Rebuilding America's Economy
with Family Farm-Centered Food Systems

FARM AID
Keep America Growing!

One of 33 farmers who grow wheat for Shepherd's Grain, a family farm alliance strengthening economies in the Northwest.

FARM AID 25: Growing Hope for America

In 1985, at the height of the farm crisis when hundreds of thousands of farmers were pushed from their land, Willie Nelson, Neil Young and John Mellencamp organized the first Farm Aid concert to raise awareness about the importance of family farmers and to raise funds to keep them on the land. What was intended as a one-time concert became an annual event, as the challenges faced by family farmers grew. Dave Matthews joined the board in 2001 to add his voice for family farmers. Now in its 25th year, Farm Aid continues its work to help family farmers thrive, expand the reach of the Good Food Movement, advocate for policies that produce a better, family-farm centered system of agriculture, and promote food from family farms.

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Rebuilding America’s Economy with Family Farm-Centered Food Systems

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ABOUT THIS PUBLICATION

This paper was inspired by Farm Aid President Willie Nelson who has long believed that family farmers are the backbone of the country, the bottom rung of the economic ladder on which all else depends. As Congress deliberated a $700 billion bailout for banks and corporations in September 2008, Willie Nelson and his fellow Farm Aid board members immediately called on Washington to recognize the potential of family farmers to revive the collapsing U.S. economy. This paper serves as substantive support to carry this vision forward.

FARM AID

Keep America Growing!

September 25, 2008

Dear Congress,

As you consider the distribution of $700 billion to the very banks and corporations that have gotten our country into the mess we're in now, we ask you to pause for a moment and consider what that money could do for the people who build our country from the ground up… for our schools, healthcare system, our states, cities and towns, alternative energy development, the homeowners who were the pawns of the banking and mortgage industry. As the Board of Directors of Farm Aid, we want to alert you to what a mere $1 billion could do in the hands of the people who grow our food.

American family farmers are the backbone of our economy, the first rung on the economic ladder. For 23 years, we've worked to keep family farmers on the land. But it's not enough just to save family farmers; we have to create new farmers. When farms fail, Main Street businesses fail. The opposite is true too: When farms thrive, Main Street businesses and local communities thrive. Far from Wall Street, family farmers are creating real wealth, producing real value, growing from seeds and sunlight a product that nourishes us both physically and economically. Supporting diverse decentralized family farming will do far more for the stability and vitality of our country than a handful of global agribusiness corporations could ever do.

The proposed $700 billion bailout asks taxpayers to foot the bill without giving them the opportunity to share in any gains. A $1 billion investment in family farm agriculture would enrich us all, because we are all shareholders of the family farm. The return on investment in the family farm includes thriving local economies, nutritious food for better health, a safer and more secure food supply, a cleaner environment and more renewable energy. Investing in local, sustainable and organic food would shorten the distance between eaters and farmers, conserve energy, create economic opportunities and new jobs through innovative processing and distribution systems, resulting in a better, greener, more efficient food and farm economy.

We'll leave the economic details to the experts, but we know from traveling the highways and back roads of this country that trickle down economic policy has not created wealth for the vast majority of Americans. Let's start from the ground up. When we invest in our family farmers, we invest in the revitalization of our country.

Willie Nelson, John Mellencamp, Neil Young and Dave Matthews
Farm Aid Board of Directors

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Key Terms and Concepts

Family Farm: Most sources settle on broadly defining family farms as farming operations where a family unit owns a majority of capital resources, makes the majority of managerial decisions, and provides the bulk of labor. For the purpose of this discussion, we extend the definition further to include a commitment to farmer livelihoods, community well-being, environmental stewardship and public health. Not all family farms currently address all of these concerns, but they all have the potential to do so. The ***family farm-centered food systems*** envisioned in this paper are based on these values and the farms that employ them.

Local and Regional Food Systems: Denotes a food system where food is produced and sold within a certain geographical area. This report emphasizes the important role local and regional food systems have in deepening relationships between farmers and consumers, and circulating money and creating jobs within a geographic area.

