



United States
Department
of Agriculture

National Institute
of Food
and Agriculture



FAMILY FARM FORUM

A DISCUSSION OF ISSUES AND PROGRAMS AFFECTING FAMILY FARMS

Introduction to the Forum

This is the fifth issue of the Family Farm Forum. Its primary purpose is to enhance research, teaching and outreach programs on important topics affecting family farms. Secondary goals include:

- ◇ enhancing the impacts of USDA programs by sharing information with a broader audience
- ◇ generating more, good quality, appropriate submissions to competitively funded programs
- ◇ identifying research, education and extension opportunities on key topics for national leadership, federal assistance, and collaborative action through stakeholder partnerships

The Forum takes place twice a year and consists of a newsletter describing research and outreach on a key issue for family farms, followed by a Web-conference promoting discussion and networking among agency partners, colleges and Universities, farmers, ranchers, community based organizations and other interested stakeholders.

Agriculture-of-the-Middle was selected as the next Forum topic by attendees at the last webinar. Following their suggestions, we have invited key university partners as well as USDA representatives to share their work and outline their support for this important topic.

This Update highlights some of the main issues and successful projects related to Agriculture-of-the-Middle. We invite you to participate in a more thorough discussion in the Webinar at 2 pm (Eastern) on May 26th.

Check our [website](#) for information and a link to the webinar, as well as Updates and webinar transcripts from earlier forums.

We would like the Family Farm Forum to become a useful vehicle for enhancing the sustainability of small and medium-sized farms. Please send any feedback and suggestions to help improve the forum to [Suresh Sureshwaran](#) or [Patricia McAleer](#).

Renewing an Agriculture-of-the-Middle



Dr. G. W. Stevenson, Senior Scientist, Center for Integrated Agricultural Systems at the University of Wisconsin– Madison

Context: In recent decades, many mid-sized “farming occupation” farms and ranches have been severely challenged as they are often too small individually to compete successfully in international agricultural commodity markets and not positioned well to directly

market food to local consumers. While very small and very large farms and ranches have increased in numbers, farms-of-the-middle* have been “disappearing” (See Figure 1). However, shifts are

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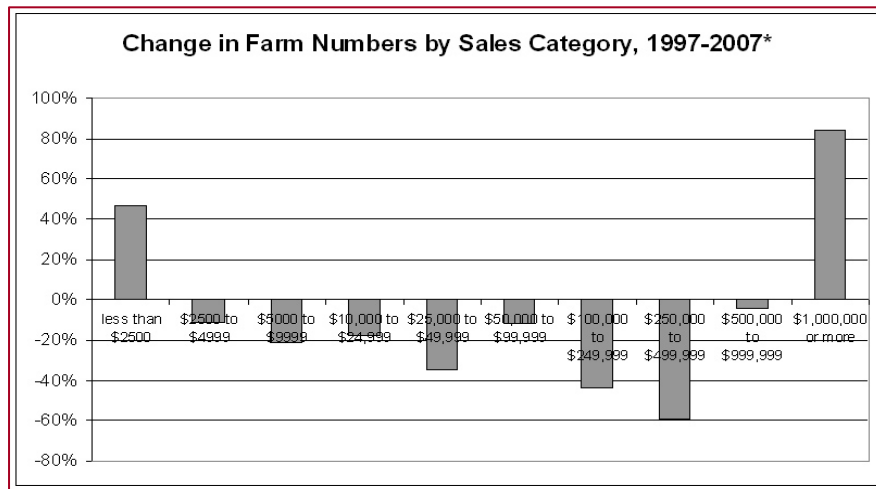


Figure 1
*Source: USDA 2007 Census of Agriculture; adjusted for farm price inflation

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occurring in the food system and in the larger social economy that can provide significant opportunities to develop farming and food systems in which a re-formed agriculture-of-the-middle can prosper. Consumer surveys indicate that a growing number of food buyers are seriously concerned with the freshness and nutritional content of their food, and prefer to purchase food that has been grown locally or regionally on family-scaled farms or ranches. Public health professionals are speaking out about the need to address a spectrum of food- and diet-related concerns from antibiotic resistance, through obesity and coronary artery disease, to food-borne illness. Following Europe's lead and emphasizing issues of social justice and environmental responsibility, a growing "fair trade" movement has developed in the U.S. Finally, progressive leaders in some sizeable food corporations are recognizing the confluence of their interests with the maintenance and regeneration of an agriculture-of-the-middle. Farms-of-the-middle have both the capacity and the flexibility to partner with each other and with other supply chain parties to respond to these expanding markets for significant volumes of high-quality, differentiated food products.

