Crossroads Resource Center

7415 Humboldt Ave S / Minneapolis, Minnesota 55423 / 612.869.8664
<kmeter@crcworks.org> <www.crcworks.org>

Tools for Community Self-determination

Hoosier Farmer?
Emergent Food Systems in Indiana

EXECUTIVE SUMMARY

for full report see
http://www.crcworks.org/infood.pdf

January 18, 2012

Prepared for the
Indiana State Department of Health

by
Ken Meter
Crossroads Resource Center
Minneapolis
kmeter@crcworks.org
www.crcworks.org

Table of Contents

Executive Summary

Indiana's food industry is experiencing tremendous changes that roll across the state as steadily as a summer storm.

A vital consumer movement seeking healthier food choices, born forty years ago in Bloomington, has expanded and matured. Now, people all over Indiana seek to know the farmer that feeds them, and to see with their own eyes the farms where their food was raised.

Hoosiers are responding to this hunger in a variety of ways. Direct sales from farmers to consumers rose 38% from 1992-2007. Over 100 communities host farmers' markets. These markets foster social connections and spin off commercial development, even as they bring consumers into direct contact with neighboring farmers. Many emerging farms sell memberships so consumers can share the risks of farming. Backyard and community gardens have sprung up across the state as Hoosiers decide to produce food for themselves.

Grocers, restaurants, and distributors now feature foods produced by Hoosier farmers. In many cases, this is centered on high-end outlets that sell to more prosperous customers. Many farmers with the means to do so have opened, or purchased, processing or retail businesses so they can vertically integrate. Intentional clusters of food-related businesses have spawned collaboration across separate firms. Delivery services bring local foods right to residential doors. Produce auctions have formed in many regions. In these respects, the marketplace appears to be working.

However, the market has failed many Hoosiers, and seems unable to respond to the burgeoning demand for local food. More than one of every four Hoosiers earns so little that they are in jeopardy of not eating well — a remarkable statistic in the nation's tenth-largest farm state. So, food leaders in lower-income communities have devised innovative ways to engage low-income consumers in growing or purchasing food. Wishard Hospital in Indianapolis, the "safety-net" hospital for the city, has launched a food initiative that places fresh food in the hands of low-income patients with food-related health conditions. These food boxes are accompanied by personal attention from medical staff.

Many young farmers find themselves in a vulnerable place. Many have turned away from a dependence on commodity agriculture since they view it as unrewarding, or beyond their financial means. Other farmers have concluded that to respond to the growing interest from consumers, they need to fashion farms that are vastly different from those their parents ran. Moreover, the prevailing farm economy is deeply dependent on fossil fuels; as the supply peaks, rising fuel prices threaten the viability of the entire food industry. People across the state warn that Indiana must grow thousands of new farmers if it is to meet consumer demand. The Indiana Farm Bureau responds sensitively to these cross-currents. Purdue Extension educators offer assistance to many emerging farmers. The county-based extension service places Indiana at a profound advantage over other states that have consolidated into less responsive regional units.

Market failure plagues commodity farmers. Net cash income from farming was $1.1 billion less in 2009 than in 1969 (when the dollar is adjusted for inflation) — despite the fact that farm productivity doubled over that period. While at this writing, 2011 appears to be a banner year for many Hoosier commodity growers, the U.S. Department of Agriculture (USDA) projects that national net farm income will be lower than in 1929 (once again, after adjusting for inflation).

Despite these trends, some Hoosier farmers speak of doubling corn production over the next twenty years, from 200 bushels per acre to 400. New genetically modified varieties, and far more intensive production techniques, will be required to attain this goal, they say, if the world is to feed the 9 billion consumers expected to populate the globe by 2050.

Yet Indiana does not even feed itself, let alone feed the world. The state imports an estimated 90% of its food. More than $14.5 billion is spent by Hoosier consumers each year buying food sourced outside of the state. Personal income for workers in food manufacturing, distribution, and retail industries has fallen in recent years.

