

Macroeconomic Policy, Labor Migration, and Land Use in Sumatra

Dr. Nu Nu San, Dr. Erwidodo, Dr. Sherman Robinson, Dr. Thomas P. Tomich



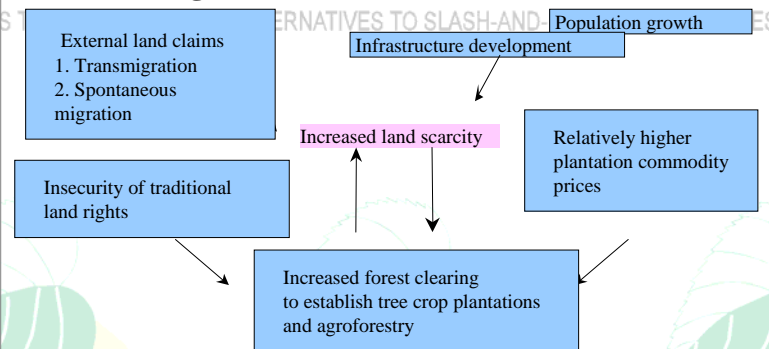
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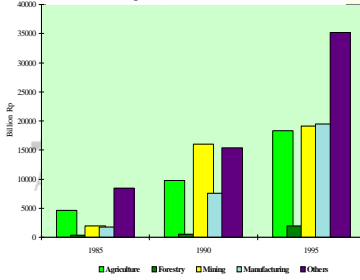
Policy Issues

- Deforestation, soil degradation, and other resource depletion
- Interregional migration, and land transformation
- Technology and institutional disparities
- Tradeoffs among regional growth, equity and sustainability

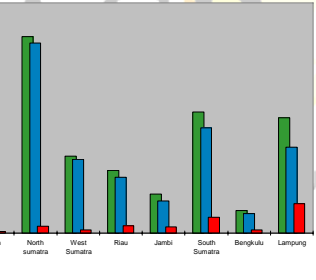
Driving forces of deforestation in Sumatra



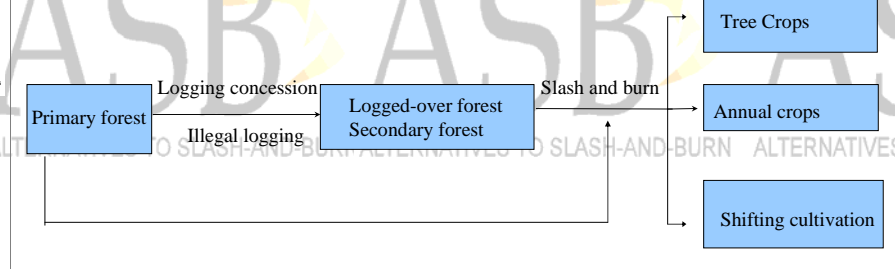
Sumatra gross regional domestic product at current price, from 1985 to 1995



Native and migrant population of Sumatra in 1990 by Province



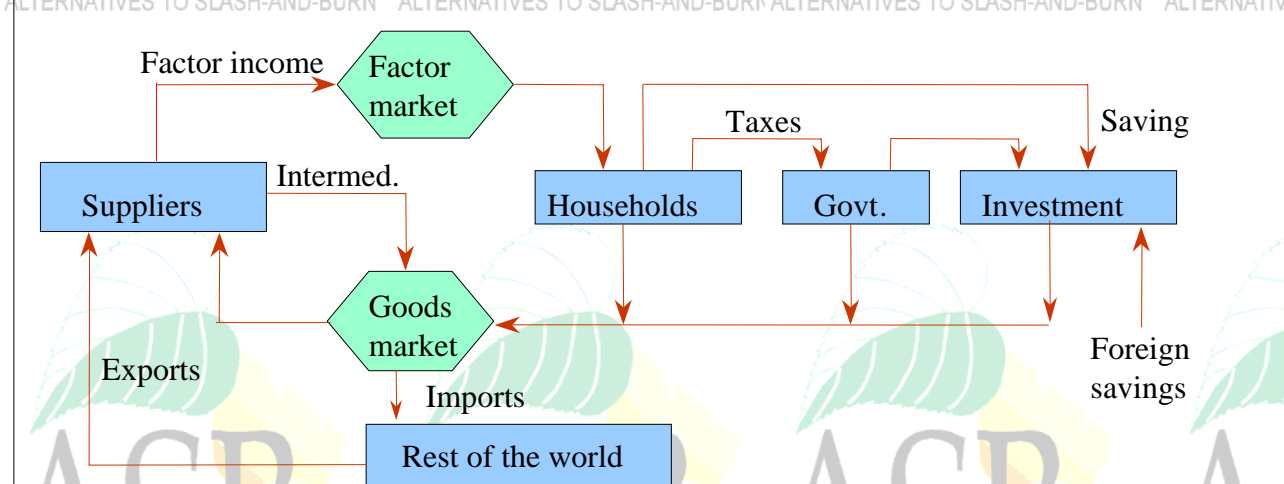
Land transformation in Sumatra



Research Objectives

- To develop a research framework to analyze the impact of macroeconomic policies and structural adjustment programs on the regional economy, labor movement, land use change, and deforestation.
- To study the tradeoffs among growth, equity, and sustainability of regional development.

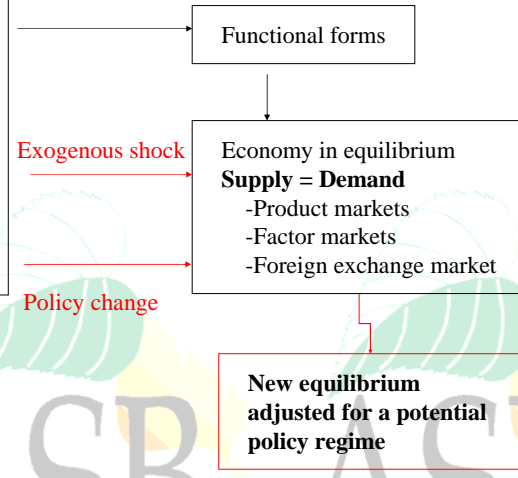
Computable General Equilibrium (CGE) model structure, illustrating the circular flow of income in the economy



Conceptual structure of research method

Social accounting matrix

- Labor, land, and capital for production activities
- Production of goods and services
- Import and export
- Household and institutional incomes
- Consumption of goods and services
- Taxes, subsidies and tariffs
- Saving and investment



Expected contribution of this research

- Development of an analytical tool to examine the effects of alternative macroeconomic and sectoral policies on land use change.
- Analysis of the impact of changes in sectoral policies (e.g., fertilizer price policy), regarding their impact on growth, equity, and sustainability.

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