



# Why the Fuss About Finance? And Why Local Food?

If small- and medium-scale sustainable agriculture and the food enterprises that rely on them are to remain viable in the US, we need to find new, creative ways to finance them. The Slow Money movement is working to do just that.

We all need to eat, and whenever we do, we make choices. We make these choices all day long. Cook at home or eat out? Fresh or frozen? Raw or cooked? Sweet or savory? Cheap or expensive? Healthy or maybe not-so-healthy? Real or decaf? Cream or sugar? Tall or grande?

We base our choices on what we're in the mood for, what's convenient, what we like, what we can afford, where we are, how much time we have, how hungry we are, etc. Our choices are also *completely dependent* on what's available. You can't eat what isn't there.

For most of us, hopefully, we have enough of *some* kind of food to eat so that we can afford to ask ourselves *other*, deeper questions. Where did this food come from? Who made it or raised it? Where? With what kind of farming practices was it grown? How was it processed? Is it fresh? Local? How did it get here?

Some of us are part of the growing number of people who now consider these questions as we make choices about our food purchases. We want to know more about where our food comes from and how it's produced. We may want to know for health reasons, or we may have environmental concerns. We may care about work conditions for food workers or the impact food production has on their

local community. In the interest of reducing our carbon footprint, we may look for foods that travel as few “food miles” as possible, and we want our food produced with as few fossil-fuel derived inputs (like non-organic fertilizers) as possible. We care if a food item is locally grown or shipped in from far away. And if the latter, from *how far* away? If it’s from a farm, which farm? Who was the farmer? In the last few years, such considerations have produced significant shifts in our buying habits.

A growing number of people are actively seeking out “local” in order to reduce the number of miles between the farm and the table. But what does “local” mean? For me, it’s sometimes just the 50 yards from our vegetable garden to the kitchen sink. I consider a farm “local” if it is within 50 miles of where I live. Fortunately, with several farmers markets to choose from within a 30-mile radius, “local” can easily mean buying directly from the farmer who raised the chickens, or heirloom potatoes, or curly kale.

Meanwhile, the number of CSAs (Community Supported Agriculture) is exploding. In these programs, weekly boxes or bags of goods are picked up at a designated place or delivered to members



Alfred selling at the South Durham Farmers Market.

who pre-pay a local farmer at the beginning of the growing season for a share of their harvest. Sometimes CSA memberships are with an individual farm, sometimes it's an association of food producers who aggregate their products. Along with freshly harvested produce, some CSA boxes include cheese, fresh bread, meat, and eggs. Some are adding jams, cut flowers, and even locally roasted coffee. A few CSAs even offer recipes incorporating ingredients the member is getting. This is a simple and brilliant idea that is evolving and expanding — as good ideas so often do. In the last 20 years, the number of CSAs in North Carolina has grown from 35 to about 125. (It's probably more, as I expect I missed quite a few in my count). Just two counties south of me, a community CSA program feeds over 1,200 families.

These weekly boxes of local items have become so popular that at least one of the grocery store chains in North Carolina is getting into the act and now offers a similar option. I cannot vouch for the reliability of their claim to “local” (they define it as grown in the state of North Carolina, while sometimes including bordering states), but this development is certainly an indication of the growing interest and demand for local food.

According to USDA's *2007 Census of Agriculture*, the value of direct farm-to-consumer sales in the US (that's a combination of farmers markets and CSAs) grew from \$32.8 million in 1997 to \$39.9 million in 2002 — and then to \$67.6 million in 2007. I expect the 2012 census numbers will show a similar trend. (Source: [ams.usda.gov](http://ams.usda.gov))

### Is It Local *and* Sustainable?

My preferred definition of “local food” includes the dimension of being “sustainably farmed.” I'd rather eat food produced using practices based not only on making a profit, but also on a commitment to the health of consumers and the planet. Among other things, sustainable farming practices replenish our rapidly deteriorating topsoil by using techniques such as seasonal rotations to enrich soils and prevent diseases and pests. They protect rivers and streams from toxic

run-off and minimize the use of fossil fuels. Being sustainable just makes sense if we plan to grow food to feed ourselves not just this season, but for decades to come.

In the mid-1990s, the Slow Food Movement emerged as a reaction to the growing prevalence of fast food and the decline in access to traditional, good quality, locally grown food. It got its start from Carlo Petrini, a lover of traditional regional cuisines. When Petrini protested the opening of a McDonald's in Rome in 1986, he spawned a movement of like-minded eaters that now has local chapters around the world and over 100,000 members. The Slow Food Movement and its sister, the Local Food Movement, are growing (pun intended).