Strategies: Renewing an agriculture-of-the-middle will require changes in both private sector business models and public policy. Focus during the USDA Webinar will be on the following two

private sector business strategies. One is an individual farm approach to commodity markets, and the other is a multi-farm cooperative approach to differentiated markets.

1) Lower input cost/higher margin farming systems: Commodity systems push strongly toward ever larger individual farms and ranches whose net income comes from capturing thin margins on high volumes of undifferentiated product (See Figure 2.). However, research indicates that mid-sized dairy farms in the upper Midwest which couple rotational grazing with strategically lower capital investments and purchased inputs can generate family-supporting incomes in commodity milk markets. The

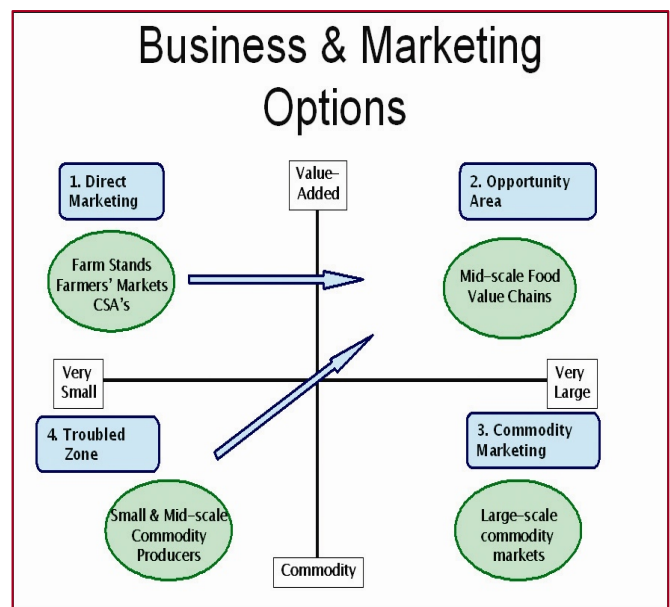


Figure 2

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lowered input costs result in higher margins per 100 pounds of milk. Mid-sized means herd numbers between 50 and 150 cows, a scale that is manageable with family labor if efficient (though not expensive) milking systems are employed..... Research is needed on other farming systems in which mid-sized farms and ranches can prosper in commodity markets.....Ideas?

2) Values-based food supply chains.... Values-based food supply chains (value chains) are strategic alliances between midsize farms/ranches and other supply chain partners that deal in significant volumes of high-quality, differentiated food products and distribute rewards equitably across the supply chain. Farmers and ranchers are treated as strategic partners, not as interchangeable (and exploitable) input suppliers. All partners in these business alliances recognize that creating maximum value for the product depends on significant interdependence, collaboration, and mutual support.

Key characteristics of value chains include their:

- ◇ Appropriateness for situations in which economies of scale are coupled with high-quality products that differentiate and add value in the marketplace
- ◇ Capacity to combine cooperation with competition to achieve collaborative advantages and to adapt relatively quickly to market changes
- ◇ Emphasis on high levels of performance and high levels of trust throughout the network
- ◇ Emphasis on shared vision, shared information (transparency), and shared decision-making among the strategic partners, and
- ◇ Commitment to the welfare of all participants in the value chain, including fair profit margins, fair wages and business agreements of appropriate duration.

In food value chains farmers/ranchers:

- ◇ Have reasonable calculations of their production and transaction costs and are able to negotiate prices based on acceptable profit margins above those costs

- ◇ Experience contracts and agreements as fair and for appropriate time frames

- ◇ Are able own and/or control their own brand identity as far up the supply chain as they choose. This may involve co-branding with other strategic partners, and

- ◇ Participate fully in the development and mechanisms to communicate concerns, resolve conflicts, and alter directions within the value chain.

