D+	64-68	1.33
D	60-64	1.00
D-	56-60	0.67
E	<56	0

*I reserve the right to lower the scale for any grade level.

University Honesty Policy: In 1995 the UF student body enacted a new honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students.

In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: **“On my honor, I have neither given nor received unauthorized aid in doing this assignment.”**

The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court. (*Source: 2007-2008 Undergraduate Catalog*)

Software and Computer Access: Often I will ask students to bring laptop computer to class. The primary numerical tool we will use is R which is publically available at (<http://www.r-project.org>). We will also be interested in code that provides analytical solutions. I suggest that students look into Mathematica™. However, a free ware program that does several applications is Maxima (<http://maxima.sourceforge.net>).

Support Resources: A list of campus resources for a variety of concerns can be found at <http://oas.aa.ufl.edu/programs/campus-resources>. Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. Material on Counseling and Wellness is available online at <https://counseling.ufl.edu/>. Career Counseling resources is available online at <https://www.crc.ufl.edu/>.

Students with Disabilities: The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues.

0001 Reid Hall, 392-8565, www.dso.ufl.edu/drc/

Outline

- I. Agricultural Policy: Agriculture and Agribusiness Environments** – Chapter 1
 - a. Agricultural Policy and Budgetary Outlay [Aug 28 – Section 1.1]
 - b. Agriculture and Its Changing Nature [Aug 28 – Section 1.2]
 - c. Instability and Uncertainty in Agriculture [Aug 28 – Section 1.3]
 - d. Boom-Bust Cycles: The Importance of Wealth [Aug 30 – Section 1.4]
 - e. Agribusiness and Contract Farming [Aug 30 – Section 1.5]
 - f. Farm Policy, Government Support Levels, and Effective Lobbying [Sept 4 – Section 1.6]
 - g. Targeting Farm Subsidies [Sept 4 – Section 1.7]
 - h. Rural Communities [Sept 4 – Section 1.8]
- II. Agricultural Policy: Institutions and Rent Seeking Behavior**
 - a. Overview of the Policy Process in the United States and Current State of the 2018 Farm Bill [Sept 6 & 11 – Online Material Webpage <https://agriculture.house.gov/news/documentquery.aspx?IssueID=14904>, Bill <https://www.agriculture.senate.gov/imo/media/doc/Agriculture%20Improvement%20Act%20of%202018.pdf>]
 - b. Agricultural Policy [Sept 13 – Section 2.1]
 - c. Political Institutions [Sept 13 – Section 2.2]
 - d. Consequences of the Political Process [Sept 18 – Section 2.3]
 - e. Rationale for Government Intervention [Sept 18 – Section 2.4]
 - f. Government Failure and Policy Uncertainty [Sept 18 – Section 2.5]
 - g. The Theory of Public Choice and Agricultural Policy [Sept 20 – Section 2.6]
 - h. Rent-Seeking Behavior [Sept 20 – Section 2.7]
 - i. Coalitions and Logrolling [Sept 25 – Section 2.8]
 - j. Farm Organization [Sept 25 – Section 2.9]

First Midterm 9/27

- III. Theoretical Considerations**
 - a. A Review of Economic Equilibrium [Oct 2 – Online notes]
 - b. Consumer Surplus [Oct 2 – Section Appendix 3B]
 - c. Producer Surplus [Oct 4 – Section Appendix 3C]
 - d. Economic Efficiency and Income Distribution [Oct 4 – Section 3.1]
 - e. Income Transfers [Oct 11 – Section 3.2]
 - f. The Harberger Tax and Monopoly Power [Oct 11 – Section 3.3]
 - g. Efficiency of Income Transfers [Oct 16 – Section 3.4]
 - h. The Theory of Regulation [Oct 16 – Section 3.5]
- IV. Agricultural Trade and Macroeconomic Policies**
 - a. Agricultural Trade [Oct 18 – Section 4.1]
 - b. International Trade Theory [Oct 18 – Section 4.2]
 - c. Trade Policy Instruments [Oct 23 – Section 4.3]
 - d. Trade Distortions Caused by Market Power [Oct 23 – Section 4.4]
 - e. Macroeconomics and Agricultural Policy [Oct 30 – Appendix 4B]
 - f. Macroeconomics, Trade, and Exchange Rates [Oct 30 – Section 4.5]

Second Midterm 11/1

V. U.S. Agricultural Policy, Past Present and Future

- a. Early U.S. Farm Bills [Nov 6 – Sections 5.3-5.7]
- b. Farm Bill of 2013 & 2018 [Nov 8]
- c. Changing to Risk Based Agricultural Policies [Nov 13]
- d. Crop Insurance in the United States [Nov 15, Sections 8.1-8.4]
- e. Theory and Failures of Crop Insurance [Nov 20, Sections 8.6-8.8]

VI. Potpourri of Agricultural Policy Topics

- a. Agricultural Policy and Farmland Prices [Nov 27, Sections 10.1-10.7]
- b. Agricultural Productivity and R & D Policy [Nov 29, Sections 11.1-11.5,11.7]
- c. Input Use and Changing Farm Structure [Dec 4, Sections 14.1-14.7]

Final December 13, 5:30 – 7:30 pm