



# **Food Deserts & the Economics of Food**

**Ken Meter**

**Crossroads  
Resource Center  
(Minneapolis)**

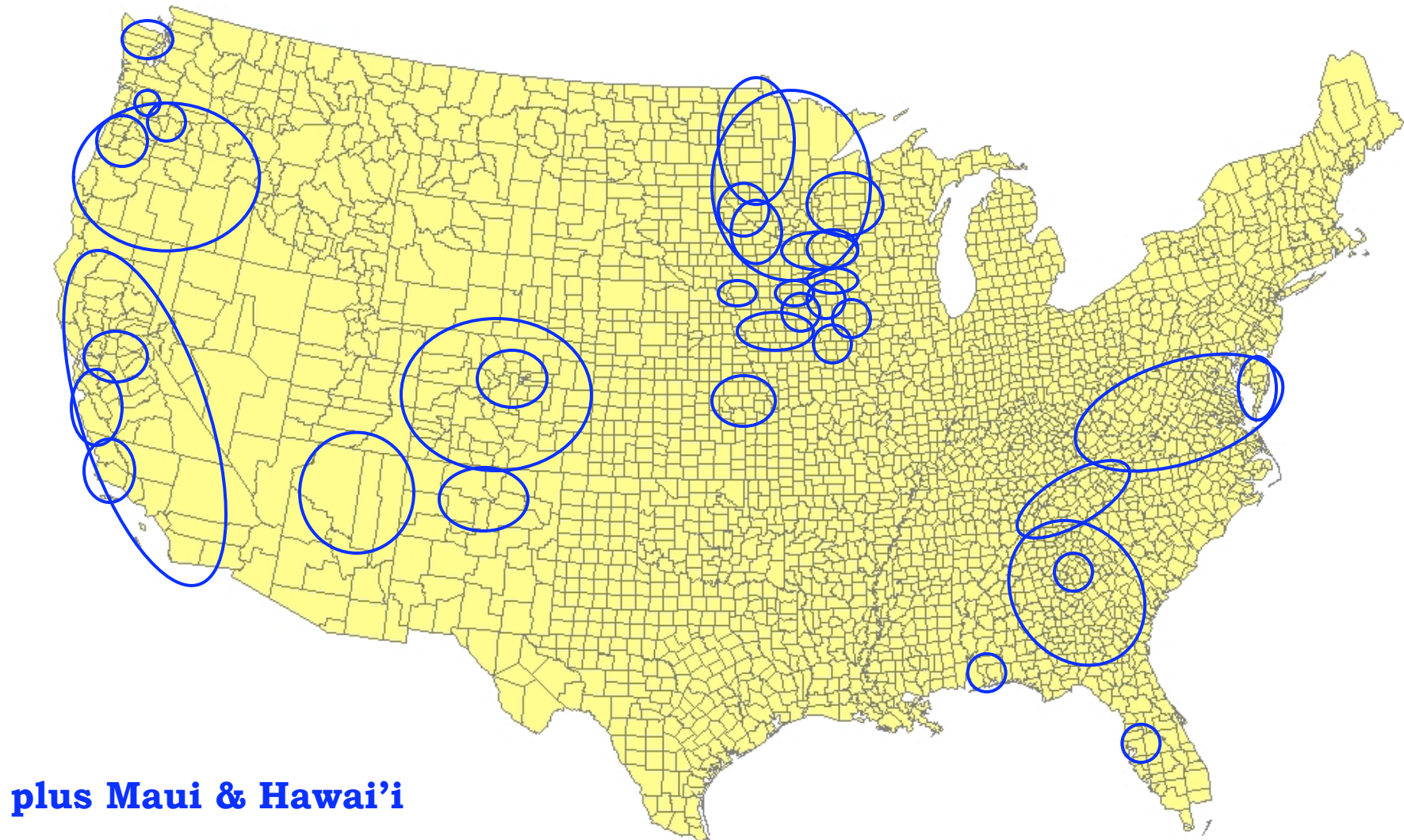
**Economic Research Service  
Food Deserts workshop  
Washington, DC  
October 9, 2008**



## **Financial partners:**

- **Blue Cross Blue Shield Minnesota Center for Prevention**
- **W. K. Kellogg Foundation**
- **Northwest Area Foundation**
- **Experiment in Rural Cooperation (SE Minnesota)**
- **Food Systems Working Group (Value Chain Partnerships project) — Aldo Leopold Center for Sustainable Agriculture at Iowa State University**
- **University of Minnesota**
- **Oregon Food Bank**
- **University of Wisconsin Extension**
- **Washington State University**
- **Oregon State University**
- **University of North Carolina — Chapel Hill**
- **Emory University**
- **University of Illinois**
- **Kansas State University Extension**
- **Northern Arizona University**
- **Farm Aid**
- **Metro Denver Health & Wellness Commission**

# “Finding Food in Farm Country” Studies



**39 regions in 19 states, including 7 statewide**



# Local Farm & Food Economies

**The perspectives of the  
communities where  
commodities are  
produced and  
used...**

**...are often overlooked**



# Vision for local food economies

**Build:**

**Health**

**Wealth**

**Connection**

**Capacity**



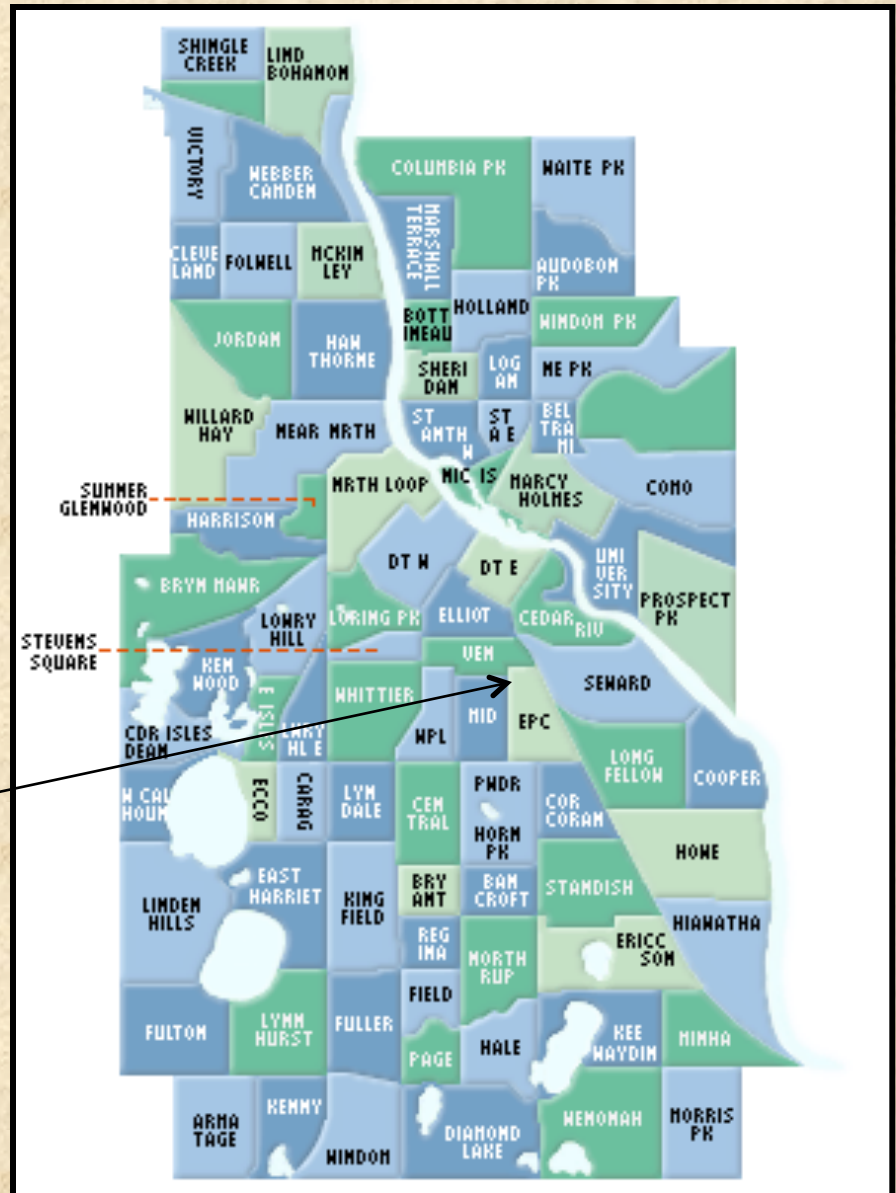
**Mural: The Food Project**

[illegible]



# Crossroads Resource Center

**Aided creation of  
Latino Mercado**





The map displays the following neighborhoods and areas:

- Top Left:** SHINGLE CREEK, LINDEROTH
- Top Center:** COLUMBIA PK, WAITE PK
- Top Right:** HECKER, CAMDEN
- Middle Left:** VICTORY, CLEVE LAND, FOLWELL, MCRIMLEY, JORDAN, HAN THORNE, HILLARD HAY, NEAR NORTH, HARRISON, BRYAN HAY, LOWRY HILL, REMWOOD, CDR ISLES DEAN, W CAL HOUN, LINDEN HILLS, FULTON, ARMA TAGE, KENNY, WINDOM
- Middle Center:** MARSHALL TERRACE, BOTT INEAD, SHERIDAN, ST ANTH W, MIC IS, NORTH LOOP, DT W, DT E, LORING PK, ELLIOT, UEN, WHITTIER, MPL, MID, EPC, COR CORAM, STANDISH, ERIC SOM, HIA MATHA, NIMHA, MORRIS PK, WENOMAH, DIAMOND LAKE, HALE, PAGE, FULLER, LYNN HURST, EAST HARRIET, KING FIELD, REGINA, NORTH RUP, BRYANT, BAN CROFT, HORN PK, PANDR, CEN TRAL, LYM DALE, CARAG, ECCO, E ISLES, LOWRY HILL, REMWOOD, CDR ISLES DEAN, W CAL HOUN, LINDEN HILLS, FULTON, ARMA TAGE, KENNY, WINDOM
- Middle Right:** AUDOBON PK, WINDOM PK, ME PK, BEL TRAIL, COMO, UNIVERSITY, PROSPECT PK, CEDAR RIV, SEWARD, LONG FELLOW, COOPER, HOWE
- Bottom:** ARMA TAGE, KENNY, WINDOM, DIAMOND LAKE, HALE, PAGE, FULLER, LYNN HURST, EAST HARRIET, KING FIELD, REGINA, NORTH RUP, BRYANT, BAN CROFT, HORN PK, PANDR, CEN TRAL, LYM DALE, CARAG, ECCO, E ISLES, LOWRY HILL, REMWOOD, CDR ISLES DEAN, W CAL HOUN, LINDEN HILLS, FULTON, ARMA TAGE, KENNY, WINDOM

Two red dashed lines indicate the locations of **STEVENS SQUARE** and **SUMMER GLENWOOD**.