Creative agri-food entrepreneurs are successfully developing and managing food value chains that aggregate significant volumes of differentiated food products from multiple small and mid-sized farms and ranches. They focus on:

- ◇ Direct-to-wholesale food marketing to regional supermarkets and food service customers (This involves movement from quadrant #4 to quadrant #2 in Figure 2)

- ◇ Direct-to consumer food marketing through multi-farm CSAs and Internet sales. (This involves movement from quadrant #1 to quadrant #2 in Figure 2)

References and Resources:

1. For economic analyses of mid-sized dairy farms that employ rotational grazing and strategically lower capital investments and purchased inputs, see the grazing publications at:<http://cdp.wisc.edu>
2. For a fully-referenced analysis of mid-scale, values-based food supply chains, see G. Stevenson & R. Pirog. 2008. Chapter Seven in T. Lyson, G. Stevenson, and R. Welsh, eds., *Food and the Mid-Level Farm: Renewing an Agriculture-of-the-Middle*. MIT Press, Cambridge MA: 119-143.
3. For comparative case studies of four successful direct-to-wholesale food value chains (Country Natural Beef, Shepherd's Grain, Organic Valley, and Red Tomato), see: www.agofthemiddle.org.

* For Census of Agriculture analysis, "farms-of-the-middle" are farms and ranches with annual gross sales of \$50,000—\$500,000



Lucas Knowles, Assistant to the Under Secretary, Marketing and Regulatory Programs (KYF2 coordinator)



Jill Auburn, Office of the Chief Scientist (member of KYF2 management team)

In September 2009, the United States Department of Agriculture (USDA) Secretary Tom Vilsack and Deputy Secretary Kathleen Merrigan launched the “Know Your Farmer, Know Your Food” initiative to support local and regional food systems and strengthen the connection between farmers and consumers. The initiative is designed to work within USDA’s existing organization and programs in ways that increase their effectiveness and help them address the loss of “ag of the middle.”

“An American people that is more engaged with their food supply will create new income opportunities for American agriculture. Reconnecting consumers and institutions with local producers will stimulate economies in rural communities; improve access to healthy, nutritious food for families; and decrease the amount of resources to transport our food,” said Vilsack.

Deputy Secretary Merrigan chairs the initiative, leading a task force of representatives from each agency and office within USDA. “Americans are more interested in food and agriculture than they have been at any other time since most families left the farm and we are marshalling resources from across all of USDA to help create and strengthen the link between local production and local consumption.”

The “Know Your Farmer, Know Your Food” initiative – KYF2, for short – is employing three strategies to achieve its goals: (1) Improving the management and implementation of existing

USDA programs; (2) Breaking down barriers and supporting policies and programs that emphasize local and regional food systems and strengthening the connections between farmers and consumers; and (3) Convening a national conversation to increase understanding of how communities rely on food, agriculture, working lands, and each other.

Areas of work in the KYF2 initiative that offer particular promise for ag of the middle include facilitating the expansion of meat processing and packing capacity, supporting food hubs that aggregate farm products and solve logistical bottlenecks so that they can serve larger local and regional markets, fostering local purchasing in farm-to-school programs, and sharing information on legal, financial, and other business issues faced by farms and businesses developing local and regional supply chains.

As the “Know Your Farmer, Know Your Food” initiative evolves, USDA will continue to build on the momentum and ideas from the 2008 Farm Bill and target its existing programs to support local and regional food systems and strengthen the connection between farmers and consumers.

Join the conversation by e-mailing KnowYourFarmer@usda.gov or visiting www.usda.gov/KnowYourFarmer.

The Role of the Agricultural Marketing Service



Rayne Pegg, Administrator
U.S. Department of Agriculture
Agricultural Marketing Service

Every day the Agricultural Marketing Service (AMS) works for producers of all sizes - including the farmers in the middle - to help move their products to market.

For many years the AMS Marketing Services Division has worked jointly with the former Cooperative State Research, Education, and Extension Service, recently reformed as the National Institute of Food and Agriculture, to find solutions that will help farmers. These meetings have focused on local food system and value chain development but also served as the catalyst for directing our research attention beyond the scope of direct-to-consumer markets to include farm marketing opportunities in the institutional, commercial food service, and grocery retail sectors. We have long believed that the development of direct linkages between mid-size farm producers and processors with institutional, restaurant, and retail customers creates market outlets for sizable volumes of farm products. We also help smaller-scale farmers identify viable marketing opportunities outside traditional marketing channels of supermarket distribution centers and terminal markets. This is part of a critical strategy in ensuring that local food supply chains can become economically profitable and self-sustaining.

The AMS Marketing Services Division has 20 employees, 18 professional staff including a Director of Marketing Services, plus an architect, two engineers, four economists, five agricultural marketing specialists and two branch chiefs/supervisory agricultural marketing specialists. These multi-disciplinary backgrounds (ecology, geography, agricultural economics, agricultural engineering) allow us to take an interdisciplinary “systems approach” in examining food supply chain practices and needs.