Industrial Agriculture: A system in the farming sector whereby farm numbers decrease and farms themselves become appreciably larger, mechanized and chemical-intensive, integrated into contractual relationships with processors through vertical integration, and increasingly specialized in one commodity or stage of production.

Concentration: Describes the control that a small number of corporations have over the entire food and farm system. For example, four companies dominate 83.5% of the beef market, 66% of the hog industry and 58.5% of the broiler chicken industry. At the same time, 93% of soybeans and 80% of corn grown in the United States are under the control of just *one* company.[1]

Small Farm: There is no widely accepted definition of a small farm. The National Commission on Small Farms defines it as a farm with annual gross sales below $250,000, though this is meant to distinguish between small and large farms, without classifying mid-sized farms. USDA farm classifications suggest that a good approximation for a small farm is one with gross sales below $100,000. For the purpose of this paper, we note that these farms are frequently involved in direct markets.

Mid-sized Farm: There is no widely accepted definition, but researchers at the Agriculture of the Middle Project *(www.agofthemiddle.org)* define mid-sized farms as farm operations that "operate in the space between the vertically integrated commodity markets and the direct markets." These can be approximated as full-time family farms with annual gross sales between $100,000 and $250,000, or USDA's "farming occupation—high sales" category, though there are likely several farms of higher or lower gross sales levels that can also be considered "mid-sized." This group is most vulnerable in the current agricultural economy.

Rebuilding America's Economy with Family Farm-Centered Food Systems

In the past few years, our country has endured an economic train wreck—failed banks, a tanked housing sector, pinched credit markets, escalating unemployment rates, crippling health care costs, and mounting environmental crises. In the context of such troubling headlines, we must examine every facet of our economy and consider how it can foster a more prosperous and sustainable future. This paper seeks to underscore what we at Farm Aid know as a simple truth: Supporting family farmers and family farm-centered food systems is a powerful strategy for jumpstarting our fragile economy and revitalizing communities across America.

The economic impacts of our nation's food producers stretch far beyond the limits of their farms and ranches. America's food system links farming with a variety of other enterprises, from input providers, like seed and fertilizer companies, to retail chains and restaurants, and everything in between. Each year, the food and agriculture sector employs around 14 percent of the U.S. workforce and constitutes almost 5 percent of our GDP.[2] Meanwhile, consumers spend over $1 trillion annually on food grown by U.S. farmers and ranchers.[3] These numbers begin to tell a story about the economic significance of food and farming, but only scratch at the surface of the real value our family farmers and ranchers have to offer our nation.

As Farm Aid's founder Willie Nelson often reminds us, American family farmers are the backbone of the nation—the first rung on the economic ladder. When farms thrive, Main Street businesses and local communities thrive. As small business owners, family farmers can employ many individuals and support other businesses in their area. In fact, small businesses, family farms among them, have contributed 64 percent of all new jobs nationwide in the past 15 years.[4]

Equally important as the economic benefits our farmers bring are the many personal, social, and environmental contributions they make in their communities. Since the farm family is tied to the land, farmers have a vested interest in the economic vibrancy, social well-being, and ecological health of their communities. And, as a result, they are natural stewards of the land.

Seeds of hope lie in America's family farmers and ranchers despite the grim economic conditions facing the nation. A frequently overlooked source of economic development and job creation, these producers are standing on the cutting edge of flourishing local and regional food systems that are sustaining economies, nourishing communities and creating a strong foundation for a stable and prosperous future. At a time when we risk losing tens of thousands of family farmers and ranchers from our land, protecting and fostering their potential and properly investing in local and regional food system development offers our nation a sound path forward.

The Ripple Effects of a Troubled Farm Economy

We stand at a critical crossroads in our agricultural economy: the very family farmers and ranchers best positioned to transform our food system and rebuild our economy are the ones most threatened by the nation's credit crisis and trends of corporate concentration and consolidation in agriculture. These producers have a powerful impact on our economy—both through the boost they offer to local economies when they thrive and by the loss felt when they leave the land.


