

COURSE TITLE

FRE 501: Topics in Food Market Analysis

COURSE INFORMATION

Session and term: [2022W1] Class location: [MacMillan 154]

Class times: [Tuesday, Thursday 10:00-11:30am]

Course duration: [September 6 to December 22] Credits: [3]

COURSE DESCRIPTION

This course covers topics related to food prices and how food markets work, both from an aggregate perspective of food and resource markets, and the perspective of specific commodity markets. This includes food price determination and predicted price paths, comparing the functioning of domestic and international food markets, trade in food products, issues related to the integration of commodity markets, market power in food markets, and role of institutions in their operation. The course emphasizes combining theory with data, learning how markets work in the real world, and getting the appropriate data to undertake their analysis. Various models of food markets will be covered, and a sample of specific markets will be analyzed, including dairy and palm oil markets.

INSTRUCTOR INFORMATION

Instructor: [Rick Barichello]

Phone: [] Office location: [MacMillan 339]

Email: [richard.barichello@ubc.ca] Office hours: [Tuesday, 13:30-14:30]

COURSE ASSISTANT INFORMATION

Course Assistant: [Vivek Jairam Bobb]

Office location: [MacMillan 348]

Email: [vivek.jairambobb@ubc.ca] Office hours: [Thursday, 09:00-10:00]

LEARNING OBJECTIVES

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

1. Use a variety of analytical tools to probe questions and important issues concerning food markets, both domestic and international
2. Develop ability to critically review articles concerning food markets, and to engage in discussion about such topics
3. Learn key issues in undertaking sound empirical analyses in the food sector, including importance of market and institutional data.
4. For at least two food commodities, integrate the relevant topics listed below to arrive at a sound understanding of its economics, such as drawing inferences from price patterns, assessing margins within the marketing chain, understanding technical change at farm and processing levels, interpreting evidence of demand shifts over time, the role and effects of international competition and trade patterns, spatial and time factors (e.g., storage) in influencing product flows, market concentration, and selected economic changes within the recent past, such as the current outburst of inflation and the Russian invasion of Ukraine.

ASSESSMENTS		
Midterm	Oct 13 th	15%
Problem Sets (6 @ 6%)	Due dates: Sep 19, Sep 29, Oct 10, Oct 27, Nov 08, Nov 22.	36%
Final Exam	View MFRE online schedule	35%
Discussion & Participation	See below	14%
TOTAL		100%

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
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 is awarded for every insightful question or comment asked (in class or through Canvas discussion posts)
6. A maximum of 2 marks are awarded for questions or comments per lecture.
7. 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

COURSE SCHEDULE

1. Aggregate Food Price Dynamics [Sumner (below), McCalla see below, N&L Ch3,5]
 - a. LR commodity price trends, past/present (Lecs 1, 2)
 - b. Discussion: With rising real wage rates, how can market prices steadily decline in real terms? What part of economic theory can you use to explain this? How can you confirm the basic facts? What is the policy issue that would use or require this information? How can this phenomenon guide you in investment decisions?
 - c. Inflation and agricultural commodity and food prices (Lec 3)
 - d. Seasonal Price Movements: Hog cycle; storage and seasonality (Lecs 4-sep16, 5)
 - e. Economics of by-products: their effect on commodity markets
 - f. Equilibrium Displacement Models and modelling P movements (Lec 6) Sep22

**Problem Set #1: due date Sep 19 (distributed Sep12)*
2. Trade [8 lectures: Oct 13-midterm] [McCalla-Josling Ch 2, Reed Ch. 3, 4, 8 (2001)]
 - a. Excess Supply and Demand models Lec 7 Sep27

**Problem Set #2: due date Sep 29 (distributed Sep22)*

 - b. Effects of various government programs on world prices Lec 8 Sep 29
 - c. Applications of ESED: currency depreciation (Reed pp.118-120), transport costs

Lec 9 Oct 04

- d. Trumpian tariff wars: tariff increases by US, then by China; effects on (a) farm prices, (b) currency values, (c) nonfarm prices from US tariff facing US consumers, (d) national income (via farm sector, consumer sector, welfare losses) Lec10 Oct 06
- e. Extra Class October 7: review to prepare for midterm

***Problem Set #3: Due Oct 10** (distributed Oct 03)

- f. Trade Institutions: WTO Rules, Topics, Anti-Dumping (wto.org) Lec 11 Oct 11

***MIDTERM EXAM: October 13**

- g. Currencies as commodities: What will cause a depreciation or appreciation of country X's currency? What underlies the supply of and demand for a country's currency. How do exports and imports affect it? How does foreign investment affect it? What is the price of a currency? Lec 12 Oct 18
- h. Issues related to COVID and Trade (address topics/questions raised in summer course) Lec 13a Oct 20
- i. Discussion Session: Microeconomics at firm level to trade agreements. How do firms respond to lower prices? Can existing firms continue to be profitable? Example of Central BC cattle industry, forestry firms. Include ongoing rising wage rates and mechanization, labour market responses by entrepreneurs/family firms. Lec13b Oct 20
- j. Special Lecture October 21: Palm oil case study
- k. Discussion Session: How does rising inequality distort global economy, trade flows, and international peace? Reference: Chad Bown, "Trade Talks", Podcast: "Imbalances, Inequality and Trade" Episode 137, Aug 31 2020 Lec 14a Oct 25
- l. Discussion Session: Trade and Self-sufficiency: Is there a time for greater self-sufficiency? See Lebanon, Summer 2020. This shift did occur but not as a result of formal government policy, nor encouraged with regulations or subsidies. How did it happen? Lec 14b Oct 25

