

LACEA FY2002 Narrative Report

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I. Introduction

In June 2001, the World Bank awarded the Latin American and Caribbean Economic Association (LACEA) with US\$ 350,000 from its Fiscal Year 2001 Development Grant Facility. This was part of the Bank's FY02 program on Regional Research Consortia capacity building financed by the Development Grant Facility (DGF). The purpose of the grant was to support LACEA's capacity-building elements (annual meeting, sponsored research networks, training activities, and the journal *Economia*) during the fiscal year July 1, 2001 through June 30, 2002.

This report provides a comprehensive overview of LACEA's grant activities and emphasizes the association's focus on bridging the gap between research economists and economic policy-makers in Latin America and the Caribbean with their counterparts in the North and with increasing their access to the latest research results relevant to Latin America from around the world. LACEA is also dedicated to increasing the dialogue among economists who pursue work in Latin America from differing political and methodological approaches.

LACEA has been focused on allocating its resources to encourage participation by researchers in countries of the region where capacity building is needed most. By allocating resources in this manner, we have achieved the three main objectives of the project: to encourage greater participation in research and teaching; to promote interaction among scholars, teachers and policy-makers; and to sponsor programs, meetings and conferences for scholarly exchange.

II. Background

The Latin American and Caribbean Economic Association (LACEA) was founded in July of 1992 in order to encourage greater professional interaction and foster increased dialogue among researchers and practitioners whose work focuses on the economies of Latin America and the Caribbean. Since its creation LACEA has grown to an organization with more than 950 active members. Starting from 1996, the association has held annual meetings in Mexico City, Mexico, Bogota, Colombia, Buenos Aires, Argentina, Santiago, Chile, Rio de Janeiro, Brazil, Montevideo, Uruguay, and most recently, Madrid, Spain. Additionally, LACEA has created three networks, the Network on Inequality and Poverty in conjunction with the Inter-American Development Bank and the World Bank, the Network on Political Economy, and the Regional Integration Network organized by the Center for the Study of Economic and Social Affairs. In addition, since 2000, LACEA had been publishing its own journal *Economia* which has just released its fifth issue. LACEA's history, bylaws, annual meetings, description of networks and related information can be found on its website at www.lacea.org.

An Executive Committee whose current members are noted below governs LACEA.

President	Sebastian Edwards, <i>University of California at Los Angeles</i>
Vice-President	Mariano Tommasi, <i>University de San Andres, Argentina</i>
Secretary	Ariel Fiszbein, <i>The World Bank</i>
Treasurer	Carlos Vegh, <i>University of California at Los Angeles</i>
Past Presidents	Albert Fishlow, <i>Violy, Byroum & Partners Holdings</i> Nora Lustig, <i>Inter-American Development Bank</i> Guillermo Calvo, <i>University of Maryland</i>
Executive Committee	Nancy Birdsall, <i>Center for Global Development</i> Eliana Cardoso, <i>Independent Consultant</i> Jose De Gregorio, <i>Centro de Economía Aplicada, Departamento de Ingeniería Industrial, Universidad de Chile, Santiago, Chile</i> Raquel Fernandez, <i>New York University</i> Francisco Ferreira, <i>Pontificia Universidade Católica do Rio de Janeiro, Brazil</i> Ricardo Paes de Barros, <i>Institute of Applied Research (IPEA), Brazil</i> Guillermo Perry, <i>The World Bank</i> Carola Pessino Federico Sturzenegger, <i>Torcuato Di Tella University, Argentina</i> Ernesto Talvi, <i>CERES, Uruguay</i> Maria Cristina T. Terra, <i>Getulio Vargas Foundation, Brazil</i> Andres Velasco, <i>Kennedy School of Government, Harvard University</i>

III. LACEA's Research Objectives

Since its foundation, LACEA has focused its efforts in three main areas:

1. Encourage research and teaching related to the economies of Latin American and Caribbean countries and to foster dialogue among researchers and practitioners whose work focuses on the economies of the region. As a matter of policy, LACEA welcomes economists of all nationalities, theoretical orientations and policy perspectives.
 - LACEA now has over 900 official members from 45 different countries. Its membership has grown steadily since its inception and includes members from North and South America, Europe and Asia.