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Today, family farms, like many other households and businesses, are suffering from the country's dramatic economic downturn. With ever-increasing production costs and volatile prices for their products, many farmers and ranchers find it nearly impossible to keep up with their debts and operating expenses.[5] Meanwhile, the availability of affordable credit—essential to the operation of any farm—is uncertain, and particularly difficult to access for many of the country's entrepreneurial producers involved in local and regional markets or value-added and sustainable production methods. Struggling to stay afloat, the typical farm family must depend on off-farm employment to supply the bulk of its income. On average, nearly 90 percent of a farm family's income is supplied by another source of employment.[6] As such, the decline in U.S. employment further exacerbates farm budgets, making it even harder for many of America's family farmers to stay on their land.

Communities that lose family farms lose a core of skilled producers with exceptional experience and practical insight. They lose a base of committed employers and consumers, causing more businesses to shut their doors, shrinking the local tax base and ultimately leading to population loss.[7] In addition, a number of studies have documented trends of economic and rural community decline in areas with greater concentrations of industrial farms.[8] The industrial system that so often replaces family farms siphons millions of dollars away from rural economies, purchasing inputs from corporate supply and service industries outside the region and sending profits to financial centers far from the farm.[9] This pattern drains local businesses and can decimate the social fabric of rural communities, increasing unemployment rates and putting more pressure on public welfare services such as Medicaid and food assistance programs.[10] Compounded with an aging farming population and an exodus of rural youth to urban areas, previously vibrant farming communities are in sharp decline.

The Cost of Misguided Investments

The industrial food system, which currently receives the lion's share of public and private investment, focuses its attention primarily on the yield outcomes of just a handful of crops. In doing so, it dismisses the many environmental and public health costs associated with an increasingly global and industrial food supply. For example, concentrated animal feeding operations (CAFOs), which house hundreds or thousands of animals in close quarters and produce most of the meat, poultry and dairy consumed in the United States, receive subsidies to their feed and pollution costs while leaving behind staggering bills for taxpayers.

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The Union of Concerned Scientists estimates that the costs associated with CAFOs include $26 billion in reduced property values from odor and pollution problems, up to $4 billion in drug-resistant infections attributed to the overuse of antibiotics in livestock production, and $4.1 billion in soil and groundwater contamination.[11] Whatever efficiencies CAFOs add to the livestock sector would be quickly outstripped if the operations were made to internalize these costs. Other researchers have implicated the industrial food system in costly public health problems, particularly diet-related illnesses like heart disease, obesity and type II diabetes.[12] There is no source for projecting the impact of these expenses over time, but existing data suggest the costs are substantial and mounting. The Centers for Disease Control anticipate that obesity and type II diabetes already cost the country hundreds of billions of dollars each year, and could account for 20 percent of all U.S. healthcare expenditures by 2020.[13]

These costs speak to the increasing inefficiency of an industrial food system driven by expansion, corporate consolidation, and the push to maximize profits, generally at the expense of farmer livelihoods, food quality, environmental health and community well-being. Most family farmers are squeezed by this system; today just 19 cents of the retail food dollar goes to the farmer.[14] This share represents a drop of more than 50 percent from what farmers received in 1950, leaving razor-thin profit margins, if any, for their families, and less money to spend in their local economies.[15] Furthermore, it is questionable whether the industrial food system still delivers on the promise of cheaper food—USDA data indicate that the cost of food to consumers has risen steadily since the 1980s, even while trends of concentration and industrialization in agriculture have quickened.[16]

As a nation, we have come to depend on a food system full of hidden costs and false promises. In reality, corporate concentration and industrialization do not bring appreciable gains to family farmers, our economies or public welfare. Rather, we are more often suffering the negative impacts of unchecked market power and the subsequent loss of family farmers. In the context of rising fuel prices, growing environmental degradation, climate change and worsening public health crises, research supports arguments that the industrial food system will buckle under it own weight.