# **Asset-Based Research & Development**

- \* Start by identifying assets**
- \* Then ask about needs**
- \* Study local economy before “developing” it**
- \* Agree on how to measure “development”**



## **North Minneapolis Assets**

**68,000 people (2000)**

**\$ 1.1 billion consumer  
spending power (2004)**

**\$ 44 million home mortgage  
market (2002)**

**Sources: 2000 Census, Bureau of Labor Statistics, Home Mortgage  
Disclosure Act data**



# **North Minneapolis Assets**

**400 businesses (1995)**

**\$ 2 billion of residential,  
commercial, and industrial  
property (2001)**

**Sources: CRC Neighborhood Business Survey, City Assessor**



# **North Minneapolis Assets**

**Hosts 170 non-profit organizations**

**173 external partners**

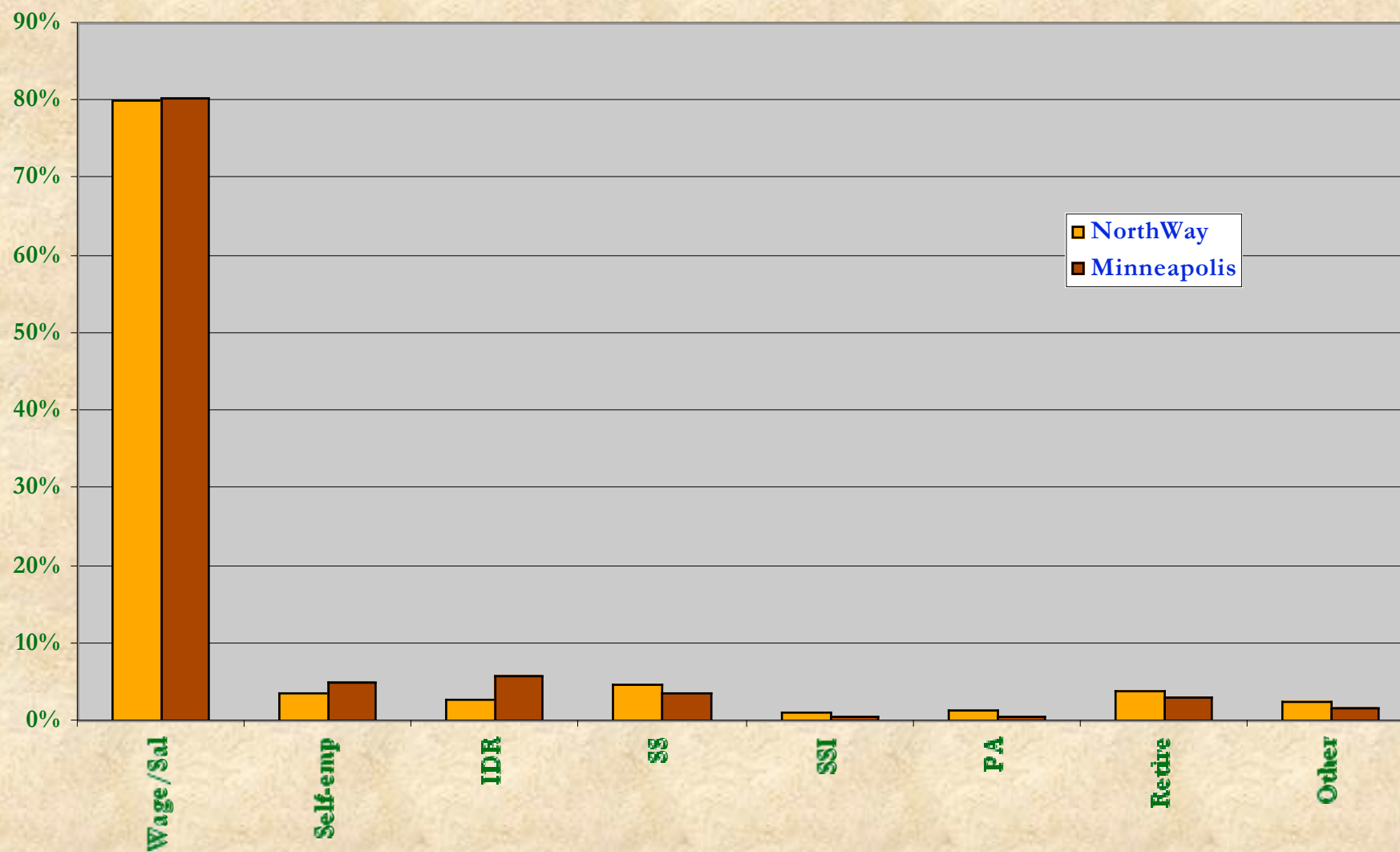
**94 faith communities**

**Ranks high in social capital**

**Sources: NWCT nonprofit survey, NWAf social capital survey**



## NorthWay income compared to Minneapolis



**Source: 2000 Census**



## **North Minneapolis**

**Yet...**

**25% live below poverty line**

**Median household income \$31,246**

**3,000 households earn less than  
\$10,000**

**Source: 2000 Census**



## **North Minneapolis**

**Yet...**

**Livable Wage for a family of 4 is  
\$46,656**

**Only 34% of households earn a  
Livable Wage**

**Source: Jobs Now, 2000 Census**



**The Food Project — Boston**



# **State of Minnesota**

## **Farm & Food Economy**

**Minnesota ranks 6th  
among farm states  
in sales**



## Food firms among Minnesota's Top 20 manufacturing firms

|                              | <b>\$billions<br/>2005 sales</b> |
|------------------------------|----------------------------------|
| 1 Cargill                    | 71                               |
| 3 CHS Central Harvest States | 12                               |
| 4 General Mills              | 11                               |
| 6 Land O'Lakes               | 8                                |
| 7 Hormel Foods               | 5                                |
| 10 PepsiAmericas             | 4                                |
| 11 Schwan Foods              | 3                                |
| <b>Total</b>                 | <b>114</b>                       |



**86% of farm sales involve  
livestock, feeding livestock,  
exports, or ethanol**

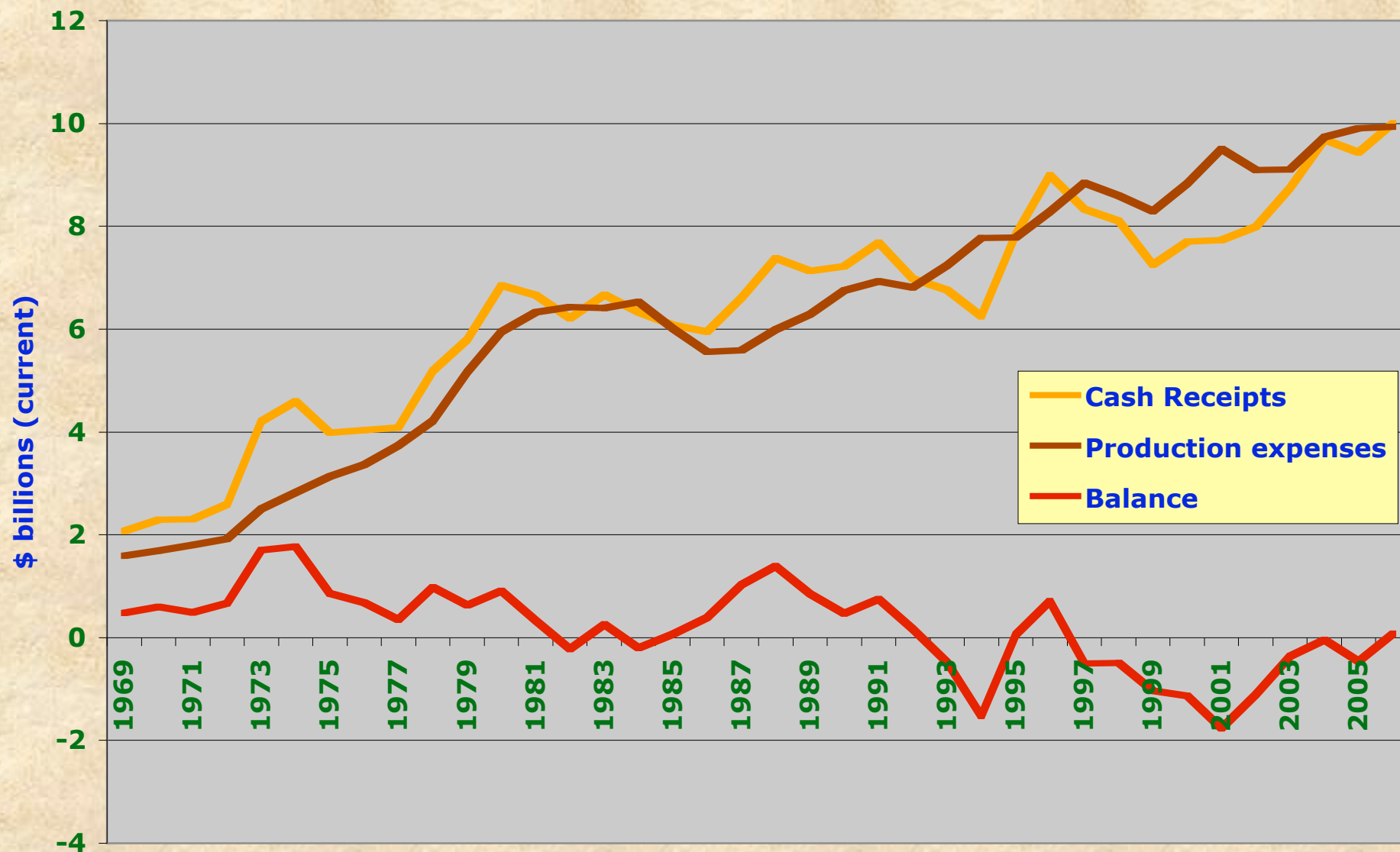


**Iowa**

**3% of farm sales  
involve fruits and  
vegetables**



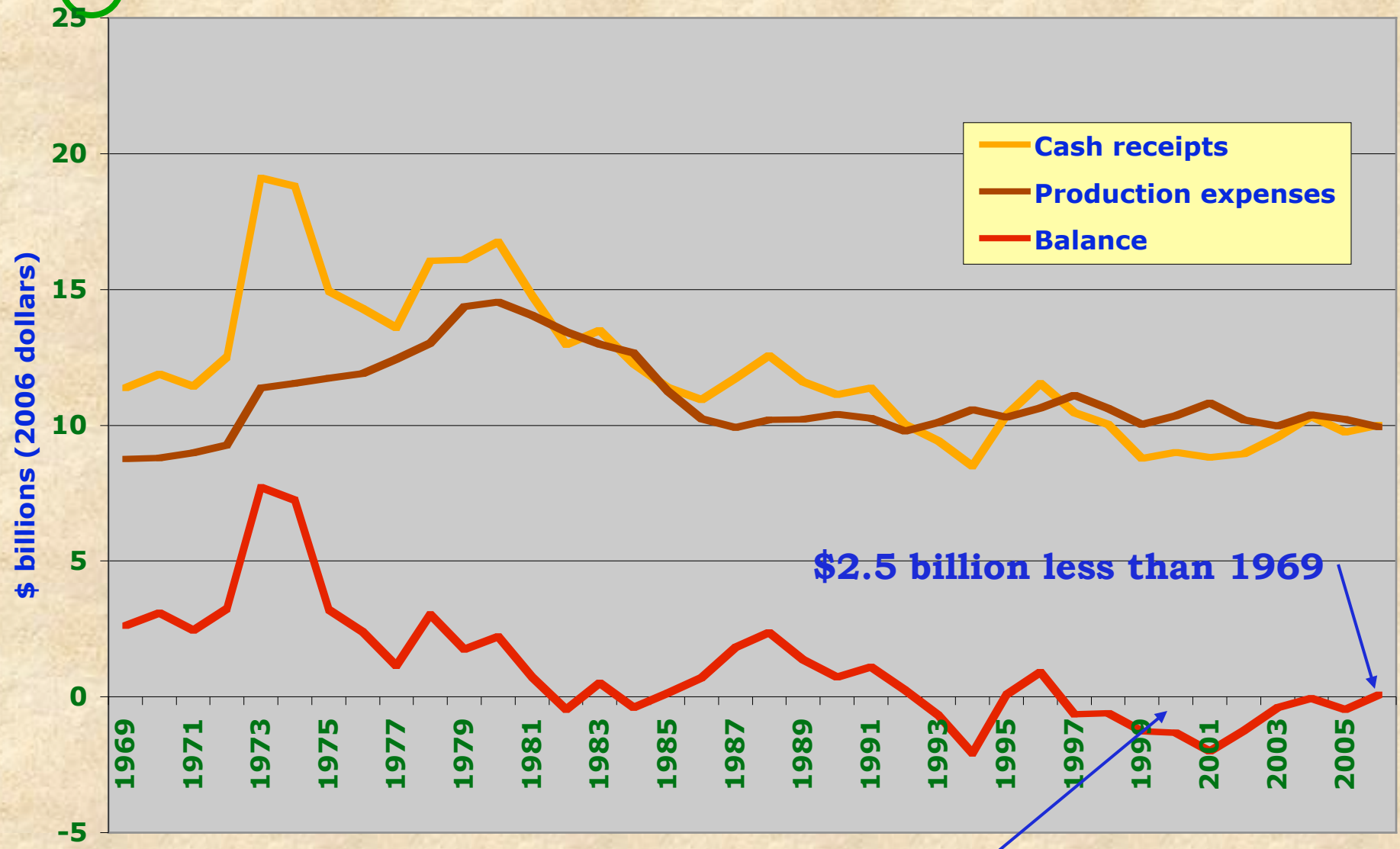
## Farm Production Balance in Minnesota, 1969-2006



