

The New American Food Economy¹

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The 2007 Word of the Year was “Locavore,” according to the Oxford University Press. “The past year saw the popularization of a trend in using locally grown ingredients, taking advantage of seasonally available foodstuffs that can be bought and prepared without the need for extra preservatives” (<http://blog.oup.com/2007/11/locavore/>). However, the locavore movement is not just about eating seasonally; it is the latest phase in a transition from an industrial to a sustainable food economy. The local foods movement began in the United States in the 1960s among the “back to the landers.” They began the “natural foods” movement, not only as a rejection of synthetic fertilizers and pesticides but also a rejection of the industrialization of agriculture.

Most people probably associate natural foods with “organic foods,” which has experienced a 20% per year annual growth rate during the 1990s and early 2000s and now totals nearly \$20 billion per year in retail sales. If all natural produced foods were included – such as pesticide free, hormone & antibiotic free, grass-fed, free-range, GMO-free, and un-pasteurized – the sales figure would probably be at least 50% higher. Interest of the retail giants, such as Wal Mart and Kroger, in organic and natural foods validate the emergence of a new American food economy.

The locavore or “local foods” movement is but the latest sign of a growing skepticism regarding the fundamental integrity of the American food system. As the markets for natural and organic foods grew, they became attractive to mainstream, industrial food producers, processors, and retailers, who were able to meet the USDA organic certification requirements without adopting the organic philosophy. The philosophy of organics is one of sustainability, of permanence – a permanent agriculture for a permanent society. It recognizes the inherent organic connections among healthy soils, healthy foods, healthy communities, and a healthy human society. The local foods movement reflects an effort to restore the ecological, social, and economic integrity of organic and natural foods by reconnecting food consumers with local farms and farmers. They are developing trusting, caring relationships of integrity as they create new community-based food economies.

The locavore movement has replaced the organic movement as the most dynamic aspect of the food economy. The number of farmers markets increased 2.5 fold between 1994 and 2006, currently numbering 4,385, by USDA estimates. Farmers markets now account for an estimated \$1 billion of local food sales. However, the local food economy certainly is not limited to farmers markets, as total sales of local foods are expected to top \$5 billion in 2007. A significant portion of local foods is organic or natural foods, so the \$5 billion is not a net addition to organic or sustainably produced foods. With the total value of food consumed at home at \$500 billion, organic and locally grown foods still probably account for no more than 5%-6% of the total retail food market. The share of the away-from-home food market is even smaller.

More significant, however, producers of local foods tend to be those on smaller farms. A 1998 survey of the Organic Farming Research Foundation indicated that nearly 90 percent of

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U.S. organic farms were single-family operations or family partnerships.¹ More than 60 percent were full-time farming operations, even though the average size of an organic farm was only about 140 acres – just over one-third as large as the average U.S. farm. Larger organic producers have gained a significantly larger share of the organic market in recent years, but small farms still have a distinct advantage over larger operations in local foods markets.

The 85% of all U.S. farmers on the smaller farms currently produce only 15% of total agricultural production and thus make their living from a very small segment of the total food economy. Consequently, the organic/sustainable/local market is already large enough to support approximately one-third of all small farms and the locavore movement seems destined to shift even more of the total natural/organic market back to smaller farms. This new segment of the food economy could easily grow large enough to support all small farms within a matter of years, rather than decades. Small farms will have a clear competitive advantage in the new food economy, if they have a clear understanding of what is driving the local food movement and are willing to do the things necessary to take advantage of its new economic opportunities.

The locavore movement obviously is being driven by a desire for high quality foods. More people are choosing to buy locally because fresh, local foods simply taste better. The industrial food system gains much of its economic efficiency by producing foods that can be harvested mechanically, packed, shipped long distances, while retaining a long shelf-life in the supermarket. For industrial foods, quality clearly means appearance, but consumers increasingly are opting for the freshness and flavor of local foods.

