

With Excuses All Gone, Americans Have Been Paying Too Much for Groceries

By Joe Jobe

The holiday season is a time when millions of Americans renew their community spirit and give their time and resources to help feed their struggling neighbors. This year, many factors have contributed to swell the ranks of those families in need and they feel the sting most harshly at the grocery check-out counter. While the public debates the various causes for our current economic downturn, there is one group offering excuses which have been outdone by the facts in recent weeks.

The conglomerate food manufacturing companies would have Americans believe that they are paying more for their groceries because of the rising cost of commodities such as corn, soybeans and wheat. They claim that the driving force behind the increase was the heightened demand for biofuels, which diverted grain from hungry consumers to the producers of fuel.

The excuse seemed plausible - until the truth and reality intervened.

The prices of corn, wheat and soybeans have dropped dramatically – about fifty percent from their prices this spring. However, Americans have continued to see their food prices rise, which contradicts the excuse. In fact, when adjusted for inflation, the price of soybeans – the oil portion of which is used to produce biodiesel – is at its lowest level since the Great Depression.

So did the price of the grain commodities fall because of decreased biofuels production? No. Biodiesel production has increased by more than 100 million gallons compared to last year. And Congress, in recent months, has taken extraordinary steps to encourage higher production of homegrown biofuels, recognizing their value to energy security as well as their proven environmental benefits.

With agriculture commodities halved and American families hurting more financially than they have in decades, the prices of our groceries have not budged. Not five, not ten and certainly not fifty percent.

The National Farmers Union recently reported that despite a drop in the price of a bushel of wheat from \$19 to \$7.63 since February, the cost of a loaf of bread has inexplicably *increased* over that same period. And the farmer's share of that \$2.99 loaf of bread? About twelve cents.

Meanwhile, the average American has been chipping in to help Kraft Foods more than double its profits over the same period last year by posting net earnings of \$1.4 billion in the third quarter of this year. What about that cereal you had this morning? Kellogg's announced third-quarter earnings rose 12% to \$342 million.

It is clear today that the multi-million dollar public relations campaign financed by the Grocery Manufacturers Association (GMA) to relentlessly promote the empty “food vs. fuel” debate as serious discussion was a smokescreen. It was meant to divert our attention from the soaring profits of the food companies. Biofuels, not yet fully understood by all Americans, made an easy scapegoat.

In 2007, environmentally friendly biodiesel displaced more than 20 million barrels of petroleum in America, while the U.S. Department of Agriculture (USDA) estimates that less than one percent of rising food costs could be attributed to biofuels production. Additionally, the U.S biodiesel industry contributed \$4.1 billion to America’s GDP and created over 21,000 new “green” jobs.

Americans, some of them already stretched to the breaking point, will stretch a little further in the coming weeks to lend a hand to their neighbors, something that should make us all proud. With the evaporation of its excuse of higher food prices, the food industry could lend an even bigger hand while maintaining its profits.

The food industry’s actions over the coming weeks will let us know whether it sees the combination of a dip in commodity prices and American families near the breaking point as an opportunity for relief or profit.

The excuses just do not give us much to chew on.

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