Source: Bureau of Economic Analysis



## Farm Production Balance in Minnesota, 1969-2006

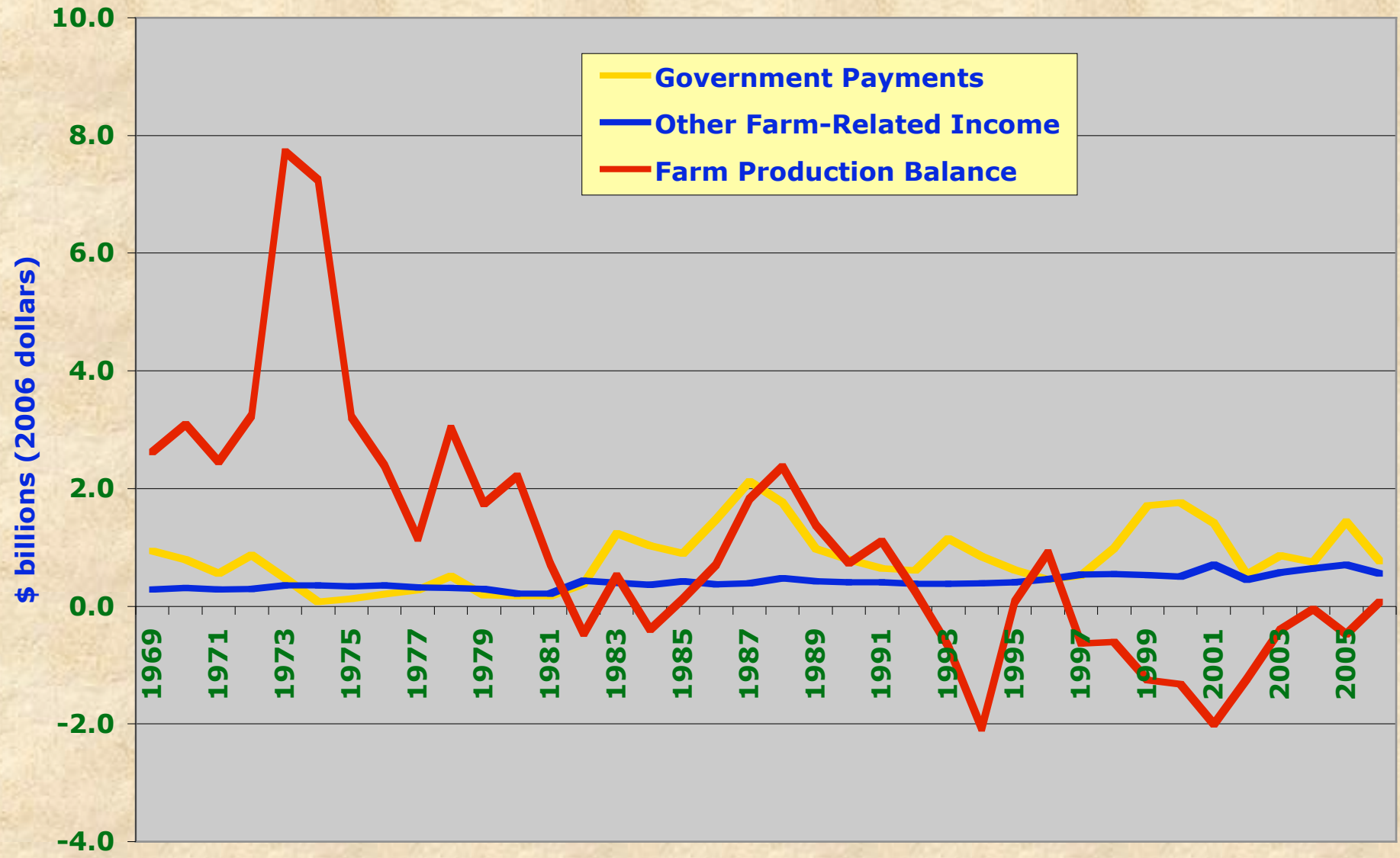


Source: Bureau of Economic Analysis

Loss since 1993: \$10 billion



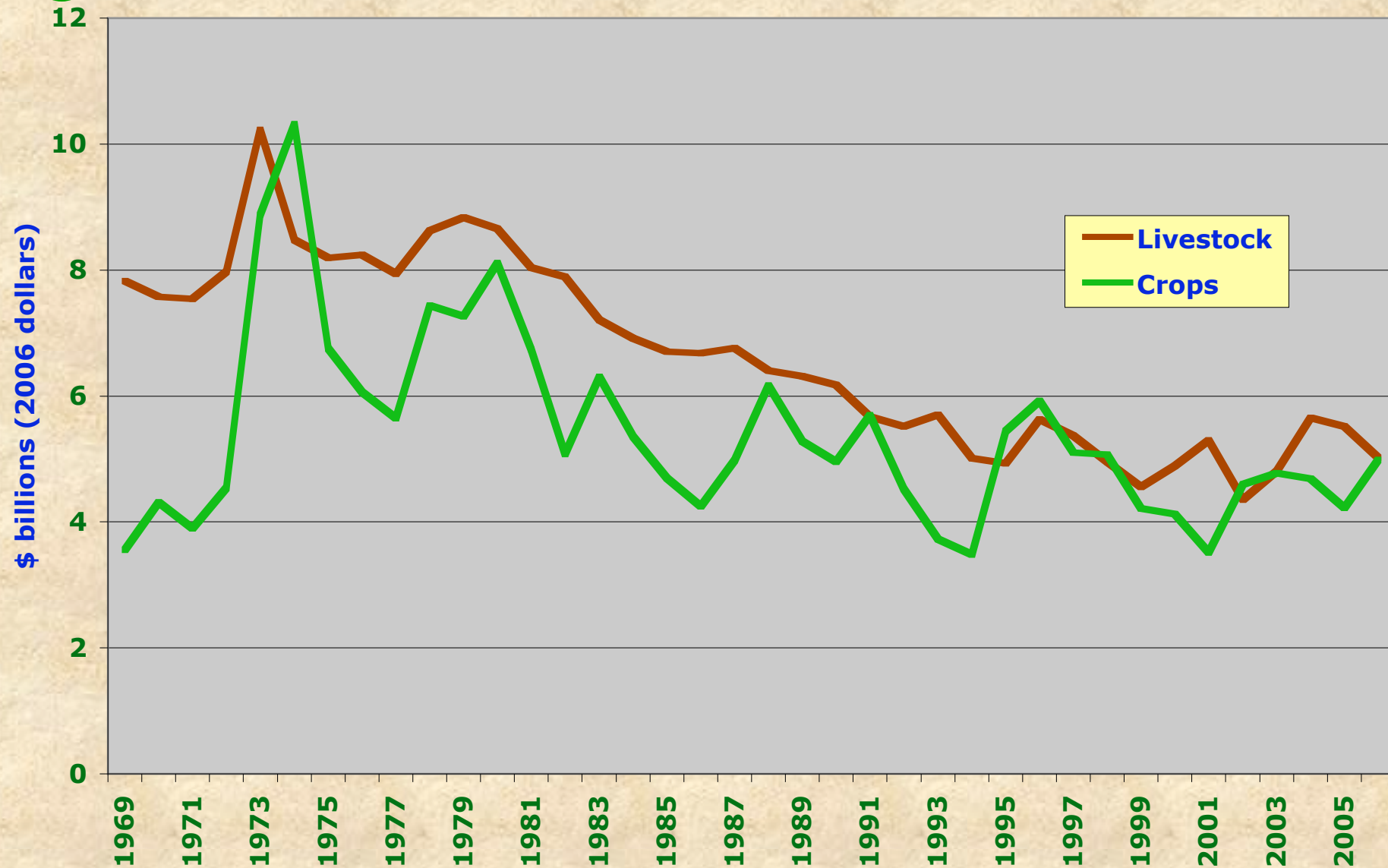
## Minnesota, farm income by type, 1969-2006



