**Food Economics**

Proff. Stefano Boccaletti-Linda Arata

# Mod. I - Fundamental in Economics

Prof. Linda Arata

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course covers the fundamentals of economic analysis, which will enable students to interpret situations using the tools of economic science at the level of individual actors (firms, consumers, state). The course will provide also a short introduction to environmental economics with the aim of making students aware of the presence of externalities and the main tools to address them. I expect students to react to questions posed by the instructor by adopting a critical point of view. The students will develop an awareness of economic events and will acquire the knowledge and the skills to understand their meaning and implications. This material is a prerequisite for the subjects encountered later in the programme, dealing more in depth with the economic aspects of the agri-food system.

***COURSE CONTENT***

|  |  |
| --- | --- |
|  | ECTS |
| **Introduction** |  |
| Definition of economics  Resources and scarcity  The production possibility frontier and the opportunity cost  The functioning of a market economy | 0.5 |
| **Market functioning** |  |
| Demand and supply  Market equilibrium  Supply and demand elasticities  Samuelson’s Paradox  The government intervention in commodity markets (taxes, minimum price, ceiling price) | 1.0 |
| **Theory of consumer behaviour** |  |
| The concept of utility  The graphical approach to consumer theory: indifference map and budget constraint, optimal consumer choice, substitution effect, income effect  Cross price and income elasticities, consumer surplus  Beyond utility maximisation: the happiness and the income | 1 |
| **Theory of the firm** |  |
| Production function, average product, marginal product  Optimal input quantity  Short run production costs  Long run production costs, economies of scale  The rule for the profit maximising output  Beyond profit maximisation: the corporate social responsability | 1 |
| **Market structures** |  |
| Perfect competition in the short run  Perfect competition in the long run  Monopoly  Oligopoly  Monopolistic competition | 1 |
| **Introduction to Environmental Economics** |  |
| Externalities  Abatement/Provision Costs and Marginal Social Benefits  Government Tools to Deal with Externalities  Public and common goods | 0.5 |

***READING LIST***

Course textbook:

P.A. Samuelson-W.D. Nordhaus, *Economics,* McGraw-Hill International Edition, 19th ed., 2010.

***TEACHING METHOD***

The course consists of five credits of lectures, in which the instructor will explain the theoretical concepts and will provide practical applications to real-world cases.

***ASSESSMENT METHOD AND CRITERIA***

There will be one final written exam, lasting around 120 minutes. The test will include open questions, both theoretical and applied. The scores attached to each question may vary depending on the test. The assessment is intended to provide a sufficiently precise measure of the student’s learning and to offer the lecturer a grasp of the student’s reasoning skills and abilities to analyze economic issues.

***NOTES AND PREREQUISITES***

Further information can be found on the blackboard page of the course.

As the course is an introductory course, the student is not required to have any knowledge of economics.

The lecturer will receive students by appointment.

**Mod. II – Agri-food economics**

Prof. Stefano Boccaletti

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course describes the principal problems and the organisation of the agri-food system to help students understand how the characteristics of the final food product are the result of strategies implemented at various stages of the supply chain, of the forms of coordination adopted and the policies put in place.

We expect students to integrate their knowledge of economics and industrial organization for evaluation and drafting of the strategies necessary for increasing competitiveness in food chains. During the course, we also expect students to react when questions are posed by the instructor whenever a critical analysis is required. By the end of the course students should be able to describe the different stages of a specific food supply chain, as well as to formulate a first assessment of the overall management system in place. Their critical capacity will be further developed at the next stage of education.

***COURSE CONTENT***

|  |  |
| --- | --- |
|  | ECTS |
| **Agri-food system** |  |
| Uniqueness of the agri-food system  Food supply chain  Role of information technology | 0.5 |
| **Food consumption** |  |
| Trends  New models of consumption  Demand for quality and safety | 1 |
| **Distribution** |  |
| Evolution of food retailing  Dominant types of retail outlets and strategies. | 1 |
| **Food industry** |  |
| Structural characteristics  Strategies of SMEs and large firms  Innovation. | 1 |
| **Agriculture** | 0.5 |
| Weaknesses of the agricultural sector  Industrialisation of agriculture  Cooperatives |  |
| **Market power, coordination and integration** | 0.5 |
| Monopoly and monopsony  Vertical integration and contracts |  |
| **Regulations and policies** | 0.5 |
| Common agricultural policy  Food safety  Trade barriers |  |

***READING LIST***

H.O. Hansen, *Food Economics*, *Industry and Markets*, Routledge, 2012.

For each topic covered, the lecturer will give out additional reading materials and references during the course.

***TEACHING METHOD***

In-class and/or online lectures, during which the course topics will be developed with a theoretical approach supported by the use of multimedia tools, through which students will be guided through the most challenging parts of the course, such as the construction of graphs and the development of mathematical steps. Upon completion of each topic the instructor will interact with the classroom leaving space for any requests of clarification.

The presentations used in the classroom, as well as the bibliographic references, will be made available in advance on the Blackboard platform. A file constantly updated with the description of the topics and the bibliography of each lesson will also be prepared and posted on Blackboard.

***ASSESSMENT METHOD AND CRITERIA***

The exam is structured in two parts: an oral presentation of the results of a work carried out in small groups and one final written exam.

Group work. Students self select small groups. Each group will work on an assignment based on a sectoral analysis; the purpose is to identify the major competitive forces and strategies applying theoretical concepts to a real-life situation.

Final exam. One written exam lasting 120 minutes, with both compulsory and choice questions. The questions refer to both descriptive and methodological topics; referring to the latter, students are explicitly required to answer using graphs and/or simple proofs. The score attached to each question may change depending on the test.

Overall, the assessment is intended to provide a sufficiently precise measure of the student’s learning and to offer to the instructor a grasp of the student’s reasoning skills and abilities to use methodological instruments to explain real economic facts characterizing the agri-food supply chain.

***NOTES AND PREREQUISITES***

The entire programme of module I is a prerequisite.

Professor Stefano Boccaletti will receive students after classes or by appointment in the Department of Agricultural and Food Economics.