Title: Globalization, Macroeconomic Imbalances and South America’s Potential to be the World’s Food Basket

Sponsors: International Agricultural Trade Research Consortium
The Farm Foundation
Center for International Food and Agricultural Policy, University of Minnesota

Organizers: Terry Roe, University of Minnesota
Munisamy Gopinath, Oregon State University

Background and Context: This symposium, in the “spirit” of the late Dr. G. Edward Schuh, seeks to link the macroeconomics of South American countries and Mexico to the performance and potential of the agricultural sector in the context of global imbalances and climate change. Proceedings of the 1992 IATRC conference held in Costa Rica concluded that South America was on the verge of growth in prosperity and stability for the remainder of the decade and beyond. This optimism by the region’s leading economists proved to be disappointing for most countries, except Chile, largely due to “growth constraints.” Examples of such constraints include inefficient taxation and low investment/savings in Brazil, and high risk of financial market failures including, unsustainable growth of public expenditures in Argentina. The relatively poor economic performance of many South American economies during 1995-2010, has spilled over to their agricultural and natural resources in complex ways:

- Argentina’s monetary and fiscal policy discrimination against agriculture,
- Brazil’s implicit tax on the traded good sector arising from the overvaluation of the real (R$), and
- Mexico’s protection of maize and other crops, despite NAFTA.

The macroeconomic outcomes also have encouraged excessive “forest land harvesting,” especially when the poor tend to be relatively dependent on natural resources for sustenance. At the same time, the world is facing a rise in food prices that has been unprecedented since the early 1970s. South America remains one of the few regions holding real potential for growth in agricultural production, with sufficiently modern economies to foster technological change, as well as the potential to bring additional lands under “environmental friendly” cultivation.

Program Description: Following a short presentation regarding late G. Edward Schuh’s contribution to the macroeconomics of agriculture in general and to Brazil in particular, the program will open with a keynote speaker who will provide the setting within which speakers focus on agricultural and natural resources. A panel discussion will conclude the symposium.

Registration for this workshop is included in the general registration fees for the ICAE/IAAE Conference at web site: <http://www.itarget.com.br/newclients/sober.org.br/icae_2012/>

For program information, see the International Agricultural Trade Research Consortium web site: <http://www.iatrc.org>

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Program and Paper Titles

8:00-8:30: Opening remarks (including Ed Schuh’s contribution to the macroeconomics of agriculture)

Munisamy Gopinath, IATRC Chair, Oregon State University
Eliseu Alves, Former Director of EMBRAPA
Neil Conklin, Farm Foundation

8:30-9:30 Keynote Address

Timothy J. Kehoe, McKnight Distinguished Professor, University of Minnesota
Globalization, Macroeconomic Imbalances and South America’s Potential for Economic Growth
Session Chair: Terry Roe, University of Minnesota

9.30-10:00 Break

10:00-11:00 Session I
Maximo Torero, Division of Markets, Trade and Institutions, IFPRI
Economic Growth and Poverty Dynamics in Latin America
Session Chair: Daniel Pick, ERS/USDA
Discussant: Colin Carter, University of California-Davis

11:00-12:00 Session II
Ramón Lopez, University of Maryland
How Tax Policies Promote Environmental Degradation and Inequality in Latin America
Session Chair: Ian Sheldon, Ohio State University
Discussant: Munisamy Gopinath, Oregon State University

12:00-1:00 Lunch Break

1:00-2:00 Session III
Anna Strutt, Waikato University, New Zealand and Kym Anderson, University of Adelaide, Australia
Latin America’s Contribution to World Food Markets: GTAP Projections to 2030
Session Chair: Lars Brink, Canada
Discussant: Giovanni Anania, Università della Calabria

2:00-3:00 Session IV
Alberto Valdes, Pontificia Universidad Católica de Chile
Policy Interventions Affecting Agriculture in Selected South American Economies
Session Chair: Tassos Haniotis, European Commission
Discussant: David Orden, Virginia Tech/IFPRI

3:00-3:30 Break

3:30-4:30 Session V
Geraldo Sant’Ana de Camargo Barros (ESALQ/USP)
Agricultural Growth: How Technological Change and Integration Contributed to Improve Income Distribution in Brazil
Session Chair: Sílvia Helena Galvão de Miranda, ESALQ-USP
Discussant: Lynn Kennedy, Louisiana State University

4:30-5:30 Session VI Discussion Panel
Session Chair: Terry Roe, University of Minnesota
Panelists
Marcos Jank, Presidente, União da Indústria da Cana-de-Açúcar, Brazil
Joe Glauber, OCE, USDA
Will Martin, The World Bank