Source: Bureau of Economic Analysis



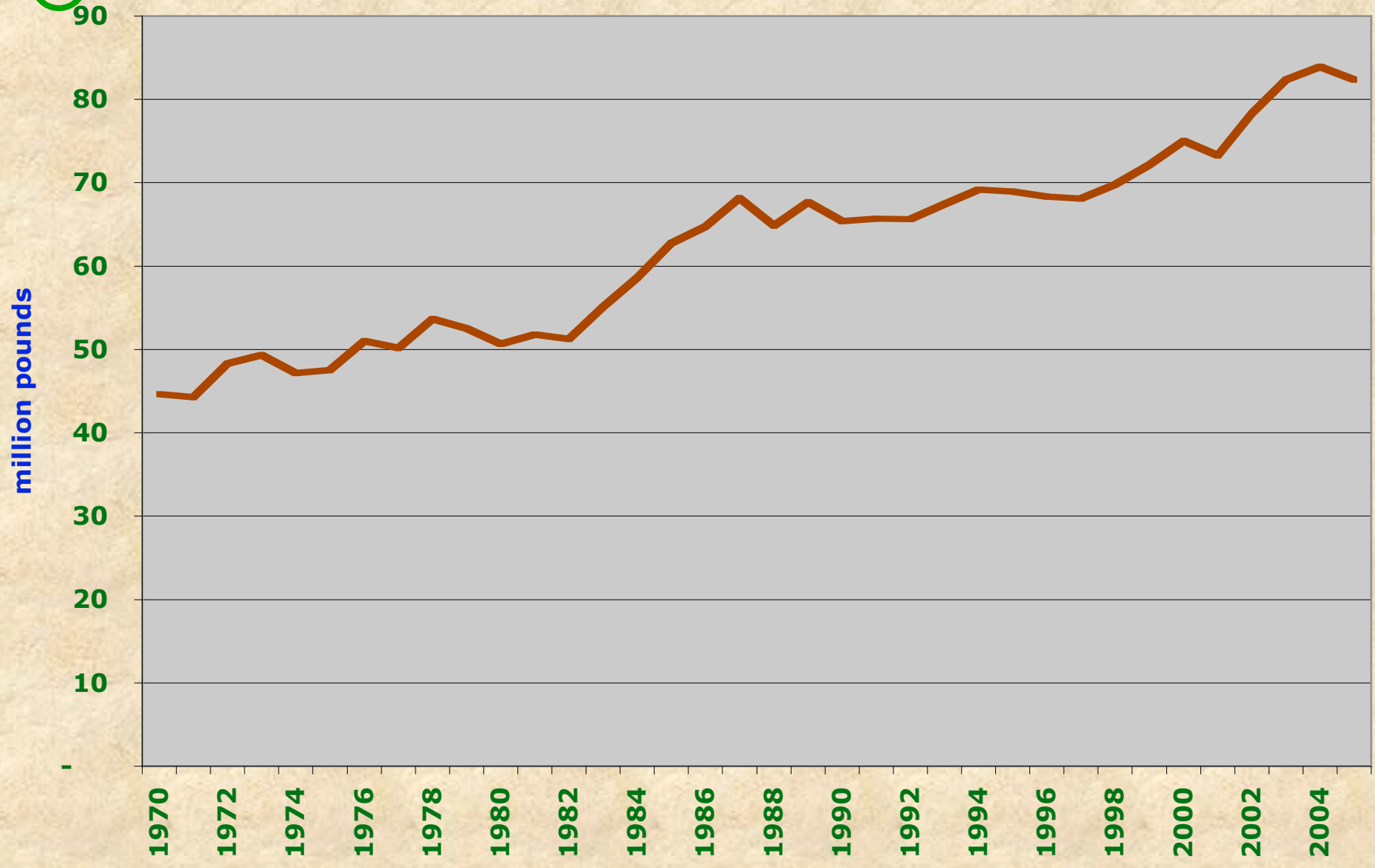
## Crop and livestock sales in Minnesota, 1969-2006



Source: Bureau of Economic Analysis



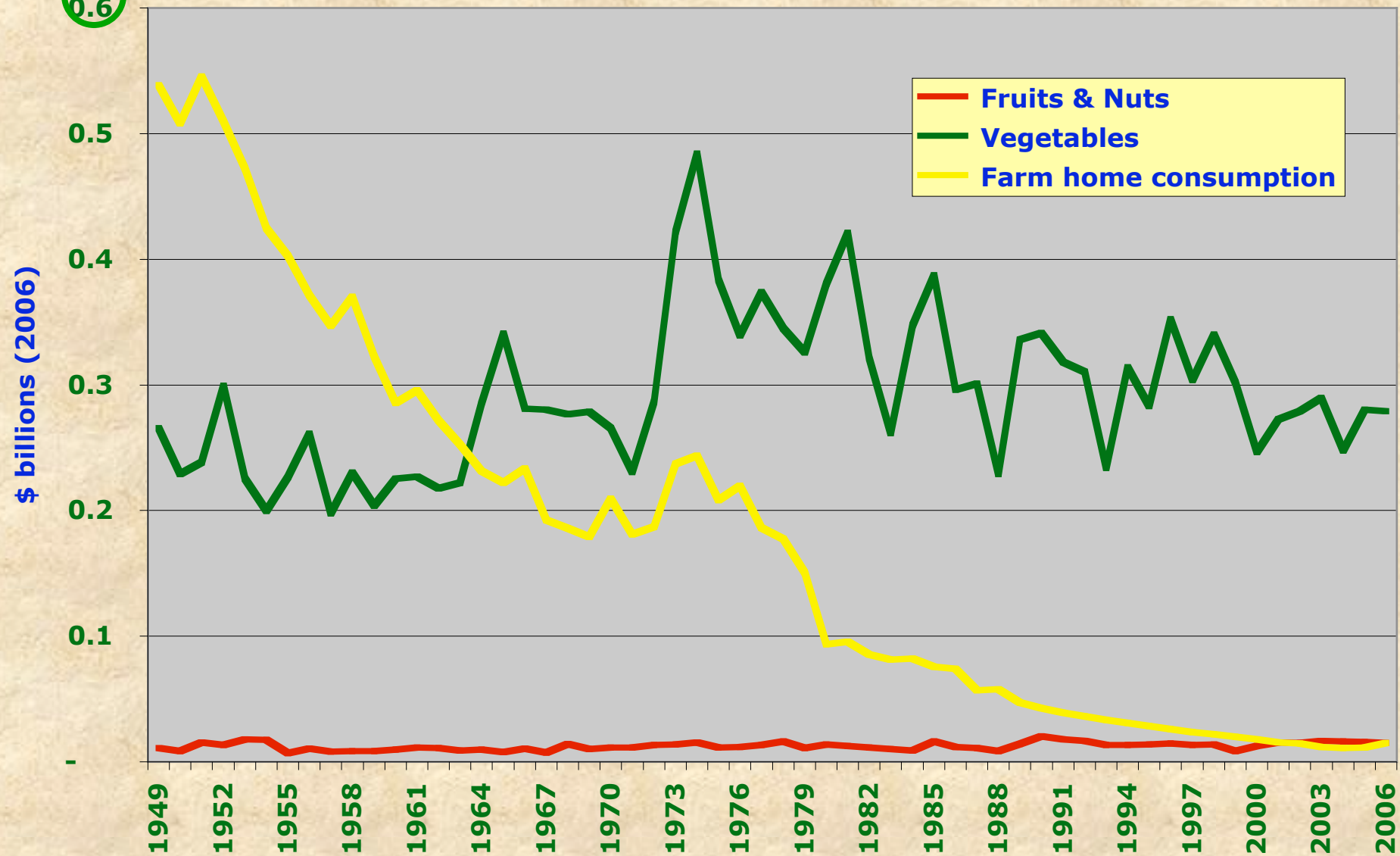
# Estimated meat consumption in Minnesota, 1970 - 2005



Source: USDA / Economic Research Service



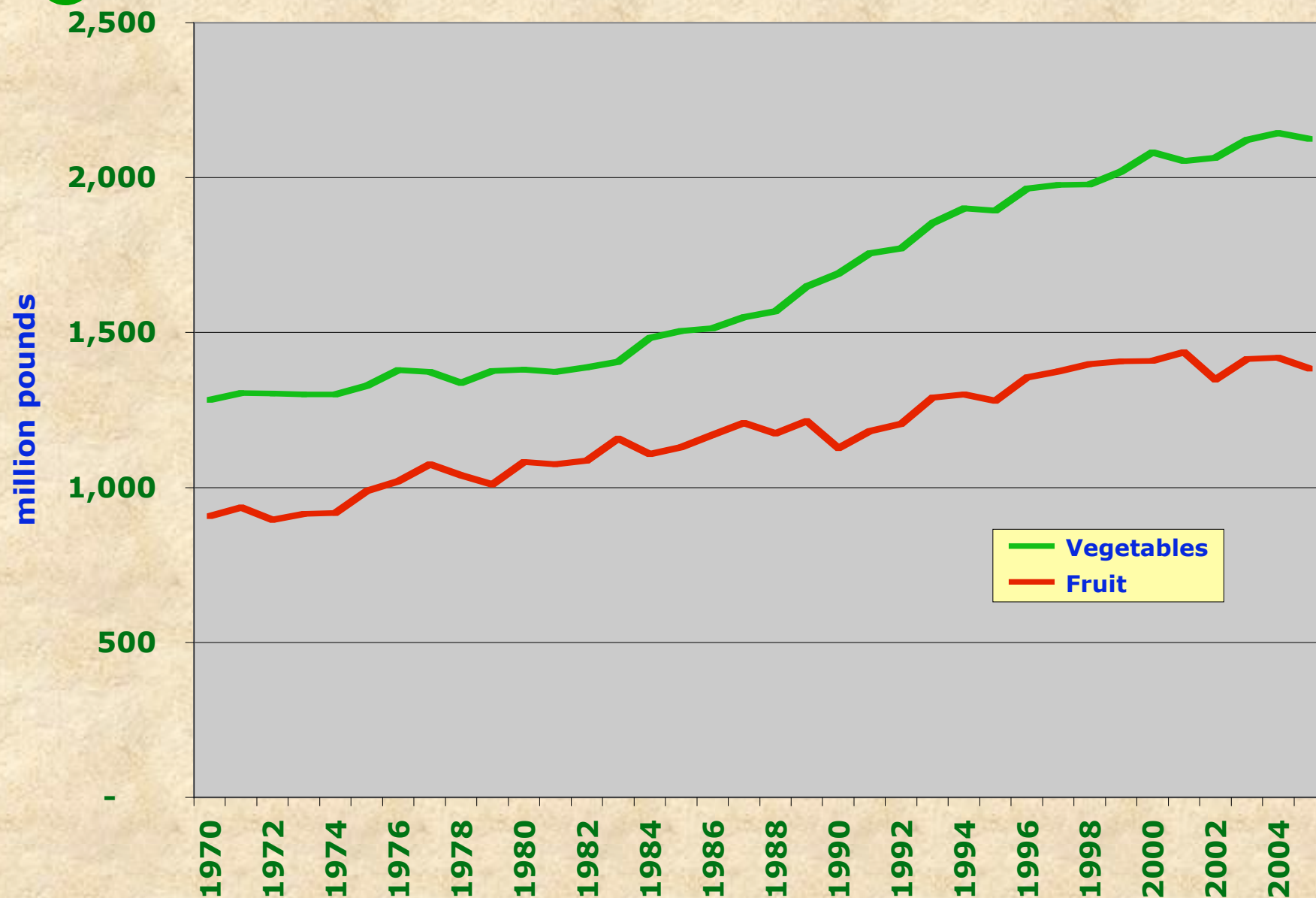
## Sales of Minnesota farm products, 1949 - 2006