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INDUSTRIAL AGRICULTURE:

Draining Community Health and Wealth for Decades

Linda Lobao, a professor at Ohio State University, and Curtis Stofferahn, a professor at the University of North Dakota, cite over 50 years of research, government-sponsored reports and Congressional hearings that overwhelmingly demonstrate how large-scale, industrial farms and concentrated animal feeding operations (CAFOs) jeopardize community well-being.* The first documented study on the issue was conducted in the 1940s by Walter Goldschmidt, a U.S. Department of Agriculture anthropologist who compared two communities in California over time. The first community, Dinuba, was dominated by locally owned, family farms; the second, Arvin, was dominated by large, absentee-owned, non-family farms. Goldschmidt found that, relative to Dinuba, Arvin's community had a smaller middle class and higher proportion of hired workers. Family incomes were lower and poverty rates higher in Arvin. Its schools were of poorer quality as were its public services, and it enjoyed fewer churches, civic organizations, and retail establishments. Arvin had less local control over public decision-making and the local government was prone to fall under the influence of outside agribusiness interests. By contrast, Dinuba, which enjoyed a strong family farming presence, had a larger middle class, better socioeconomic conditions, strong community stability and high civic participation rates.

Several studies have since supported Goldschmidt's findings. In 1977, California's Small Farm Viability Project revisited Arvin and Dinuba and reported, "The disparity in local economic activity, civic participation, and quality of life between Arvin and Dinuba…remains today. In fact, the disparity is greater. The economic and social gaps have widened. There can be little doubt about the relative effects of farm size and farm ownership on the communities of Arvin and Dinuba."*

* Lobao, L., Stofferahn, Curtis W. (2008). "The community effects of industrialized farming: Social science research and challenges to corporate farming laws." *Agriculture and Human Values* 25(2).

Scaling Up the Seeds of Change

In a time when many economic sectors are slumping, farmers and consumers are organizing locally and regionally, creating innovative agricultural markets that yield jobs and generate wealth for their communities. Equally important, these communities are becoming more self-reliant and restoring social connections and cultural meaning lost during the push toward an industrial food supply.

Today, many farmers are marketing the fruits of their labor close to home—via direct markets such as farm stands, farmers markets and Community Supported Agriculture programs—and helping money to circulate in their communities. In 2007, direct market sales rose 49 percent, reaching $1.2 billion from their 2002 level of $812 million.[17] This growth demonstrates a clear and burgeoning consumer demand for local food from family farms.

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While this trend is promising, direct markets account for just 0.4 percent of total U.S. agricultural sales and are generally accessed by the smallest farms, making a relatively minor dent on the food system at large.[18] At the same time, the largest, most industrial farms are still getting bigger, with just 6 percent of U.S. farms now producing 75 percent of agricultural products.[19] Hence these two sectors—one direct and local, the other industrial and global—coexist side-by-side, without creating the transformative change we so urgently need in this country.

Meanwhile, mid-sized family farms are disappearing at an alarming rate. The 2007 Census of Agriculture reported a loss of 80,000 mid-sized farms since the last census in 2002 and some researchers predict mid-sized farms will disappear completely within a decade.[20] Often termed "agriculture of the middle," these farms are too small to compete in highly consolidated commodity markets on their own, yet too large to access direct markets. Conventional wisdom has advised them to "get big or get out," but given the growing demand for local, family farm-identified food, mid-sized farmers should be well-positioned to bring the benefits of direct markets to more consumers and communities.[21] In fact, in his review of 70 years of research on farming and community well-being, Curtis Stofferahn of the University of North Dakota found consistent support for the conclusion that mid-sized family farms are the best source of community economic development among all farm types.[22]

Emerging markets, what some researchers call "mid-scale food value chains," are beginning to crop up for these mid-sized farmers. By pooling value-added goods and offering fair prices, these markets help mid-sized farmers access local or regional distribution networks in a cost-effective manner, bringing good food to more consumers.[23]

STORIES FROM THE FIELD

Shepherd's Grain: Strengthening Agriculture of the Middle through Market Aggregation

