

**ARE 433**

**U.S. Agricultural Policy**

**Fall 2006**

**Instructor:** Professor Barry Goodwin

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515-4620  
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**Office Hours:** Tuesdays and Thursdays, 1:30-2:30 and by *advance* appointment. I will always attempt to be in my office during these times, though I cannot rule out the possibility that I could have obligations that pull me away during office hours. I will attempt to notify you in advance of any such occasions.

**Class Times:** Tuesdays and Thursdays, 10:15-11:30  
2211 Gardner Hall

**E-mail:** I will use email extensively as a means of communicating important announcements regarding the class. If you prefer an email address that is different from what is registered through the university, you must let me know. If you don't periodically check your email, you will miss important information. I will assume that you will have read anything sent by email.

**Texts:** E.C. Pasour, Jr. and R. R. Rucker. *Plowshares and Pork Barrels: The Political Economy of Agriculture*, Oakland, CA: The Independent Institute, 2005.

Collected Readings for ARE 433 (available as a course pack in the campus bookstore).

**Website:** <http://www4.ncsu.edu/~bkgoodwi/are433>

In addition, other websites may be utilized for class activities. These will be linked from the class homepage posted here.

## Course Level and Prerequisites:

This course evaluates the *economics* of U.S. (and international) agricultural policy. It is first and foremost an economics course intended for seniors and advanced juniors. The goal is to use the economic principles that you have learned in earlier courses to study and critique agricultural policy. You will be expected to apply these economic tools to the logical, objective, and critical analysis of agricultural policies. Every policy intervention involves winners and losers and your objectives will be to identify and evaluate how economic welfare is affected by government intervention in the market. in earlier courses to study and critique agricultural policy. You will be expected to pursue a logical, objective, and critical analysis of agricultural policies. Every policy intervention involves winners and losers and your objectives will be to identify and evaluate how economic welfare is affected by government intervention in the market.

The prerequisite for this course is EC/ARE 301. I will assume that you come into this course with adequate comprehension of the principles covered in this course—there will not be an extensive review. You should also have a good grasp of the basic mathematical tools that economists use to study economic phenomena. Our method of analysis will primarily be graphical and intuitive, although several concepts will be addressed in more quantitative terms.

Class attendance should be considered to be a mandatory class requirement. I will also expect you to keep up with the readings. You should read each paper and text assignment ahead of the class and be prepared to discuss the materials.

## Grading Policies:

Grades will be determined according to (dates approximate):

Midterm #1 (late September)	20%
Midterm #2 (late October)	20%
Final Exam (December 14, 8:00 a.m.)	30%
Homework	15%
Policy Paper	15%

Assignments are due at the beginning of class on the assigned date or, in the case of online assignments, at the closing time of the assignment. Late homework will not be accepted. There are *no exceptions* to this. I will mainly use online homework assignments. Thus, submission of written answers will not be necessary and issues surrounding due dates and times will be avoided.

I will use WebCT integration with the CPS system discussed below. I will discuss details for setting up and using the system in class. Homework assignments will “open” and “close” online at particular times. Once an assignment is closed (i.e., at the time due), you will not be able to access the homework and thus will receive no credit.

There are no makeup exams. If you miss an exam for a University excused reason, the final exam will be increased in weight to account for the missing assignment (e.g., a missed exam means your final exam will account for 50% of your final grade). Final grades will be assigned through a consideration of the overall distribution of final average grades. The plus/minus grading system will be used.

### **Attendance Policy and the CPS<sub>rf</sub> System**

I have adopted an electronic student response system known as CPS<sub>rf</sub>. You may have used this in other courses. You will need to purchase a response pad (CPS Radio Frequency Response Pad—New Version) from the bookstore. The ISBN for the response pad is 978-881483-71-7. Be sure that you get the correct version. In the past, the bookstore has had several different types, although this should be clearly identified in the bookstore. These are priced at \$18.75 in the bookstore. From my understanding, there may also be a modest registration fee for each course that you will use this with. We will discuss the setup of the remote system in detail in class.

I will use this response system for two functions. First, I will use this to take attendance. While I realize that you are adults, possessed of free will regarding attendance in your courses, I am also aware of the importance of attendance to your learning as well as the pace of the course. I am prepared to use whatever leverage that I can to encourage your attendance. Thus, I have adopted a “Bonus-Points for Attendance” policy (discussed below) and will use the remote system to track your attendance. You simply will need to check in at the beginning of each class. Second, I will use the remote to administer in-class quizzes. These will likely be rather infrequent and will mainly be administered on days with limited attendance or to reinforce particularly important concepts. Attendance may not necessarily be taken at every lecture.

You are responsible for bringing your remote to class every session—*no exceptions!* If you forget the remote, you will not be able to borrow one and you will be marked as absent. If a quiz is given, you will receive a zero score if you do not have a functioning remote. While I would anticipate that batteries would not be a concern—it is your responsibility to ensure that your remote is functional before you come to class. In the past, I made the

mistake of allowing handwritten answers and attendance checks for those who had forgot their remotes. It generated a great deal of confusion and proved unworkable. Bottom line—there will be no excuses or exceptions made for lost or forgotten remotes and it is solely your responsibility to ensure that you arrive each day with the materials needed to participate in the class, including a functioning remote. Anyone found to have more than one remote in use when I am taking attendance or during a graded assignment will be considered to be guilty of cheating and will be subject to the university penalties associated with academic misconduct (see below).