Source: USDA / Economic Research Service



## Estimated fruit & vegetable consumption in Minnesota, 1970 - 2005



Source: USDA / Economic Research Service





**Minnesota food consumers...**



## **Minnesota Consumers**

**\$11 billion market for food (2006)**

**90%** (or more) sourced  
outside the state

**\$23 million sold directly from  
farmers to consumers**

**0.3%** of farm sales  
**0.2%** of consumer demand



## **Minnesota summary**

**Farmers lose \$700 million per year (1993-2006)**

**Farmers buy \$4 billion of inputs from outside state**

**Consumers spend \$10 billion on food sourced outside**



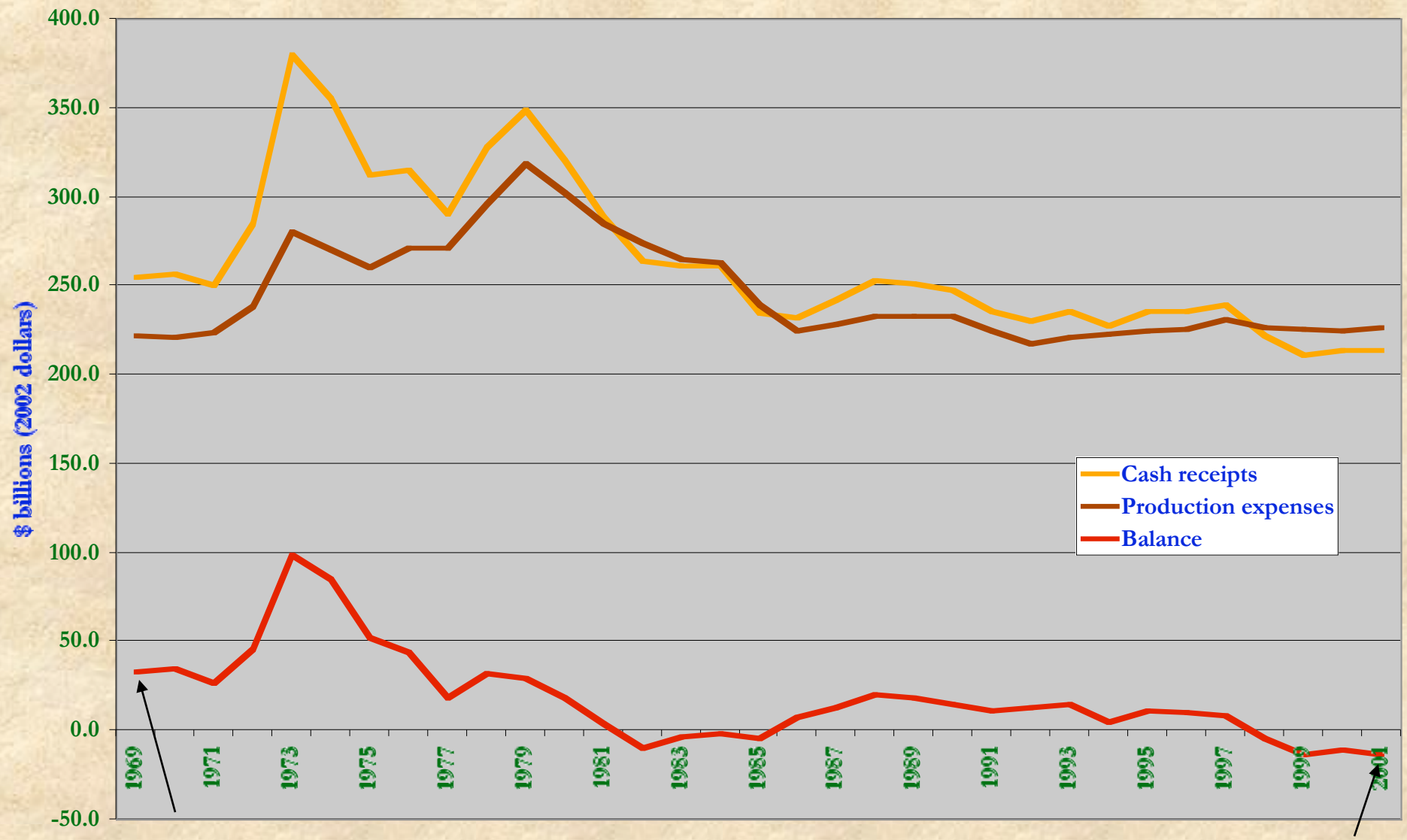
## **Minnesota summary**

**\$15 billion loss per year**

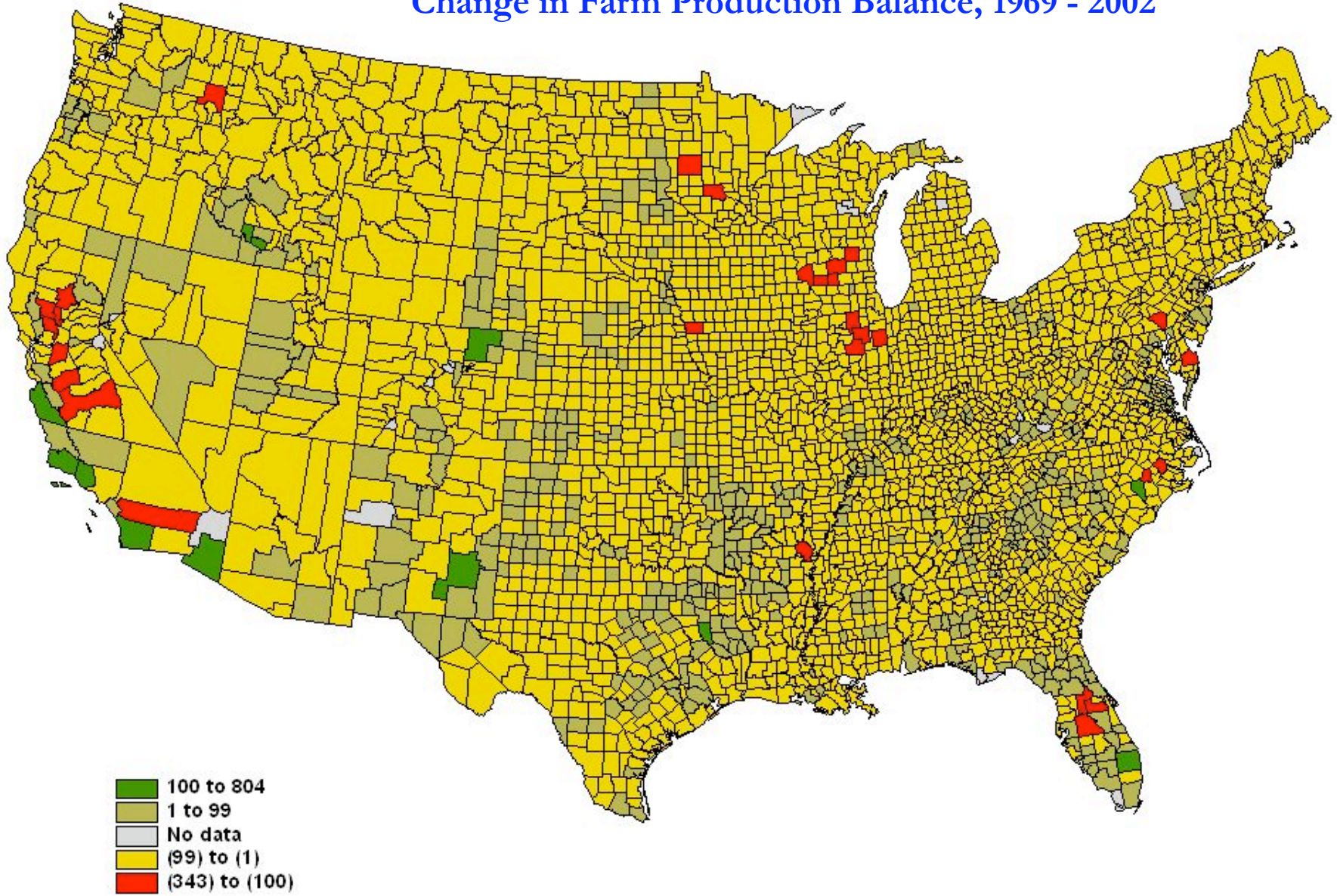
**Source: Census & BLS**



# U.S. Farm Cash Receipts and Production Expenses, 1969-2001



## Change in Farm Production Balance, 1969 - 2002



Map by Ken Meter, 2005



## **U.S. Consumers**

**\$823 billion** household market  
for food (2006)

**\$812 million** sold directly from  
farmers to consumers

**0.4%** of farm sales

**0.1%** of consumer demand



## **Low-Income Consumers in U.S.**

**27% of U.S. population earns  
less than a livable wage  
