LAND STEWARDSHIP PROJECT

LSP *Myth Buster* #27

An ongoing Land Stewardship Project series on ag myths and ways of deflating them.

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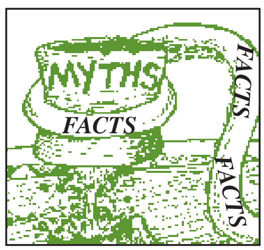
Myth: Local and regional food systems don't help the economy.

Fact:

The local and regional food movement has enjoyed a lot of positive publicity in recent years. One of the reasons is that there is an assumption that applying the "buy local" philosophy to food and farming automatically keeps more wealth in the community, creating the kinds of jobs and other economic activity that are sustainable in the long term.

The fact is, until relatively recently there has not been a whole lot of solid research to back such feel-good claims. This has left the local/regional food movement vulnerable to criticism from supporters of a more trade-oriented agricultural system. That's no surprise. After all, our mainstream globalized food and farming system can point to billions of dollars of economic activity as a result of trade. "It's been trade that makes economies wealthy," Arthur Rolnick, director of research for the Federal Reserve Bank of Minneapolis, was quoted as saying in the Minneapolis *Star Tribune* recently.



No doubt trade produces a lot of economic activity, but as analyses by Ken Meter and others show, little actually stays in local communities. For example, Meter has shown that in west-central Minnesota, which raises 23 percent of the sate's corn and 22 percent of its soybeans, $1 billion is being sucked out of the region annually because farmers are exporting raw commodities raised with imported inputs and consumers are eating food that's mostly brought in from outside the area.

But is production and consumption of local fruits, vegetables and livestock products any better for the local economy? As local and regional foods edge towards mainstream acceptance, it's attracted some hard-eyed analyses from economists who have crunched the numbers to determine if indeed local food is good for Main Street businesses. It turns out it stands up pretty well.

For example, a recent analysis by economists at the Leopold Center for Sustainable Agriculture found local food systems could provide a significant economic boost for six Midwestern states, especially compared to the economic benefits provided by corn and soybean production.

The Center set up a scenario where in the six states—Iowa, Illinois, Indiana, Michigan, Minnesota and Wisconsin—production of 28 fruit and vegetable crops would be increased enough to meet demand, based on population, during a typical growing season (about four months of the year) and longer for crops that could be stored, such as onions and garlic.

The result? There would be about $882 million in sales at the farm level, more than 9,000 farm level jobs created, 1,168 retail level jobs produced, and about $395 million in farm-level labor income generated. If 50 percent of that production was sold via producer-owned markets, the region would need a total of 1,405 establishments staffed by 9,652 workers earning $287.64 million in labor incomes.

For the six states in total, more than 270,000 cropland acres would be needed to provide those extra fruits and vegetables. That's roughly equivalent to the amount of cropland planted in one of Iowa's counties.

That means corn and soybean acres would be displaced, which would be a net economic plus for the region, according to the study. Corn and soybean production on those displaced acres currently supports 2,578 jobs and $59.12 million in labor income—that's impressive, but pales in comparison to the economic activity generated by local food systems.

More information

◆ To read Ken Meters' analyses of local food economies, see www.crcworks.org.

◆ The Leopold Center's report, "Selected Measures of the Economic Values of Increased Fruit and Vegetable Production Consumption in the Upper Midwest," is available at www.leopold.iastate.edu/research/marketing_files/midwest.html.

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