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October, 2008

Local foods may be the best path for promoting community economic development.

Jobs and tax base have often been cited as the primary reasons to adopt community development proposals. Yet these traditional goals have been frustrated in recent years. Many economic developers find themselves uncertain what to do.

After the high-tech bubble burst in 2001, fewer high-wage jobs were created. This pushed more communities to compete with each other for lower-wage firms. Often they get little in return for the incentives and subsidies they extend. Even after collecting public payments, many firms moved their operations elsewhere — often to foreign countries — in search of even cheaper labor. This leaves the communities themselves depleted, and frustrates taxpayers. Certainly, few lasting benefits result.

Many communities hoped housing developments would offer an alternative. Yet the cost of services for new housing often exceeds the new tax base generated.¹ Moreover, the global mortgage crisis stalled many housing developments. Nor are homeowners well-positioned to take on new debt: American consumers report that their net worth has been negative since 2001. The *average* household lost \$49,000 of net worth from 2001-2006, primarily by taking on new mortgage debt.²

Since state and local governments in the U.S. pay over \$50 billion in subsidies each year [\$42,000 per job created]³ trying to attract new development, many seek better returns on their investment. Counties in the U.S. also shoulder immense welfare costs, for instance sharing with hospitals and the federal government almost \$100 billion per year to pay for medical care for the uninsured.⁴

Community Food Security Coalition — Local Food as Economic Development

Tragically, our diet contributes to these medical costs, since food has become a leading cause of death. A high-calorie diet, combined with a lack of exercise, accounts for one-fifth of the annual deaths in the U.S.⁵ Six of the fifteen leading causes of death are related to faulty diet and low physical activity.⁶

Eating fruits, vegetables, and whole grains is vital to health. Yet only 23% of U.S. adults eat the recommended five servings of fruit and vegetables each day⁷ — which would help reduce the risks of cancer, heart disease, stroke, diabetes, arthritis, birth defects, and osteoporosis.⁸ Many have only limited access.

These trends mean local officials feel pressure from constituents who are looking for better local food choices. Local economic studies show that many U.S. regions lose hundreds of millions of dollars each year because they import food from far away, or because farmers spend more money raising food commodities than they get back from the marketplace.⁹

Even when farms prosper, little of the money they earn recycles through the locale. Research at Iowa State University shows that the multiplier for a farm may be 1.4 in an area where large-scale farms prevail;¹⁰ smaller farms in small-farm areas of Wisconsin report a higher multiplier of about 2.6.¹¹ The multiplier is the

number of times a dollar cycles through a locale; a higher number means more money is recycled.

Local foods can also reduce energy use. This is not simply because the average food item in the Midwest travels 1,500 miles from farm to plate.¹² This is also because we are accustomed to eating foods out of season, often preferring special foods from far away to those that can be raised where we live. American consumers buy \$880 billion of food each year¹³ — yet only one-tenth of one percent of this (\$812 million) was purchased directly from farmers.¹⁴

For these and many other reasons, we are deeply dependent on oil to eat. Seventeen percent of all the energy used in the U.S. is devoted to our food supply — and this costs America \$139 billion.¹⁵

Bringing the food supply back home brings great results. In one eight-county area of Iowa centered around Cedar Falls-Waterloo, the University of Northern Iowa's local foods initiative sparks \$2.2 million of new food sales.¹⁶ Iowa State University research showed that if that region's consumers ate five locally-grown fruits and vegetables each day for only the three months when they are in season, it would create \$6.3 million of labor income, and 475 new jobs within the locale.¹⁷

How can local foods play a role in Community Economic Development?

Since all of us eat every day, everyone can contribute. Some development deals are so complex that only a handful of folks even know what is going on. Food engages us all. Local foods builds new social connections, and new skills.

Local foods can create livelihoods for those who already live in your community. People will form stronger loyalties to your region by working together to build local foods businesses.

Youth are excited about growing food — yet lack land and capital. Local food offers youth a reason to get engaged.