2. Encourage interaction among scholars, teachers and policy-makers residing and working in Latin America and the Caribbean and professionals residing outside the region.
 - The 2002 annual meeting took place in Madrid, Spain, which allowed for greater exposure of LACEA's activities to scholars from Europe and other regions outside of Latin America.

3. Sponsor programs, meetings, conferences and other opportunities for scholarly exchange among individuals and organizations concerned with the economies of Latin American and Caribbean nations. In this capacity, LACEA can act both independently and as a member of other professional non-profit associations.
 - LACEA currently sponsors 4 networks which each hold individual workshops and conferences for scholars and policy-makers from around the world. Members are actively encouraged to submit papers or attend the conferences.
 - LACEA has also been successful in publishing its own policy journal, whose editors hold twice-yearly panel meetings in which candidates present and discuss their papers.

In accordance with these objectives and following the consultation with the DGF Advisory Board, LACEA arranged for the grant funds to be awarded as sub-grants on the basis of competitive process. While the main criterion for awarding grants was the quality of the proposals, the allocation of the grant funds was to encourage participation by researchers in countries of the region where capacity building needs are the greatest.

The grants were divided in 3 basic categories: (1) Research, (2) Training, and (3) Journal activities. As agreed, 15 percent of the grant was used to cover expenses related to the administration of the grant (reporting, auditing and accounting requirements, and the administration of the sub-grants giving process).

The following table provides a summary of the allocation of DGF funds:

Category	Amount US\$
Research Grants	
LACEA01 Conference Papers	65,000
LACEA02 Conference Papers	25,000
Networks	
Political Economy	20,000
Inequality and Poverty	57,500
Regional Integration	40,000
Training Grants	
Summer Camp'01 in International Economics and Finance	22,500
Journal ECONOMIA	
Journal Activities	20,000
Production Costs	45,000
Subtotal	295,000
Overhead plus Buffer (overhead at 15% of total grant)	55,000
TOTAL	350,000

IV. Description of Sub-grants

LACEA 2001 Annual Meeting – Conference Papers

US\$ 65,000

Since 1996 LACEA has been holding its own international meetings. The sixth annual meeting was held at the Radisson Montevideo Victoria Plaza Hotel in Montevideo, Uruguay from October 18-20, 2001. It was organized by the Center for the Study of Economic and Social Affairs (CERES), the Department of Economics at the School of Social Sciences of the Universidad de la República and University ORT del Uruguay.

During the conference, 263 papers were presented, of which 43% were presented by participants residing or working in Latin American countries. Seventy-seven papers were presented in the plenary and invited sessions, and 186 in regular sessions. The papers for the regular sessions were selected through a careful refereeing process by the national program committee, from a total of 594 papers submitted. In addition, three round tables were organized during the conference on the impact of globalization in Latin America, the international financial architecture and the policy agenda for Latin America. The participants who received funding for accommodations and travel expenses are listed in the data report. Only participants who also presented papers were given funding based on need.

There were 513 registered participants, including representatives from most of the main departments of economics in Uruguay and around the world; economists from multilateral institutions, governments and the private sector; and a large number of journalists. Outstanding contributions included those of Prof. James Heckman, Nobel Laureate 2000 in Economics; Prof. Guillermo Calvo, Chief Economist at the Inter-American Development Bank; Prof. Christopher Pissarides of the London School of Economics and Uruguay's Finance Minister, Alberto Bensi3n. The meeting also had a very significant coverage both on the written and oral media in Uruguay and in neighboring countries, namely, Argentina and Brazil. Particularly noteworthy were the three round table discussions on globalization, international financial architecture and the policy agenda for Latin America which were very stimulating and innovative. In fact, many of the ideas on how to deal with the Argentine crisis that eventually made its way into the financial press and policy circles, were presented and discussed for the first time during the LACEA 2001 meeting.

Notwithstanding the events of September 11, the attendance to the meeting was extraordinary and as a result the main goals of the conference were achieved, i.e. the exchange of ideas and research work, both theoretical and empirical, and the interaction between the academic and policy making community.

More information on the 2001 annual meeting can be found at:

<http://www.ort.edu.uy/lacea/lacea2001.htm>

LACEA 2002 Annual Meeting – Conference Papers
US\$ 25,000

The seventh annual meeting was held in Madrid, Spain, October 11-13, 2002 at the Municipal Congress Halls. Organized by the Centre for Monetary and Financial Studies (CEMFI), a graduate school in economics and finance founded by the Bank of Spain in 1987, this meeting was the largest to date, with over 600 participants from all over the world.

