Discussion of “Short and Long-run Impacts of Food Prices on Poverty” by Ivanic and Martin

Anna D’Souza*, ERS

IATRC Annual Meeting
St. Pete Beach, FL
December 11, 2011

*Views expressed here cannot be attributed to ERS, USDA
Outline

• Contributions
• Concerns
• Extensions
Contributions

• Long-term implications of food prices, allowing for consumer and producer responses in a general equilibrium framework, highlighting implications for 29 developing countries

• Productivity results have important policy implications for investment in R&D
Concerns

• Results across countries may be driven partially by survey timing:
  • Consumption and production structures determine a country’s poverty and welfare estimates therefore it would be ideal to use more recent data (pre-2007/08 crisis)
  • Large shocks may affect consumer and producer elasticities
• Country-specific price data could be used in simulations to give a better sense of actual changes to poverty.

• Discussion of special cases / further interpretation of the results:
  • Import-dependent countries
  • Countries with important cash crops
Extensions

• Details on assumptions on pass-through of international prices in the productivity analysis

• Sensitivity of poverty estimates to perturbations in the standard 10% shocks to food prices and productivity, if possible country-specific-shock simulations

• Translation of changes in poverty rates to changes in poverty headcounts
Extensions

• Impact of consumer response alone, without supplier response

• Comparison to econometric model with panel data – validation of simulation results

• Impacts on non-farm and urban households

• Accounting for movement between agricultural and non-agricultural labor markets