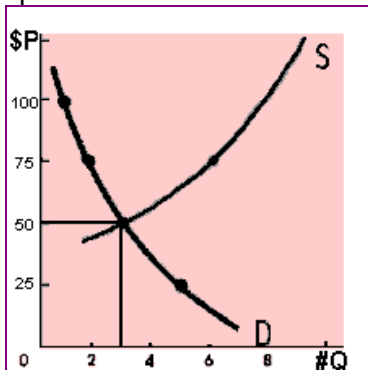


Access to Food Part 4 of 4

December 2009

⚙️ Economics 101

The classic price-demand curve is defined as:



“..the relationship between the price of the good and the amount or quantity the consumer is willing and able to purchase in a specified time period, **given** constant levels of the other determinants--tastes, income, prices of related goods, expectations, and number of buyers.”

http://ecedweb.unomaha.edu/DEM_SUP/analysis.htm

⚙️ The Curve Ball behind the Curve

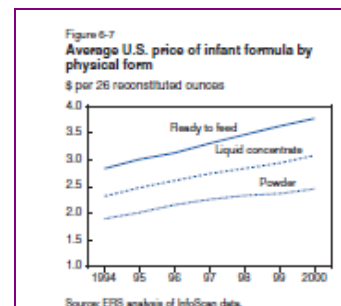
Deviations from this ideal regularly occur in the food and agricultural sector – some are commonly accepted; others invite questions and public challenge. In Canada, demand for basic affordable food continues to grow. Almost 800,000 Canadians monthly frequent a Food Bank. A different clientele – recently laid-off, previously self-supporting citizens – now join the queue. Computer and shopper savvy, they may consult one of several Food Bank Web-sites to view location, accessibility, ratings and reviews of facilities in their region. Supply is adequate; Food Banks are growing in number. Yet, food prices are not falling. *Statistic Canada's* Consumer Price Index consistently reports a rise in food prices in excess of the CPI average.

⚙️ Canadian Dairy Input Prices Held

The Canadian Dairy Commission (CDC) will freeze the price of industrial milk in 2010, despite a 2% drop in 2009 production costs. The Canadian Food and Restaurant Association had appeared before the CDC to request a price roll-back, so as to pass the savings on to the Canadian consumer while the food crisis endures. At least the CDC held price.

⚙️ USDA Report to Congress

In 2004, US Congress received the findings of a USDA investigation into the economic dynamics operative within the US infant formula sector. Even though demand had been constant for several years, every format of infant formula rose in price in equal



proportions.

Excerpts from the report include:

“Since 1997, the volume of infant formula sold in the United States has remained relatively stable at about 27-28 B ounces per year.” “The average retail price of infant formula continues to increase over time, across the different physical forms, product bases, and outlets.” “It also should be noted that infant formula prices [have been] increasing faster than inflation.”

⚙️ Price-fixing – the Opposite of Dumping

The recently-released movie “The Informant”, a true-story dramatization, stars Matt Damon as an astute business executive who connects the dots to reveal a global vitamin price-fixing cartel. The Wall Street Journal wrote: “After a long investigation, the U.S. Justice Department accused European and Japanese companies of price-fixing in a dozen vitamins, including vitamin C. It became the largest-ever criminal antitrust case, resulting in nearly \$1 billion in government fines and several jail terms for executives.” **FF**

⚙️ Some Web-sites

<http://foodbankscanada.ca/main.cfm>

<http://www.ers.usda.gov/publications/fanrr39-1/fanrr39-1k.pdf>

http://www.law.northwestern.edu/news/article_full.cfm?eventid=2441&source=eb0306

<http://www.imdb.com/title/tt1130080/> (“The Informant” Web-site)

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