(185% of poverty)**

**The level at which children qualify  
for free/reduced lunch**



## **Low-Income Consumers in U.S.**

**These consumers spend  
\$143 billion on food (2006)**

**Including \$30 billion food stamps**

**And \$5 billion WIC coupons**



## **Low-Income Consumers in U.S.**

**These consumers spend  
\$143 billion on food (2006)**

**This is 55% of what farmers earn  
selling commodities!**

**Little public planning for how to  
address this consumer market**



## **Low-Income Consumers in U.S.**

**Inner-city grocery stores are  
among the most profitable**

**Source: Institute for a Competitive Inner City**



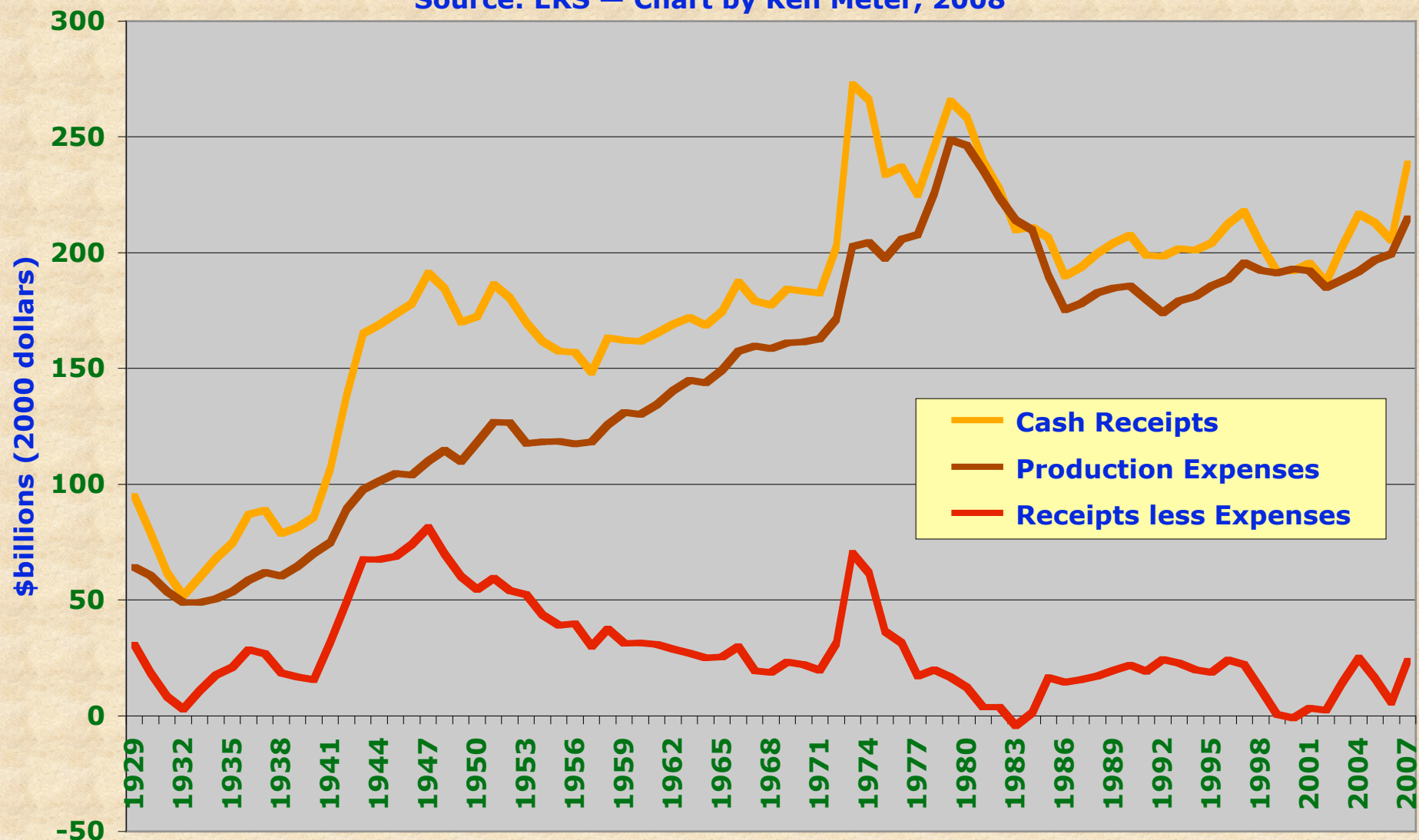
## **Low-Income Consumers in U.S.**

**One model that seems to work:  
locate grocery stores on edges that  
join prosperous and low-income  
communities**



## Cash receipts and production costs for U.S. farms, 1929 - 2007

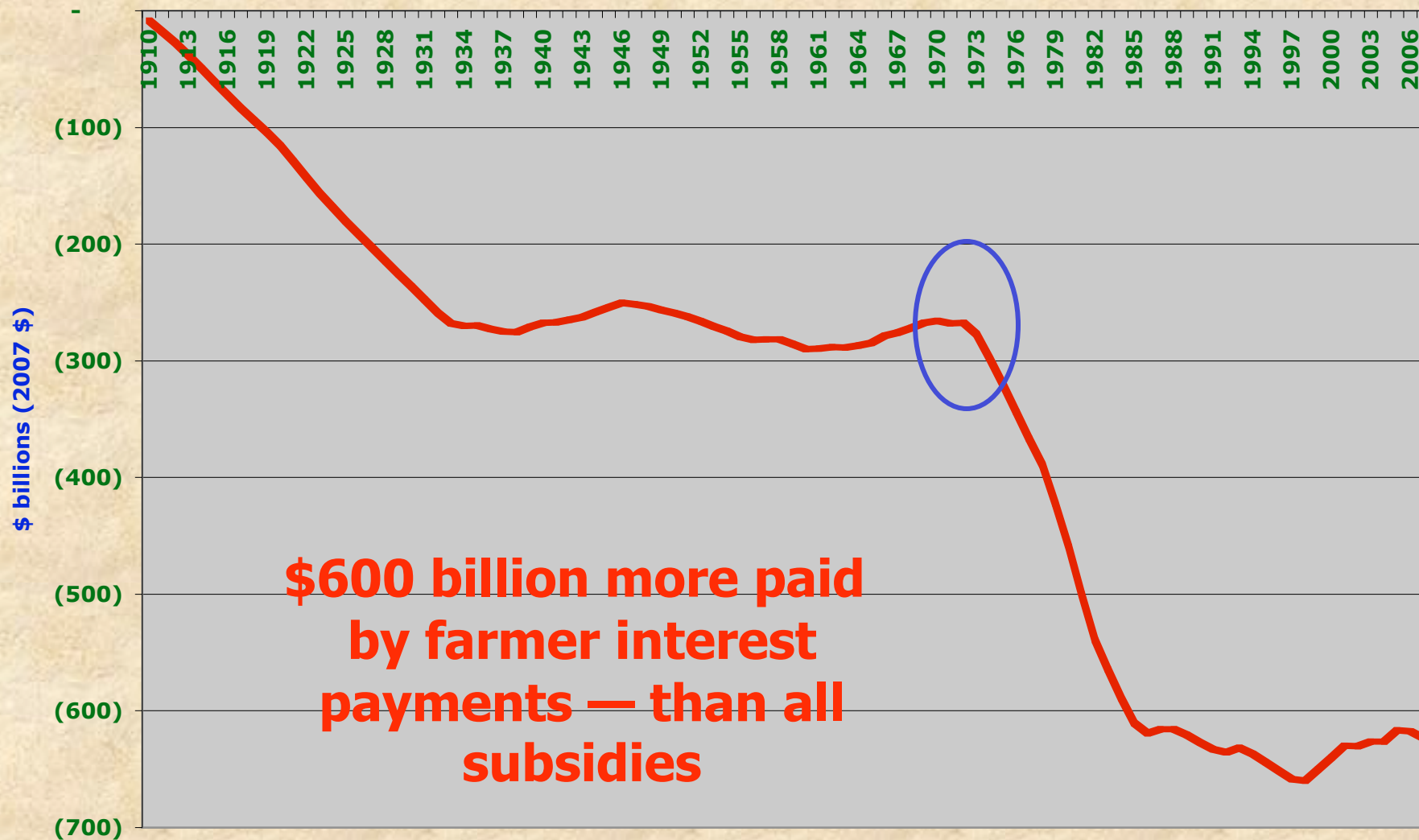
Source: ERS — Chart by Ken Meter, 2008



Source: USDA / Economic Research Service

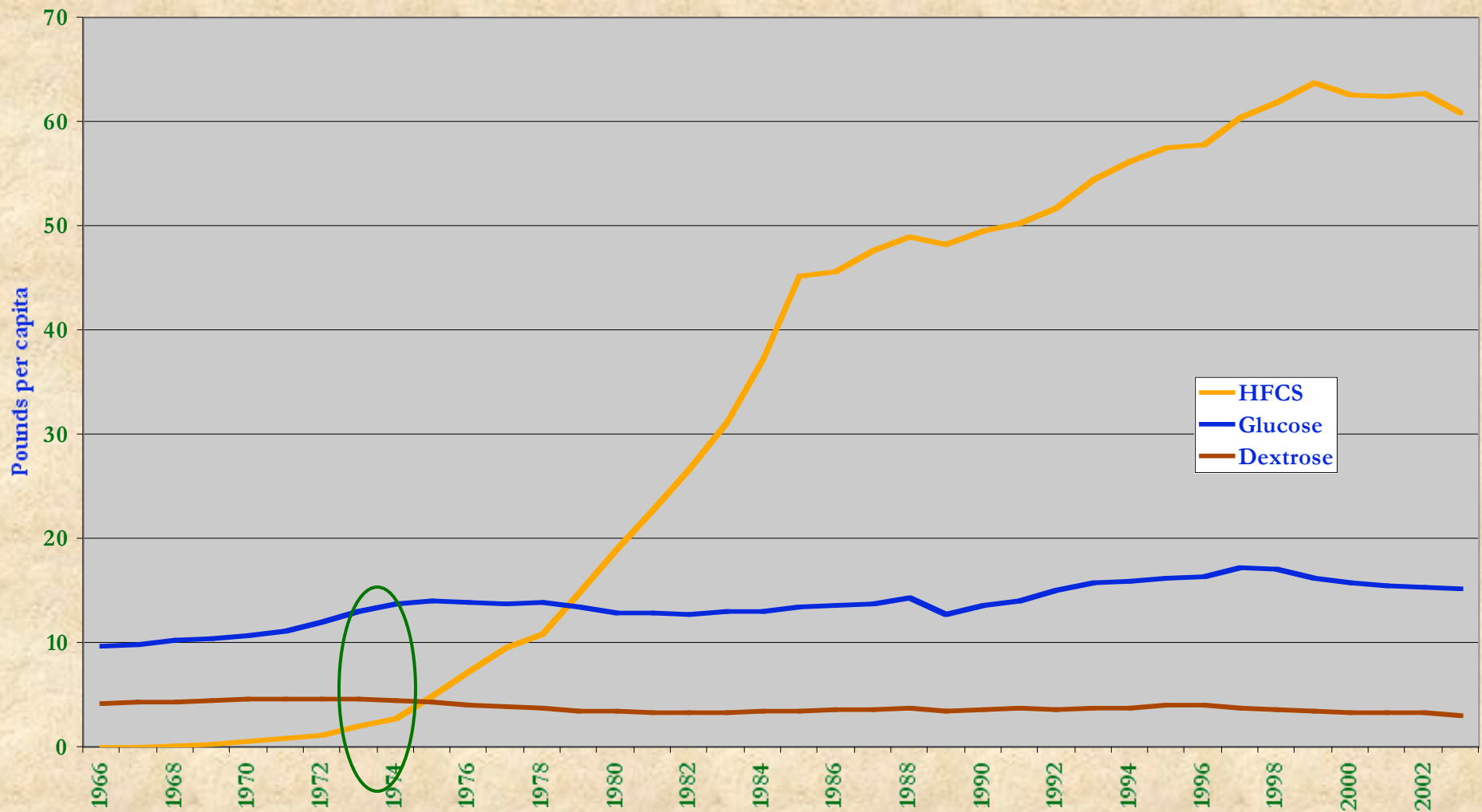


## Cumulative flow of money away from farm communities, 1910 - 2007





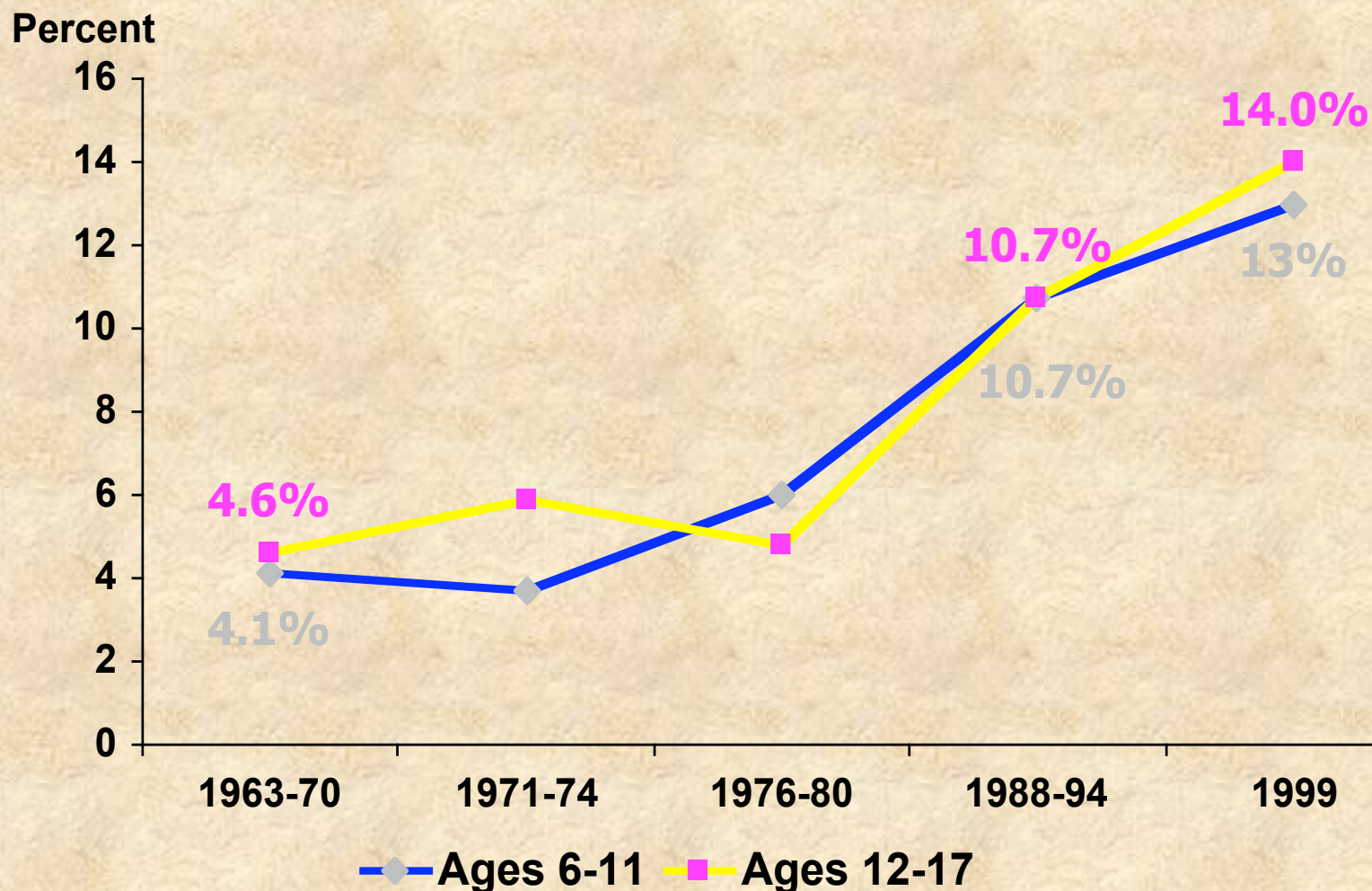
## Corn sweeteners consumed in U.S., 1966-2002