We can help producers with competitive grants that provide financial support to promising demonstration projects and technical assistance initiatives in direct farm marketing. We also conduct baseline research on emerging marketing opportunities and provide direct technical assistance to market planners and managers on design issues and consumer demographics

Our involvement in examining the marketing potential of institutional sales for mid-size farmers dates back to the mid-1990s, when AMS was the first agency at USDA to experiment with pilot farm-to-school projects through cooperative research agreements with land-grant universities, state agencies and a Resource Conservation & Development Councils in Florida and Georgia.

The lessons learned from these projects - and from meetings and conferences held with FNS representatives and regional farm-to-school leaders during 1999 and 2000 - prompted our Marketing Services group to develop some of the earliest publications on farm-to-school marketing models in the country (which are largely still as useful today). Publication titles include:

- ◇ [How Local Farmers and School Food Service Buyers Are Building Alliances](#)
- ◇ [Innovative Marketing Opportunities for Small Farmers: Local Schools as Customers](#)
- ◇ [Eat Smart, Farm Fresh: A Guide to Buying and Serving Locally-Grown Produce in School Meals](#) (developed in collaboration with USDA-Food and Nutrition Service, and the Community Food Security Coalition).

To further expand the marketing opportunities available to farmers, the USDA farm-to-school team is visiting a number of farm-to-school

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programs throughout the nation this year to learn about how farmers can establish new markets in local schools. This information will assist schools, farmers and the department in developing the tools to address challenges and replicate successful programs.

Our program was also an early pioneer in exploring the competitive advantage of local meat processors in supplying restaurant customers (spurred by a [FSMIP](#)-funded research study indicating that small meat processing firms catering to restaurants tended to have better financial stability than their industry peers). This research resulted in the report, [Enhancing Commercial Food Service Sales by Small Meat Processing Firms](#).

In more recent years, our program has concentrated our research efforts in producing educational material that would help small and mid-size agricultural producers and processors better navigate the retail and institutional marketing environment, both by making them aware of how they could take advantage of growing consumer and buyer demand for locally produced food items, and by helping them understand the changing landscape of buyer requirements regarding quality control, inventory management, packaging, vendor selection, and food safety. As large supermarket chains have changed their buying habits, it's become more difficult for small and mid-size food product suppliers to expand--or even retain--their current access in retail markets.

To address this challenge, our Marketing Services Division has designed the Supply Chain Basics series, so that small and mid-sized food producers and processors can better understand the implications of supply chain management on their business practices and gain better access to retail marketing channels. Provided below are additional titles:

- ◇ [Technology: How Much—How Soon?](#)
- ◇ [Tracking Trucks with GPS](#)

- ◇ [Niche Agricultural Marketing: The Logistics](#)
- ◇ [The Dynamics of Change in the U.S. Food Marketing Environment](#)

We intend to complete this series with an additional training module on food safety practices and considerations and continue to offer food safety training across the country in collaboration with representatives from AMS Fruit and Vegetable Program staff and the non-profit organization FamilyFarmed.org, which has been highly successful in introducing locally grown foods onto retail shelves in the Chicago metropolitan area. Three workshops on food safety audit programs and food safety plans were held at the Mid-Atlantic F&V Conference in Hershey, PA, the MOSES Organic Conference in Lacrosse, WI, and the Family Farmed Expo in Chicago, IL, between February and March 2010 for small and mid-sized producers interesting in supplying larger-volume retail and wholesale customers.

Beyond these educational materials, two members of our marketing research staff, Drs. Jim Barham and Adam Diamond, are also undertaking a careful assessment of the distribution and logistical challenges faced by mid-sized producers who are attempting to broaden their customer base. They are currently finalizing their in-depth study of nine separate direct distribution models for food products being used by farmer networks and alliances in various parts of the country, in an attempt to identify any commonalities in these models and tease out any attributes that seem to be associated with relative success.

Jim and Adam were also responsible for organizing a panel on institutional and retail sales strategies for the USDA Office of Outreach Partners meeting in 2008, involving the participation of a hospital food service director who purchases local food, a regional produce manager from a major retail chain, and a local produce distributor. Highlights of the presentations were then transcribed and

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incorporated into a user-friendly workbook, [Emerging Market Opportunities for Small-Scale Producers](#), so that the general public could access the valuable information offered by the industry practitioners on our website.

