I. AEC 841 - ANALYSIS OF FOOD SYSTEM ORGANIZATION AND PERFORMANCE

Course Web Site:  http://www.msu.edu/course/aec/841/
Spring Semester, 2005
M-W-F ) 3:00-3:50 p.m., 318 Berkey Hall

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(e-mail: neumannp@msu.edu)

Office Hours: Staatz - Tuesday, Thursday, 1:30-2:30 and by appt.
Weber - Tuesday, Friday, 10:30 - noon and by appt.
Raper -Wed. 1:30-2:30, and by appt.

COURSE OBJECTIVES

1. To help students develop a conceptual framework and analytical approaches for: (1) identifying food system coordination problems, (2) assessing market performance in high-, middle-, and low-income countries, and (3) investigating the relationships between market structure and market performance.

2. To increase students' familiarity with agricultural marketing institutions, market processes, and issues of organization, control and public policy.

3. To help students get to know agricultural marketing as a subject matter area in agricultural economics.

FORMAT

The course is organized as a lecture/discussion. The sessions on Mondays and Wednesdays cover material on conceptual and analytical approaches, while Fridays are devoted to discussion groups and case studies. These will focus on applications and examples of the concepts discussed in class. Applications will be drawn from both industrialized and developing countries.

PREREQUISITES

Students should have taken courses covering basic economic theories of pricing and competition (EC 301 or equivalent). Students without this background should consult the instructor.
READING LIST--MONDAY AND WEDNESDAY LECTURES

The Monday-Wednesday reading list includes both assigned and optional material. Students should read assigned items prior to the class sessions where they are to be discussed.

READING LIST--FRIDAY DISCUSSION SECTIONS

See the following pages for a list of the discussion topics for the Friday sessions. Readings for these sessions will be assigned on a week-to-week basis and will be available for check-out from sets of readings placed in Cook Hall.

Required Texts:

A course packet of readings, available from Budget Printing Center.


Schertz, Lyle P. and Lynn M. Daft. Food and Agricultural Markets: The Quiet Revolution Washington; USDA, ERS, and the National Planning Association, 1994–Copies of this book, which is out of print, will be distributed to students on a CD, which will also contain some other course readings.

Recommended Text:


Useful Web Sites—See the set of links listed on the course website (http://www.msu.edu/course/aec/841/).

General Background in Agricultural Marketing:

Students wanting an introduction to basic concepts in agricultural marketing may consult the following undergraduate-level texts (available in the library):


WRITTEN ASSIGNMENTS

Written assignments include:

* Weekly 1-page summaries and analyses of meetings and materials covered in class.

* A 10-15 page (double-spaced) research paper that requires you to apply concepts from the course to analyzing some aspect of food system performance (see below).
* A peer review of one of your colleagues’ draft research paper.

In addition, there will be a midterm and a final exam.

RESEARCH PAPER

In order to apply some of the concepts explored in this class, written assignments include a 10 to 15-page (double-spaced) paper. It can be: (a) a critical appraisal of a dissertation or other major study of some aspect of food system performance, (b) a research proposal that outlines a plan for an empirical study of an important issue in a particular subsector or industry in the food system, or (c) an analysis, using concepts from the course, of a particular issue of food system performance in an industry or subsector with which you are familiar. The main objective of the paper is to give you an opportunity to apply concepts from the class to analyze a particular problem of your choosing.

Ideally, students will select a subsector or industry relevant to their possible Plan B, thesis, or dissertation topic. The weekly 1-page summaries can provide a foundation for this paper. By highlighting key issues relevant to your chosen subsector or industry, the weekly summaries can provide the ideas and preliminary analysis for this paper. We encourage you to choose the topic for your longer paper early, as this will let you use the one-pagers as raw material for the longer paper. You need to select a paper topic by March 18, but should do so earlier if possible. The instructors will be happy to discuss potential topics with you and provide lists of dissertations and other studies for those wanting to a critical appraisal.

A first draft will be due on April 6. You will exchange drafts with one of your colleagues, who will prepare a 2-3 page peer review of it. You will then revise the paper based on the comments received. The final version of the paper will be due April 22. A statement summarizing your topic (less than one page) is due on March 18.