The 2002 annual meeting contained a few noteworthy innovations. 1) The paper submissions were evaluated by an International Program Committee separate from the local organization. This omitted the distinction between a National Program Committee in charge of the evaluation of the submissions, and an International Program Committee in charge of organizing the Invited Sessions. 2) A software program developed by webmeets.com was used for the submission of abstracts and papers, the grading of papers by Program Committee members, the mailing of decisions to authors, the allocation of papers to sessions, and the final organization of the program online and in the CD-Rom provided to participants. 3) A registration deadline was implemented for the inclusion of accepted papers in the program in order to reduce the incidence of late withdrawals and no shows. 4) The conference was extended from 2 ½ days to three full days to allow more time for presentation and discussion.

A total of 396 papers were presented during the 3-day conference. Seventy-seven of the papers were presented in 23 invited sessions, 6 in the *Economia* panel sessions, and 313 contributed papers throughout 68 sessions (chosen from a selection of 822 paper submissions.). Of the 318 accepted papers, 35% were from authors residing in North America, 33% from Latin America, and 32% from Europe. Papers were selected by the sixty members of the Program Committee based on a grading system which is detailed in the Appendix, section B. Presenters who had papers accepted were then offered financial aid for travel and accommodation expenses based on merit and need, as well as to encourage participation of researchers from underrepresented countries in the region. The \$25,000 grant from LACEA was awarded to 13 presenters from Latin American countries.

It should be noted that while the conference did not take place until October 2002, the funds for this grant came from the 2002FY grant.

Political Economy Network
US\$ 20,000

The Political Economy Group of LACEA was created to better understand the performance of polities and economies, and the details of the workings of specific institutions and policy frameworks in specific polities. This year's workshop on "Politics and Economic in LAC at the Turn of the Millennium: towards understanding the interactions between political institutions and economic policies" was held in Cartagena, Colombia, on September 26-27, 2002. Under the coordination of Mauricio Cardenas,

Roberto Steiner and Mariano Tommassi, this workshop proved to be successful once again. Eleven papers were presented from a total of 22 submissions. Ugo Panizza of the Inter-American Development Bank presented the invited paper “Structural Reforms in Latin America Under Scrutiny.” Three graduate students from Bogota were invited to participate in the conference, as well as eight people from Cartagena: five researchers from the central bank and three local students. The conference focused on trying to foster a better understanding of the ways in which the workings of political institutions impact the properties of economic and other policies.

Financial assistance was offered to the authors of the papers that were presented, in the form of travel and hotel expenses. Some authors, particularly those working at multilateral institutions, did not require full financial assistance. As with several other LACEA-sponsored events from fiscal year 2002, monies from this grant was committed before the end of FY2002, although it was not officially used until FY03.

Network on Inequality and Poverty

US\$ 57,500

The Network on Inequality and Poverty of LACEA, World Bank and Inter-American Development Bank was established to stimulate academic work in the Latin American and Caribbean region. El Grupo de Análisis para el Desarrollo (GRADE) and the Executive Committee of LACEA/IDB/World Bank Network on Inequality and Poverty organized their fifth annual meeting jointly. The Meeting was held on October 10th in Madrid, Spain back to back with the LACEA Seventh Annual Meeting also held in Madrid that weekend. GRADE was in charge of the coordination of this meeting.

The main topics for the 2002 annual meeting focused on:

- Infrastructure and its impact over inequality (or equality) of income and opportunities
- Economic reforms and their impact on inequality and poverty
- Institutional arrangements for fighting poverty and inequality (decentralization, delivering services to the poor, etc)
- Indigenous populations and equality of opportunities
- Privatization and its impact on welfare
- Social exclusion related to gender
- Implications of the Millennium Development Goals

GRADE received 70 papers submissions from its open competitive bidding process, and the Executive Committee agreed on having eight papers presented during the meeting. Francois Bourguignon accepted being the keynote speaker and addressed the subject of “Micro-simulation and Poverty Evaluation of Policies.”

