Finding Food in Farm Country

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Crossroads Resource Center (Minneapolis)

Northwest RSDP — Hallock
August 25, 2005
“Finding Food in Farm Country”

Northwest Minnesota Regional Sustainable Development Partnership
Northwest Minnesota

- 205,000 residents
- $4 billion purchasing power each year
Northwest Minnesota’s Food & Farm Economy

- 9,765 farm families
- 16% of Minnesota farms
- 23% of Minnesota farm acreage
Population of Northwest region and Minnesota, 1969 - 2003

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Northwest Minnesota’s Food & Farm Economy

- large farms
  (30% of MN farms over 1,000 acres)
- 75% of state’s wheat, barley, and sugar beets
- 90% of sunflowers
Northwest Minnesota’s Food & Farm Economy

• 16% of Minnesota’s beef cows
• 2% of farms producing vegetables (500 acres)
• 3% of orchards
• 4% of dairy
• 16% of Minnesota’s organic production ($1.3 million)
• 231 farms sell $833,000 of food directly to consumers
Northwest Minnesota’s Food & Farm Economy

• Region’s farmers produce $851 million of food per year (2002)

Yet...

• Spend $1,092 million to raise it
Northwest Minnesota’s Food & Farm Economy

• Lose $200 million in production costs
  (average loss per year since 1993)
Northwest Minnesota’s Food & Farm Economy

So...

• Farm families require $233 million of other farm-related income to cover their costs

• This includes $167 million in federal supports
Northwest Minnesota’s Food & Farm Economy

40% of the region’s farms lost money in 2002
Farm Production Balance in Northwest Minnesota, 1969-2003

- Cash Receipts
- Production expenses
- Balance

$ billions (current)


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Northwest Minnesota
Farm Production Balance, 1969-2003

Cash receipts
Production expenses
Balance

$2.2 billion lost / 11 years

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Crop and livestock sales in Northwest Minnesota, 1969-2003

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Farm Production Expenses in Northwest Minnesota, 1969-2003

- Feed purchased
- Livestock purchased
- Seed purchased
- Fertilizer, Lime & Chem.
- Petroleum products
- Hired farm labor

$ billions (2003 dollars)
Northwest Minnesota, farm income by type, 1969-2003

$ billions (2003 dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Payments</th>
<th>Other Farm-Related Income</th>
<th>Farm Production Balance</th>
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<tbody>
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<td>1969</td>
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<td>2003</td>
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</tbody>
</table>
Also a region of food consumers...
Finding Food in Farm Country

As farmers struggle...

- The region’s consumers spend $403 million buying food each year

- Most bought from outside region
• Consumers spend $228 million each year buying food to eat at home

• Nearly equal to annual farm losses
Finding Food in Farm Country

In fact...

• The average food item in the U.S. travels 1,500 miles from farmer to consumer

• Over 60% of the cost of food is an energy cost
Finding Food in Farm Country

All told, Northwest Minnesota...

• Loses $200 million raising food, &

• Buys $480 million of outside inputs

• Buys $300 million of outside food

Potential wealth lost each year
Finding Food in Farm Country

Total loss is:

• $1 billion each year!

• Totals 100% of the value of all food raised in the region
The good news is...
Northwest Minnesota
Farm Production Balance, 1969-2003

- Cash receipts
- Production expenses
- Balance

$ billions (2003 dollars)

© Ken Meter, 2005
Finding Food in Northwest Minnesota

NW Minnesota consumers buy $403 million of food each year:

- $228 million to eat at home
- $175 million to eat out
## NW Minnesota: markets for food

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meats, poultry, fish, and eggs</td>
<td>$54.9</td>
</tr>
<tr>
<td>Fruits &amp; vegetables</td>
<td>38.1</td>
</tr>
<tr>
<td>Cereals and bakery products</td>
<td>33.8</td>
</tr>
<tr>
<td>Dairy products</td>
<td>24.9</td>
</tr>
<tr>
<td>“Other,” incl. sweets, fats, &amp; oils</td>
<td>76.3</td>
</tr>
</tbody>
</table>
NW Minnesota consumers buy $54.9 million of meats each year:

- **Beef**: $16.2 million
- **Pork**: 12.2
- **Other meats**: 7.8
- **Poultry**: 9.7
- **Fish and seafood**: 7.1
- **Eggs**: 2.0
NW Minnesota consumers buy $38.1 million of produce each year:

Fresh fruits $ 12.2 million
Fresh vegetables 11.3

Processed fruits 8.4
Processed vegetables 6.1
NW Minnesota consumers buy $24.9 million of dairy products each year:

- Fresh milk & cream $10.0 million
- Other dairy products 14.9
NW Minnesota consumers buy $52.4 million of beverages each year:

- Nonalcoholic: $20.5 million
- Alcoholic: 31.9
Finding Food in Northwest Minnesota

Local market for VEGETABLES

80 million pounds (farm weight)
Local market for APPLES
(pounds, farm weight):

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh</td>
<td>3,271,938</td>
</tr>
<tr>
<td>Canned</td>
<td>820,542</td>
</tr>
<tr>
<td>Juice</td>
<td>4,387,139</td>
</tr>
<tr>
<td>Frozen</td>
<td>151,422</td>
</tr>
<tr>
<td>Dried</td>
<td>163,699</td>
</tr>
<tr>
<td>Other</td>
<td>94,127</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,890,913</strong></td>
</tr>
</tbody>
</table>
Local market for POTATOES
(pounds, farm weight):

