

# Applied Welfare Economics and Agricultural Policy

MSc Course, Humboldt-Universität zu Berlin

by

Dieter Kirschke

in cooperation with

Franz Heidhues and Jerzy Wilkin

supported by

Nana Künkel

# Applied Welfare Economics and Agricultural Policy

## Introduction

- 1 Principles of applied welfare economics
- 2 Price policy I
- 3 Price policy II
  
- 4 EU agricultural policy and international framework

# Applied Welfare Economics and Agricultural Policy

- 5 Agricultural policy in transition countries (Wilkin)
- 6 EU enlargement and accession (Wilkin)
- 7 Rural finance in development (Heidhues)
- 8 Structural adjustment policies (Heidhues)
  
- 9 Structural policy
- 10 Multiobjective policy analysis

# Applied Welfare Economics and Agricultural Policy

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## Introduction

# Who are the Teachers?

## Prof. Dr. Dr. h.c. Dieter Kirschke

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# Who are the Teachers?

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# Who are the Teachers?

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# Who are the Teachers?

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# Who are the Students?

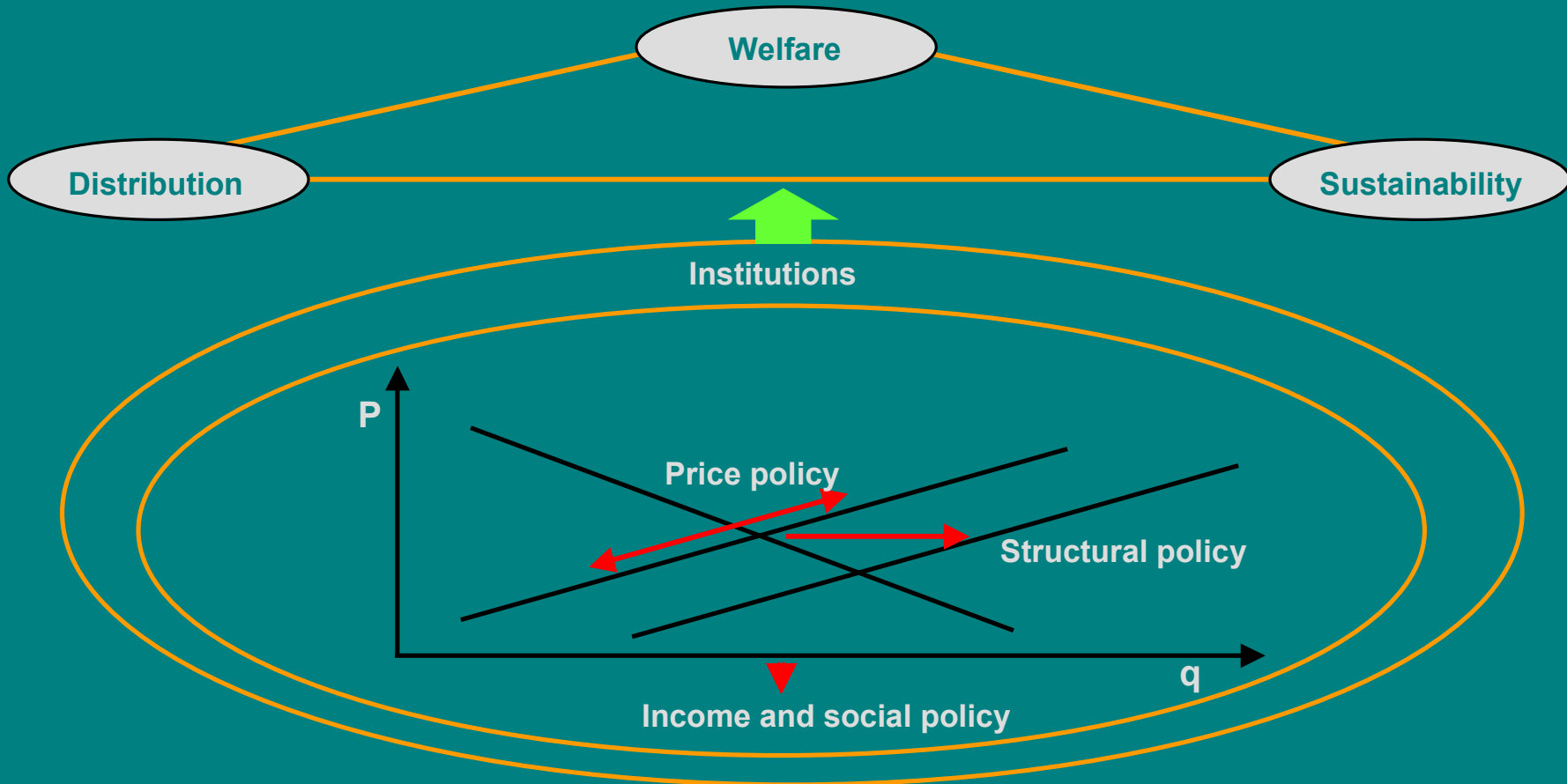


# What is the Course about?

- Intervention of the state in the agricultural sector  
⇒ agricultural policies
- Evaluation of agricultural policies  
(Description, explanation, evaluation)
- International agricultural policy issues

# What is the Course about?

## Agricultural policy objectives and instruments



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# Course Organisation

- Lecture, excercises
- Course material
  - Questions
  - Material
  - Literature and internet
  - Handout and internet  
(<http://www.agrar.hu-berlin.de/wisola/fg/apol/msc/policy.htm>)
- Examination

