

Why Are Food Prices Rising?

Food prices have risen sharply! On average, Americans spend nearly 13 percent of their disposable income on food. They spend a bit more than 7 percent of their incomes on preparing food at home and about 6 percent on dining out. Thus, rising prices for basic food items take a larger portion of the consumer budget.

Between July 2006 and 2007, the Bureau of Labor Statistics reported that egg prices jumped 33.7 percent; whole milk was up 21.1 percent; fresh chicken 8.4 percent; navel oranges 13.6 percent; apples 8.7 percent; dried beans 11.5 percent, and white bread 8.8 percent. Food prices have continued their sharp rising trends, causing hardship for low- and middle-income households and aggravating poverty and hunger.

Reasons for rising food prices across the country include:

- Summer 2006 heat wave causing beef, dairy and poultry losses, and late Spring 2007 freeze damaging fruit and vegetable crops in Central California
- High prices of diesel fuel, increasing both production and transportation costs
- Higher costs of nitrogen fertilizer application
- Increased demand for corn for ethanol production, reducing the amount of corn available for animal feed and rising corn prices
- Weak U.S. dollar driving up prices of imported dairy products, fruits, and vegetables
- Rising per capita dairy consumption
- More stringent enforcement of immigration laws, reducing the supply of foreign farm workers

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