Source: USDA/ERS — chart by Ken Meter, 2006



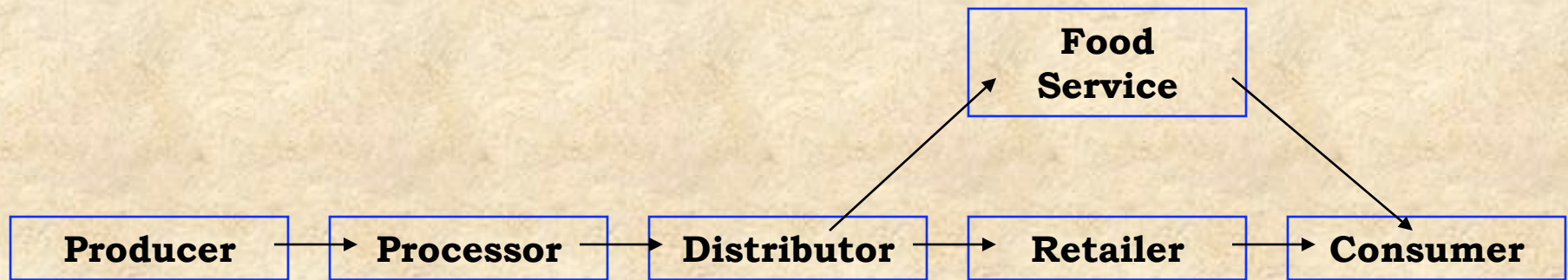
# U.S. Youth Who are Overweight Percent by Age



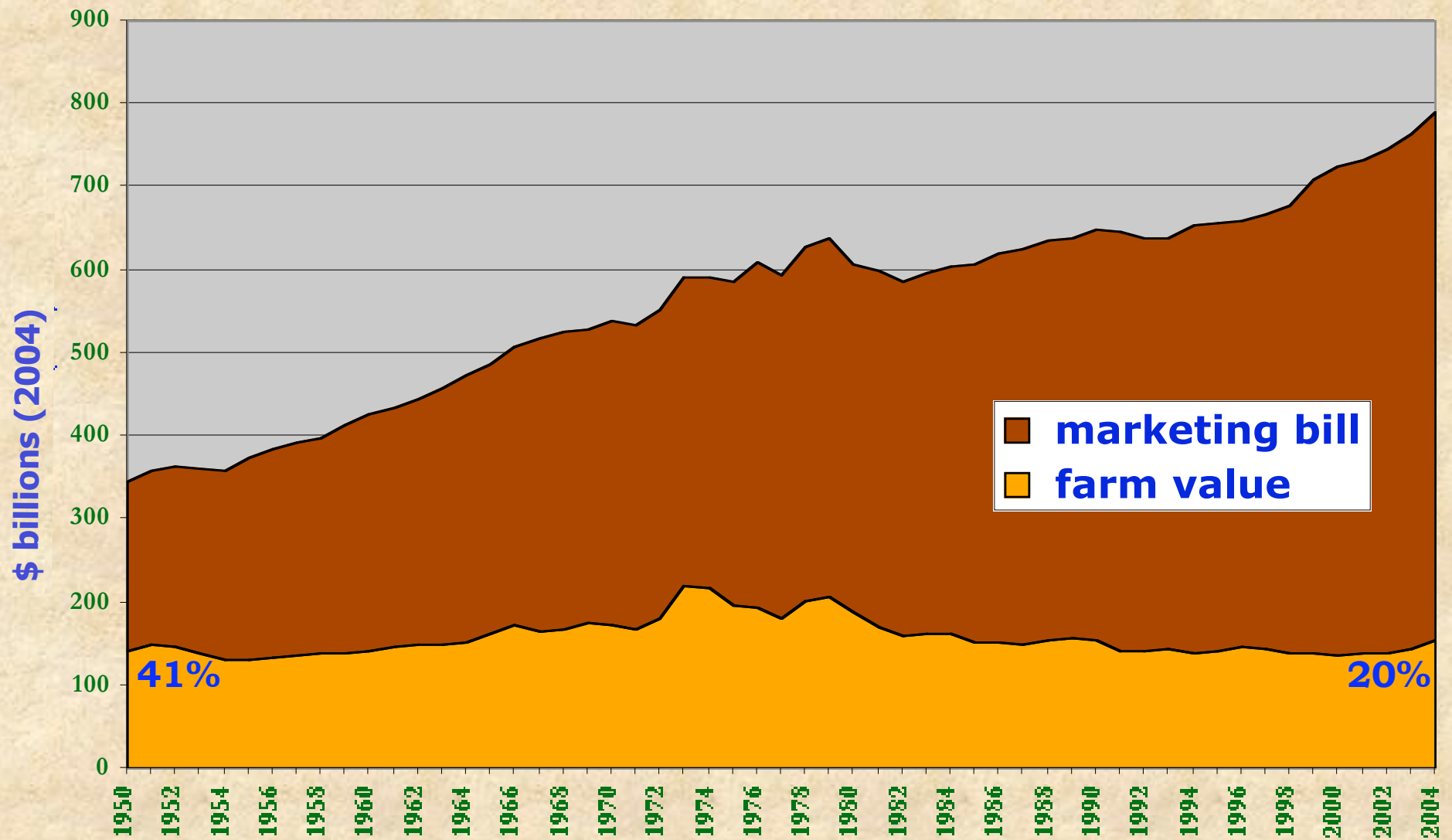
≥95th percentile for BMI by age and sex, based on NHANES I reference data  
Source: Troiano RP, Flegal KM. Pediatrics 1998;101(3):497-504. NHANES 1999, National Center for Health Statistics. Chart by Melinda Hemmelgarn



## Value Chain



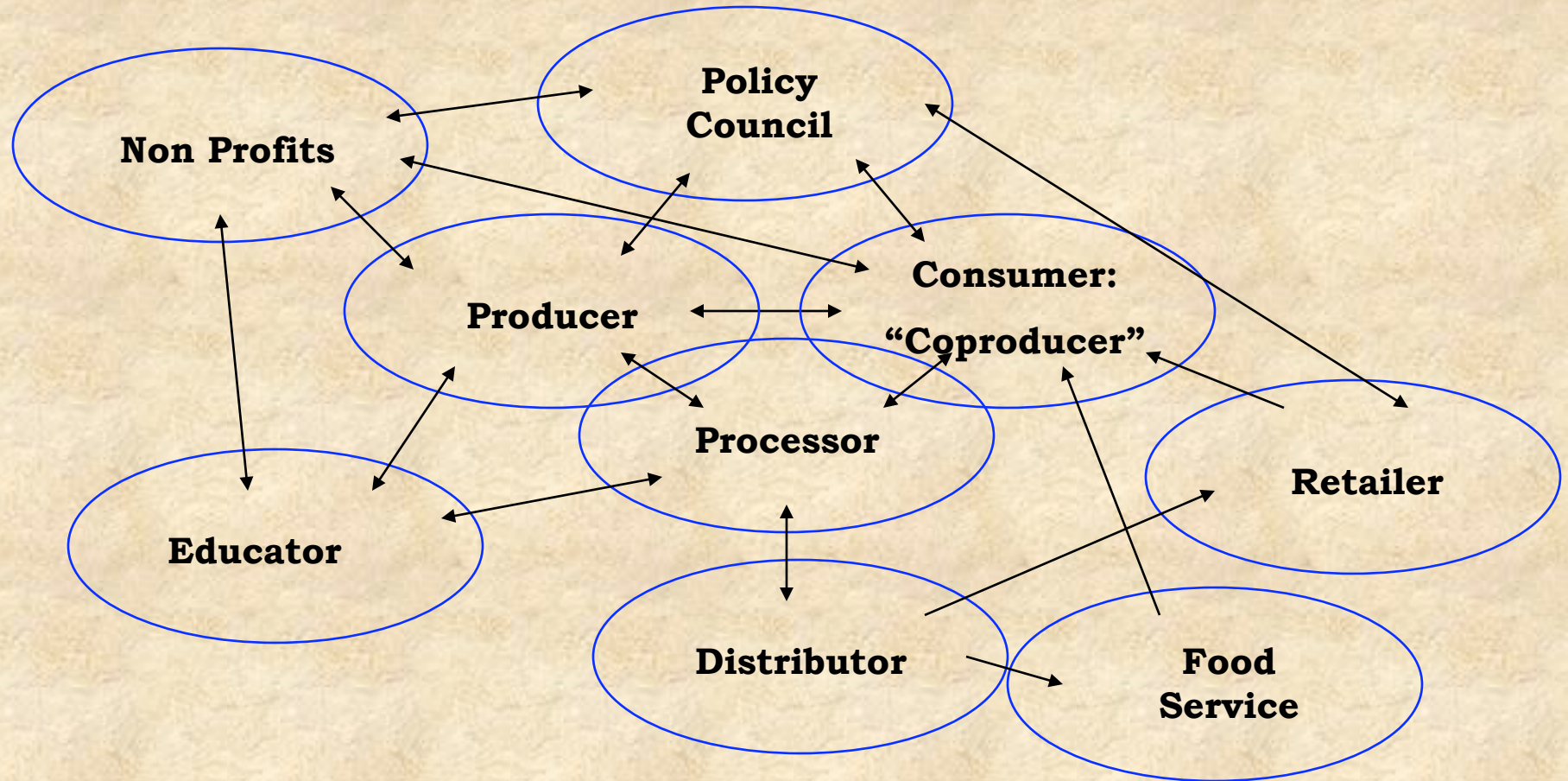
# Farmers' share of retail prices paid by consumers, 1950-2004