The meeting was organized in five sessions:

1. Opening Session with the Key Note Presentation
2. Evaluation of Social Programs

3. Access to Public Services
4. Income Inequality
5. Design of Social Programs

The meeting provided a forum where selected researchers could share their work on economic and institutional aspects of poverty and inequality and where results and methodologies were discussed with other academic specialists with the purpose of increasing interest and promoting research development in this area. Sixty-two people attended. Participants were the members of the Board, invited participants (speakers and discussants) and other interested individuals who registered for the Meeting. Almost all Chapter Heads attended the meeting, including the representatives from new member countries with less academic tradition and that usually do not participate in this type of events. Other invited and registered participants came from different Latin American, European and North American institutions. A portion of the funding from this grant was used to cover airfare and accommodations for the presenters at the meeting. Although the event did not occur until October 2002, the funds from LACEA to NIP's organizers were committed before FY2002 ended.

The actual permanent web page provides all the necessary information, meeting documents and links with the LACEA and the NIP web site. The URLs of the Fifth NIP Meeting web page are: http://www.grade.org.pe/eventos/nip_conference/ and <http://www.nipnetwork.org/index.html>.

Regional Integration Network *US\$ 40,000*

Organized by CERES (Center for the Study of Economic and Social Affairs), the RIN Workshop is an unique event that brings together top researchers, policymakers and trade negotiators from the North and the South to discuss recent theoretical and empirical advances in the economics and politics of Regional Integration Agreements (RIAs). The goal of the Workshop is to gain a better understanding of the problems, opportunities and policy challenges faced by Latin American countries in the process of integration and also to encourage further research on the subject. These goals mirror those of LACEA, namely, to “stimulate intellectual interest in issues of relevance for Latin America and the Caribbean and to continue fostering interaction between academics and policy makers”.

The second Workshop of the RIN was held at the Conrad Hotel in Punta del Este, Uruguay, December 17-19, 2002. The workshop started on the morning of December 17th with two full days of brainstorming sessions, where seven papers were presented. Each paper was briefly commented by a discussant leaving ample time for what turned out to be a very dynamic discussion among the forty-nine participants.

The seven papers presented at the Workshop were selected through a careful refereeing process by the program committee, from a total of 43 papers submitted. The program

committee was composed by Guillermo Calvo, Robert Devlin, Sebastián Edwards, Antoni Esteveordal, Guillermo Perry, Ernesto Stein and Ernesto Talvi and was in charge of selecting the papers, the discussants and the participants at the Workshop. The level of paper submissions was 30 % above RIN2001 and reflected an increase in the geographical diversity of the submissions (16% from Europe, 37% from Latin America and 49% from US and Canada).

The Workshop ended with an Open Conference, open to the public, where the Inter-American Development Bank presented the Economic and Social Progress Report (IPES) *“Beyond Borders: The New Regionalism in Latin America”* that featured Robert Devlin (Deputy Manager; Integration and Regional Programs Department, IADB), Antoni Esteveordal (Principal Trade Economist; Integration, Trade and Hemispheric Issues Division, IADB) and Ernesto Stein (Senior Economist, Research Department, IADB). The report was discussed by a panel composed by Renato Flores (Fundación Getulio Vargas), Juan Ignacio García Pelufo (Consultant and former Representative of Uruguay’s Government at the Group of Coordination of Macro Policies of MERCOSUR, Uruguay) and Félix Peña (Director, Instituto de Comercio Internacional of Fundación BankBoston and of the Maestría en Relaciones Comerciales Internacionales of UNTREF, Buenos Aires, Argentina).

The Open Conference was held in Montevideo and was attended by 220 participants including government officials, legislators, ambassadors, representatives of multilateral institutions, representatives of the corporate sector and the national and regional press. As a result, the proceedings of the Open Conference received ample coverage in the media.

In addition RIN2002 was organized, at the initiative of the IADB-INTAL and Harvard University, back to back with the conference on *“FTAA and Beyond: Prospects for Integration in the Americas”*. The latter conference, organized by the IADB-INTAL and Harvard University commissioned more than 20 papers on a wide variety of issues concerning the FTAA, that were presented in two full days of sessions. The IADB-INTAL/Harvard Conference took advantage of the organizational capabilities of the RIN and of RIN participants who participated as discussants of the papers presented at that Conference. At the same time, RIN2002 benefited from the participants of the IADB-INTAL/Harvard Conference who participated as invited speakers and discussants at the RIN. In addition, the organizers of both conferences saved a little money. We believe this is a great example of the potential for collaboration and synergies triggered by LACEA’s Network activities.

