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**UBC Food and Resource Economics**

**FRE 306**

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| **COURSE TITLE** |  |  |
| FRE 306: Introduction to Global Food Markets | | |
| **COURSE INFORMATION** | | |
| Session and term: [2022W1] Class location: [MCLD 2002]  Class times: [Monday, Wednesday 15:30-17:00]  Course duration: [September 6 to December 22] Credits: [3] | | |
| **COURSE DESCRIPTION** | | |
| An overview of global food markets, with a focus on patterns of food prices, how food markets work, both from an aggregate perspective of world food markets and the perspective of individual commodity markets. This includes a set of market models to describe the process of price determination and permit consideration of how those prices will change in response to varied shocks. We examine trade in food products, the integration of commodity markets, market power and the role of institutions in their operation. | | |
| **INSTRUCTOR INFORMATION** | | |
| Instructor: Rick Barichello  Phone: Office location: MacMillan 339  Email: richard.barichello@ubc.ca Office hours: Monday, 13:30-14:30 + by advance arrangement | | |
| **COURSE ASSISTANT INFORMATION** | | |
| Course Assistant: Daniel O’Bierne  Office location: TBA  Email: dobeirne@mail.ubc.ca Office hours: [TBA] | | |
| **LEARNING OBJECTIVES** | | |

By the end of this course, students will be able to:

* Understand how food prices are determined, past and present patterns of world prices.
* Distinguish between food price trends, spikes, cycles, and effect of by-products; gain experience in examining data, especially for prices.
* Understand how government policies and exogenous factors like weather can influence world prices and trade flows, including recent high-profile policy measures such as US tariffs on China, and inflation.
* Distinguish between the effects of these trade measures and their impacts on small countries and large countries
* Understand the role of storage, its effect on seasonal prices, and how geography can also interact to produce certain spatial and seasonal price patterns in the context of trade.
* Assess the role of international institutions and rules governing trade such as the WTO
* Assess implications of various aspects of market structure and organization such as increases in firm size and market power in both domestic and international markets, including supply chain management and price discrimination.
* Examine a case study of farmer market power via government institutions and rules.
* Learn a variety of economic tools (e.g., excess supply/demand analysis, farm-retail margin model, rural-urban trade/storage model) and gain practice in applying them to food markets to understand the effects of real life shocks to food markets
* Examine the operation and role of futures markets in determining food prices.

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| **ASSESSMENTS** |

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| Midterm | Oct 19th | **20%** |
| Problem Sets (6 @ 6%) | Due dates: Sep 23, Oct 14, Oct 28, Nov 10, Nov 28. | **30%** |
| Final Exam | Date T.B.A | **35%** |
| Discussion & Participation | See below | **15%** |
| **TOTAL** | | **100%** |

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| **DETAILS OF COURSE-SPECIFIC ASSESSMENTS and POLICIES** |

**Discussion & Participation**

1. It is a priority in our class to encourage discussion. This can be done via in-class questions, and in responses to discussion sessions and questions posed periodically throughout the lecture schedule.
2. Students are required to complete a personal record of class discussion & participation
3. Marks are awarded for comments and questions asked during class, as well as through the use of chat-type software we may use.
4. Marks will also be awarded for questions asked in the Canvas discussion forum.
   * Questions must be posted at least 12 hours before a lecture to be recorded as class participation. This provides the instructor sufficient time to read the question and potentially address it during class.
5. 1 Mark awarded for every question or comment asked (in-class or through the Canvas discussion forum)
6. A maximum of 2 marks are awarded for questions or comments per lecture.
7. 1 mark also awarded from recommending a video that explains well or shows a good application of one of the topics in our course. Max of 2 pts for video recommendations.
8. Please complete the record after each class (You might be requested to submit your record anytime during the semester for verification or grading purposes)

**Missed Assignments & Exams**

Accommodations are available to students with valid academic concession requests

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| **COURSE SCHEDULE** |

*Number of Lectures*

Food Prices: Trends, Spikes, Cycles, Inflation, By-products (7 lectures)

* Why did food prices double in 2008/09? Why did real farm prices decline from 1950-2020? What has happened recently? (Lec 1-3)

*Paths of world food market prices 3*

* Trade Flows and trade-related aspects of commodity markets (Lec 4 Sep 19)
* Why do some farm/food prices cycle up and down regularly over time? (Lec 5-6, Sep21,26

*Price cycles: Hog cycle model; Storage model, seasonal cycles 2.5*

C.P. Timmer, W. Falcon, S.R. Pearson, *Food Policy Analysis*, 1983, Chapter 4.