Lastly, I'd like to mention one other MSD publication that was a direct outgrowth of a NIFA "agriculture of the middle meeting," the recently published [Marketing Maine Table Stock Potatoes](#). Authored by our agricultural engineer Jerry Berney and our industrial engineer Greg Grajewski, this

project utilized our handling and supply chain management in a collaborative project with the agricultural experiment station at the University of Orono, Maine. This will help Maine's struggling fresh potato growers enhance their marketing effectiveness through a variety of retail and wholesale marketing channels. The research report is the result of this collaborative activity and is also available on our web site along with all of the titles mentioned above. I look forward to discussing these and other AMS issues on the webinar.

Developing Values-Based Distribution Networks for Small and Mid-Scale Producers



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Other team members: David Visser, researcher, University of California, Davis; Dawn Thilmany, Ag & Resource Economics, Colorado State University; Tom Gillpatrick, Food Industry Leadership Center, Portland State University; Jim Dyer, Southwest Marketing Network, Durango, Colorado; Bob Corshen, Josh Edge, Community Alliance with Family Farmers

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The ongoing restructuring in U.S. agriculture has posed a significant challenge for family farming operations as farms have struggled to compete in a global food economy. Some producers have sought direct access to institutional and retail markets, and have begun to sell to schools, colleges, hospitals and other institutional food service operations as well as grocery and retail outlets. Our recent research of the farm-to-college market (funded by USDA NRI) found that such institutional markets offer considerable sales volume to producers; however, many institutional foodservice buyers have specific requirements that are challenging for smaller producers, such as year-round availability of products, availability of a broad range of items, and distribution logistics.

address these and other obstacles, producers are exploring new distribution systems to aggregate their products with other producers while maintaining their differentiation. Some have established relationships with nonprofits and even some distributors, innovative retailers and food service companies. These relationships assure producers that information about their farming practices, philosophy and regional location stay with the product. Such values-based supply chains enable a producer's values to be embedded into the supply chain and conveyed throughout the distribution system (Stevenson and Pirog, 2008*).

Although various "values-based supply chain" models are expanding, others are still struggling to

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achieve economic viability. In 2009, we launched a two-year USDA-NIFA-NRI funded research and outreach project (currently in its second year) to explore the successful development of values-based supply chains in three western states (California, Oregon and Colorado). The goals of this project are to: (1) identify how successful distribution networks involving small- and medium-scale producers are affected by three factors—access to financial capital, government regulations and policies, and business/entrepreneurial savvy; (2) describe how these networks generate environmental and social benefits and enhance the financial viability of small- and medium-sized producers; and (3) educate producers, agribusiness lenders/funders, policymakers and small business/community development consultants about critical factors in the development of successful distribution networks.

We are using a two-phase research and outreach strategy. The first phase involves conducting 6-9 case studies of western US food distribution networks that are part of values-based supply chains or more conventional supply chains. The second phase focuses on a survey of three institutional segments we expect to affect the development of successful distribution networks: (1) agribusiness lenders and funders; (2) government agencies with regulatory authority over value chains; and (3) small business/community development consultants.

We have identified at least 3 values based supply chains in each region (Pacific Northwest, California and Colorado/Southwest). For each case, we are currently interviewing supply chain partners throughout the chain (about 9 interviews per chain); however our focus is on the distribution network with the distributor as a central focus and the coordination of product, resource and information flows from “farm to fork.” A common interview protocol has been created collectively by team leaders to enable us to compare data across the regions. We are analyzing the data collected from these interviews to identify the common elements that appear necessary for the development, maintenance and growth of these value chains and how they can support the economic viability of small to medium-scale growers/ranchers.

In California, four case studies are nearly completed. The “fulcrum” distributors range in size from nearly \$1 million/year in sales to far beyond \$50 million/year. The term, “local” is used loosely and varies from 150 miles to the entire state. Distributors work directly with anywhere from 20 to 100 small and mid-scale growers in their “local” or “values added” line, representing from 10% to 100% of their businesses. Values identified by the distributors are: supporting small, local growers; supporting sustainable practices; providing fair prices to farmers; and providing quality produce, customer service and efficiency.

A few preliminary insights from the California cases on our three key variables (access to financial capital, policy/regulations and entrepreneurial skills) include:

Access to capital for the distributor is not a key factor for success UNLESS the distributor is associated with a nonprofit and dependent on foundation or grant funds for long-term sustainability; then it is critical;

Interesting new “aggregation hubs” or sometimes called “regional food hubs” are emerging in various forms as places for small and mid-scale growers to consolidate product. Some involve existing aggregation sites such as distributor warehouses or even farmers markets.