- Fresh: 9,216,265
- Canning: 302,844
- Freezing: 11,686,077
- Dehydrating: 2,965,002
- Chips and shoestrings: 3,470,423

Total: 27,640,610
Northwest Minnesota is not alone...
Farm Production Balance
in Southeast Minnesota, 1969-2003

- Cash receipts
- Production expenses
- Balance

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Southeast Minnesota

Farmers lose $84 million each year in production costs

Average over seven years (1997-2003)
West Central Minnesota

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$1.7 billion lost in last 11 years!
Farm Production Balance in Minnesota, 1969-2003

- Cash receipts
- Production expenses
- Balance

$7 billion lost in last 7 years!
Crop and livestock sales in Minnesota, 1969-2003

- **Livestock**
- **Crops**

$billions (2003 dollars)
Iowa Farm Production Balance, 1969-2002

- Cash receipts
- Production expenses
- Balance

$ 4.8 billion lost

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Farm production balance, Wright Co., Iowa, 1969-2001

- Total cash receipts
- Total production expenses
- Balance

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400 hungry people get $300,000 in food coupons
While 700 farmers get $25 million in subsidies each year...

...to raise crops that humans do not eat directly
Farm Cash Receipts and Production Expenses, Allamakee & Winneshiek Counties, 1969-2002

$1.8 billion surplus in 34 years

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Hawaii
Farm production balance in Hawai'i, 1969 - 2001
Farms gain little income from tourism:

Tourist food expenditures & farm income in Hawai'i, 1969 - 2000

Food expenditures by tourists
Farm income
U.S. Farm Cash Receipts
and Production Expenses, 1969-2001

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U.S. farm income and productivity, 1969-2002

- **Revenue less expenses**
- **Productivity**

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Change in Farm Production Balance, 1969 - 2002

- Polk (88)
- Clay (54)
- Marshall (49)
- Roseau (48)
- Norman (44)
- Wilkin (40)
- Mahnomen (23)
- Kittson (19)
- Pennington (18)
- Red Lake (13)
- Clearwater (13)
- Beltrami (13)
- Lake of the Woods (7)
Sources of Farm Credit
Federal farm subsidies compared to U.S. farm interest payments, 1913-1999
Federal farm subsidies compared to U.S. farm interest payments, 1913-1999

$ billions (1999 dollars)

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Federal farm subsidies compared to U.S. farm interest payments, 1913-1999

$ billions (1999 dollars)

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Cumulative net cash flow, 1913-1999:
farmer interest payments (out)
less federal subsidies (in)

$505 billion deficit 1913-1999
Wall Street Journal: US will become net food importer by December, 2005
Food sales are concentrated

- 49% of groceries sold by 5 chains
- Wal-Mart & Sam’s Club are top 2
- 85% of food industries lack competitiveness
Food industry is concentrated

• Farms got bigger despite economies of size
• Expansion of food industry had little to do with efficiency
• The average U.S. bank is 1,000 times the “most efficient” size
Consumption out of balance

- 50% of U.S. public school students qualify for free / reduced lunch
- 10% of households are “food insecure”
Consumption out of balance

- Over half of all adults overweight
- Half of elderly seeking medical care are undernourished
Supply & Demand out of balance

• Farm prices low due to high production & foreign competition

• Researchers focus on producing even more!
Health suffers

- Diet-related diseases cause half of all deaths in industrial world
- Change in diet could prevent 30% of cancer worldwide
Health suffers

- 5,000 deaths due to food poisoning each year in U.S.
- 30,000 coronary cases in US could be prevented by eating 1% less fat
Health suffers

- 76 million gastrointestinal illnesses treated each year in US (total population 281 million)

- Medical costs of obesity are $118 billion per year—25% of what US consumers pay for food/year
How do we change this?
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Farmers cannot do this alone!

• Urban / Rural Partnerships
• From Consumers to Co-investors
• Food industry clusters — share risk & rewards
• Food (not farm) or rural policies that support communities not commodities
Value Chain

Producer → Processor → Distributor → Retailer → Consumer

Food Service
Value Network

- Non Profits
- Educator
- Policy Council
- Consumer: “Coproducer”
- Processor
- Distributor
- Retailer
- Food Service

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Interest payments by Minnesota farms, 2002

Farm sales in $1,000s

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Average interest payment per farm in Minnesota, 2002

The graph shows the average interest payment per farm in Minnesota, 2002, categorized by farm size in $1,000s. The categories range from 'less than 1' to 'over $100,000.' The average interest payment decreases as the farm size decreases.
“Finding Food in Farm Country”
Food with the Farmers' Face on It

Media guide covering community-based foods systems

W. K. Kellogg Foundation
http://www.wkkfweb.org/FSRDFullGuide.pdf

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Cash receipts for livestock in Northwest Minnesota compared to U.S. meat consumption, 1969-2003

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“Value is produced by the system as a whole...

...not by the single firm that attracts the most attention.”

— Ackerman and Heinzerling
Figure 1-9.

Distribution of food expenditures

The marketing bill is 79 percent of 1997 food expenditures

Billion dollars

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