GRADE TO BE DETERMINED AS FOLLOWS

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Weekly 1-page summaries and analyses</td>
<td>20</td>
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<tr>
<td>Midterm exam</td>
<td>20</td>
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<tr>
<td>Research paper</td>
<td>25</td>
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<tr>
<td>Peer Review of Colleague’s Paper</td>
<td>10</td>
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<tr>
<td>Discussion/Group participation</td>
<td>10</td>
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<tr>
<td>Final quiz</td>
<td>15</td>
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<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
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**Late Papers:** The grade on late papers, both the weekly summaries and the research design, will be reduced by .5 of a grade point (on a 4.0 scale).
### KEY DATES:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>Friday, March 4</td>
<td>Midterm exam</td>
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<tr>
<td>March 7 - March 11</td>
<td>Spring break</td>
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<tr>
<td>Friday, March 18</td>
<td>Final date for submitting statement on research paper</td>
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<tr>
<td>Wednesday, April 6</td>
<td>Exchange draft paper with reviewer</td>
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<td>Wednesday, April 13</td>
<td>Peer review due</td>
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<tr>
<td>Friday, April 22</td>
<td>Research paper due</td>
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<tr>
<td>Wednesday, May 4 (3:00-5:00 p.m.)</td>
<td>Final exam</td>
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2005 Topic Outline of AEC 841

I. Introduction
   A. Scope of the Course
   B. Recent Evolution of World Food System
      1. Evolving Nature of Demand: From Commodities to Attributes
      2. Changing Technology (information, biotechnology, processing)
   C. How does the system get coordinated? The Nature of Markets and Marketing; Markets and Other Coordinating Processes
   D. Marketing as a Field of Study

II. Food System Organization and Economic Development

III. Elements of a Conceptual Framework for Analyzing Food System Organization and Performance
   A. The Food Systems Framework
   B. The I-O Framework of Analysis
      1. Structure
      2. Conduct
      3. Performance
   C. Paradigm Comparison–SCP and NEIO
   D. Comparing Horizontal Concentration and Vertical Coordination
   E. The Subsector Approach, with Emphasis on Vertical Coordination
   F. Analyzing Firm and Industry Structure via the Transaction-Cost Approach

IV. Applications of the Framework
   A. Evolving Consumer Demand, Biotech, Internationalization (including WTO) and Food System Consolidation
   B. Subsector and Industry Case Studies
   C. Market Regulation and Facilitation
      1. Market Regulation: Conceptual Issues and Historical Experience
      2. Control and Use of Information
      3. Collective Action in the Food System (Cooperatives, Professional Associations, Marketing Boards and Orders, etc.)
      4. Labor Issues in the Food System
      5. Food Safety
   D. Non-Market Food Distribution/Safety Nets

V. Course Wrap Up
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Monday, January 10</td>
<td>Introduction; Recent Evolution of the World Food System</td>
</tr>
<tr>
<td>Wednesday, January 12</td>
<td>Evolving nature of demand and changing technologies</td>
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<tr>
<td>Friday, January 14</td>
<td>Markets and other Coordinating Processes; Market Failure and Government Failure (lecture)</td>
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<tr>
<td>Monday, January 17</td>
<td>No Class (Martin Luther King Day)</td>
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<tr>
<td>Wednesday, January 19</td>
<td>Marketing as a Field of Study</td>
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<tr>
<td>Friday, January 21</td>
<td>Food System Organization and Economic Development (lecture)</td>
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<tr>
<td>Monday, January 24</td>
<td>The Food Systems Framework Driving forces in the Global Food System (video and discussion led by Judy Whipple)</td>
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<tr>
<td>Wednesday, January 26</td>
<td>Food System Organization and Economic Development</td>
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<td>Friday, January 28</td>
<td>The Economic Role of Middlemen (Weber/Staatz)</td>
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<tr>
<td>Monday, January 31</td>
<td>The Food Systems Framework</td>
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<tr>
<td>Wednesday, February 2</td>
<td>The I-O Framework of Analysis/Overview</td>
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<tr>
<td>Friday, February 4</td>
<td>Dealing with the Coordination &amp; Other Challenges of Mad Cow Disease (Raper)</td>
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<tr>
<td>Monday, February 7</td>
<td>The I-O Framework of Analysis/Structure and Conduct</td>
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<tr>
<td>Wednesday, February 9</td>
<td>The I-O Framework of Analysis/Conduct and Performance</td>
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<tr>
<td>Friday, February 11</td>
<td>Marketing Greenness: The Starkist Tuna Case (Joshi)</td>
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<tr>
<td>Monday, February 14</td>
<td>Paradigm Comparison–SCP and NEIO</td>
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<tr>
<td>Wednesday, February 16</td>
<td>Comparing Horizontal Concentration and Vertical Coordination</td>
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<tr>
<td>Friday, February 18</td>
<td>The I-O Framework of Analysis/Performance (lecture)</td>
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<tr>
<td>Monday, February 21</td>
<td>Transaction Cost Approach and Contracting</td>
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<tr>
<td>Wednesday, February 23</td>
<td>Transaction Cost Approach and Contracting; Information issues</td>
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<tr>
<td>Friday, February 25</td>
<td>Developing Effective Grades and Standards in a Global Food System - The PFID Project (Weatherspoon)</td>
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<tr>
<td>Monday, February 28</td>
<td>Subsector Approach/Vertical Coordination</td>
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<tr>
<td>Wednesday, March 2</td>
<td>Subsector Approach/Vertical Coordination</td>
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</tbody>
</table>
Friday, March 4  MIDTERM EXAM