Karl Kupers and Fred Fleming founded Shepherd's Grain in Washington State with the goal of securing transparent prices for their product and sustaining their land for generations to come. Based on an alternative business model that supports regionally identified, high-quality and differentiated foods, Shepherd's Grain markets wheat flour milled from the wheat of 33 farmers in the Columbia Plateau Producers Cooperative. Their farmers employ environmentally friendly farming systems using methods like crop rotation and direct-seed tillage, which are third-party certified by Food Alliance. Shepherd's Grain goods are distributed through a combination of local and regional distributors, including mainstream companies like the Food Service of America. They process their wheat at an Archer Daniels Midland mill in Spokane, Washington, which offers the proper scale for the collective products of several mid-sized farmers. Through savvy planning, Kupers and Fleming begin aggregating their product two years in advance, collectively setting planting schedules, establishing fair prices with their millers and bakers, and demanding that farmers commit no more than 50 percent of their crop to Shepherd's Grain to ensure market diversification for their farms. The Shepherd's Grain model is exemplary of a "value-based value chain" by emphasizing commitments to both environmental integrity and grower livelihoods in all business transactions, as well as smart control of supply and demand. Says Fleming, "Our kind of farming rewards innovators, saves farms and can change an ecosystem."

These new supply chains incorporate products with value-based or differentiated attributes that consumers have looked for in direct markets. In recent years, these attributes have taken the form of organic, free range, non-GMO, local, heritage breed, grass-fed, family farm-identified, hormone- and antibiotic-free, among others. Some researchers note that mid-sized farms are better able than small farms to produce these goods at volumes needed to satisfy regional demands, and more nimble than larger, commodity farms to adjust to changing consumer choices.[24]

There lies before us a huge opportunity to revitalize our rural economies and transform our food system by investing in both the growing direct market sector and emerging "mid-scale food value chains" that together sustain both small and mid-sized farms. These local and regional food systems offer potent sources of economic and community revitalization.

The Case for the Family Farmer

How do we quantify the economic benefits of local and regional food systems with family farms and ranches at their center? There is no single answer to this question, but many researchers have begun modeling the possible benefits of growing and marketing food within a region. Those interested in addressing the nation's economic downturn should strongly consider these findings and how family farm-centered food systems can revitalize our economy.

Farm and food system analyst Ken Meter has studied the economics of agriculture for 35 years, emphasizing the importance of community food systems when analyzing the national farm economy. In a 2001 report, he determined that each year Southeast Minnesota farmers were spending about $400 million on farm inputs from outside the region, while consumers were spending about $400 million on food from outside the region. Imagine the economic impact if even a fraction of those dollars were spent locally, supporting local farmers, farm suppliers, and businesses. Meter modeled this scenario, and found that if Southeast Minnesota consumers were to shift just 15% of their food dollars to regional farms, they could generate $45 million in new farm income, which would in turn contribute $88.5 million to the region's overall economy.[25]

STORIES FROM THE FIELD

Indian Springs Farmers Association: Power in Numbers in Mississippi

One way local food systems are successful is by aggregating the work of businesses at different stages along the food chain. Successful models often come in the form of producer cooperatives, which grant farmers ownership over the aggregation and marketing of their goods, and often reduce transaction costs in the supply chain. Started in 1966 with a mere $250 federal grant, the Indian Springs Farmers Association now combines the efforts of three dozen farmers, mostly African American, in six rural Mississippi counties. Farmers join Indian Springs for a modest $200 fee and annual dues of $12, receiving a number of benefits in return, including lower-priced supplies and coordinated growing and sales targets. The cooperative focuses on fresh vegetables, which offer higher margins than commodity crops. Indian Springs offers incentives for its members to diversify their products and members often teach each other how to improve their environmental performance, all of which reinforces an ecological and economic sustainability for their land. The farmers have pooled their resources to build a $500,000 plant where they jointly wash, process, package and distribute their many fruits and vegetables. By aggregating their goods, the growers utilize distribution networks and reach markets generally beyond their individual capacity. Each week, the cooperative pumps between $5,000 and $10,000 into one of the poorest regions of America.

