ONE-PAGE BRIEF: Competitive Grant Report M2009-07

Research and assistance in support of the Foodsheds in the Upper Midwest Initiative to measure the economic impacts of increased local food production and consumption

The project, after controlling for the region’s existing production of major fruits and vegetables, statistically substituted locally grown farm products for products that would have had to have been imported from outside of the region. The value of that production and consumption was measured first in terms of each state producing for its in-state population only. That assessment allowed state policy makers and advocates to particularize the findings in a manner that made sense to regional and state advocates. The second method ignored state boundaries and began with a premise that dense metropolitan demand would be the chief regional driver of nearby, successful local foods production. That evaluation took into consideration regional production capacities and distances to metropolitan markets, irrespective of state boundaries, in analyzing the amount and the location of expected production gains. That evaluation also produced a much more market-realistic projection of consumption and production relationships in the Upper Midwest.

What was done and why?

The PI was asked to prepare a technical report of the methods used to investigate the economic outcomes from expanding local fresh fruit and vegetable agricultural production in the upper Midwest. The goal was determine what it would take to satisfy a portion of the resident population’s expected annual demand. Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin were the states covered in the two-part analysis.

The research isolated 28 fresh fruits and vegetables that were not already produced in sufficient quantities to satisfy the multi-state regional demand, determined the capacity of the respective states to produce those fruits and vegetables by estimating likely yields per acre per state, determined the value of that produce to farmers, and further estimated the retail value of that produce if 50 percent of it were distributed by farmer-retailers.

What did we learn?

This research clearly demonstrated both the economic value of local fresh fruit and vegetable production in the upper Midwest as well as the practical limits to that production. Scenario Two was a much more realistic depiction of a potential producer-to-consumer relationship in space and in overall farm economic values. Dense metropolitan demand hypothetically will induce production proximate to that demand. Suppliers at greater distances will incur higher costs and will be less inclined to engage in this type of production. It is probably unrealistic to expect significant fresh fruit and vegetable production in many sparsely populated areas located at a distance from metropolitan demand, which is what Scenario One did assume.

Abstract: This report, produced for an upper Midwest consortium of Iowa, Illinois, Indiana, Michigan, Wisconsin and Minnesota, demonstrated the economic value of local food production and direct marketing under two scenarios.

Investigator:
Dave Swenson
Economics
Iowa State University