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## Families suffer as food prices jump: lawmakers

By Christopher Doering

WASHINGTON (Reuters) - Soaring food prices have forced U.S. families to cut back on fruits, vegetables and other items, as the poor and middle class spend more of their budgets at the grocery store, lawmakers said on Thursday.

"Everywhere you go food prices are higher and higher and higher," Sen. Charles Schumer said at what has been billed as the first Congressional hearing with House and Senate lawmakers to discuss the impact of high food prices.

The New York Democrat, who leads the Joint Economic Committee, added his family is budgeting \$40 more a month for groceries. He said anxiety over food prices will equal or surpass concern over high energy prices.

"When gas prices are high, families may decide to drive a little less or carpool or take the subway. When food prices are higher, families can't just decide to not feed their children."

During the last year, bread prices have jumped 12 percent, milk 20 percent and flour 32 percent. A dozen eggs are 30 percent more expensive and tomatoes and bananas up 13 percent.

"We need to find ways to bring relief to families who are feeling the squeeze of higher prices," said Rep. Carolyn Maloney, a Democrat from New York.

Consumer food prices normally rise by about 2.5 percent annually, but they increased by 4 percent in 2007, the biggest increase in 17 years. And forecasts for 2008 are pointing to another rise of 4 percent to 5 percent as retailers pass higher energy and commodity costs to the public.

USDA Chief Economist Joe Glauber said as global crop production improves, and stocks of wheat, rice and other commodities return to more normal levels, annual food inflation will drop to between 2 percent and 2.5 percent.

"For the near term, tight supplies will keep markets volatile," said Glauber.

Richard Reinwald, who owns a bakery with his wife in Huntington, New York, said his business has seen "explosive" increases on the cost of nearly every commodity that goes into its cakes, pies and breads. In February, the bakery raised prices across the board, sending, for example, a one-pound loaf of rye bread that sold for \$2.65 in April 2007 to \$3.45.

"For us, the result of these increases has been a drop in volume of 5 to 7 percent," said Reinwald. "While this may not sound like much, it is the difference between profit and loss; staying in business or closing the door."

Ethanol is expected to consume about 25 percent of the U.S. corn crop this year. But farm and biofuel groups and the USDA have downplayed ethanol's impact on food prices.

They say other factors are primarily to blame for higher food costs, including high oil prices, increased global food demand and a drop in production because of drought in parts of the world.

Congress has been working on a Farm Bill that would boost spending on nutrition programs such as food stamps by nearly \$10.4 billion while also including provisions to reduce the tax credit for corn-based ethanol.

The jump in food prices has been especially hard for poor families who spend more of their income on food. According to government data, consumers spend about 10 percent of their disposable income on food, but families with less than \$20,000 in income spend more than 20 percent.

"Rapidly rising food prices ... are seriously undermining our ability to serve the increasing number of hungry people coming to us for help," said George Braley, a senior vice president with America's Second Harvest food bank.

(Editing by Christian Wiessner)