

UNDERSTANDING THE FOOD ECONOMY OF UTICA

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Introduction

Food system research is one of the important projects that Rust2Green is currently undertaking to “reveal and understand the extent of food security problem in Utica and its surrounding area” (R2G Summer Internship Handout). USDA’s 2009 report on the household food security defined food-secure households as those that “have consistent access to enough food for active healthy lives for all household members at all times during the year” (Nord et al. 2008). Assessment of local food security implies measuring the extent to which local needs for quality foods is being met, and whether such needs are met equally across various social classes. Availability and accessibility are two key components of food security. To ensure food security, first there needs to be supply of adequate food of acceptable quality, and second, those food need to be readily accessible to those who demand. When the issue of food security is tied to local sustainability and resilience, the importance of local food comes to the forefront. Food system research targets the dual goal of assessing food security as well as the ability of local food system to sustain the local community and foster economic development.

Food system research encompasses many facets. One needs to gauge the local need of the community. R2G’s Household Food Survey that is currently under review can help evaluate food accessibility among households and identify the underlying problems. As identified by question FS1a of the Survey, lack of accessibility can arise for multiple reasons – shortage of economic resources for the household, lack of time, inaccessible distribution channels, among others. Local food system has the potential of addressing some of these problems directly and indirectly.

It is important to point out at the outset that there is nothing inherently good or bad about the “local”, as pointed out by Born and Burcell (2006). One needs to be wary about the “local trap” – the assumption often made that doing things in local scale is inherently better than relying on the global scaling of activities. Localization ought to be a strategy to achieve other goals – a more secure food system, for example, but not an end on itself. One should view localization as a process of empowering local actors – and the decisions of these local actors in turn affect the end outcome (Born & Burcell 2006). As such, what is required is an objective assessment of the local food system to discover its potential in ensuring local food security, and thinking about policies that can harness the potential to the best possible use.

The local food system comprises of four main sectors: production, processing, distribution and consumption. Each of these sectors plays a critical role in the successful working of the food economy. The sectors need to work together coherently for the food economy to function properly. The relationship between the different sectors can be depicted by the following diagram:

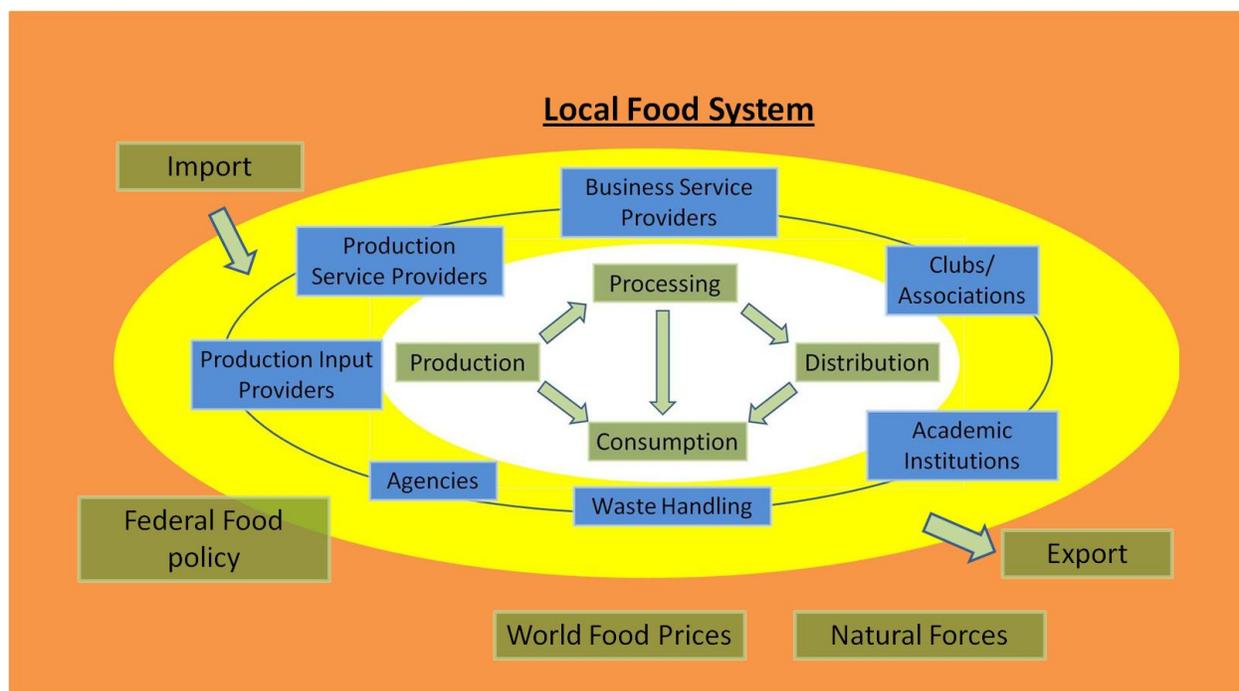


Figure 1: Depiction of the local food system

At the core of the food system are the four main actors: producers, processors, distributors and consumers. Supporting this core are various external actors that directly or indirectly influence its strength and functionality. Also, the influence of the extra-local cannot be ignored. As part of the regional, national and global food system, the local food system is always influenced by what goes on outside. World food prices, set by interaction of world supply and demand, have a bearing on profitability of local farms. Each of these sectors demands individual attention, and at the same time, the interrelationship between these sectors ought to be assessed as well. Tying this research to the Food Policy Council’s indicators project could be a good way to move forward.

