

ARE298 Course Offering
Spring 2005

Gordon Rausser and Leo Simon will be offering an ARE298 reading course in the Spring of 2005, for two units of credit. It will focus on agri-environmental policies in the United States, the European Union and the World Trade Organization. The course will be held in the second half of the Spring semester, meeting from 12:30-2:00 on Tuesdays and Thursdays, jointly with ARE242. In addition to participating in class, students will be required to make a class presentation and to write a term paper.

You may enroll for the class in the usual way, through Telebears. The course is ARE298, section 12, and the course control number is 01772.

The theme of the course: Policy approaches to the nexus between agriculture and the environment have evolved very differently in the United States and in Europe. Our goal in this course is to accomplish the following (a) describe the nature of the nexus in the two regions; (b) investigate the extent to which differences between the regions can be explained in terms of standard economic concepts such as relative factor endowments, differences in consumer preferences, etc; (c) explore the explanatory role played by differences in the political-economic configurations within the two regions; (d) consider the role that international organizations such as the WTO can play in mitigating rent-seeking within domestic policy-formation processes.

The following is a preliminary list of topics for the course, from which the syllabus will be constructed. The list is also intended to be a guide for student presentations and term papers.

- Topic 1:** *Economic models of multi-functional agriculture.* When agricultural outputs are produced, other non-marketed outputs are produced also: pollution, rural amenities, contaminants. We will consider the literature on production with multiple outputs and imperfectly allocable inputs, and on the policies that have been devised to address the resulting market imperfections.
- Topic 2:** *Measuring multi-functionality.* The analysis of non-market concerns involves significant valuation problems. Our goal in this topic is to extract from the non-market valuation literature concepts and data that are sufficiently broad in scope to be appropriate for the analysis of policy formation at a national level.
- Topic 3:** *Comparative study of European and American agri-environmental programs.* This topic will be descriptive in orientation, focusing on the evolution of agri-environmental programs under the U.S. Farm Bill and EU Common Agricultural Policy.
- Topic 4:** *Alternative explanations for the differences identified in Topic 3.* We will investigate the literature relating the different policy approaches in the two regions to region-specific economic, political and cultural factors. We will focus in particular on the extent to which observed policy differences can be attributed to economic vs political considerations. A “pure” economic explanation would demonstrate how differing technological, factor- and taste-related conditions have required different, possibly optimal, policy responses. A “pure” political explanation would focus on differences in the political-economic configurations within the two regions.
- Topic 5:** *The economic costs of politically motivated policy distortions.* The approaches adopted by both U.S. administrations and the EU have resulted in significant economic and social costs. We will consider various approaches to measuring these costs, and determining which stakeholders have had to bear them.

Topic 6: *International organizations and the domestic policymaking process.* There is a large literature, written primarily by political scientists and in very general terms, on the interface between international organizations and the process of domestic policy formation. We will explore the implications of this literature for agri-environmental policy. In particular, we will critically evaluate the role that international organizations such as the WTO can play in mitigating the effects of political rent-seeking on the outcome of domestic agri-environmental policy formation.

Topic 7: *Flexibility versus Policy Harmonization in International Protocols.* This topic is an extension of Topic 6. Advocates of protocol flexibility emphasize the importance of tailoring policies to match specific regional needs and preferences. Advocates of policy harmonization argue that the role of international organizations should be to impose discipline on domestic policy-makers. We will evaluate the relative merits of these arguments as they relate to agri-environmental policies.