



# Differentiated Impacts of the Crisis by Types of Countries and Territories <sup>1</sup>

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## Executive Summary<sup>2</sup>

We currently lack verifiable regional statistics that would show the effects of the rise in food prices on different groups of people and territories. As a result, in this article we will address differentiated impacts of the food crisis mainly through inferences.

The lowest income quintiles allocate a greater percentage of their expenditures to food than other households. Households in less densely populated areas – and especially those whose head of household works in agriculture- are over-represented in the poorest quintiles. As the increase in food prices has far exceeded the general ratio of prices in most countries, one can infer that if it were not for the possibility of obtaining higher incomes precisely because of the rise in agricultural prices, farming households would be the family units most affected by the current situation. Net sellers of basic foods represent an important number of members of the poorest rural quintiles. If the transmission of prices were accurate, there would be a transfer of resources from net consumers, most of whom reside in urban areas and come from higher income quintiles. The lack of distribution channels and markets, problems of infrastructure, transportation and transaction costs and a strong

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<sup>1</sup> This working paper has been originally published in Spanish: Dirven, M. “Impactos diferenciados de la crisis por tipos de países y territorios en su interior”. Diálogo Rural Iberoamericano, San Salvador, Septiembre 2008. Documento de Trabajo N° 17. Programa Dinámicas Territoriales Rurales. Rimisp, Santiago, Chile. This document can be accessed through the following link [www.rimisp.org/dtr/documentos](http://www.rimisp.org/dtr/documentos).

<sup>2</sup> Based on the discussions that took place at the international seminar “Visions of Agricultural and Rural Development in the New Context of Prices: Policy Implications,” organized by Instituto Interamericano de Cooperación para la Agricultura (IICA), San José de Costa Rica, July 8-9, 2008 and at the Meeting of Government Experts organized by ECLAC at the request of the region’s governments, Santiago de Chile, September 4-5, 2008.

concentration of agents up- and down- stream from agriculture slow down or diminish price signals.

The prices of supplies have increased more than food prices, which means that farmers who make extensive use of them have seen their earnings decrease. Some countries have taken steps to mitigate this situation, combining actions that have an immediate effect with approaches that will have longer-term impacts, placing special emphasis on the poorest members of society and, for the first time in a decade, showing renewed interest in family farming and the internal market. Countries that are net importers of commodities (agricultural or other) with low fiscal collection, weak institutions or problems focusing their programs have more difficulties than other nations when it comes to taking steps, particularly short-term ones. One of the many questions that we are left with is whether political interest in agriculture will continue if prices stabilize or drop.