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Cracking the Egg-conomy: The Scramble Behind Skyrocketing Egg Prices

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CITATION STYLE
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YASHESH: Hello Listeners from near and far. My name is Yashesh and I'm going to be your host for today's episode where we crack into the nation's "egg-oconomics." And I'm here today with Roshan.

ROSHAN: Hi Guys!

YASHESH: And Jamie!

JAMIE: Hey y'all, how are you doing?

YASHESH: Guys, I have an interesting story for you. Just the other day, I walked into my local Waffle House, ready for my usual order of scrambled eggs and hash browns, but as I glanced at the menu, something stopped me cold. Right there, in bold, glaring yellow text was a message that felt like a punch to the gut: "Due to rising prices, a 50-cent surcharge will be added to each egg." Fifty cents. Per egg. Let that sink in. What used to be a humble, affordable breakfast staple is now a luxury. But it wasn't just about my breakfast. That little yellow text bubble was a tiny window into a much bigger problem—one that's cracking open the fragile shell of our food economy.

ROSHAN: I agree Yashesh, that number is crazy, and actually according to the USDA Producer Price Index, which tracks changes in prices received by domestic producers, egg prices jumped 300.7% from January 2024 to January 2025, becoming one of the most volatile food staples ever (Gravalese).

JAMIE: That surge in prices has made eggs so valuable that they've even become a target for crime. I actually saw a report about a late-night heist in Pennsylvania where thieves stole 100,000 organic eggs

The interview portrayed in this submission is a product of the authors' imagination. While the interview may reference actual people, the subject matter and language attributed to those people is entirely fictitious.

from Pete & Gerry's, one of the most widely stocked brands in grocery stores worldwide (Burke).

YASHESH: So, from surcharges at Waffle House to egg heists in Pennsylvania, it's clear that the rising cost of eggs isn't just a minor inconvenience but a full-blown economic phenomenon. But what's really behind this scramble? Today, we're going to crack open the causes of these skyrocketing egg prices, explore their wider economic impact, and take a look at what policies could help bring prices back to a more manageable level.

ROSHAN: I think we can start breaking down this egg market phenomenon by first looking at the inflation that has occurred over the past eight years, dating back to pre-COVID times.

YASHESH: That's a great idea, Roshan. One of the ways that I was thinking we can do this is using the CPI-U.

JAMIE: Wait, what does C3PO have to do with eggs?

ROSHAN: *[laughs]* Not the Star Wars droid! The Consumer Price Index for All Urban Consumers, or CPI-U, calculates inflation by measuring the average change in prices paid by urban consumers for a basket of goods over time ("CPI Home").

YASHESH: Exactly! If we simplify our basket to just include a dozen eggs and a gallon of milk (another household staple), we find that the overall inflation rate from 2018 to 2025 is 89%, while wages have only increased 33% in the same period (US Inflation Calculator, Average Hourly Earnings of All Employees). That's a huge gap.

JAMIE: Got it! So, even though people are making more money, the price of essential goods and eggs especially is rising at almost twice the rate. Seems like we're all walking on eggshells with these prices.

ROSHAN: Exactly! However, there must be more to this than just inflation, something else is driving egg prices abnormally high. While I've noticed price increases across the board at the grocery store, nothing compares to the spike in egg prices. I've had to skip buying them altogether at times.

YASHESH: Guys, I think the situation is even worse than it seems. A major factor behind this surge is the avian flu, which wiped out more than 20 million egg-laying chickens in the U.S. last quarter, drastically cutting supply *(Detections of Highly Pathogenic Avian Influenza)*.

ROSHAN: This massive loss of egg-laying hens has triggered a negative supply shock, sending ripples through the entire economy. With fewer chickens producing eggs, supply has plummeted, leaving farmers struggling to meet consumer demand and pushing prices to record highs.

JAMIE: But what exactly is a negative supply shock, and why does it have such a drastic effect on prices?

ROSHAN: A negative supply shock occurs when the supply of a good or key input is suddenly and significantly reduced, leading to higher production costs and lower overall output. In this case, the loss of millions of hens has constrained egg production, forcing prices up while reducing the total number of eggs available in the market. When combined with consistently high demand, this creates the perfect storm for skyrocketing prices and economic strain on consumers.