The Bonus Attendance policy works as follows. You receive 5 points that will be added onto your *final average* for the class. This is a very substantial reward which could raise your grade by as much as a letter grade. However, for each absence, I will subtract one point from your bonus. After 5 absences, the Bonus Attendance policy has no relevance to your score. I will provide a means for tracking your attendance online. Exemptions will be granted for participation in official university-sponsored trips or events. Examples include approved course trips and participation in intercollegiate athletics. Written verification regarding the event must be submitted for consideration *before* the absence. Excuses will also be granted for absences based upon serious illness, court obligations, and family emergencies upon a *formal, written* request from the NCSU Counseling Center. Any such requests must be made through the NCSU Counseling Center. Additional details regarding what constitutes an excused absence can be found in “Attendance Regulations,” Sec. REG-02.20.3 of the Academic Policies and Regulations (see [www.ncsu.edu/policies/academic\\_affairs/courses\\_undergrad/REG02.20.3.php](http://www.ncsu.edu/policies/academic_affairs/courses_undergrad/REG02.20.3.php))

### **Accommodations for Students with Disabilities:**

Any student with a documented disability may request arrangements to accommodate their disability. Such arrangements include the provision of services and reasonable accommodations appropriate to the student's disability. This should be arranged through the DSS office. See the office website for more information.

[http://www.ncsu.edu/provost/offices/affirm\\_action/dss/](http://www.ncsu.edu/provost/offices/affirm_action/dss/)

### **Academic Integrity:**

Every student is expected to be familiar with and to adhere to the North Carolina State University Code of Student Conduct. This can be found at [http://www2.ncsu.edu/ncsu/stud\\_affairs/policies/code95.html](http://www2.ncsu.edu/ncsu/stud_affairs/policies/code95.html)

## Course Outline and Reading List

### **I. Introduction: The Nature of the “Farm/Food Problem” and the Conceptual Underpinnings of Agricultural Policy**

Pasour and Rucker, Chapters 1 and 6

Goodwin, B.K. “Instability and Risk in U.S. Agriculture,” *Journal of Agribusiness* 18(1) Special Issue, March 2000, pages 71-89.

Bovard, J. “Seven Myths of Farm Policy,” Chapter 3 of *The Farm Fiasco*, San Francisco: ICS Press, 1989.

Tweeten, L. “The Twelve Best Reasons for Commodity Programs: Why None Stands Scrutiny,” *Choices*, Second Quarter, 1995.

Pasour, E.C. “Agricultural Economists and the State,” *Economic Journal Watch* 1(April 2004), 106-133.

### **II. A Review of Economic Concepts**

Leonard, E. “I, Pencil,” *The Freeman*, December 1958.

### **III. The Policy Process and the Political Economy of U.S. Agricultural Policy**

Pasour and Rucker, Chapters 3, 4, and 5

### **IV. How Did we Get Here? A History of U.S. Agricultural Policy**

Pasour and Rucker, Chapter 7

Cochrane W. W. and C. F. Runge. “A Concise History of the Commodity Programs,” Ch. 3 of *Reforming Farm Policy*. Ames, IA: Iowa State University Press, 1992.

USDA, Economic Research Service. “History of Agricultural Price-Support and Adjustment Programs, 1933-84. Agricultural Information Bulletin No. 485, December 1984.

Young, C. E. and P. C. Westcott. “The 1996 U.S. Farm Act Increases Market Orientation,” August 1996.

Westcott, P. C., C. E. Young and J. M. Price. "The 2002 Fact Act: Provisions and Implications for Commodity Markets," AIB No. 778, November 2002.

**V. Specific Policy Instruments and their Effects**

A. Basic Price Supports

Pasour and Rucker, Chapters 8, 9, and 12

B. Target Prices, Loan Rates, Deficiency Payments and LDPs

Pasour and Rucker, Chapters 9 and 12

C. Production Quotas and Production Constraints

Pasour and Rucker, Chapter 10

D. Marketing Orders

Pasour and Rucker, Chapter 11

E. Dairy Policy

McNew, K. "Milking the Sacred Cow: A Case for Eliminating the Federal Dairy Program," *Policy Analysis* No. 362, December 1, 1999.

Manchester, A. C. and D. P. Blayney. "Milk Pricing in the United States," USDA-ERS, Agricultural Information Bulletin No. 761, 2001.

F. Foreign Commodity Program Instruments

**VI. International Trade Policies**

Pasour and Rucker, Chapter 14

Bovard, J. "The Myth of Fair Trade," *Policy Analysis*, No. 164, November 1, 1991.

Sweeny, J. "Why Free Trade Matters to the American Farmer," *The Heritage Foundation Backgrounder* No. 1233, November 9, 1998.

## **VII. Other Policy Issues**

### **A. Credit Programs**

Collender, R. N. and S. R. Koenig. "The Role of Federal Credit Programs," In Duncan, Marvin, and Jerome M. Stam, eds., *Financing Agriculture into the Twenty-First Century*. Boulder, CO: Westview Press, 1998.

Collender, R. N. "Farm Financial Conditions Leading to the Agricultural Contraction of the 1980s and Now," *Agricultural Income and Finance*, AIS-71, February 1999.

### **B. Risk Management and Crop Insurance**

Goodwin, B. K. and V. H. Smith. *The Economics of Crop Insurance and Disaster Aid*. Chapter 7, Washington, AEI Press, 1995.

### **C. Conservation and Environmental Policies**