Di Tella Summer Camp in International Economics and Finance ***US\$ 22,500***

The Lacea Workshop in International Economics and Finance at Universidad Torcuato Di Tella meets every August and is organized by the Department of Economics at UTDT. The Summer Camp is part of the annual activities of the Department of Economics at Universidad Torcuato Di Tella. It is a unique event that brings together top researchers,

financiers, and policymakers from the North and the South to discuss recent theoretical and empirical advances in International Finance, with special emphasis on recent crises and macroeconomic issues relevant to Latin American countries. One advantage of holding these Camps in the South is that they facilitate the participation of policymakers that are directly dealing with these problems. The hope is that over the years this type of intellectual exercise will help to identify key issues, and induce influential researchers to devote their energies to a better understanding of the region's economic problems. This type of policy-oriented research should eventually result in economic policies in the north and the south that will prevent crises, induce macroeconomic stability, and foster growth.

The success of the event is evidenced by the publication of the papers presented in the workshop in major academic journals. Its impact on the debate about public policy is reflected in the participation of influential policy makers and press extensive coverage.

This fourth Workshop was held at Universidad Torcuato Di Tella in Buenos Aires, August 20-23, 2002. Sixty-five participants took part in the brainstorming sessions in which nine papers were presented. On the final day, a policy-oriented conference was held to the general public. For more information on the Summer Camp in International Economics and Finance, please visit <http://www.utdt.edu/~summer/>

Journal – *Economia*

US \$65,000

The first issue of *Economia* was published in the Fall of 2000 by Brookings Press. Modelled after the Brookings Papers on Economic Activity, *Economia* is a policy journal which provides a forum for high-quality research directly applied to policy issues within and among countries of Latin America and the Caribbean. The three main characteristics of the journal are:

- It is a policy journal --that is, one in which new theories or techniques are applied to policy questions, and not simply presented for their own sake.
- It seeks papers on issues that are both at the forefront of the policy agenda and of broad interest to countries throughout the region. Examples include the design of regulatory frameworks for privatized utilities, lessons on avoiding Asia-style financial meltdown, managing the challenge of greater economic integration, and new research on the determinants of earnings inequality.
- It demands the highest standards of theoretical and statistical rigor, but only publishes papers that are written in a style and language that makes them accessible to policy makers.

The Executive Committee of LACEA appointed Andres Velasco, of the Kennedy School of Government at Harvard University, as its editor. Candidate papers are presented and discussed at twice-yearly panel meetings. The sixth *Economia* Panel Meeting was held in

Madrid, Spain in conjunction with LACEA's 2002 annual meeting. Six papers on policy were presented to the Panel.

Following is a list of contents from the fifth issue:

- David L. Lindauer and Lant. Pritchett: *"What's the Big Idea? The Third Generation of Policies for Economic Growth."*
- Stanley L. Engerman and Kenneth Lee Sokoloff: *"Factor Endowments, Inequality, and Paths of Development among New World Economies"*
- William F. Maloney: *"Missed Opportunities: Innovation and Resource-Based Growth in Latin America"*
- Daniel Kaufmann and Aart Kraay: *"Growth without Governance"*
- Arturo J. Galindo, Alejandro Micco, and Guillermo Ordoñez: *"Financial Liberalization: Does it Pay to Join the Party?"*

V. Detailed Allocation of Sub-grants

Institution	Purpose	Subtotals
Group for the Analysis of Development	Network on Inequality and Poverty	\$57,500
University de los Andes	Political Economy Network	\$20,000
Center for the Study of Economic and Social Affairs	Regional Integration Network	\$40,000
Torcuato di Tella University	Summer Camp in International Finance	\$22,500
Center for the Study of Economic and Social Affairs	LACEA 2001 Annual Meeting	\$65,000
Center for Monetary and Financial Studies	LACEA 2002 Annual Meeting	\$25,000
Harvard University	Journal <i>Economia</i> – Content	\$20,000
Brookings Institution	Journal <i>Economia</i> – Production	\$45,000
Subtotal		\$295,000
Overhead (15%)		\$52,500
Buffer		\$2,500
Total		\$350,000

VI. Appendices

- A. LACEA 2001 Annual Meeting
- B. LACEA 2002 Annual Meeting
- C. Political Economy Network
- D. Network on Inequality and Poverty
- E. Regional Integration Network
- F. International Finance Summer Camp
- G. LACEA's journal *Economia*