

Global rise

K. Kirakosyan, International Law

Your morning cup of coffee are now costing you more than ever.

Unless you bought gold several years ago and hoarded it, you may not be happy at your increasingly expensive breakfasts.

Not only has the cost of a gallon of milk increased rapidly, so has corn, cocoa and tons of other commodities as demand continues to rise globally. The future prices of crude oil, gold, silver, corn, cocoa are reaching or getting close to record prices.

Just in 2007, the price of soybeans and wheat increased by 70 percent while copper tripled and zinc doubled.

Some economists are predicting that a surge in prices will continue as demand pushes on globally.

It is absolutely a fundamental change in the global economic structure. Global commodities ranging from oil to base metals to grains are moving higher as billions of people in China and around the world get wealthier and are consuming more as they produce products for us, and increasingly for themselves.

Although commodity prices keep rising and there appears to be no end in sight, the American economy is slowing down. Some analysts argue that when a recession occurs, commodity prices could drop finally.

However, others maintain that demand abroad will keep prices spiraling upward. The resulting inflation will have little to do with U.S. consumer demand, but it will import serious inflation just as the American have less to spend.

Global demand may be hard to beat. Industrialization will keep moving forward in India and China and newer successful economies such as Russia and Saudi Arabia are beginning to shine again.

The world is coming alive and the lights are coming on across Asia. What we are dealing with is a tremendous demand for resources.

Even obtaining the resources is an obstacle: Drilling for oil is becoming harder and more expensive and so is the production of it. Grain, one of the most basic necessities, has seen shortages due to droughts in some areas and excessive rains in other countries.

Never mind the consumption of corn for alternative fuels, a major trend which is sure to drive up prices for both corn and sugar, the base of ethanol.

Finding the solution to obtaining one commodity has only resulted in driving up prices for another one. The cost of steel, for instance, has risen because more companies are drilling for oil in Africa and the Middle East and in the oil sands of Canada.

India's Tata just introduced a \$2,500 car, the Nano, designed to feed demand for vehicles in the country's sprawling urban centers: More steel will be needed.

The popularity of ethanol, a huge fuel now in Brazil (70 percent of new vehicles burn it), has pushed up the price of corn, which is used to feed livestock. It's no wonder the price of milk, eggs and poultry have also gone up.

The Department of Agriculture estimated that for 2007, beef and veal prices increased by rose 4.5 percent and poultry rose by 5.2 percent. Dairy fared the worst with dairy products skyrocketing by 7.4 percent and eggs by a shocking 28 percent.

The government says to expect more increases for 2008, although foods that got the most expensive may see some relief.

Don't expect the price of gasoline to drop either. The national average for a gallon of unleaded gasoline is now \$3.07, compared to \$2.24 a year ago.