Currently, retailers and institutional buyers, rather than the government, have been largely responsible for imposing food safety requirements (GAP, HAACP, etc) on growers.

For distributors to be successful, produce distribution expertise and prior investment in infrastructure is critical.

Margins are very narrow in values-based supply chains, as with the rest of the industry; thus, supply chains have limited capacity to bring in many new small farmers needing training and technical assistance. Participation of some mid- and large-scale growers is important to achieve the right balance.

Values-based supply chains strive to create an infrastructure that can deliver an authentic story about where our food comes from, how it is produced and who produces it to the eater. Understanding the nuances in these cases will help us in building a more sustainable food system.

* See page 3, reference # 2

Red Tomato: A Case Study of a Successful Value Chain Operation



Michael Rozyne, Red Tomato Founder and Co-Director,

Red Tomato (RT) coordinates a network of 40 family farms in the Northeast US, part of a quest to continuously advance flavor, fairness, and the ecological, social and economic sustainability of farming in our region. RT's unique model of regional produce distribution is designed to make it easy for supermarkets and distributors to buy and sell ecologically produced fruits and vegetables from our region's farms. In turn, this makes it easier for consumers to find good food and more likely farmers will stay in business.

There has been a strong upsurge in interest and support for local foods in recent years, and consumer demand for local products appears to be steady even in the current economy -offering great opportunity for farmers who sell direct to consumers. However, direct markets only account for less than 3% of farm sales. For nutritious, fresh local foods to reach more consumers, they need to be available in retail stores where consumers can purchase them regularly. Many retailers recognize this and want to provide consumers with more local foods but the infrastructure and systems to connect regional farmers to regional grocers have been largely replaced by a centralized, consolidated system. As a consequence, most consumers do not have easy access to the fresh, local, seasonal products they would choose if they could.

The farms most able to meet wholesale demand for local foods are mid-sized family farms with the expertise, crop diversity and proximity to regional markets. Yet these are the very farms that have the hardest time competing in a global commodity marketplace. It's nearly impossible for small Northeast farmers to differentiate their tomatoes or apples in order to compete with those brought in from California, Chile or China

by large global players. Farmers are treated as interchangeable, and the lowest price usually determines what is sold. There is no way to differentiate and reward farmers who go to the extra effort and expense of using ecological growing methods, treating workers fairly, maintaining biodiversity, and conserving soil and water resources. As a result, while very large and very small farms are increasing in number, medium-size family farms are threatened with extinction. U.S. Secretary of Agriculture Vilsack noted in testimony during March 2010 USDA/DOJ hearings that over 80,000 mid-size U.S. farms disappeared between 2002 and 2007.

For thirteen years, Red Tomato has been building a new prototype of a regional distribution and marketing network for fruit and vegetable growers in the Northeast. We've been able to demonstrate that wholesale growers can be compensated fairly (our "dignity deal") for a high quality product, receive rewards for sustainable practices, have a voice in strategy and price setting, and connect more closely with consumers. The defining characteristics of our farmer-focused, market-driven model include:

- ◇ Differentiation: through branding and farm identity preservation
- ◇ Fairness: pricing based on the "dignity deal," and transparency
- ◇ Rewards for ecological farming: advanced IPM and organics; certification and a learning community for ecological farming
- ◇ Efficient systems: a coordinated, decentralized, cooperating farm network

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- ◇ Collaboration: through a network of farmers, researchers and retail partners committed to sharing knowledge and continuous improvement, and
- ◇ Quality: flavor and freshness as a basic requirement.

Red Tomato's regional grower network maintains quality control and packing of products, thereby retaining extra value-added dollars to farmers. We develop quality control standards, coordinate pick-ups and deliveries, and provide extensive marketing support including product liability insurance, packaging design and purchasing, food safety training and an eco certification program.

RT uses our brand identity to help educate and create a market position that rewards the more rigorous practices along an IPM continuum. We build in rewards for sustainable farming practices by working with a network of growers and scientists to identify and support the practices

that make sense for specific crops in the climate and conditions of the Northeast. Some of the growers in our network raise certified organic crops, and nearly all use Integrated Pest Management—a widely recognized approach for reducing the use of harmful chemicals on the farm.

Our model involves a lot of risk and experimentation, and operates as a creative laboratory to test and innovate. Our non-traditional, values-based model depends in part on non-profit funding sources to support our research and innovation. For example, RT collaborates on scientific research to improve growing practices, and we have established a learning community of scientists, growers, and mission-driven-marketers to work together, in multi-disciplinary fashion, on the production and marketing issues facing RT growers. RT also consults, advises and educates about its work to help groups across the country build on and adapt the RT model.

