

The Impact of Food Inflation on Poverty: An Analysis of the Different Households in the Philippines

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Abstract : This study assesses the vulnerability of households to food price shocks. Using the Philippines as a case study, the researchers aim to understand how such shocks can cause food insecurity in different types of households. This paper measures the impact of actual food price changes during the food crisis of 2006-2009 on poverty in relation to their spatial location. Households are classified as rural or urban and agricultural or non-agricultural. By treating food prices and consumption patterns as heterogeneous, this study differs from conventional poverty analysis as actual prices are used. Merging the Family, Income and Expenditure Survey (FIES) with the Consumer Price Index dataset (CPI), the researchers were able to determine the effects on poverty measures, specifically, headcount index, poverty gap, and poverty severity. The study finds that, without other interventions, food inflation would lead to a significant increase in the number of households that fall below the poverty threshold, except for households whose income is derived from agricultural activities. It also finds that much of the inflation during these years was fueled by the rise in staple food prices. Essentially, this paper aims to broaden the economic perspective of policymakers with regard to the heterogeneity of impacts of inflation through analyzing the deeper microeconomic levels of different subgroups. In hopes of finding a solution to lessen the inequality gap of poverty between the rural and urban poor, this paper aims to aid policymakers in creating projects targeted towards food insecurity.

Keywords : poverty, food inflation, agricultural households, non-agricultural households, net consumption ratio, urban poor, rural poor, head count index, poverty gap, poverty severity

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