

# **ABM 4990W // ECON 4004W // AAE7990 -- Economic Analysis of Policy & Regulation**

Th 2:00-4:30 p.m. Mumford 128

Spring Semester 2020

## **Instructor:**

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## **Course Overview**

This course serves as a capstone for the Public Policy Option of the Agricultural Economics/Agribusiness Management major(s). The objective is to integrate the economic concepts and analytic tools learned in previous courses and apply them to analyze the causes and consequences of a range of policy issues, including but not limited to agricultural support programs, environmental policy, international trade and development, and regulation of businesses. Specific topics will vary depending on students' interests and contemporary issues and events.

## **Required and Recommended Coursework:**

Undergraduate students should have completed ABM 2225 (or STAT 2500) and ABM 4240 (or ECON 4351).

## **Course Materials:**

Thomas A. Lambert, *How to Regulate: A Guide for Policy Makers*, Cambridge University Press, 2017 (hereafter referred to as *HTR*).

Additional readings, including academic journal articles, research reports, and popular press pieces will be assigned and available on Canvas.

Students are encouraged to read the business press on a daily basis, particularly the [Wall Street Journal](#), therefore individual subscriptions are highly recommended.

## **Course Requirements**

Assignments will include a series of policy analyses, analysis critiques, and presentations. Source materials will include news articles, blog posts, policy reports and academic articles.

Course grades will be based on the weighted average of scores in the following areas: in-class assignments & quizzes, short written assignments, oral policy presentations, policy analysis project.

<b>The weights for each item are as follows:</b>	
<b>In-class assignments &amp; quizzes</b>	<b>10%</b>
<b>Short written assignments</b>	<b>35%</b>
<b>Oral presentations</b>	<b>15%</b>
<b>Policy analysis project</b>	<b>25%</b>
<b>Attendance &amp; participation</b>	<b>20%</b>
<b>Total</b>	<b>100%</b>

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Late assignments will be assessed a penalty of 10% of the assignment's value for each day late unless arrangements are made in advance to accommodate special circumstances.

The course grade will be determined by the total weighted percentage of possible points in the course. The usual 90-80-70 scale will apply.

**Academic Honesty**

Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person's work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards academic dishonesty as an extremely serious matter, with serious consequences that range from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, or collaboration, consult the course instructor.

**Intellectual Pluralism**

The University community welcomes intellectual diversity and respects student rights. Students who have questions or concerns regarding the atmosphere in this class (including respect for diverse opinions) may contact the departmental chair or divisional director; the director of the Office of Students Rights and Responsibilities; the MU Equity Office, or [equity@missouri.edu](mailto:equity@missouri.edu).

**ADA statement**

If you anticipate barriers related to the format or requirements of this course, if you have emergency medical information to share with me, or if you need to make arrangements in case the building must be evacuated, please let me know as soon as possible. If disability-related accommodations are necessary (for example, a note taker, extended time on exams, captioning), please register with the MU Disability Center, S5 Memorial Union, 573-882-4696, and then notify me of your eligibility for reasonable accommodations.

**Course Concerns:**

If you have concerns about the course, its structure or delivery, you are encouraged to first discuss those with the instructor and I will work with you to resolve your concerns as much as possible. If you do not feel comfortable discussing the issue with me, please discuss your concern with Dr. Joe Parcell (Director, Division of Applied Social Sciences). It is important to resolve concerns early on rather than waiting until later in the semester.

All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

**COURSE OUTLINE\***

Module	Topic/Tentative Readings
1	<b>Economic Tools of Policy Analysis</b> * Fundamentals of markets & economic analysis <ul style="list-style-type: none"> <li>• F.A. Hayek, "The Use of Knowledge in Society," <i>American Economic Review</i>, 1945</li> <li>• Douglass North, "Institutions, Transaction Costs and Economic Growth," <i>Economic Inquiry</i>, 1987</li> <li>• Oliver Williamson, "The New Institutional Economics: Taking Stock, Looking Ahead," <i>Journal of Economic Perspectives</i>, 2000</li> <li>• Lambert, <i>HTR</i>, Chapters 1-3</li> <li>• Ronald Coase, "The Problem of Social Cost," <i>Journal of Law &amp; Economics</i>, 1960</li> </ul>
2	<b>The Use, Misuse and Abuse of Data</b> * The (ab)use of statistics * Regression analysis and interpretation <ul style="list-style-type: none"> <li>• F. Bastiat, "What is Seen, and What is Not Seen"</li> <li>• Susan Athey and Guido W. Imbens, "The State of Applied Econometrics: Causality and Policy Evaluation," <i>Journal of Economic Perspectives</i>, 2017</li> </ul>
3	<b>Political Economy of Policy &amp; Regulation</b> * Evaluating public versus private interests * Incentives in political and regulatory processes <ul style="list-style-type: none"> <li>• George T. Stigler, "The Theory of Economic Regulation," <i>The Bell Journal of Economics and Management Science</i>, 1971</li> <li>• Gary Becker, "A Theory of Competition Among Pressure Groups for Political Influence," <i>Quarterly Journal of Economics</i>, 1983.</li> <li>• Sam Peltzman, Michael E. Levine, and Roger G. Noll, "The Economic Theory of Regulation after a Decade of Deregulation," <i>Brookings Papers on Economic Activity, Microeconomics</i>, 1989</li> <li>• Marc T. Law, Joseph M. Tonon, and Gary J. Miller, "Earmarked: The Political Economy of Agricultural Research Appropriations," <i>Applied Economic Policy and Perspectives</i>, 2008</li> <li>• Gina Riekhof &amp; Michael Sykuta, "Politics, Economics, and the Regulation of Direct Interstate Shipping in the Wine Industry," <i>American Journal of Agricultural Economics</i>, 2005</li> <li>• Johan F.M. Swinnen, "The Political Economy of Agricultural and Food Policies: Recent Contributions, New Insights, and Areas for Further Research," <i>Applied Economic Perspectives and Policies</i>, 2010</li> </ul>
•	<b>Externalities &amp; Public Goods</b> * Environmental/"green" policies, including some related to GMOs <ul style="list-style-type: none"> <li>• Lambert, <i>HTR</i>, Chapters 4 &amp; 5</li> </ul>
5	<b>Information Asymmetry and Regulation</b> * COOL, GMO labeling, and other such regulations <ul style="list-style-type: none"> <li>• Lambert, <i>HTR</i>, Chapters 8 &amp; 9</li> </ul>

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Spring Semester 2020

6	<b>Market Structure, Monopoly, Competition &amp; Corporate Regulation</b> * Topics related to international trade, competition regulation, M&A <ul style="list-style-type: none"><li>• Lambert, <i>HTR</i>, Chapters 6 &amp; 7</li><li>• Richard A. Posner, “The Social Costs of Monopoly and Regulation,” <i>Journal of Political Economy</i>, 1975</li><li>• Marc F. Bellemare and Nicholas Carnes, “Why Do Members of Congress Support Agricultural Protection?” <i>Food Policy</i>, 2015</li><li>• Michael Sykuta, “The Fallacy of ‘Competition’ in Agriculture,” in H.S. James, Jr., ed, <i>The Ethics and Economics of Agrifood Competition</i>, Springer, 2013</li></ul>
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\*Note: Specific applications (e.g., environmental, farm programs, international development, international trade, food safety, industry policy) will be geared to the interests of students enrolled in the class.