Concerns for food safety is another obvious driver of the local food movement, as it is made up primarily of those who drove the earlier natural and organic food movements. Most local foods are marketed as natural, pesticide free, hormone & antibiotic free, or GMO free, even if they are not certified as organic. Most people who buy locally expect local foods to be free of the potentially harmful chemical and biological residues found in most industrial foods, even if their primary motivation for buying is freshness and flavor.

Most consumers who begin buying local foods for reasons of quality and safety also become interested other aspects of the food system. They eventually begin to understand the other health, environmental, social, and political consequences of their food choices. Best-selling books, such as *Fast Food Nation* by Eric Schlosser and *The Omnivore's Dilemma* by Michael Pollan, have helped to raise the consciousness of many American consumers. These books describe how the industrialized food system has resulted in foods that are deficient in virtually everything, except calories, deceptive in every aspect from advertising to artificial flavors, and degrade virtually everything and everybody involved in the system.

Increasing food awareness inevitably brings increasing skepticism. Revelations of the potentially harmful effects of agrichemicals and food additives, damaging effects of modern food processing and preservation, and outbreaks of food borne illnesses and diseases have shaken consumer confidence in the ability of either the food corporations or government to ensure the safety and wholesomeness of our food supply. The “industrialization of organics” by large agribusiness corporations has destroyed confidence in the willingness of government to even be

a responsible partner in the sustainable food movement. Locavores are turning to people they know and trust, including local farmers, to ensure the integrity of their foods.

Recent scientific studies seem to confirm the suspicion of many consumers that threats of industrial foods are as much about what has been taken out of as what has been added to our foods. Nutritional research is beginning to reveal that industrial foods are lacking in nutrient density, meaning they lack essential vitamins, minerals, and other nutrients necessary for a healthy diet. Such deficiencies are logically linked to diet related diseases such as obesity, diabetes, and heart disease. Comparisons of nutrient density between conventional foods and organic foods, and pre-industrial foods of the 1950s, link nutrient deficiencies to the changes in farming practices that supported specialization, standardization, and consolidation – industrialization – of American agriculture.

The next major phase of the sustainable food movement could well be a *food ethics* movement. The ethical foods movement began with concern for humane treatment of animals, with calls to free chickens from the crowded cages and hogs from the cramped crates of large-scale confinement feeding operations. Other ethical concerns have related to the economic exploitation of farm workers, many of whom are migrants with limited access to legal protection. With the recent growing diversion of food grains into fuel production, these movements may join forces with those concerned with the ethics of burning food in automobiles rather than using it to feed an increasingly hungry world. The food corporations are not humans and thus lack the capacity for compassion and respect that the new food economy may ultimately demand.

Concern about national food security will be another major driver of the new local food economy. Economic globalization has left U.S. consumers increasingly dependent on food imports. Following decades as the world's largest exporter of agricultural products, the United States is now on the brink of becoming a net food importer. Since we have gone from being the world's largest moneylender to the world's largest debtor, we conceivably could become the world's largest net food importer. We live in uncertain times. We face major threats from dwindling fossil energy, global climate change, exploding federal budget deficits, international trade deficits, growing disparity between the rich and poor, and endless military involvement in global natural resource and cultural wars. Our dependence on a global food economy is placing our national food security at greater risk.

To understand the new food economy, it must be viewed within the context of a nation of people who are searching for ways to reconnect with each other and to reconnect with the earth as a means of restoring a sense of integrity, security, and sustainability to their lives and to the world in which they live. Those farmers who see the locavore movement as nothing more than another niche market will find only another economic disappointment. Those farmers who are willing to become a part of the local foods movement, to truly reconnect with their customers, with other farmers, and with the earth, will find a new food economy full of economic opportunity.

¹ Organic Farming Research Foundation. 1999. *Third Biennial National Organic Farmer's Survey*, Santa Cruz, CA USA.