Reading: <https://www.nytimes.com/2020/09/05/world/middleeast/lebanon-economic-crisis-farming.html?action=click&module=News&pgtype=Homepage>

***Problem Set #4: Due Oct 27** (distributed Oct 20)

- 3. Concentration [3 lectures; Oct27-Nov3]
 - a. Farm Retail Price model Lec 15 Oct 27
Reading: R.A. Schimper, *Economics of Agricultural Markets*, 2001, Ch. 2, (4, 5), 6
Norwood-Lusk, *Agricultural Marketing and Price Analysis*, 2007: Ch 4, 6, 10, 11.
 - b. Models and Measures of Market Power: Monopoly, monopsony, dairy data Lec 16 Nov 01

***Problem Set #5: Due Nov 08** (distributed Nov 01)

- c. Traditional analysis of market power; Supply chains. 4 papers: Reardon, Sexton (2) Dairy, Veggies, Rapsomankis et al. Lec 17 (some c., all d,e) Nov 03
- d. Discussion Session: Egg Pricing and COVID: NYT article Sumner and Sexton [nytimes.com/2020/05/06/us/coronavirus-eggs-price-gouging-lawsuit.html] How would you research this question?

- e. Modern Re-Appraisal: Sexton AJAE Presidential Address: All read/discussion in class. Lec 17 Nov 03 (some of c., all of d. and e.). Implications for discussions, policies on mkt power in agric.

Reading: Rich Sexton, "Market Power, Misconceptions, and Agricultural Markets," *American Journal of Agricultural Economics*, Vol 95, 2013: Amer. J. Agr. Econ. 95(2): 209–219; doi: 10.1093/ajae/aas102

- 4. Market Integration [2 lectures Nov 8-10]
 - a. Overview, Rural urban markets model (Timmer et al Ch. 4) Lec 18a Nov 08
 - b. Domestic-world market integration (Sarris-Hallam, Ch 8) Lec 18b Nov 08
 - c. Case: Indonesian Labour Mkt (Barichello & Harahap, 2020) Lec 19 Nov 10

- 5. Institutions in Food Markets [Nov 15, 17, 22, 24]
 - a. Canadian Dairy sector: modelling it Lec 20 Nov 15
 - b. Options for Canadian Dairy Exports Lec 21 Nov 17
 - c. Analysis of Farm Marketing Quotas; Calculating MC, Policy Risk Lec 22 Nov 22
 - d. Analysis of Import Quotas (TRQs); current trade conflict Lec 23a Nov 24
 - e. STEs, BULOG, and International Trade pricing Lec 23b Nov 24

- *Problem Set #6: due date Nov 22 (distributed Nov 15)**

- 6. Futures and Options: [2 lectures, Nov 29-Dec1] Lec 24 Nov 29
 - a. Nishant Kalia Lec 25 Dec 01

SELECTED READINGS

Barichello, Richard R. "Capitalizing Government Program Benefits: Evidence of the Risk Associated with Holding Farm Quotas," Chapter 16 in John M. Antle and Daniel A. Sumner, Eds. *The Economics of Agriculture Vol.2: Papers in Honor of D. Gale Johnson*. University of Chicago Press, 1996.

Barichello, Richard, and Faisal Harahap, "Reducing Rural Poverty through Trade? Evidence from Indonesia," Chapter 6 in Barichello, Richard R., Arianto Patunru and Richard Schwindt, Eds., *Globalization, Poverty, and Income Inequality: Insights from Indonesia*. University of BC Press. 2021.

Alex McCalla, 1st Daryl Kraft Memorial Lecture, University of Manitoba, Winnipeg, February 24, 2009. "Agricultural Commodity and Food Prices, a Wild Ride! What's Next?" plus closely related ppt presentations such as at GrainWorld Conference, Winnipeg, Feb 22 2009. Summary of latter is here: <https://www.producer.com/opinion/pros-forecasts-dismal-scientists/> and copy of this reporter's summary is in our course's Announcements.

Alex McCalla and T. Josling, *Agricultural Policies and World Markets*, Prentice Hall, 1985, Ch. 2.

Bailey Norwood and Jayson Lusk, *Agricultural Marketing and Price Analysis*, Pearson, 2007. Chapters 3, 5. [NL]

Rapsomanikis, G., D. Hallam, and P. Conforti. 2006. "Market Integration and Price Transmission in Selected Food and Cash Crop Markets of Developing Countries: Review and Applications." (Ch.8) In **A. Sarris and D. Hallam**, ed., *Agricultural Commodity Markets and Trade: New Approaches to Analysing Market Structure and Instability*. London: Edward Elgar for the Food and Agriculture Organization.