Source ERS; chart by Ken Meter, 2007



# Value Network





## **3 Levers for food systems change**

**1. Relationships: Invest in reciprocal relationships**

**2. Resilience: Invest for the long-term**

**3. Recycling: Build local infrastructure**



**Invest in communities  
rather than cash for  
commodities**

# **“Finding Food in Farm Country”**

**[www.crcworks.org/econ.html](http://www.crcworks.org/econ.html)**

**(612) 869-8664**

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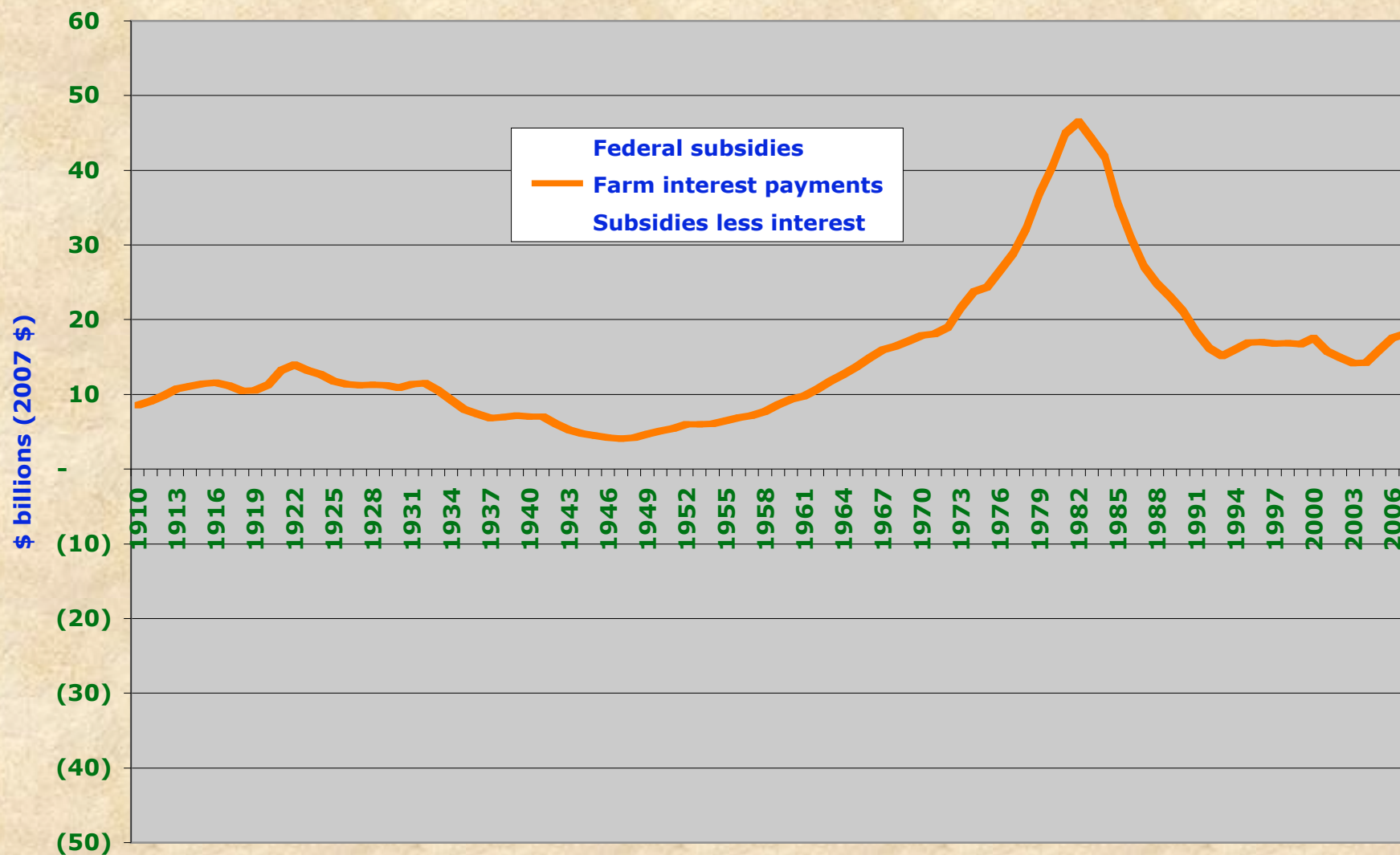


# Sources of Farm Credit



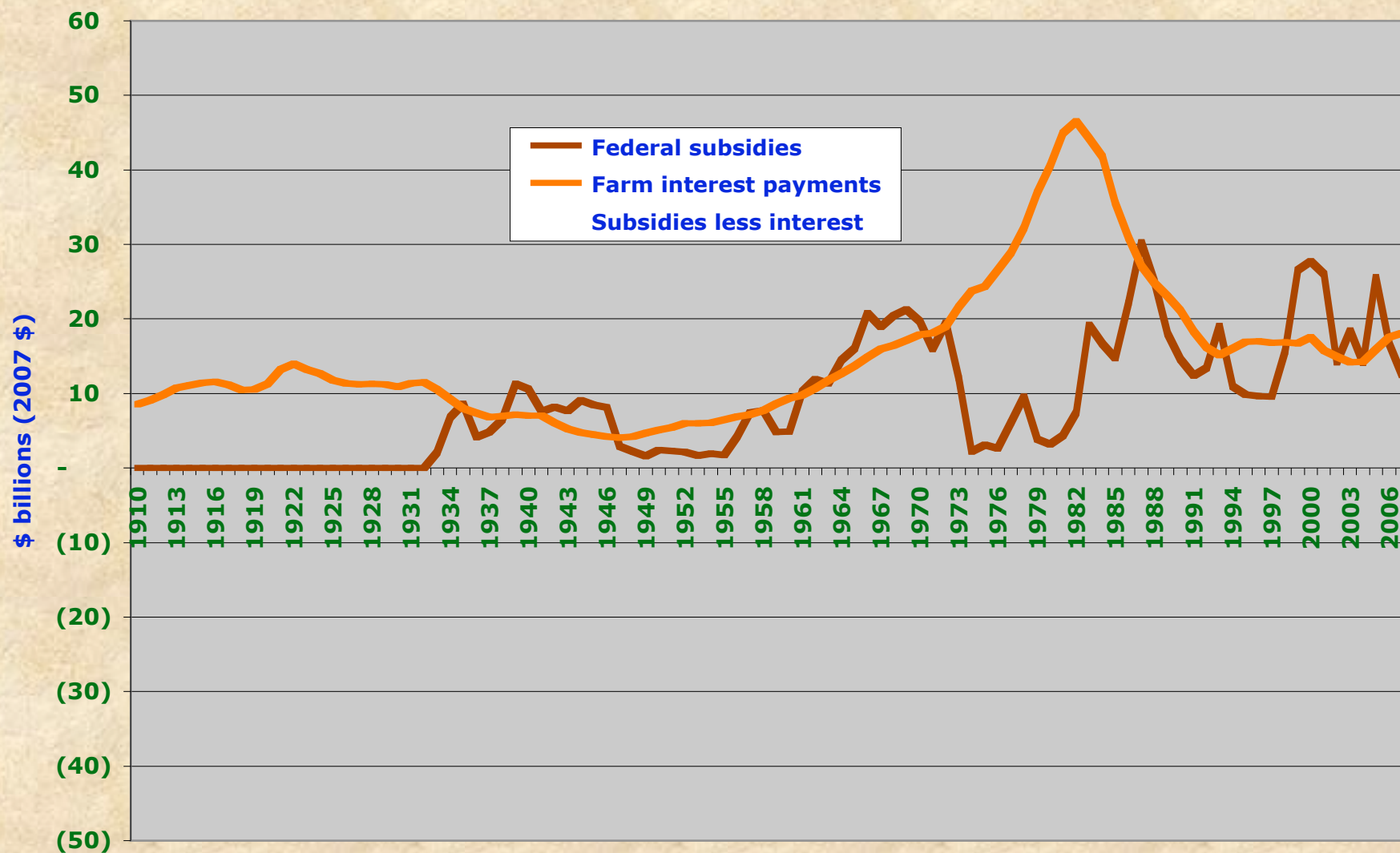


## Balance of federal subsidies and farm interest payments, 1910 - 2007



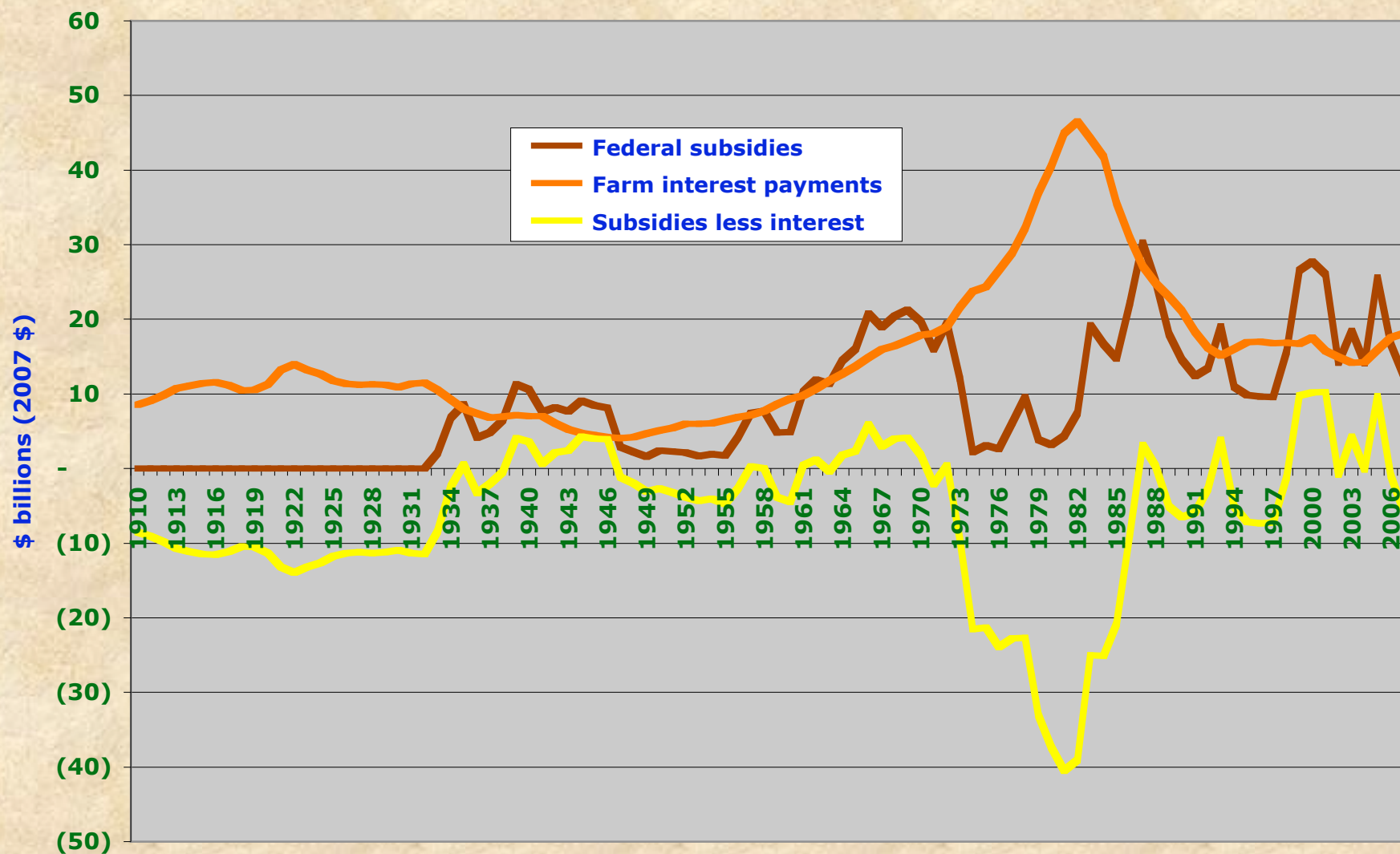


## Balance of federal subsidies and farm interest payments, 1910 - 2007





## Balance of federal subsidies and farm interest payments, 1910 - 2007





## Cumulative flow of money away from farm communities, 1910 - 2007