R.A. Schrimper, *Economics of Agricultural Markets,* 2001, Ch. 13 (pp. 252-258)

*Assignment #1 (Due Sep 23)*

* Inflation and Food Prices: How does inflation affect (a) commodity prices and (b) food prices? Do increased commodity prices cause inflation? (Lec 7 Sep 28) *1*
* Do farm by-products affect commodity markets? (Lec 8a Oct 3)

*Economics of Joint Products 0.5*

International Trade and world markets (8 lectures)

* Who likes a trade war? Who is hurt by Trump’s tariff war with China? Lec 8b-10 Oct 5,12

*Trade Models: ED-ES Analysis 3*

Alex McCalla and Tim Josling, *Agricultural Policies and World Markets,* Ch. 2

RA Schrimper, *Economics of Agricultural Markets,* 2001, Ch. 10

*Assignment #2 (Due Oct 14)*

* How are trade flows affected by transport costs? What are *fob* and *cif* prices? Lec 11 Oct 17

*Fob-cif prices and trade flows 1*

*Midterm Exam: Oct 19* (Wednesday)

* How do imports and local production interact, w seasonal storage? Lec12-13 Oct 24-26

*Rural-urban market model 2*

Timmer et al, Ch.4: accessible online (Google “Timmer, Food Policy Analysis pdf”)

* How does the WTO affect agricultural trade? Mr Trump is trying to disable it. Should Canadian farmers be worried if he is successful? Lec 14-15. Oct 31, Nov 2.

*WTO, trade actions and rules 2*

*Assignment #3 (Due Oct 28)*

Market Power, Supply Chains (6 lectures)

* Are giant food manufacturers and retailers squeezing out farmers and hurting consumers with higher prices? Lec 16-17 Nov 7, 14.

*Farm Retail margin model (supply chains, market power models) 2*

R.A. Schrimper, *Economics of Agricultural Markets,* 2001, Ch. 2, (4, 5), 6

*Assignment #4 (Due Nov 10)*

*Note: Midterm break period Nov 9-11*

* When food firms sell their product to different consumers at different prices, does that help or hurt consumers? Does it affect farmers? Lec 18

*Exercise of Food Market Power: price discrimination. 1*

* Does Canada have a farm monopoly? Dairy prices Lec 19-21. Nov 21-28

*Monopoly, Supply Management 3*

*Assignment #5 (Due Nov28)*

Futures Markets

* Futures Markets (Lec 22-23). Nov 30, Dec 5 *2*

*Final Exam: December*

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| **TEXTBOOK & SELECTED READINGS** |

No single course textbook. Various readings will be assigned on a topic-by-topic basis. Most heavily used base readings are:

R. Schrimper, Economics of Agricultural Markets, Prentice Hall 2001; HD1433 .S37 2001

(on reserve in Koerner and Woodward Library.

Alex McCalla and Tim Josling, Agricultural Policies and World Markets, Macmillan, 1985

(on reserve in Koerner and Woodward Library, 3 copies available @2hrs).

C.Peter Timmer, Scott Pearson, and W.Falcon, Food Market Analysis, ch. 4

Other shorter readings assigned periodically, plus links to data sources.