# What is Policy Evaluation?

- **Objective, indicator, scale**



# What is Policy Evaluation?

- **Terms**

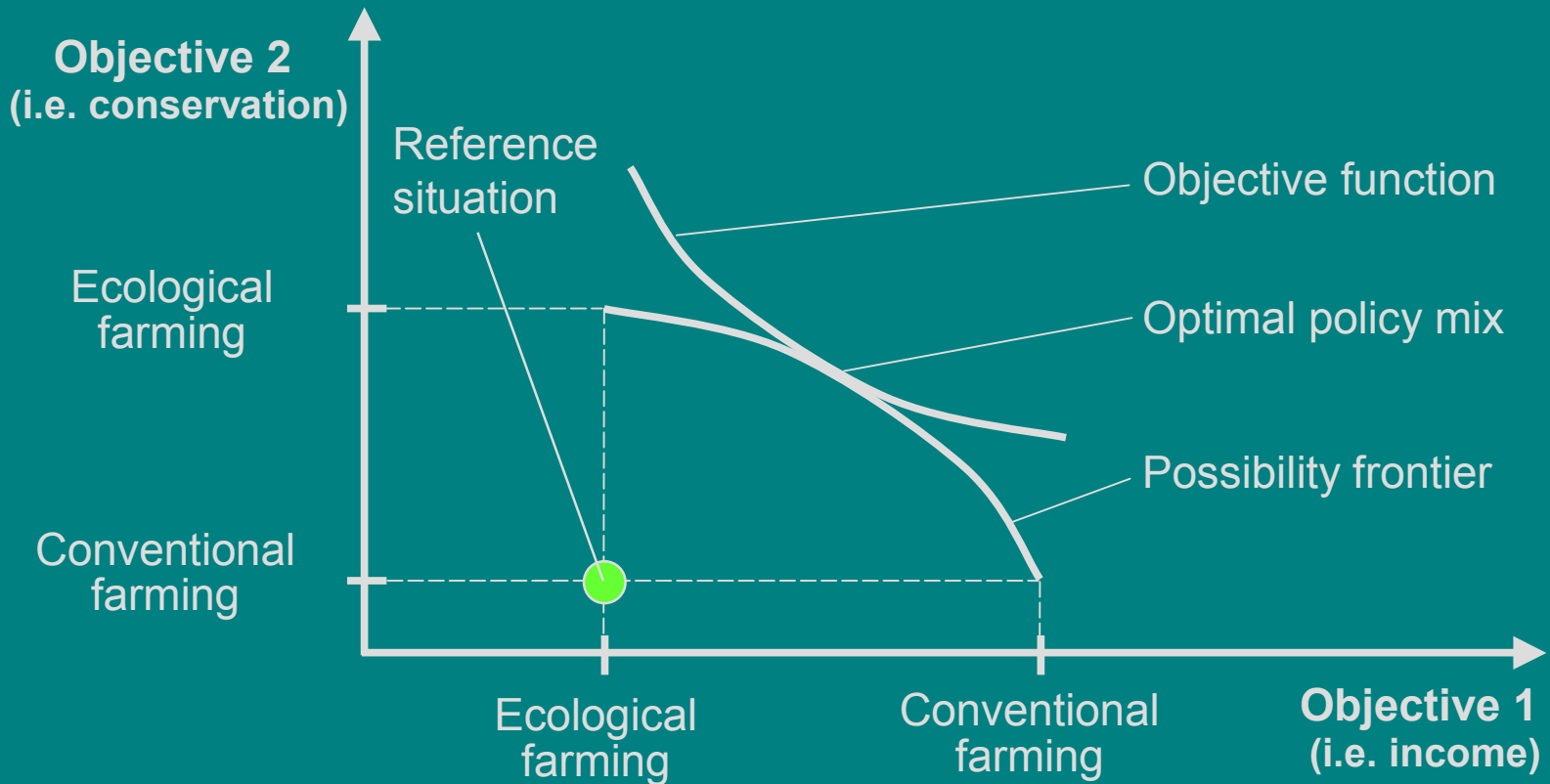
Benefit	= Goal achievement
Cost	= Goal achievement forgone
Planning	= Ex ante assessment
Evaluation	= Ex post assessment



# Consider: Should Ecological Farming be Preferred to Conventional Farming?

1. What goals should be considered?
2. What indicators are relevant?
3. What is the impact of policies?
4. What is the reference situation?
5. How can we make choices?

# Consider: Should Ecological Farming be Preferred to Conventional Farming?



# Basic Literature

**Corden, W.M. (1997): Trade Policy and Economic Welfare. 2<sup>nd</sup> ed. Oxford: Oxford University Press**

**Just, R.E.; Hueth, D.L.; Schmitz, A. (2004): The Welfare Economics of Public Policy. Northampton, MA: Edward Elgar Publ.**

**Pindyck, R.S.; Rubinfeld, D.L. (2004): Microeconomics. 6<sup>th</sup> ed. New Jersey: Prentice-Hall**

**Samuelson, P.A.; Nordhaus, W.D. (2004): Economics. 18<sup>th</sup> ed. New York: McGraw-Hill Education**

**Tangermann, S. (ed.) (2000): Agriculture in Germany. Frankfurt a.M.: DLG-Verlag**

**Baßeler, U.; Heinrich, J.; Utecht, B. (2002): Grundlagen und Probleme der Volkswirtschaft. 17<sup>th</sup> ed. Stuttgart: Schäffer-Poeschel**

**Henrichsmeyer, W.; Witzke, H.P. (1991/1994): Agrarpolitik. Vol. 1 and 2. Stuttgart: Ulmer (UTB)**

**Kirschke, D.; Jechlitschka, K. (2002): Angewandte Mikroökonomie und Wirtschaftspolitik mit Excel. München: Vahlen**

# Questions

1. How can policies be evaluated?
2. Explain the terms "benefit" and "cost". Give some examples!
3. Discuss: Should eco-farming be preferred to conventional farming?