There are *many* reasons to want access to local, sustainably grown food. Good taste, appealing texture, a vibrant farm community, a stronger local economy, fertile soils — the list goes on. Yet the number of small- and medium-scale farms feeding our local communities was declining so rapidly, they nearly faced extinction.

According to the USDA's *2007 Census of Agriculture*, between 2002 and 2007 North Carolina alone lost more than 604,000 acres of farmland. Partly to blame was the loss of tobacco as a cash crop as well as the intense financial pressure to convert farmland to more lucrative development. Big retailers found it more cost effective to buy from fewer farmers, squeezing out the small farms. They demanded huge acreages that would produce perfectly standardized product (same size and appearance) — requirements that are unreasonable for small- and medium-sized farms to meet.

An added difficulty for the smaller farm is access to affordable *financing*. That's where Slow Money comes in.

### Capital Idea

Like most businesses, farms and food-related enterprises need capital to get started, to keep going until the profits kick in, and, at some point, maybe even to expand. Money may be needed for equipment, supplies, or renovations. Finding this capital can be an insurmount-

able obstacle. Banks are reluctant to make loans to small businesses; credit card rates are exorbitantly high; and not all credit unions will make commercial loans. Since the “clunk” in the economy in 2008, most banks are not making *any* commercial loans to small businesses.

Recently, a loan officer at a well-known bank told me, “We aren’t making any commercial loans these days. We’ve laid off that loan officer. I don’t know when we’ll start making them again.” So, what’s a beginning farmer — or an established farmer looking to hold on or expand — to do?

If we want sustainable farms to survive as viable businesses, we need to find ways to *finance* the folks who have the passion, the willingness, and the determination to farm them. If we want to keep their products in our diets, we also need to look for places they can sell their products locally. And we need to fund *those* businesses as well.

Farming is hard, demanding work. The hours are long and the weather, which is so critical to most farming operations, has a mind of its own. And, like any other business, farms eat cash. They cost money to run on the days they make a profit, *and* on the days they don’t.

Small business start-ups usually need to cover expenses for 1–3 years until there is enough profit to keep things going. Often, it takes even longer. A crucial enabler to creating and sustaining these farms and food enterprises until they reach self-sufficiency is access to affordable credit. We have the power and the passion to get them this money. With the advent of Slow Money, now we also have the mechanism.

But, along the way, we need to fix a few things.

## Distribution

I was recently in eastern North Carolina, where acres of sweet potatoes are grown each year. Once harvested, they are loaded onto trucks and shipped to distribution sites hundreds of miles away, and

from there they get sent all over the country. Or canned. Or sliced and fried. The friend I was visiting lamented that the local supermarket only carried sweet potatoes from Florida. The only way to get a local sweet potato, she said, would be to sneak into one of the fields and steal one, which was not a good option.

I don't blame the farmers; it's the food system that's broken. The route from farm to kitchen now loops around, drops off profits to a variety of corporations along the way (while the food deteriorates in quality), and finally ends up, miles later, in our mouths. Except, sadly, for the 40% that is wasted.

I am reminded of my father's favorite joke. The way he tells it, there was a farmer out working in his field. Down at one end of the field was a railroad track. One day, he watched as a train came full speed from one direction. He went back to work, but a few minutes later he heard another train coming full speed from the other direction. He stopped, leaned on his hoe, and watched as they collided. It was a terrible crash, and a reporter—seeing that this farmer had obviously witnessed the entire incident—approached him. “What did you think,” he asked, “when you saw those two trains speeding right toward each other?” The farmer paused. “I thought,” he said deliberately, “that's a helluva way to run a railroad.” Then Dad would chuckle.

I thought this a silly joke when I was younger. I didn't get why it was funny. But the farmer's reply has come back to me many times as I watch how the world operates. Standing in the Food Lion supermarket in Pittsboro, NC, staring at fresh blueberries imported from Chile during the height of our North Carolina blueberry season, I thought “That's a helluva way to run a produce section!” But the produce manager explained it to me. “I order them on the computer, and they're the only ones on the list.”

Wow. Not only is that a senseless waste of energy, but the local ones taste so much better, *and* buying them supports local farmers. I once bought big, beautiful blueberries at a fruit stand in Manhattan

that were grown in Rocky Mount, NC. I guess they were on the fruit stand owner's computer list.

I was in Orlando a few months back to help a young friend get settled into a new apartment. We made a stop at a grocery store, and I headed to the produce section. I was psyched about getting some Florida oranges and grapefruits to take back with me to North Carolina. I found two kinds of oranges: one stack was from South Africa and the other from California (and the tomatoes were from Peru). But this store was in Florida! I'm guessing they shipped all the local oranges to New York.