Monday, Mar. 7 - Friday, Mar. 11  SPRING BREAK

Monday, March 14  Subsector and Food Industry Studies: Evolving Consumer Demand, Biotech, Internationalization (including WTO) and Food System Consolidation

Wednesday, March 16  Internationalization of the Food System

Friday, March 18  The Implications of Changing Demands and New Technologies on Industry Structure, Conduct and Performance: the Seed Industry (Brinkman)

Monday, March 21  Internationalization of the Food System

Wednesday, March 23  Example of the Subsector Approach (video)

Friday, March 25  Obesity: Is it a Question of Personal Choice or Public Policy? (Beth Olson, Dept. Of Food Science and Human Nutrition)

Monday, March 28  Market Regulation: Conceptual Issues & Historical Experience

Wednesday, March 30  Market Regulation: Conceptual Issues & Historical Experience

Friday, April 1  Developing Sustainable Market Information Systems in Africa (Staatz and Donovan)

Monday, April 4  Control and Use of Information

Wednesday, April 6  Collective Action in the Food System (Cooperatives, Marketing Orders, Professional Associations)

Friday, April 8  Improving Kenya's Domestic Horticulture Production and Market System: Current Competitiveness, Forces of Change, and Challenge for the Future (Tschirley)

Monday, April 11  Collective Action in the Food System (Cooperatives, Marketing Orders, Professional Associations)

Wednesday, April 13  Labor Issues in the Food System

Friday, April 15  Applying the I/O Framework to Developing Countries: Development of Urban Food Systems in Latin America (Weber)

Monday, April 18  Food Safety

Wednesday, April 20  Food Safety

Friday, April 22  Collective Action: Jim Jenson, Manager, CherrCo Cherry Marketing Cooperative

Monday, April 25  Non-market Food Distribution/Safety Nets

Wednesday, April 27  Non-market Food Distribution/Safety Nets
Friday, April 29  
Course Wrap-Up

FINAL EXAM  
WEDNESDAY, MAY 4, 3:00-5:00
AEC 841—(Mostly) FRIDAY DISCUSSION SESSIONS
SPRING, 2005—Tentative Schedule

Unless otherwise noted, readings for the Friday discussions will be assigned on a week-to-week basis.

Jan. 14  Lecture: Markets and other Coordinating Processes; Market Failure and Government Failure (See main reading list for assignment.)

Mon., Jan. 24  Driving Forces in the Global Food System (video and discussion led by Judy Whipple)

Jan. 28  The Economic Role of Middlemen (Weber/Staatz)

Feb. 4  Dealing with the Coordination Challenges of Mad Cow Disease (Raper)

Feb. 11  Marketing Greenness: The Starkist Tuna Case (Joshi)

Feb. 18  Lecture: The I-O Framework of Analysis/Performance (See main reading list for assignment.)

Feb. 25  Developing Effective Grades and Standards in a Global Food System - The PFID Project (Weatherspoon)

Mar. 4  MIDTERM EXAM

Mar. 11  Spring Break

Mar. 18  The Implications of Changing Demands and New Technologies on Industry Structure, Conduct and Performance: the Seed Industry (Gary Brinkman, Pioneer)

Mar. 25  Obesity: Is it a Question of Personal Choice or Public Policy? (Beth Olson, Dept. Of Food Science and Human Nutrition)

Apr. 1  Developing Sustainable Market Information Systems in Africa (Staatz, Donovan)


Apr. 15  Applying the I/O Framework to Developing Countries: Development of Urban Food Systems in Latin America (Weber)

Apr. 22  Collective Action: Jim Jenson, Manager, CherrCo Cherry Marketing Cooperative

April 29  Non-market Food Distribution/Safety Nets and Course Wrap-Up. (See main reading list for assignment)