

WEEK 9 FOOD POLITICS & ECONOMICS

THE GOAL OF THE FOOD INDUSTRY

- Generate profit for investors/owners/shareholders

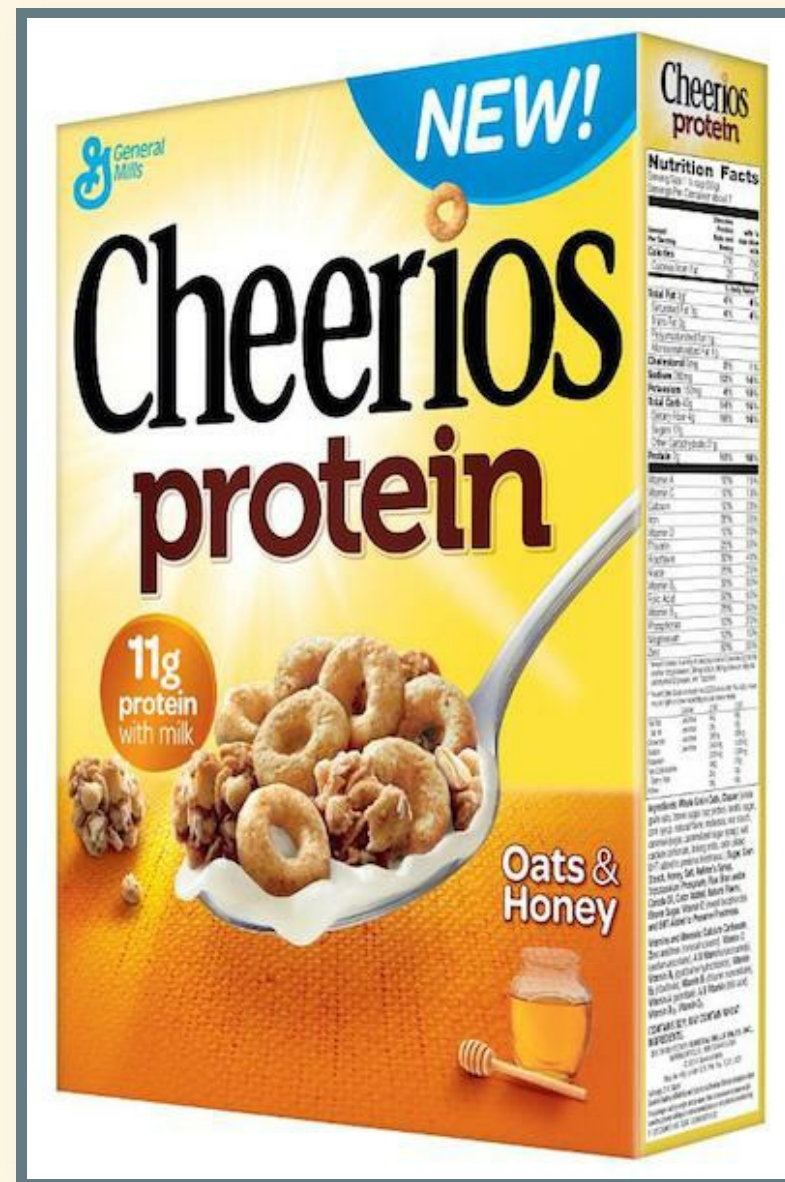
FOOD ECONOMICS

- “Inelasticity” of demand
- Constant threat of commodification

ADDING VALUE

Functional Food:

a food or food-based product marketed as providing a specific health benefit



THE ROLE OF THE MARKET

1. It is in the interest of the food market to make us eat more than we need
2. It is in the interest of the food market to fortify or otherwise process food to add value for which it can charge higher prices
 - fortified salt, cereal, OJ, rice, etc.
3. Market mechanisms are “fickle”
 - markets are not designed to solve health problems
 - markets and the interests of public health are compatible so long as no greater harms are inflicted, capacities diminished, or rights abused
 - the interests of the market do not coincide with public health interests

THE MISALIGNMENT OF INTERESTS

- Food industry generates profit only by either (i) lowering costs; (ii) increasing demand
 - Push to lower costs encourages features of IFS
 - Increasing demand requires either (i) increased processing of food; (ii) increased consumption

FOOD PRODUCTION & MORAL HAZARD

Moral Hazard

One party engages in “risky” actions at least in part due to the knowledge that some other party bears the cost of those risks. Typically arises when one or both of the parties possesses incomplete information about the other (“information asymmetry”).

- Does the food industry engage in practices that generate risks borne primarily by food consumers & government?

INFLUENCING POLICY

Lobbying

any *legal* attempt by individuals or groups to influence government policy or action (i.e. no bribery or coercive threats)

1. Promoting the views of special-interest groups
2. Attempting to influence government laws, rules, or policies that might affect those groups
3. Communicating with government officials or their representatives about laws, rules, or policies of interest.

- Two primary means of influence
 1. “Revolving door” of lobbyists & policy makers
 2. Direct spending
 - PACs and “hard” money
 - “Soft money” contributed to state & national political organizations