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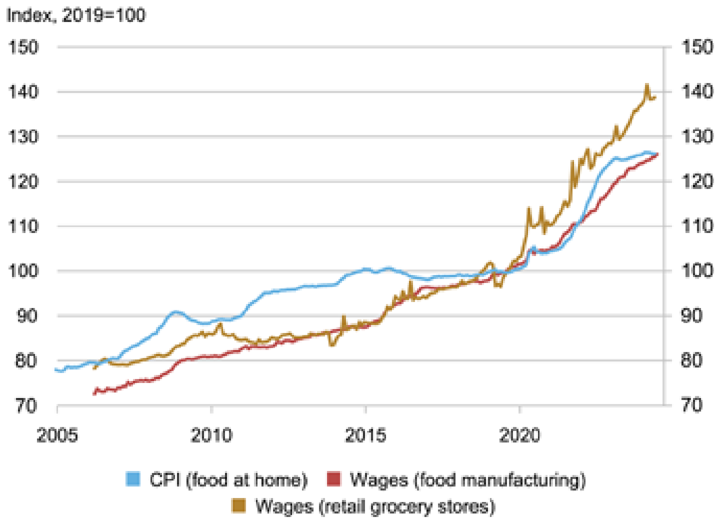
YASHESH: Regarding egg prices, this avian influenza has drastically reduced supply due to hen mortality, impacting a key factor of production. Thus the bird flu decreases the Short Run Aggregate Supply, meaning real GDP and output for the egg market are decreasing while egg prices are increasing. Thus, less of a supply with a high demand, as eggs are staples, drives the prices up.

JAMIE: Guys! In addition, I think it's important to take into account the whole supply chain that it takes for an egg, from the hen to the omelet.

ROSHAN: There are four main stages and labor factors in this process, these being: the farmers harvesting eggs, the labor involved in shipping, the grocery store workers, and the consumers who then buy and cook the eggs. Due to sharp increases in labor prices, for example, grocery workers are getting paid nearly 40% more today than 2018 (Stevens).



YASHESH: So, besides supply chain issues and disease outbreaks, are there any other factors causing these ridiculous price hikes?

ROSHAN: Oh, absolutely. Rising production costs are a big one. Farmers are facing higher feed costs, increased fuel prices, and even labor shortages. According to the Beige Book issued by the Federal Reserve, food producers across the country are reporting significant increases in non-labor input costs, which means everything involved in getting eggs from the farm to the grocery store is getting more expensive ("National Summary").

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JAMIE: So, what can be done? Are there any policies in place to stop this, or is the government just letting the market do its thing?

YASHESH: Great question! To help answer that I would like to introduce the one and only Adam Smith, the father of modern economics and author of *The Wealth of Nations* and *The Theory of Moral Sentiments*.

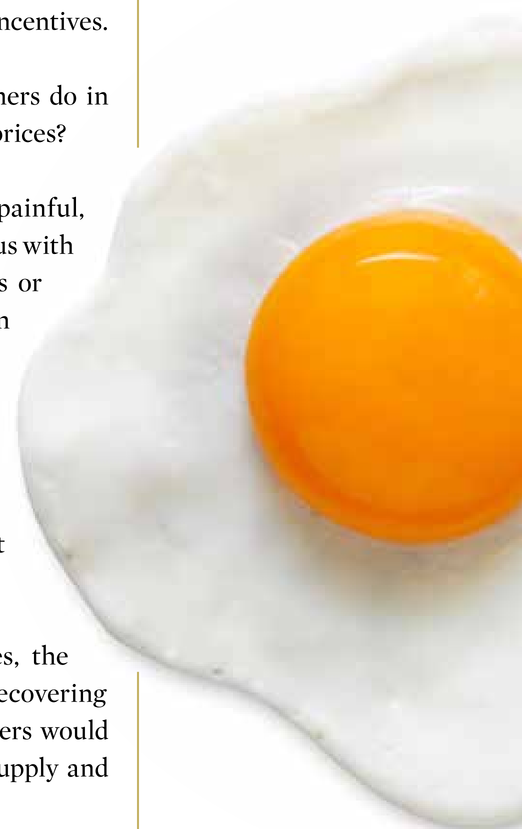
ADAM SMITH: Thank you all for having me on. Let's dive right into this egg-cellent issue.

YASHESH: Going back to the question Jamie asked: Which policy options are being considered to stabilize egg prices, and what is your perspective on these topics?

ADAM SMITH: One of my most famous topics is the "invisible hand." In the case of eggs, when supply is constrained naturally, i.e., on account of avian flu, prices naturally rise and the invisible hand is said to be at work. However, I believe that if government intervention disrupts the market too much to try and stabilize the prices, it could lead to inefficiencies. A better approach might be targeted subsidies for affected farmers to help stabilize supply without distorting incentives.

ROSHAN: While I agree Adam, what should we consumers do in the meantime, especially those who can't afford these high prices?

ADAM SMITH: Indeed, price fluctuations can be painful, especially for the lower classes. However, one must be cautious with intervention. However, price controls such as caps on eggs or dairy, often will create even more severe shortages rather than solve the problem. If farmers cannot cover their costs due to artificially low prices, they will simply stop producing. This would then only allow for egg prices to further increase, creating an adverse effect.