This is madness. The entire distribution system—the entire food system—needs our attention. A foodshed can be defined as the square acreage of local soil it takes to provide enough food for a community's basic, healthy diet. As our watersheds are our source of water, our foodshed is our source of food. We need to look at the system and ask how what is grown in one foodshed can at least feed the people who live there before the excess leaves town. We may reach outside for coffee or olive oil, but protecting natural resources within 50 miles (or a few hundred) so enough food can be grown to feed a local population creates self-reliance, and self-reliance brings with it countless social benefits. So how do we support our local foodshed so it can be a more efficient and sustainable source of our food?

One thing we need to do is get back on track—literally. When we stopped riding passenger trains a few decades ago, we pulled up the tracks in most communities all across the US. We switched to cars, expecting never to need to those trains again (sitting in commuter traffic for a few hours makes one regret *that* hasty decision!). When they disappeared, they took with them a valuable, regional distribution mechanism to move, market, and sell food closer to where it comes from.

We must rebuild, repair, and restart efficient local food distribution systems. Getting our food from farm to kitchen requires a myriad of businesses and lots of great job opportunities. Local

economic development folks should be all over this idea! We sure are at Slow Money.

Promoting local, sustainable food systems just makes sense. It means having fresh, good quality food easily available, independent of global markets. It means not worrying about what strain of *E. coli* or *Salmonella* might risk your family's health. And it means buying high-quality food from people you know and trust, at markets where you can visit with people and enjoy the outing. But, perhaps as importantly, freshly picked food bought at a local farmers market or food co-op tastes so much better!

If we want resilient, vibrant and healthy local food economies, action is needed. The availability of locally grown food depends on solving the financing challenge not only for local, sustainable farmers, but also for the businesses that support them — the restaurants serving their food, the bakers using local grains, the millers grinding those local grains, the local co-op grocery stores, the farmers markets — all the various enterprises needed to fill in the gaps from farm to kitchen, from soil to saliva. Slow Money takes on that financing challenge.

### Package That Up for Me

In the last 50 years, we've become dependent on highly processed foods that comes in boxes, bottles, cans, and plastic containers, most of it covered in multi-layers of packaging. These super-packaged foods are delivered to big corporate-owned chain grocery and convenience stores, ready for us to buy, take home, heat, and eat. Globalization brought us vast numbers of choices — and we try them all. Marketing campaigns, jingles, slogans, coupons, and clever packaging entice us to buy, buy, buy — and remind us not to “eat just one.”

Comply, we do. The result: an obesity epidemic; a new generation that has never seen anything being “made from scratch”; and a soon-to-be complete disconnect between what we put into our mouths and the land where it is grown and the people who grow it for us.

Food labels have long lists of “ingredients” we can barely pro-



nounce and too often can't identify. We see the claims on the packaging and in the ads, but can we trust them to be accurate? "All natural" "organic" "whole-grain" "local" — *all* these words have now been used and abused by companies to sell products that are none of those things. One new business in my area calls itself "Local Yogurt," yet uses virtually no ingredients that come from farms in our foodshed. I asked them why they chose that name. Their answer? "Local" refers to the fact that their business is in your town, regardless of where the food is grown.

I think we can do better than that.

## Taking Control

There are now some 30,000 items on offer in our supermarkets. In 2000, about half of those were produced by ten multinational food and beverage companies. So what about all that choice? It's a mirage. It's branding and marketing trickery designed to get the most profit out of each and every item. These are big, publicly traded companies; to do less would violate the companies' primary obligation to maximize profits for their shareholders.

Today, the numbers are even worse. The vast majority of food in stores and restaurants comes from only a handful of corporations. How do they make their decisions about what we will eat? Do they base them on our health, our well-being, our soils, our kids, our future on this planet? What are their priorities?

Their priority is to *sell*. Their job is to manipulate us into believing that their products will make us happier and more comfortable, so we'll spend our dollars—and then spend some more. The more the better. Consumer spending and debt are what keep them so highly profitable.

Agricultural economist Larry Swain, who helped start micro-dairies throughout the Midwest, says, "The huge margins in the food biz aren't in growing crops, they're in marketing." That's contrary to many of his colleagues who promote the "get big or get out" theory of modern farming.

But the tides have begun to change. *Slow Food* was an excellent catalyst. Thank you, Carlo Petrini. Bringing back more locally grown food has become a movement. Local farmers markets, CSAs, urban gardens, and even many new farms are on the rise.

Inspired by *Slow Food*, and recognizing the need to address the financing dilemma, enter stage right (or Left, more likely)—*Slow Money*.