ABSTRACT

Food Price Sensitivities of Income Groups in Trinidad and Tobago

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Income-specific price and income elasticities for food are key parameters for use in the design of cost-effective nutrition policies. By isolating the behaviour of income groups it is possible to predict the impact of policies on households in specific income groups. It is also possible to identify appropriate food groups for targeting to income groups. The case for targeted policies in Trinidad and Tobago consists of declining economic circumstances, the existence of undernutrition in the population, food price inflation and the decline in government's ability to finance several nutrition programmes.

It was hypothesised that lower income groups in Trinidad and Tobago consume less calories and are more responsive to income and price changes than higher income groups. In order to test these hypotheses demand functions were estimated for two lower and two higher income groups using Central Statistical Office Household Budgetary Survey data of 1981/82. The study quantified the effects of price, income, household size and taste variables on calorie consumption of ten food groups.

The results showed that the levels of consumption for all food groups were generally significantly less for lower income groups. In response to complete income variation households were sensitive only for meat and vegetables. Poor households had a significant income elasticity for meat showing that these households are income responsive towards meat even for income changes within the limited range of income for this group.
The hypothesis in respect to income elasticities held only for this food group. The lower income groups were significantly more responsive to prices than higher income groups in the demand for fish, milk and fruit.

In conclusion, income transfers may be effective as nutrition measures in Trinidad and Tobago only for meat and vegetables. Price policies on fish, milk or fruit can, however, be successfully targeted.