The core food system

Production: Producers are the major actors in the production sector. Decisions of the producers are crucial in sustaining the local food economy. In order to analyze the food economy, it is imperative that the status of the farmer’s be known. In particular, the following questions about farm operation need to be addressed:

- Geography: size and location of farms

- Production: product mix, production quantity, factors affecting production decision, pricing
- Use of technology: machines, fertilizers
- Distribution channel: main buyers, distribution of various buyers
- Profitability: revenue stream (sales, government) vis-a-vis costs (fixed costs; variable costs)
- Human capital: Entrepreneurial knowledge; use of labor
- Storage facility for semi-perishable food products

Most of this data is not readily available, and a comprehensive survey of the farming sector might be required to obtain this data. A survey similar to the household food survey might be useful. As a secondary source, the USDA Census of Agriculture provides some basic information on the farming sector. USDA also makes available special tabulations for specific research objectives (http://www.nass.usda.gov/Data_and_Statistics/Special_Tabulations/index.asp). We can make use of some of those tabulations answer some general questions about the food system that might otherwise not be available from published results of the survey.

These data will not only be useful in assessing the current state of local food system, but also in developing policies to help struggling local farms. Available data from the USDA shows that more than half the farms in Oneida County fall under the category of loss-making. An outcome of surveying the farms is an understanding of the characteristics of successful farms. Learning from these success will allow us identify and provide resources that might be helpful to loss-making farms.

Processing

The processing sector converts agriculture produce into marketable products through packaging an processing them into various derived products. This sector is particularly crucial for farmers looking to market their products to wholesalers and retailers. Viable processing operations encourage local farmers to maximize their output by helping add value to their products. This sector can additionally help the farmers in marketing their products to distributors. A survey of processing operations needs to find information about its profitability, range of products (packaged goods, frozen, canned and other conversions) and their location.

Distribution

An effective distribution channel is important for providing farmers with confidence to product in maximum capacity. The perishability of farm produce makes efficient distribution even more important to ensure minimum loss. The distributors also act as large volume suppliers of produce to institutional buyers by aggregating products from various local farmers. Also, an assessment of direct-to-consumer sales through farmer's market will be helpful in improving the effectiveness of existing distribution channels.

Consumption

The consumption sector includes individuals, institutional buyers, restaurants, and non-local consumers. An important aspect of addressing food security is to see if the demand for food is being met adequately. Also important are characteristics of these demand – whether local food is preferred to food grown elsewhere and to what extent the local demand can be fulfilled from local resources. In particular, the buying pattern large institutions should be studied more carefully as their economic size puts them in a position to exert considerable influence on local consumption patterns.

The external sector

While the core of the most important aspect of the food system, the role of external sector, comprised of production input providers, service providers, academic institutions and other agencies, cannot be ignored. In fact, a strong external sector ensures the viability of the local food system. For instance, as Dewerd (2009) points out, a research on the local food system of Hiawatha region of southwest Minnesota found that a large fraction of the farmers' revenue from selling farm products were spent in sourcing inputs and credits from outside the region. So, in order to avoid leakage from the local economy and ensure vitality, it is important to have a strong local external sector.

References and additional resources:

Nord, Mark, Margaret Andrews and Steven Carlson. 2009. *Household Food Security in the United States, 2008*. US Department of Agriculture Economic Research Report #93. *attached to the email*.

Born, Branden, and Mark Purcell. 2006. *The Local Trap*. *journal article on the need to be careful about thinking locally-* *attached to the email*.

DeWeerd, Sarah. 2009. "Local Food: The Economics" (<http://www.worldwatch.org/node/6161>): *article about local food economy – attached to the email*.

Crossroad research center's collection of publications on food system research
<http://www.crcworks.org/?submit=farm>

USDA director's memo regarding resources available to help build the local food system
<http://www.washingtonpost.com/wp-srv/artsandliving/foodanddining/documents/merrigan-local-food-memo.pdf>:

Article on the importance of local processing facilities
http://www.newwest.net/city/article/the_process_of_rebuilding_a_local_food_economy/C8/L8/:

USDA's research on local food systems: <http://www.ers.usda.gov/publications/err97/>

Short report on the research <http://www.ethicurean.com/2010/06/10/usda-looks-at-local/>

Community Food Enterprise, organization for locally owned food business
<http://www.communityfoodenterprise.org/about-cfe>

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