

CONFERENCE REPORTS

REPORTS ON TWO INTERNATIONAL CONFERENCES HELD IN POLAND

Acta Oeconomica

Periodical of the Hungarian Academy of Sciences

SEPARATUM



AKADÉMIAI KIADÓ

WWW.AKADEMIAI.COM

European Redemption Fund, which, unlike the Euro bonds, would be a temporary financing vehicle, say for 25 years; (iii) The creation of a larger EFSF facility which is capable of buying bonds directly from distressed governments and/or providing additional funds for the ECB to do the same; (iv) An IMF-lead programme with fresh resources provided by emerging countries and other advanced economies.

As the reviewer closes his narrative, the Euro crisis is still producing chilling business news every day. There is no way of knowing who was right and who was wrong in the heated debates of conference. According to a Chinese proverb, a wise man makes his own decisions, an ignorant man follows the public opinion. Unfortunately, financial markets work differently. Public opinion matters a lot: even wise men have to pay attention to what the others think and say. Let us hope that by the time the next CASE International Conference convenes, the crisis of the Euro will be remembered as a tragedy that finally did not happen.

Péter Mihályi

CHANGE AND UNCERTAINTY – CHALLENGES FOR AGRICULTURE, FOOD AND NATURAL RESOURCES

The XIIIth Congress of the European Association of Agricultural Economists (EAAE) took place in Zürich, Switzerland between August 30 and September 2, 2011. The event was organised by the Agroscope Reckenholz – Tänikon Research Station ART, the Institute for Environmental Decisions of ETH Zürich⁶ and the Local Organising Committee (LOC).⁷

The EAAE 2011 Congress (taking place every three years) with 8 keynote speeches, 280 oral presentations (out of 800 submitted papers), 30 organised ses-

⁶ The congress was supported by the Federal Office for Agriculture, the Swiss Federal Institute of Technology, the Swiss Agency for Development and Cooperation, Swiss International Air Lines, the Canton and the City of Zürich, as well as various companies, amongst them Appenzeller, COOP, MIGROS, Orior, Swissmill, Nestlé AG, Emmi Group, Bell AG, Schweizer Obstverband, Swissmilk and Syngenta.

⁷ Stephan Pfefferli (Head), ART; Bernard Lehmann, ETH-IED; Conradin Bolliger, ETH-IED; Michel Dumondel, ETH-IED Robert Finger, ETH-IED; Gabriele Mack, ART; Stefan Mann, ART; Matthias Müller, ART; Aysel Tikir, ETH-IED; Matthias Erzinger, Head Event Group ETH, Andreas Ruuska, Event Group ETH), the Programme Committee (Steve McCorriston (UK) Chair; Frode Alfnes (Norway); Margarhita Scoppola (Italy); Vincent Requillart (France); Jens-Peter Loy (Germany); Jose M. Gil (Spain); Iain Fraser (UK); Frank van Tongeren (Netherlands and OECD); Luka Juvancic (Slovenia); Raushan Bokusheva (Switzerland); Stefan Mann (Switzerland, liaison with LOC).

sions, 350 posters and the pre-congress-symposia turned out to be a very timely scientific event of high importance. The contributions were grouped around the following topics: Risk and Uncertainty; Food Security; Adaptation to Climate Change; Inter-linkages between Agriculture, Water and Energy; Sustainability; Rural Development; Agricultural Policy; Agriculture in Developing and Transition Economies; Globalisation and Trade Policies; Agriculture and the Macro Economy; Demand Analysis; Productivity Growth; Competition in the Food Sector; Agribusiness and Supply Chain Issues; Food Safety and Health; Consumer Behaviour; Institutions and Contracts; Methodology.

This remarkably thought-provoking, complex congress was a major “trooping the colour” event, and thus the description of the essence of all presentations would be quite voluminous. This is the reason that only the symposium and the keynotes – selected at the discretion of the author – are reviewed here.

During the pre-conference-symposium, “External costs of pesticide use in agriculture”, the topics presented and discussed were productivity measurement for separable technologies, assessment of willingness to pay for pesticide reduction in the EU and the estimation of optimal tax on pesticides. One of the conclusions as a policy recommendation was the use of different taxes to target environmental damage (toxicity). A solution along these lines is more cost effective than a flat rate tax. Furthermore, the use of an indicator such as the Pesticide Toxicity Index promotes the development of a system of differentiated taxes.

The symposium, “Challenges and Potential of Measuring Sustainability in Agriculture”, focused on experiences in building a tool to measure and evaluate sustainability, and discussed two examples for the implementation of a sustainability tool in dairy farms in Mexico and in Swiss extension services. Jan Grenz (Swiss College of Agriculture, Zollikofen, Switzerland), Emilio Diaz Carreto (Nestlé, Switzerland) and Christian Schader (Research Institute of Organic Agriculture, Frick, Switzerland) presented RISE (Response Inducing Sustainability Evaluation) as a tool and its implementation options. It is an indicator-based method for holistic sustainability assessment of agricultural production at the farm level. RISE, however, is not a control or certification system. The question arises as to why we need to measure sustainability? The answer is that while sustainable development is mandatory, out of more than 400 million farmers, there are perhaps 20 million farmers who keep account of their financial performance, while environmental parameters are measured for even less. That is why motivated farmers need a supportive analysis, complementary to certification.