Such striking results are rooted in what has been termed the "local multiplier effect." Every time money changes hands within a community, it boosts income and economic activity, and fuels job creation. This is because locally owned businesses are more likely to re-spend their dollars locally.[26] A growing body of evidence demonstrates a dollar spent on a locally owned business circulates two to four times more in the community compared to that same dollar spent on an equivalent non-local business.[27]

Researcher Viki Sonntag of Sustainable Seattle analyzed the local multiplier effect of food-related businesses in the Central Puget Sound region of Washington State and found that shifting 20 percent of food dollars into "locally directed spending" would inject nearly $1 billion into the region's economy each year.[28] This impact was exemplified in the restaurant sector, where Sonntag found that spending $100 at a chain restaurant results in $31 of income for local businesses. Yet, the same $100 spent at a locally owned restaurant would offer $79 for local businesses. By the same token, food grown by local farmers for export earns $1.70 in community income for every dollar of sales. But


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a dollar spent at a farmers market can generate $2.80 for the community's economy.[29] Sonntag's findings are being echoed in several studies across the country, though multipliers tend to be region-dependent. The critical takeaway, however, is the power of local spending in promoting more stable and prosperous economies and communities.[30]

STORIES FROM THE FIELD

Woodbury County, Iowa: Political Will that Pays

With evangelical fervor, Rob Marqusee, the Director of Rural Economic Development in Woodbury County, Iowa, advertises the benefits of targeting small family farmers in local economic development policies. "Everything emanates from the land," he says. "How land is farmed directly impacts matters such as outsourcing, immigration, obesity, global warming, attitudes toward small business, tax incentive and subsidy policies, environment, entrepreneurship, health, family values, volunteerism, community involvement, crime and rural and urban economies."* The county's economy, historically built upon agribusiness and industrial agriculture, was being drained of approximately $400 million each year from farm inputs and food purchased from outside the region. In response, Woodbury County crafted a trailblazing web of local food policies to give its economy a prompt about-face. In 2005, it adopted an Organics Conversion Policy, which offers a 100% property tax rebate for 5 years to any farmer who converts to organic farming. In 2006, the county enacted a Local Foods Purchase Policy mandating the county to purchase locally grown organic food through a local food broker for various county institutions. In 2007, Woodbury County created its own marketing label for local foods called "Sioux City Sue." This is in addition to its work recruiting a new generation of farmers in the region, and the marketing consortium it formed with neighboring counties to foster food-based businesses supported by market aggregation. Says Marqusee, "The idea is to create local dependencies and networks that recreate [rural] communities."*

* Marqusee, R. (2008). "Letters to the Public." Woodbury County, Iowa, Department of Rural Economic Development. *www.woodburyorganics.com/Woodbury_Organics/Letter.html.*

Other research suggests that the economic benefits of investing in local and regional food systems are rooted in what is grown, which can also pay huge dividends in public health matters. For example, some studies have focused on reintroducing fruit and vegetable production within a state or region. For farmers, the benefits of growing more fruits and vegetables include an increased per-acre value to the farm business compared to what is earned from commodity grain or oilseed production.[31] For the community at large, benefits include job creation and boosts to local businesses. Increased consumption of fruit and vegetables can also promote a healthier, more productive population that requires fewer sick days and healthcare expenditures.[32]

STORIES FROM THE FIELD

Red Tomato: "Middlehandlers" with a Mission

Massachusetts-based Red Tomato is committed to building a better food system by utilizing practical business skills, scientific research, market analysis and a mixture of non-profit and market-based change. According to Red Tomato, "We believe in market-based change, but also know that small, innovative development needs support before it can take hold and flourish." To this end, Red Tomato coordinates production, branding, marketing and distribution on behalf of more than 40 sustainable small and mid-sized fruit and vegetable growers in the Northeastern United States. In 2008, Red Tomato boasted more than $3 million in sales. The organization also makes a commitment to bringing its fresh, ecologically raised produce to as many consumers as possible, building relationships with eight distributors and reaching conventional and natural supermarkets, independent grocers, co-ops and restaurants across several states. With one foot in the non-profit world and the other firmly rooted in the food business, Red Tomato enjoys its multifunctional role as a marketer, trader and educator in the food system.