Consumer Demand for Differentiated Farm Products

A recent literature [review and analysis](#)* by [Kathleen Painter](#), Farm & Ranch Management Specialist at the University of Idaho, provides insight into the question of where AOTM can focus its efforts to help farmers.

Her report examines consumer demand for differentiated farm products including organic, sustainably produced, fair trade, and local products. While many studies have examined organic demand, much less is known about consumer behavior for these other characteristics. A comprehensive list of studies is included in an Appendix. The second part of the study examines demand by restaurants and institutional food suppliers for sustainability characteristics and local food.

From her report, consumers seem to be willing to pay more for differentiated products. In order to get a premium, however, these products need to be high quality. Few people will buy inferior products in order to support their local farmers or the family farm community in general.

For example, consumers seem to be willing to pay more for animal products that are sustainably produced. Raising or processing food animals in squalid conditions is pretty repugnant. Nevertheless, the product must be of good quality. Few people will be willing to eat tough meat even if humanely produced.

* This study was supported by a grant from USDA Rural Development

Democratizing Democracy: Agriculture of the Middle and Cooperatives



Thomas Gray, Cooperative Programs, USDA Rural Development,

Agriculture of the middle (AOTM) farms tend to be commodity based, and larger in output than “metropolitan-local” (often organic) units, but smaller than their mega-farm industrialized cousins. They have also been referred to as “the disappearing middle” or as farms falling in a “death zone.” These farmers struggle for survival, in-part because they produce large volumes of a low-value homogenous product (a commodity) that is in direct competition with the less costly produced, massive commodity output of large, mega-industrialized farms. Their volumes of output and distance to metropolitan areas tend to preclude entering specialized “local” metropolitan markets. Survival trajectories suggest moving away from their commodity based production to more value-added output.

This agriculture structure emerged as part of the development of two parallel food and agriculture systems; one progressively large scale and vertically integrated into a global and corporate food system; the other composed of much smaller and more diverse farms oriented primarily to local and regional markets. Sets of alternatives (really continuums) have come out of these dynamics, and include choices and consideration of (among others):

- ◇ Farming as a business and a way of life versus farming as a business
- ◇ Reduced reliance on external sources of energy, purchased inputs, and credit versus continued heavy reliance on these inputs
- ◇ Emphases on use of renewable resources and conservation of non-renewable resources

versus continued heavy reliance on non-renewable

- ◇ Emphases on dispersed control of land, resources, and capital versus continued reliance on processes that concentrate them
- ◇ Rural communities understood as essential to a sustainable agriculture versus rural communities understood as non-essential and dispensable (Beus and Dunlap; Flora and Chiappe).

More concisely, these tensions address various dilemmas and issues of economic, social and environmental sustainability.

George Stevenson (U. Wisconsin), Fred Kirshenmann (Iowa State) and others suggest AOTM survival will depend on more than developing value-added, value chains. Rather it will require AOTM farms to leverage “values-based,” value chains. “Values-based” refers to products and production that incorporate sustainability criteria—farming as a way of life, emphasis on renewable resources, decentralization or localism, rural community health and safe healthy food.

These emphases themselves represent a democratization tendency. Over the last several decades farmers, and much of the consuming public’s influence on food and agriculture have been subordinated to large socio-economic forces, e.g. globalization, Fordist industrialization, corporate conglomeration, and technological developments that create redundancy among

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farmers and communities. Strategies to renew the AOTM via “values-based, value-chains” in-part bring some greater influence back to farmers, narrows the distance between producers and consumers, empowers local areas rather increasing centralization, and serves to produce safe food for a health, and environmentally conscious public.

However there is a breadth of goals, interests and multiple stakeholders embedded within such initiatives. Business organizations do not easily integrate so many agendas beyond making a return on investment (roi). While something more than lip service may be given to “social responsibility,” predominant owners and stockholders tend to rule decisions making. Profits have a predominant first consideration. AOTM initiatives suggest considerably more than roi concerns.

The cooperative form of organization may be ideal for accommodating the many interests of sustainable and AOTM development.

Cooperatives are organized around three basic principles:

- ◇ The user-owner principle: Those who own and finance the cooperative are those who use the cooperative
- ◇ The user-control principle: Those who control [govern] the cooperative are those who use the cooperative

- ◇ The user-benefits principle: The cooperative’s sole purpose is to provide and distribute benefits to its users on the basis of their use (Dunn).