R.A. Schrimper, *Economics of Agricultural Markets*, PrenticeHall 2001; HD1433.S37 2001. Ch. 2, (4, 5), 6

Rich Sexton, "Market Power, Misconceptions, and Agricultural Markets," *American Journal of Agricultural Economics*, Vol 95, 2013: Amer. J. Agr. Econ. 95(2): 209–219; doi: 10.1093/ajae/aas102

C.P. Timmer, W. Falcon, and S. Pearson, *Food Policy Analysis*, Johns Hopkins Press for World Bank, 1983. Ch.4. [http://iis-db.stanford.edu/pubs/10361/food_policy_analysis.pdf]

Michael Reed, *International Trade in Agricultural Products*, Prentice Hall, 2000.

Daniel Sumner, "Recent Commodity Price Movements in Historical Perspective," *American Journal of Agricultural Economics*, Vol. 91, No.5, Proceedings Issue (Dec. 2009): 1250-1256. [in LOCR for our course] [Sumner]
<https://shibbolethsp.jstor.org/start?entityID=https%3A%2F%2Fidp.ubc.ca%2Fopenathens&dest=https://www.jstor.org/stable/20616290&site=jstor>

POLICIES APPLICABLE TO UBC MFRE COURSES

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 MFRE 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

The MFRE Program strives 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.

COVID-19 Considerations

All students must assess themselves daily for COVID-19 symptoms prior to coming to class. Please stay home if you exhibit symptoms or have tested positive for COVID-19. A list of COVID-19 symptoms can be found [here](#). Use the BC Ministry of Health's [self-assessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended. Full UBC COVID-19 Campus Rules can be found [here](#). **Note: Please stay home if you exhibit symptoms or have tested positive for COVID-19 and immediately contact Olivier Ntwali, Academic Program Coordinator, your Course Instructor, and your Course Assistant.**

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. If you are unable to attend, the policy regarding missed classes described in the MFRE code of conduct and syllabus applies. 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 MFRE exam protocol (See Student Portal). 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 have a verifiable doctor's note and must contact the Course Instructor, Course Assistant, and MFRE Program Coordinator 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.

Plagiarism Penalties

Academic dishonesty and plagiarism are taken very seriously in the MFRE program. All incidences of plagiarism will be escalated to the MFRE Academic Director. 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.

Note: If a MFRE student is required to extend his/her program due to failed course or unsatisfactory progress, they will need to pay the full MFRE tuition fees for that term(s) regardless of the number of courses that need to be retaken. It is each student's responsibility to review and understand what constitutes academic dishonesty and plagiarism and how to avoid them. Review MFRE Code of Conduct, UBC academic dishonesty policies/penalties and course-specific policies.

Turn It In Access for MFRE Courses: Internet-based plagiarism detection service

TurnItIn has been set up for MFRE courses. Submit all assignments/papers to this service and review similarity index reports. **Turn it in Login. For instructions: See the Student Guide to MFRE Student Guide To Setting Up And Using Turn It In on the Student Portal ([website.](#))**. Use provided Class ID and Enrollment Key to access MFRE course folder, submit assignments/papers, and review similarity index reports.

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 MFRE and UBC policies.

Missing Classes/Labs

Students are expected to attend all classes, labs, or workshops. If you cannot make it to a class, lab, or workshop due to a medical or personal emergency, please **email your instructor, your course assistant, and Olivier Ntwali, MFRE Program Coordinator** ahead of time to let them know. Students who miss classes regularly without a reasonable excuse may be subject to MFRE-imposed penalties at the discretion of the Academic Director.

Centre for Accessibility

The [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 Olivier Ntwali, Academic Program Coordinator, and each of your Course Instructors know. You should book your exam writing with the CFA using its [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.

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. In many UBC courses including MFRE/FRE courses, you will be required to submit material in electronic form. The electronic material will be submitted to a service which UBC subscribes, called TurnItIn. This service checks textual material for originality. For more information, review the Turnitin Website.
- **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 MFRE and UBC policies.
- **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 MFRE Code of Conduct; MFRE Turn it in, Course Syllabus, MFRE 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 and within the MFRE program. 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. **Note: If a student needs to extend his/her program due to a failed course or unsatisfactory progress, they will have to pay the full MFRE tuition fees for that term/s.**

Resources: Review the following:

UBC Policies of Academic Honesty:

- UBC Academic Misconduct and Discipline ([website](#).)
- UBC Learning Commons web-based Academic Integrity ([website](#))

Turn it In Access for MFRE Courses:

- [Turn it in Login](#) and [Student Guide to MFRE Student Guide To Setting Up And Using Turn It In](#) on the Student Portal ([website](#))

Citing Sources:

- UBC Learning Commons Citation Resource ([website](#))
- Purdue Lab How to Cite Sources ([website](#))

Plagiarism

- Purdue University Plagiarism Overview ([website](#))
- SFU Avoiding plagiarism ([website](#))