What is emerging in Indiana

The key question asked in study was, "What is emergent in the Indiana food industry that most defines a new future for food?" This question is partially answered here, based on research and interviews performed for the study.

One key finding is that Indiana has a history of turning its attention to distant commodity markets, rather than feeding itself. This is a legacy of the pioneer days, when farmers came to the Midwest in debt to outside lenders, and had to plant cash crops in order to pay off loans. Shipping food commodities to distant urban markets offered the best choice for many farmers. Moreover, there was little commercial opportunity to raise food for fellow Hoosiers, because most of them were farmers with the capacity to produce food for themselves.

That situation is now drastically different. Few Hoosiers — even few farm families — produce their own food. Personal income is at record levels. Yet farms are still focused on outside markets. The marketing and distribution infrastructure creates great efficiencies for shipping food long distances, and few efficiencies for local food trade.

This appears to be an historic opportunity for Indiana. This may be the first time in the state's history that public policy will be devoted to creating lasting infrastructure that promotes local food trade. The word "infrastructure" refers to facilities such as warehouses and freight systems, information and knowledge systems, highways, railroads, and other transportation systems.

Public Policy

In a situation of market failure, it would be wrong for the state of Indiana to trust the market to resolve the issues Hoosiers face as they farm and eat. Commercial enterprise cannot resolve these issues by itself. Educational initiatives, engaged citizens, and public policy will also play a significant role.

Yet public policy should not pick winners and losers. Unfortunately, existing public farm programs have done just that. By specifying which products will be supported, these subsidies have encouraged some farmers to produce commodities that, otherwise, they would not choose to grow. By throwing cash after commodities, public policies have drawn potential wealth out of rural communities, even as some farmers have prospered. When tax incentives are offered, often those best placed to take advantage of tax write-offs thrive, while other hard-working Hoosiers are disadvantaged. By focusing on long-distance travel for food, local markets have been overlooked.

There would be no logic to abandoning commodity production; these products are sorely needed, and Hoosier farmers are expert at producing them. Yet different incentives must be created, so that both farmers and rural communities are better rewarded for this production. Existing infrastructure is fully adequate to handle large-scale shipments of food commodities to different places.

What Indiana lacks is an infrastructure devoted to local food trade. This is the proper role for public investment. The best next steps for developing this infrastructure are listed below. Each is outlined in greater depth at the end of the report.

1. Food practitioners around the state need to be more closely networked with each other, to improve coordination across food initiatives, and to make sure that practice is as efficient as possible. This networking will take advantage of a Hoosier tradition of including all stakeholders and perspectives.
2. Indiana should focus its efforts on expanding the local foods movement that has built for over forty years.
3. Farmers report that responsive meat processing for beef, pork, chicken, and other meats is seldom available in proximity to Hoosier farmers who are attempting to meet local demand for meat. Developing this capacity is a high priority.
4. Stronger local distribution networks, local aggregation facilities, and processing plants for produce are also critical; several such initiatives are underway across the state, which require greater investment. Others must also be created.
5. Food safety has become a prominent concern across Indiana. Ensuring food safety is obviously a high priority, yet the state is split about how to achieve this. Some say that the more direct connections made between farmers and consumers, the greater the safety that can be created. Some dispute this, and also point out that for more distant transactions, where farmers and consumers cannot know each other, technology will be an essential component of food safety regimens. A thorough exploration of this topic is beyond the scope of this study. However, one conclusion is clear: Efforts to assure safe food must not place larger farms and businesses at an advantage over the small. Food safety approaches must be scale neutral. Food safety approaches must also build the capacities of consumers to make smart decisions while shopping, preparing, and eating food.
6. Networking food-related businesses into intentional clusters can help stabilize local economies, and will create larger economic multipliers.

Indiana's food system should build health, wealth, connection, and capacity in communities across the state. Following these recommendations will help advance those purposes.