ROSHAN: Got it. So what do you think the government should do in response to these high food prices?

ADAM SMITH: Rather than directly controlling prices, the government could implement subsidies to support producers recovering from crises. By reducing the cost of production, more farmers would be motivated to produce more eggs, increasing aggregate supply and bringing prices down naturally.

JAMIE: And what about struggling consumers? Are there ways to support them without distorting the market?

ADAM SMITH: Certainly. Expanding food assistance programs, such as providing direct aid or vouchers for low-income households, ensures that people can still afford necessities without disrupting supply-and-demand mechanisms.

YASHESH: So would you say that the free market should remain largely untouched, with government intervention coming in minor ways?

ADAM SMITH: Precisely! The market is a dynamic system. It self-corrects through competition and innovation. If government policies encourage supply to recover and maintain economic incentives, prices will stabilize in time. However, excessive regulation could backfire. For instance, overly strict tariffs on imported eggs or price-fixing policies might cause distortions that prolong high prices rather than alleviate them.

YASHESH: That's a fascinating perspective! Thank you so much for providing us with insight and spending your time on this show!

[*Transition with Music*]

ROSHAN: Now, let's shift to talking about the effects of U.S. Egg-oconomics on a global scale!

JAMIE: A good point to mention is that, by looking at how other countries handle food inflation, we can observe what the potential outcomes would be if we implemented a similar policy. For example, Japan has used government-controlled price stabilization funds to prevent extreme egg price volatility. These funds operate by buffering supply fluctuations, ensuring that prices do not swing as dramatically during times of crisis. By maintaining a reserve stock of eggs, Japan reduces dependency on sudden market corrections, along with different supply shocks (*Japan*).

YASHESH: Meanwhile, France has introduced strict farming regulations and disease-prevention programs to protect poultry supply. By investing heavily in biosecurity measures, France has minimized the impact of avian diseases, preventing mass cullings that would otherwise disrupt egg production. This approach has not only helped stabilize prices but has also strengthened consumer confidence in the safety of poultry products (*USDA Reduces HPAI Restrictions on Poultry from France and the European Union | Animal and Plant Health Inspection Service*).

ROSHAN: Countries like India and Mexico implemented food subsidies and export restrictions during the 2008 Global Food Crisis to prevent food shortages and keep prices stable. Thus, the use of direct government intervention in food markets, contrasting Adam Smith's view, can be beneficial in ensuring that domestic consumers could still afford essential staples, although it also created trade tensions with exporters ("2007–2008 World Food Price Crisis").

JAMIE: Similarly, during the 1970s Stagflation Crisis, many governments attempted wage and price controls, though with mixed success. While these controls temporarily curbed inflation, they also led to market distortions and supply shortages, proving that price caps alone are not a sustainable solution to inflationary pressures (*The Great Inflation | Federal Reserve History*).

YASHESH: The World Bank and the International Monetary Fund (IMF) have noted that food inflation often leads to social unrest and increased government intervention, especially in developing economies where food prices make up a larger percentage of household income. When food becomes unaffordable, governments often resort to policy adjustments, trade restrictions, or increased subsidies to stabilize their economies ("Food Security | Food Insecurity Statistics & Solutions").

ROSHAN: You know, guys, I think the ultimate takeaway from both our interview with Adam Smith and observing these crises suggest that governments must carefully balance market forces with interventionist policies. Too much regulation can lead to unintended inefficiencies, while too little can cause severe price volatility and social instability.

JAMIE: And while policymakers scramble to find solutions, the crisis has reached unexpected levels, even making its way into international diplomacy.

YASHESH: Guys, however, in a pretty surprising turn of events, President Donald Trump recently sought to import eggs from Denmark to combat rising U.S. prices by increasing the supply. This move highlights just how severe the shortage has become, as even political figures recognize the necessity of securing affordable food sources from abroad.

ROSHAN: That's right! The idea of turning to foreign markets for something as simple as eggs shows just how deeply inflation and supply

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shocks are impacting everyday goods. But would importing eggs truly fix the problem? Or would it create new challenges, such as increased dependence on global markets and potential trade disputes?

JAMIE: One thing's for sure, egg prices have cracked open a broader conversation about supply chains, inflation, and economic policy. Whether through tariffs, trade deals, or production incentives, the decisions made in the coming months will shape how we approach the scramble for food security.

YASHESH: And with that, we wrap up today's episode. Thanks for joining us as we peeled back the many layers of this issue. Stay tuned for our next episode, where we'll dive into another economic challenge shaping our world. Until then, keep an eye on those grocery prices, and maybe start raising your own chickens!

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