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| **UNIVERSITY POLICIES** |
| UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions.  Details of the policies and how to access support are availableon[**the UBC Senate website**](https://senate.ubc.ca/policies-resources-support-student-success)**.**  **Respectfulness in the Classroom**  Students are expected to be respectful of their colleagues at all times, including faculty, staff and peers. This means being attentive and conscious of words and actions and their impact on others, listening to people with an open mind, treating all community members equally and understanding diversity. Students who act disrespectfully toward others will be asked to leave the class and be marked as absent for the day. They may also be removed from a team, lose credit for in-class assessments and activities, or be asked to complete a group assignment individually.  **Respect for Equity, Diversity, and Inclusion**  We strive to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Métis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well-served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.  **Recordings and In-Class Attendance**  There is no required distribution of recordings of class. Recording will be provided based upon on the decision of the course instructor. Classes are designed as and are intended to be in-person. Your attendance is expected. It is your responsibility to ensure that you have the materials you need for missed classes.  **Writing Exams**  All exams will be in-person and will follow UBC exam protocol. Exams may be online, e.g., in Canvas, but students must be physically present and invigilated. If a student is unable to write an exam, they must contact the Course Instructor and Teaching Assistant before the scheduled exam date/time. Documentation must be provided to explain your absence. If the documentation is considered legitimate, the Course Instructor will let you know how to proceed.  **Centre for Accessibility**  The [Centre for Accessibility](https://students.ubc.ca/about-student-services/centre-for-accessibility) (CfA) facilitates disability-related accommodations and programming initiatives designed to remove barriers for students with disabilities and ongoing medical conditions. If you are registered with the CfA and are eligible for exam accommodations, it is your responsibility to let your Course Instructors know. You should book your exam writing with the CFA using its [exam reservation system](https://students.ubc.ca/about-student-services/centre-for-accessibility#exam-reservation-system): for midterm exams or quizzes, at least 7 days in advance; and final exams, 7 days before the start of the formal exam period.  **Copyright**  All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor.  **Plagiarism** **Penalties**  Academic dishonesty and plagiarism are taken very seriously. Incidences of academic misconduct may result in a reduction of grade, a mark of zero on the assignment/exams of concern, failing the course or program, escalation/referral to the Dean’s office and/or President’s Advisory Committee on Student Discipline, and/or expulsion from UBC. It is each student’s responsibility to review and understand what constitutes academic dishonesty and plagiarism and how to avoid them. Review UBC academic dishonesty policies/penalties and course-specific policies. |

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| **ACADEMIC HONESTY** |

Academic misconduct that is subject to disciplinary measures includes, but is not limited, to the following:

* **Plagiarism**, which is intellectual theft, occurs where an individual submits or presents the oral or written work of another person as his or her own. Correct citations must be provided where applicable for all reports/assignments.
* **Cheating**, which may include, but is not limited to falsification of any material subject to academic evaluation, unauthorized collaborative work; or use of unauthorized means to complete an examination.
* **Submitting others work as your own**, may include but not limited to i. using, or attempting to use, another student’s answers; ii. providing answers to other students; iii.  failing to take reasonable measures to protect answers from use by other students; or iv. in the case of students who study together, submitting identical or virtually identical assignments for evaluation unless permitted by the course instructor.
* **Working with Others on an Assignment** You are encouraged to work with other students, but you must turn in **your own individual** assignment. If you have an answer that is too close to another student’s answer, this will be considered academic dishonesty and this will be handled according to the UBC policy.
* **Resubmission of Material**, submitting the same, or substantially the same, essay, presentation, or assignment more than once (whether the earlier submission was at this or another institution) unless prior approval has been obtained from the instructor(s) to whom the assignment is to be submitted.
* **Use of academic ghostwriting services**, including hiring of writing or research services and submitting papers or assignments as his or her own.

**Student Responsibility**: Students are responsible for informing themselves of the guidelines of acceptable and non-acceptable conduct for examinations and graded assignments as presented via the Course Syllabus, Instructors; Canvas and UBC academic misconduct policies.

**Penalties for Academic Dishonesty**: The integrity of academic work depends on the honesty of all those who work in this environment and the observance of accepted conventions. Academic misconduct is treated as a serious offence at UBC. Penalties for academic dishonesty are applied at the discretion of the course instructor. Incidences of academic misconduct may result in a reduction of grade or a mark of zero on the assignment, examination, or course and/or the matter is referred to the Dean’s office and/or President’s Advisory Committee on Student Discipline.

**Resources:** Review the following:

**UBC Policies of Academic Honesty:**

* UBC Academic Misconduct and Discipline ([website.](http://www.calendar.ubc.ca/Vancouver/index.cfm?tree=3,54,111,0))
* UBC Learning Commons web-based Academic Integrity ([website](https://learningcommons.ubc.ca/resource-guides/understand-academic-integrity/))

**Citing Sources:**

* UBC Learning Commons Citation Resource (website)
* Purdue Lab How to Cite Sources ([website)](https://owl.purdue.edu/)

**Plagiarism**

* Purdue University Plagiarism Overview ([website)](https://owl.purdue.edu/owl/avoiding_plagiarism/index.html)