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David Swenson of Iowa State University, in conjunction with the Leopold Center for Sustainable Agriculture, recently examined the local foods potential of a six-state Midwestern region including Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin. Isolating 28 fresh fruits and vegetables and estimating consumer demand in the region, Swenson found that increased fruit and vegetable production could boost regional farm sales by over $882 million, and spur retail-level sales as high as $3.31 billion. The effort would also generate 9,032 farm-level jobs and 9,652 retail-level jobs, and a corresponding $395.1 million in farm-level labor income and $287.6 million in retail level labor income, suggesting the strong potential of the food system for economic rejuvenation of the region.[33]

In some cases, harnessing the food system's potential is simply a matter of marketing. This has sparked the interest of many researchers, including Patty Cantrell at the Michigan Land Use Institute, David Conner and Michael Hamm of Michigan State University, and George Erickcek of the W.E. Upjohn Institute for Employment Research, who teamed up to examine how a strong local marketing campaign, like the many *Buy Local* programs sprouting up nationwide, could revamp Michigan's economy.

STORIES FROM THE FIELD

Hardwick, Vermont: "The Town that Food Saved"

A town built upon a booming granite industry that went bust in the 1920s, Hardwick, Vermont, was in desperate need of economic and community revitalization. During the past decade, Hardwick faced a median income 25% below the state average and an unemployment rate nearly 40% above the state average. Starting in 2006, the town's young artisans and entrepreneurs returned to their roots, banding together to build a thriving economy centered around food and agriculture. Numerous food-related businesses, such as Vermont Soy and Jasper Hill Farm, have set up shop as part of Hardwick's expanding food movement. They've brought with them nearly 100 jobs, a year-long farmers' market, a large community garden, a non-profit called the Center for an Agricultural Economy, a wildly successful organic seed company, and the Vermont Food Venture Center to aid new agricultural entrepreneurs. Hardwick's farm-based local food economy has been built upon the steadfast collective effort of residents who assist one another in establishing their businesses, conserving farmland, and producing food sustainably. Farmers and businessmen regularly meet to share experiences, advice, and even capital—thus far, they've lent each other $300,000 in short-term loans. As the book documenting Hardwick's story, *The Town That Food Saved*, notes: "Hardwick, Vermont, just might prove what advocates of a decentralized food system have been saying for years: that a healthy agriculture system can be the basis of community strength, economic vitality, food security and general resilience in uncertain times."

The state of Michigan has ranked poorly in economic and public health indicators for decades.[34] Importantly, much of the $1.9 billion worth of fresh fruits and vegetables consumed by Michigan residents comes from outside the state, despite the fact that state farmers produce the second-widest variety of farm products nationwide, just behind California. The authors estimate that Michigan farmers could generate almost 2,000 new jobs and $200 million in new income if they sell up to three times more fresh produce via in-state direct and wholesale markets. This scenario assumes no necessary shift in production, just the impact of re-localizing food dollars by utilizing Michigan's existing cornucopia to meet consumer demand for fresh produce. In a state with many economic woes, a more localized and sustainable food system can play a critical role in establishing a stable economic future.[35]

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Lastly, some of the best research on the benefits of public investments in local and regional food systems is being directed by policymakers. Recently, the State of Illinois created a task force to analyze the economic stimulus potential of its food and farm system. Its findings are staggering. First, it found that Illinois citizens spend $48 billion annually on food, nearly all of which leaves the state economy. It also determined that the state's food system relies heavily on growing commodity crops for export from the state, while importing the food needed to feed its own citizens. The task force estimates that a 20% increase in local food production, processing, and purchasing would generate $20–30 billion of new economic activity statewide and create thousands of jobs for state citizens.[36]

Highlighted above are just a few of several available studies showcasing the enormous potential of local and regional food systems to spur economic growth, all supported by the hard work of family farmers and ranchers.[37] While some of these results are hypothetical in nature, they should be taken seriously. Any efforts to revitalize the nation's economy should include family farm-centered local and regional food system development as a central strategy.

