Unit 3 Food Choices: Economics
Lesson 1: Money Matters

“One should eat to live, not live to eat”

The Economics of Food
Even in 1939, the U.S. Department of Agriculture noticed how food choices continued to evolve based on agricultural practices, economic conditions and consumer choice. “Among the great variety of food habits and traditions developed by people in different areas, some are good and some are bad” (1939, page 10). One of these food habits, now deeply ingrained in American society is the choice of fast food diet. The USDA concludes: “Moreover, when people buy their food instead of producing it, the economic factor has a more powerful influence on the kind of diet they get” (1939, page 7).

The cost factor of adding value but keeping cost low influences food choice because “...overabundance keeps food costs low compared to those anywhere else in the world...” (Nestle, 2007, page 18, ¶2). Food in the US is both plentiful and inexpensive compared to low-income countries. Americans “strongly resist price increases...” (Nestle, 2007, page 18, ¶2) and “...low prices stimulate sales, especially the sale of higher-cost items...price is a more important factor in the consumer’s choice.” In fact, “Cost is so important a factor in food choice that economists are able to calculate the effect of a change in price on nutrient intake” (Nestle, 2007, page 18, ¶2).

Because of governmental food subsidies to food production, low food prices are possible and those low prices directly affect consumer consumption. The economic impact of food subsidies to agriculture, according to Nestle was $28 billion in 2000. Federal subsidies in the form price supports for sugar and milk production means low prices and higher intake of calories, fat, saturated fat in the products selected for consumption by consumers (Nestle, 2007, page 18, ¶2).

Too Much versus Too Little
Nestle quotes historian Harvey Levenstein in referring to the “paradox of plenty” which states that a wide disparity exists between the wealthy and the poor related to health and diet. “Wealthier people are usually healthier, and they choose better diets...the economic expansion of the twentieth century differentially favored people whose income was higher than average and provide much smaller gains for the poor” (Nestle, 2007, page 126-27, ¶2).

According to Whitney and Rolfes in 2002, ”An estimated 36 million people in the United States, including one out of every five children, live in poverty and cannot afford to buy enough food to

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5. Ibid.
6. Ibid.
7. Ibid.
8. Ibid.
maintain good health” (page 678, ¶1). The unavailability or limited acquisition to nutritionally adequate food “...is known as food insecurity and is a major problem in our nation today (page 678, ¶1).

Food poverty creates hunger; people are hungry due to a lack of money with which to purchase the food necessary for health and well-being (Whitney & Rolfes, 2007). The creation of food poverty is due in large part to the wide disparity in income levels of Americans. According to Whitney & Rolfes, food poverty is hunger that occurs

...when enough food exists in an area but some of the people cannot obtain it because they lack money, are being deprived for political reasons, live in a country at war, or suffer from other problems such as lack of transportation (page 678).

In the United States, low-income groups seem to have about the same nutrient intake as people who are better off, but they choose diets higher in calories, fat, meat, and sugar, and they display higher rates of obesity and chronic diseases. (Nestle, 2007, page 27).

Gail Frank discusses the economic influence on hunger in the United States.

By defining hunger in economic terms, the Physician Task Force on Hunger in American identified 12 million children and 8 million adults in 1985 whose income fell below the poverty line or whose food stamp benefits were inadequate. Over 40 million US citizens received food assistance to the tune of $21 billion in the 1989 USDA budget alone (2008, page 210, ¶1).

Socioeconomic and health factors increase the homeless person’s nutritional status. Nestle discusses how “...gaps in diet and health are economically based as well as derived in part from the social status attached to food” (Nestle, 2007, page 126-27, ¶2).

**Societal Influences**

Gaps in dietary practices differ based on economic differences as well as social status. The wealthy can afford ‘health food’ and the poor are targets of both fast food and alcoholic beverage industry marketing efforts. Schlosser states, "The fast food chains’ vast purchasing power and their demand for a uniform product...” (Schlosser, 2008, pgs. 8-9) dictate “...how cattle are raised, slaughtered and processed into ground beef” and to whom fast food is marketed (Schlosser, 2008, page 9, ¶1) (specifically to young children).

In an economy of overabundance, food companies can sell products to people who want to buy them rather than to people to need to buy them. When food is plentiful and people can afford to buy it, basic biological needs become less

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10 Ibid.
11 Ibid.
14 Ibid.
15 Schlosser, Eric.
compelling and the principal determine of food choice is personal preference (Nestle, 2007, page 16).\footnote{16}

Personal preference is influenced by income level (among other factors) as well as convenience. According to Nestle, convenience is a principal factor behind the societal change from meals prepared at home to food purchased and consumed outside the home. “...half of all meals are consumed outside the home, a quarter of them as fast food, and the practice of snacking nearly doubled from the mid-1980s to the mid-1990s” (Nestle, 2007, page 19, \S2)\footnote{17}

The potentially lethal attraction to fast food by low income groups is because fast food is cheap, convenient, and readily available in many geographic areas. Even small, remote communities such as Hundred, West Virginia (population 344) have a MacDonald’s. Food industry marketing practices focus on children and low income groups resulting in a high use of convenience foods that contain ‘empty calories’ resulting in nutritional deficiencies or obesity from diets high in sodium, fat and refined sugars.

The fast food industry has created, over the last three decades a demand for food that is fast, convenient and cheap. In addition, the supply of fast food has risen to meet the demand. When resources are scare, low income families often turn to fast food as a way to provide food for their families. The lack of resources and lack of education related to meal planning and food preparation compounds the problem of inadequate nutrition for poor and low income families.

**Summary**

Whitney and Rolfes describe how “Lack of resources remains the major cause of food poverty” (2002, page 678-679).\footnote{18}

In the United States, food poverty and hunger reach across various segments of society, touch Hispanics and African Americans, those living in the inner cities, and those living in households with children more than others. People living in poverty are simply unable to buy sufficient amounts of nourishing foods, even if they are wise shoppers. For many of the children in these families, school lunch is their only meal of the day. Otherwise they go hungry, waiting for an adult to find money for food (2002, page 678-679).\footnote{19}

”In the United States...food production is sufficient to meet the energy requirements of the population, but many people are too poor to afford an adequate diet” (Nestle, 2007, page 399, ¶2)\footnote{20} According to EurActiv “In wealthy societies malnutrition, mineral and nutrient deficiencies, is a particular problem of older people”\footnote{21}

Part of food choice rests on the laws of demand and supply – if the supply of resources available for food is not sufficient to meet the demand for proper nutrition to maintain health and well-being, nutritional health and well-being decline. When it comes to the economics of food choice, we see that ‘money matters.’

\footnotesize{\begin{itemize}
  \item \footnote{17} Ibid.
  \item \footnote{19} Ibid.
  \item \footnote{20} Ibid.
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