This structure is designed to meld together the many (often) conflicting voices of a membership organization through the processes of member-based, democratic decision making. Many of the success stories from the AOTM literature depict cooperatives or have cooperative aspects, e.g. Organic Valley, OFARM, Country Natural Beef, and Thumb Oilseed Producers Cooperative.

Cooperatives themselves have their own internal tensions, too complex to discuss here (historical institutionalization perhaps too troublesome not to mention). However when there is a group of citizens with interests to produce benefits for themselves as a group, as well as the larger community, and these goals are supplemented with definite business objectives, then cooperative organization tends to recommend itself as a desirable organizational strategy. They can have all the economic advantages of assembly, scale, branding, marketing and advertising. However, their advantages relative to many other forms of organization is their democratic structure, their transparency, and service. These capacities may blend well with the implicit democratizing strengths of AOTM agendas.

NIFA Competitive Funding Opportunities Relevant to Agriculture-of-the-Middle

NIFA offers several competitive and other grant programs supporting research and outreach relevant to family farming and ranching operations. Some programs are highlighted below, with examples of projects that focus on issues related to such as agriculture-of-the-middle.

[Sustainable Agriculture Research and Education](#): promoting profitable farming systems that are environmentally sound and enhance the quality of life for farm families and their communities.

Administered through four regions, the program provides competitive grants to researchers, agricultural educators, farmers, ranchers, and students.

***Red Tomato:** a Northeast SARE Research & Education project supported the development and evaluation of a direct-store-delivery marketing approach for Northeast fruit and vegetable farms*

[Agricultural Risk Management Education](#) offers competitive funding opportunities to develop agricultural risk management curricula and deliver these to producers and their families. The five general risk categories are production, price or market, financial or income, legal, and human resource risks. Regional centers administer the funding opportunities annually with input from producers and other stakeholders knowledgeable in agricultural risk management.

***Buyer-Seller Connections: the Key to Success:** in 2007, through a North Central Risk Management Education grant, the Wisconsin Department of Agriculture created new market opportunities for farmers, linking them with local food buyers, and identifying barriers and opportunities for selling local foods*

[Small Business Innovation Research](#) (SBIR) offers grants to small businesses, including small and medium-sized farms, to support high quality, innovative research related to important scientific problems and opportunities in agriculture that could lead to significant public benefit if successfully commercialized. In particular, the Marketing and Trade topic area supports innovative marketing strategies to increase sales of agricultural, forestry and aquaculture products.

***Quality Verification for Smaller Operations.** SBIR funded Rainbow Organic Farms, collaborating with Kansas State University, to evaluate the cost and effectiveness of a USDA Program targeting smaller livestock and meat marketing programs*

The Agricultural & Food Research Initiative's (AFRI) [Agricultural Prosperity for Small and Medium-Sized Farms](#) investigates how economic and environmental interactions affect the

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competitiveness, efficiency, and long-term viability of small and medium-sized farms and ranches. Successful proposals include social, biological, and other disciplinary approaches, combining at least 2 of the 3 components of the agricultural knowledge system to transfer new technology and knowledge into practical applications for adoption.

Engines of the New Farm

Economy: In 2009, Washington State University received a grant through the *Agricultural Prosperity for Small and Mid-sized Farms* program to assess the benefits of farmers markets for small and mid-sized farms

[Global Food Security: Improved Sustainable Food Systems](#): in this AFRI Challenge area, institutions of higher education will create integrated programs (research, education and extension/outreach) to support community food security projects in the U.S., increasing food security in disadvantaged U.S.

communities and creating viability in local economies.

Approaches may include but are not limited to:

- ◇ Farm-to-Institution: farm to schools, farm to retail, farm to hospital
- ◇ Value Supply Chain: entrepreneurship, marketing, community and school garden, youth farm stands, cooperatives
- ◇ Financial: cost benefit analysis, availability of resources, types of financial instruments, micro-financing
- ◇ Policy: barriers and enablers of local regional sustainable food systems work and food policy councils interface of local and regional food systems with USDA food assistance programs.

The program is expected to make about 5 awards, at approximately \$1 million each year for 5 years. 2010 is the first year this has been offered and awards will likely be known in October, 2010

Please visit the [NIFA website](#) for complete information on these and other competitive funding opportunities, and discuss specific requirements with the Program Directors

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