

Introduction

Dieticians routinely encourage consumers to eat more fruits, vegetables, and whole-grain foods and less sugared desserts and salty snacks. Regardless, recent statistics on obesity and dietary intake show that most Americans are not complying with this advice: the majority of Americans are overweight and approximately a third are obese (Hedley et al., 2004). To meet 2005 Dietary Guidelines, typical Americans would need to more than double their current intake of vegetables and whole-grain foods while reducing their intake of solid fats and added sugars by half (U.S. Department of Health and Human Services and U.S. Department of Agriculture, 2005).

Many variables influence diet choices. Individuals choose foods based on taste, convenience, family structure and traditions, age, health status, knowledge, and lifestyle. As long as household income and wealth place limits on what people can afford, food prices will also shape food choices. Some health researchers and policy advocates argue that what really motivates consumers to choose “unhealthy” foods and reject healthy alternatives are relative prices (Brownell and Horgen, 2004; Drewnowski and Darmon, 2005). Healthy foods, they say, are expensive, and unhealthy foods are cheap.

Americans, however, have not always been so overweight.¹ The incidence of overweight and obesity has increased sharply since 1980. If relative prices are responsible for Americans’ weight gain, past relative prices must have been different. Here, we examine how prices for select foods have changed over the years. These foods include fresh fruits and vegetables, as well as foods that should be consumed in moderation, including snack foods.

There is a major hurdle to definitively answering whether relative prices and incentives to choose a healthy diet have changed. When products do not change, but their prices do, relative price changes indicate that purchase incentives changed. But when product qualities change, price comparisons can be meaningless because the products being compared are different. Increases in food convenience and availability, as well as improvements in sensory properties, are all elements of what is here described as “quality.” We first show evidence for the magnitude of quality changes in fresh fruits and vegetables.

The Consumer Price Index (CPI) is the standard tool used for tracking changes in relative prices. However, the CPI is widely believed to overstate the rate of inflation when used to examine price trends since the 1980s. The degree to which it actually accounts for quality change is among the reasons posited for this problem and remains an open research question.

Due in part to the ambiguity associated with CPI numbers, we examine longrun trends in the inflation-adjusted prices of individual food products, selecting those commonly consumed and exhibiting less quality change. We look for broad patterns across those foods. BLS provides price data on many foods every month of the year. To capture longrun trends, not just unique, shortrun events that might lead to temporarily high prices, we used city average monthly prices collected from 1980-2006.

¹Obesity was relatively stable from 1960-1980, and has shown an upward trend since (Flegal et al., 2002). The most recent studies confirm a longrun upward trend in obesity (Hedley et al., 2004).

The study builds on work by Alston, Sumner, and Vosti (2006), who examined trends in average prices paid for several foods and discussed the likelihood that quality improvements may confound any effort to compare how prices for different foods have changed. We examine the quality changes that have affected the mix of fresh fruits and vegetables sold at retail over the past several decades, consider problems associated with inferences drawn from the CPI, and then calculate and compare the annual average rate of price change for 15 foods.