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## Food Economics

PROF. STEFANO BOCCALETTI – LINDA ARATA

### Mod. I - Fundamentals 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, families, state). The course will provide also a short introduction to the economics of natural resources with the aim of making students aware of the presence of non-marketed goods. Specifically, the intended learning outcomes are detailed below.

#### Knowledge and analysis skills

By the end of the course the student is expected to know how a market works, understand the drivers of the consumer and producer decisions, recognize what is the market form of each sector and its dynamics, recognize the externalities in a production process and identify the best public tools to deal with that.

#### Know-how and its application

The student is required to recognize and interpret the economic events about the markets of goods and services as well as to identify if a firm is operating in an efficient way. In addition, the student is expected to contribute to raise the public awareness about the externalities and to discuss the suitable governmental tools.

#### Communication skills

The student is expected to correctly interpret an economic paper and to present it to the class.

#### Course content

	ECTS
<b>Introduction</b>	
Definition of economics	0.5
Resources and scarcity	
The functioning of a market economy	
<b>Market functioning</b>	
Demand and supply	1.0
Market equilibrium	
Supply and demand elasticities	
Samuelson's Paradox	
Applications of supply and demand theory: government intervention in commodity markets (taxes, minimum price, ceiling price)	
<b>Theory of consumer behaviour</b>	
The concept of utility	1
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	
<b>Theory of the firm</b>	



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Production function, average product, marginal product Isoquants, isocosts, optimal input mix The production possibility frontier and the opportunity cost Short run production costs Long run production costs, economies of scale The rule for the profit maximising output	1
<b>Market structures</b>	
Perfect competition in the short run Perfect competition in the long run Monopoly Oligopoly Monopolistic competition	1
<b>Introduction to Environmental Economics</b>	
Externalities Abatement/Provision Costs and Marginal Social Benefits Government Tools to Deal with Externalities	0.5

## Reading list

Course textbook:

P.A. SAMUELSON-W.D. NORDHAUS, Economics, McGraw-Hill International Edition, 19th ed., 2010..

## Teaching method

The lectures will introduce and explain the theoretical concepts. At the end of each theoretical section, exercises will be solved in class with the aim of better understanding the theoretical concepts and see applications to real life situations. During each lecture questions will be asked to the class to promote discussion and interaction and a better comprehension of the topics. Students will have the option to prepare in small groups and present to the class a paper related to economics of agro-food sector and the class is required to react to the students presentation by questions. The slides used by the lecturer will be uploaded in advance on the Blackboard page of the course. To download the slides the registration to the course on Blackboard is required.

## 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 to the lecturer a grasp of the student's reasoning skills and abilities to analyze economic issues.

The student has the option to prepare in a small group an oral presentation based on a paper provided by the lecturer. The optional oral presentation will take place at the end of the course and will assess the ability of the student to apply the economic tools to discuss a paper on agri-food topics. The oral presentation does not substitute the final written exam, which remains compulsory. If given, the oral presentation accounts for 20% of the final score and the final written exam for the 80%. If the oral presentation is not given, the final written exam accounts for 100% of the final score.



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## Notes and prerequisites

Students can meet the lecturer after class in the “Dipartimento di Economia Agro-alimentare” or by appointment.

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.

## Mod. I – 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
<b>Agri-food system</b>	
Uniqueness of the agri-food system	0.5
Food supply chain	
Role of information technology	
<b>Food consumption</b>	
Trends	1
New models of consumption	
Demand for quality and safety	
<b>Distribution</b>	
Evolution of food retailing	1
Dominant types of retail outlets and strategies.	
<b>Food industry</b>	
Structural characteristics	1
Strategies of SMEs and large firms	
Innovation.	
<b>Agriculture</b>	0.5
Weaknesses of the agricultural sector	
Industrialisation of agriculture	
Cooperatives	
<b>Market power, coordination and integration</b>	0.5



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Monopoly and monopsony	
Vertical integration and contracts	
<b>Regulations and policies</b>	<b>0.5</b>
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

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

Stefano Boccaletti receives students after class or by appointment in the Department of Agricultural and Food Economics.

The entire programme of module I is a prerequisite.