As part of the academic opening ceremony, Monika Hartmann (EAAE Board) gave a keynote speech “Corporate social responsibility in the food sector”, while

Pascal Lamy (WTO) talked about "International Trade; A Vital Component of the Food Security Picture".

Plenary session I was essentially shared by Glenn W. Harrison (Georgia State University, USA) and Jutta Roosen (University of Kiel, Germany). The first keynote speech was given on "Experimental methods and the welfare evaluation of policy lotteries". Harrison had a rich agenda: description of "policy lottery" (taking the Stern report policy lotteries as an example), types of experiments (thought experiments, laboratory experiments, art factual, framed or natural field experiments, social experiments and natural experiments, which can all use randomization), evaluation, the "600 lb gorilla confound" explaining subjective risk, uncertainty and ambiguity. It was concluded that there are false dichotomies galore, meaning endless questions over Big Issues or specific solutions "that work"; agnostic eyeballing of average effects or all-in theological modelling with structural assumptions, laboratory or field, and behaviour versus theory. The speaker stressed that there is renewed interest in experiments to evaluate policy, there are rich models from theory about the behavioural moving parts, rich tools from the laboratory and, increasingly, in the field, as well as increasingly flexible behavioural econometrics.

"Making the 'right' choice based on experiments: regulatory decisions for food and health" was written by Jutta Roosen and Stephan Marette (National Institute for Agricultural Research, France). They stressed the significance of experiments as tools in the design of food policies. The objective of the presentation was to draw attention to the contribution of experimental economics in clarifying the impact of regulatory decisions for food and health. The speaker discussed motivation, consideration regarding behavioural economics and cost-benefit analysis, food experiments with the revelation of information, regulatory tools and welfare analysis. Among the concluding remarks, the following results were presented: there is ambiguity of health related risk/benefit properties of food products and information for consumers; the type of communication and the source credibility is of importance; there is deviation from rational decision making; besides, there is a need for ex-ante welfare assessment of regulatory tools in food markets; regulatory issues should cover the obesity problem, the issues of pesticide residues, labelling of allergens, food safety, and new food technologies. Regarding the methodology, participants learned that results from laboratory and field experiments need to be combined in order to understand issues such as label proliferation, and long-term observation needs to be performed in the supermarket and in-home consumption.

In the session on "Green growth and agriculture in Europe", chaired by Wilfried Legg (OECD, Paris), the OECD green growth strategy – originally re-

quested by the ministers of finance, economy and trade – was at first described by the Chair. Green growth is the pursuit of economic growth and development while preventing environmental degradation, biodiversity loss and unsustainable natural resources. Greenness and sustainability go hand in hand, and some growth has to be forgone in the short run for higher sustainable growth in the long run. There is a three-point policy strategy for green growth, including increase in productivity, ensuring well-functioning markets, well defined property rights, while pricing the environment, giving concrete implementable policy advice, measuring progress and learning from experiences.

The relationship between green growth and Swiss agriculture was introduced by Jacques Chavaz (University of Wisconsin – Madison, USA), who underlined that the concept of sustainable agriculture has been included in the constitution since 1996, which stipulates that sustainable and market-oriented production is required to secure provision for the conservation of natural resources and the upkeep of rural landscapes, and to conform to the decentralized settlement of the country. The step-by-step approach of the agricultural policy reform was launched in 1993. Since then, it has come to decoupling, strengthening of market orientation, competitiveness and social trust. For the period 2014–2017, a new direct payment system – with seven objectives, seven measures and more efficient resource use owing to decoupling, targeting and tailoring – is targeted. The Swiss Strategy 2025 faces key challenges in terms of 1. Food security (the need to mitigate the negative effects of price volatility and to enhance soil conservation); 2. Natural resources (resource efficiency needs to be improved and consumer awareness has to be raised); 3. Cultural landscape (the requirement of promoting landscape diversity and slowing down the loss of agricultural land); 4. Competitiveness (making worth quality and reducing production costs); 5. Social acceptance (cushioning market opening and strengthening entrepreneurship). This strategy is a twin track strategy with four key pillars. The twin track stands for the optimization of existing agricultural policy measures on the one hand, and implies further development towards integrated food and agricultural policy on the other. The four pillars include ensuring safe and competitive food production and provision; promoting the vitality and attractiveness of rural areas, promoting efficient resource use and sustainable consumption; enhancing innovation and entrepreneurship. The conclusions were drawn at both the national and the international level. At the national level, the principles of the OECD green growth strategy are largely implemented in current Swiss agricultural policy. As regards the international level, there has been active Swiss involvement in the elaboration of the OECD green growth strategy.