STORIES FROM THE FIELD

Community Farm Alliance: Leveraging the Local Multiplier

Community Farm Alliance (CFA) is a Kentucky-based membership organization promoting farm-based economic development in rural and urban communities statewide. As part of their work, CFA coordinates an institutional buying program they call L.I.F.E.—Local Innovative Farm Economies. According to CFA, "L.I.F.E. has the power to enhance Kentucky's fiscal and cultural vitality…A local food system allows Kentuckians to benefit by consuming most of their food from local farms, Kentucky farmers to make a living from their land and opens the door for a new generation of farmers to prosper." Through the local multiplier effect, CFA estimates that ten new farm jobs in Kentucky would generate three additional jobs in the local farm service sector, while ten new local processing jobs would generate six additional jobs in the community. CFA also projects that if Kentucky were to match the national average for per-farm direct marketing sales, it would generate an additional $7.9 million in farm income and $15.8 million for the state as a whole. Diversification money from Kentucky's Tobacco Settlement offers an unprecedented opportunity to realize this vision by helping Kentucky farmers shift from traditionally tobacco-dependent operations to diversified farm enterprises. Yet, CFA clearly understands the challenges ahead of them, "Transforming our food and farm economy will require steadfast cooperation by our citizens, non-profit organizations, government and public institutions, as well as the private sector."

Courtesy of Community Farm Alliance

Conclusion: Growing More than Just Good Food

The structure of today's food economy is not inevitable; rather, it is a reflection of choices. The future we seek is a matter of making the choice to create and strengthen local and regional markets that support family farmers, and in turn fortify the health and prosperity of all Americans. The challenge before us, then, is to think creatively about policies, funding resources, prospects for cross-sector collaboration and community mobilization strategies that can best achieve this vision.

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The growth of local and regional food systems relies heavily on building physical infrastructure and expanding access to affordable farm credit to help farmers transition into these markets. This will require a coordinated policy agenda among a wide range of public and private stakeholders—an agenda that helps farmers make choices based on local economies, environmental stewardship, community and health, and that rewards them when they do so. For more information on critical federal policies needed to improve both physical and financial infrastructure for local and regional food systems, we recommend contacting Farm Aid's national partners: the National Sustainable Agriculture Coalition *(www.sustainableagriculture.net)* and the National Family Farm Coalition *(www.nffc.net)*.

Farmers will also need greater technical assistance, aid with business planning, and an increased flow of research dollars to effectively reorient family farms toward local and regional marketing opportunities. Scholars and economists will need to account for the full range of costs related to our food system to inform these discussions.

Now is the time to invest in a new future—a future in which family farmers are recognized as key resources in solving the surmounting economic, environmental and public health challenges facing our nation. Ultimately, an investment in family farm-centered local and regional food systems is a critical investment in our economy, our communities, and our future: an investment that returns in spades.

A variety of funding resources are currently available for those interested in developing family farm-centered local and regional food systems. Farm Aid's online Farmer Resource Network has catalogued such opportunities, which can be accessed directly by visiting *www.farmaid.org/opportunities*.

Citizens, too, have a role, since we all eat. It is imperative that we continue demanding good food and voting with our dollars and ballots to support better food systems accessible by all. For specific actions you can take in your own community, visit Farm Aid's website at *www.farmaid.org/whatyoucando*.

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FARM AID
Keep America Growing!

Rebuilding America's Economy
with Family Farm-Centered Food Systems

Seeds of hope lie in America's family farmers and ranchers despite the grim economic conditions facing the nation. A frequently overlooked source of economic development and job creation, these producers are standing on the cutting edge of flourishing local and regional food systems that are sustaining economies, nourishing communities and creating a strong foundation for a stable and prosperous future. At a time when we risk losing tens of thousands of family farmers and ranchers from our land, protecting and fostering their potential and properly investing in local and regional food system development offers our nation a sound path forward.

Farm Aid Board artists: Neil Young, Willie Nelson, John Mellencamp and Dave Matthews.

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"In 1985, we started out to save the family farmer. Now it looks like the family farmer is going to save us. As our nation continues to endure an historic economic downturn, America's family farmers offer us much hope."

— Willie Nelson, Farm Aid President

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