Discussion board 10 - eco2013

Literature, Russian Literature

The Price of Bread Bread is an important commodity because it has become synonymouswith food. In fact, an international conference was already created to explore the various aspects of the culture of bread (Amado and Mroczek). During the introduction of the conference entitled Bread Matters, Ines Amado said, “ Bread [is] the cement of the community, the common denominator amongst the worlds population. Bread the simplest, the most humble of foods and yet the most crucial, the most shared, the most symbolic, poetical and mystical!” It is because of this identified importance of bread that I have decided to look at its price changes from 1950 to the present.

According to a report published by Prezi, a loaf of bread in the 1950s costs around 12 to 14 cents while in 2012, it costs around $2 to $4 per loaf (Mooney). That’s about a 200 to 350% increase in price from 1950 to 2012! Meanwhile, the US Department of Labor shows that the price of bread has decreased from $2 to $4 to $1. 411 in January 2013, but this figure is still more expensive than the 1950 prices.

One may be shocked at the increase in the price of bread if one looks at actual prices of the commodity. But what few people realize is that 2013 prices of commodities cannot be compared directly to prices in the 1950s because of the differences in the economic conditions in these two time periods. For one, gross domestic income is different; country population sharing the gross domestic income is also different. Hence, in order to determine whether prices of commodities have actually increased (hence leading to lesser capability to purchase the same bundle of goods previously purchased), there is a need to look at the overall state of the economy. This is best explained by Michael Sivy in his article for Time Magazine. Sivy says, “ Price hikes for a particular item here or there don’t qualify as inflation. If one thing gets more expensive but something else gets cheaper, that’s what economists call a relative price change”. Such condition does not signal that it has become more difficult for citizens to purchase items they need. Meanwhile, Sivy says that inflation is an increase in prices across the board which can impact consumers as well as businesses. With high inflation, businesses find it more expensive to produce the same amount of goods it used to produce. If a business were to survive, it can choose either to cut down its production, or to increase its costs of production. In both situations, it could affect the overall economy as it translates to over all income, rate of employment, unemployment, and other such indicators of economic performance.

Works Cited

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