Gérard Viatte's (OECD, retired, Switzerland) presentation focused on the role of governments in green growth and agriculture, and concentrated on five specific

key policy objectives: 1. to ensure that support and transfers are minimally distorting and well targeted, particularly as regards environmental outcomes; 2. to internalize the cost of negative externalities; 3. to remunerate positive externalities and public goods; 4. to foster R&D and extension; 5. to avoid protectionism.

David Harvey (Newcastle University, UK) added some discussion points. He asked the question of whether markets are up to it and focused on critical problems such as 1. how can growth be green, if markets are driven by ever increasing consumption?; 2. how does valuing the environment help if price is the outcome of, not the input to market processes?; 3. do property rights help?; 4. how efficient and effective are capital markets?

Plenary session II was chaired by Alan Matthews (Trinity College, Dublin). Jean-Paul Chavas discussed "Agricultural policy in an uncertain world". He quoted some lessons from history (e.g. The Dust Bowl, 1933–1939), talked about economic efficiency and ways of assessing agricultural efficiency, as well as the role of risks.

Johan Swinnen (KU-Leuven, Belgium) presented "The food crisis, mass media and the political economy of policy analysis and communication". The co-authors of this latter paper were Pasquamaria Squicciarini and Thijs Vandermoortele. The final concluding remarks were very interesting, namely that media impact influences initial donor beliefs, international organizations adjust their communication according to the media news, policy advice is not always consistent, we tend to forget that there are always losers and winners, and, finally, that the impact of communication is more important than usually acknowledged.

As the congress took place in Zürich, a special Swiss session was devoted to Swiss agriculture. Manfred Bötsch held a presentation on "Why Swiss agricultural policy is different – a multifunctional perspective". The difference is caused by historical experiences, natural conditions, the political system, the economic situation and people's needs. Switzerland is dominated by mountainous regions, with little land suitable for cultivation, this being the reason that agriculture is grassland dominated. As regards the political system, there is a coalition government, resulting in "no stop and go" politics. Reforms can take place only step by step, as had been emphasized earlier in another presentation. The economic situation is characterized by the fact that the Swiss people is wealthy and thus turns to social, environmental and animal welfare issues instead of basic needs.

In his presentation, "Why Swiss agricultural policy should be different – an economic perspective", Stefan Tangermann (University of Göttingen, Germany) partly repeated the points made by the previous speaker. The speaker highlighted that past reforms set off in the right direction, but should be taken further; trade integration will intensify (WTO negotiations, FTA with EU and others); efficiency and effectiveness of policy can still be improved; competitiveness can be

strengthened and high world market prices facilitate reforms. According to Tangermann, the structure of agricultural policy needs to be improved (74% of all farm support still requires production, 49% of direct payment require production or input use, over 5% of direct payments is based on non-commodity criteria, no more than 8% of total support comes through R&D, while the same figure is 12% in the EU and 23% in OECD). Past reforms have been successful and in part courageous (abolishment of milk quotas). There was some progress towards decoupling, but targeting requires more emphasis in the future. The agricultural policy proposals for 2014–2017 point in that direction.

During the conference, several poster presentations were held as well. Among them the poster “CAP under Fire. The budgetary review and the CAP” prepared by Andrea Elekes and Péter Halmai (University of Pannonia, Hungary) emphasize that the future of the CAP itself is at stake. The theoretical paper based on the fiscal federalism theory and other political economy approaches strove to answer the following question. Is common financing of a reformed CAP justified? Can national co-financing be extended? Is it justified to keep the system of commonly financed direct payments?

The session – in which the author of the present conference report held her poster presentation – included several very interesting contributions, amongst them a poster by Martin Petrick (Leibniz Institute of Agricultural Development in Central and Eastern Europe, Halle), on “Halting the rural race to the bottom: an evolutionary model of rural development to analyse neo-endogenous policies in the EU”. The author strove to clarify neo-endogenous rural policies from the perspective of evolutionary game theory.

The full papers – mostly applying up-to-date methodology and focusing also on questions raised by mainstream economists – have been uploaded to AgEcon Search (<http://ageconsearch.umn.edu/handle/108185>).

Viktória Vásáry

A 50-YEAR TRADITION IN THE LIFE OF HUNGARIAN ECONOMISTS

**(On the upcoming 50th itinerant conference
of the Hungarian Economic Association)**

The Hungarian Economic Association (HEA), a venerable, 117-year-old economic society will organise its 50th itinerant conference of economists in Eger, a picturesque and historical town in Northern Hungary, on September 27–29, 2012.

The tradition of itinerant conferences dates back to the early 1960s when HEA's board decided to launch a long campaign of collectively exploring the var-