Reduce energy and health care costs. Trading local foods will stem the flow of dollars away from your locale. People who know where their food comes from will eat with greater care.

Clusters of local food firms will recycle more money through your locale. As local firms trade with each other, they create a flow of dollars that will keep money at home.

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You can fill multiple needs at once. Your locale will build healthier farms, more community kitchens, and stronger processing plants, warehouses, distribution centers, brokers, and retail food stores, as well as a more reliable food supply if people eat local food first.

Sources:

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- ² Bureau of Labor Statistics, Consumer Expenditure Survey, Table 8, 1994-2006.
- ³ Peters, A. and P. Fisher (2004). "The Failures of Economic Development Incentives." *Journal of the American Planning Association* 70:1, Winter, 28. Elsewhere in this paper: "The best case is that incentives work about 10% of the time, and are simply a waste of money the other 90%....There are very good reasons — theoretical, empirical, and practical — to believe that economic development incentives have little or no impact on firm location and investment decisions [page 32]....Each new net job costs state and local governments about \$42,000 [page 35]."
- ⁴ Cohen R. and M. Martinez, National Center for Health Statistics, Division of Health Interview Statistics. Dec 2007. Health Insurance Coverage: Estimates from the National Health Interview Survey, January-June 2007. The National Coalition on Health Care. Viewed September 8, 2008, at <http://www.nchc.org/facts/coverage.shtml>, and Institute of Medicine. Hidden Costs, Values Lost: Uninsurance in America. The National Academies Press. 17 June 2003 <http://www.iom.edu/Report.asp?id=12313>.
- ⁵ McGinnis, J.M. & W.H. Foege (1993). "Actual causes of death in the United States." *Journal of the American Medical Association* 270(18):2207-12; and Mokdad, A.H; J.S. Marks, D.F. Stroup, & J.I. Gerberding (2000). "Actual causes of death in the United States." *Journal of the American Medical Association* 291(10):1238-45 [with published corrections in *JAMA* (2005), 293(3), 293-294.]
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- ¹⁰ Swenson, David. (2007). "Determining the Methods for Measuring the Economic and Fiscal Impacts Associated with Organic Crop Conversion in Iowa." Aldo Leopold Center for Sustainable Agriculture, Iowa State University. March. Viewed September 13, 2008, at http://www.leopold.iastate.edu/research/marketing_files/woodbury.htm.
- ¹¹ Interview with economics professor Larry Swain (2001), retired community development specialist for University of Wisconsin Extension, and retired director of the Survey Research Center at the University of Wisconsin — River Falls. See also Swain, L. (1999). "A Study of the Economic Contribution of Small Farms to Communities — Completed 1996 to 1999." Unpublished manuscript; and Swain, L & D Kabes (1998). "1996 Community Supported Agriculture Report." Unpublished manuscript.
- ¹² Pirog, Rich; Timothy van Pelt, Kamyar Enshayan & Ellen Cook (2001). "Food, Fuel and Freeways: An Iowa perspective on how far food travels, fuel usage, and greenhouse gas emissions." Aldo Leopold Center for Sustainable Agriculture, Iowa State University, June.
- ¹³ <http://www.ers.usda.gov/Data/FarmToConsumer/marketingbill.htm>.
- ¹⁴ U.S. Agricultural Census (2002). <http://www.agcensus.usda.gov/>.
- ¹⁵ Federally supported research shows that 17% of all energy used in the U.S. is devoted to our food system. This totals \$139 billion of energy costs each year. Calculated from ratio determined by FEA study [Federal Energy Administration (1976). "Energy Use in the Food System," Number FE 1.2:F73, May, p. III-14.], using Department of Energy data for energy consumption (\$694 billion in 2001 -- DOE Table 1.5 Energy Consumption, Expenditures, and Emissions Indicators, 1949-2004, <http://www.eia.doe.gov/emeu/mer/consump.html>, viewed Nov. 27, 2005). See Meter, Ken (2006). "U.S. Food Market Highlights." <http://www.crcworks.org/foodmarkets.pdf>.
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