

**Renewing an Agriculture-of-the-Middle:  
A Three Phase National Initiative**  
(11/15/04)

This report and prospectus describes the work accomplished and projected for a significant national initiative to retain and renew what is called the “agriculture-of-the-middle.” This term refers to a disappearing sector of independent family farms and ranches—the heart of American agriculture-- that is increasingly unable to successfully market bulk agricultural commodities on a global scale or to sell food directly to local customers. While the majority of farm and range land in the United States is still managed by farmers and ranchers whose operations fall between these marketing extremes, if present trends continue these farmers and ranchers, together with the socio-economic and environmental benefits they provide to rural communities and to the nation, will likely disappear in the next several decades.

Under the direction of the Leopold Center at Iowa State University and the Center for Integrated Agricultural Systems at the University of Wisconsin-Madison, a national initiative began in 2003 to explore and develop strategies for renewing the middle of the U. S. agrifood system. The initiative is framed in three phases:

- An initial *task force phase*, in which strategic frameworks and principles are formulated,
- A *developmental phase*, in which capacity is developed for a three-fold approach involving new business and marketing strategies, public policy changes, and research and education support, and
- An *operational phase*, in which major marketing, policy, and research/education activities are institutionalized within existing agrifood system industries and organizations.

The initiative is currently in a transition from the first to the second phase. This report and prospectus highlight dimensions of each, and concludes with a forecast of the third and final phase.

**Outcomes of the National Task Force**

With financial support from the W. K. Kellogg Foundation and from the national and regional offices of the USDA’s Sustainable Agriculture Research and Education Program, a twenty-two member national Task Force was created in the summer of 2003. Representing farmers/ranchers, non-governmental organizations, and academics from the four regions of the country, the Task Force meet three times at the Johnson Foundation’s Wingspread Conference Center in Racine, Wisconsin: November, 2003; February, 2004; and July, 2004.<sup>1</sup>

**Strategic framework**

Agreement on a three-fold strategic approach for the national initiative emerged from the Wingspread meetings. The three key dimensions include:

- ***New business & marketing strategies*** for agrifood enterprises-of-the-middle...As the leading dimension of the initiative, these strategies will seek to create new food business and marketing networks or “value chains” which link farms-/ranches-of-the-middle with food system partners to meet a growing demand for differentiated, high-quality food products. Likely partners in these significantly-scaled value chains include regional food processors, food service companies, and regional supermarket chains. Positioning itself as a national coordinating agent for these new business and market ventures, the national initiative will seek to support and network existing and emerging regionally-based value chains.
- ***Public policy changes*** to support a renewing agriculture-of-the-middle...Task force members recognize that renewal of the middle will depend on coupling market development with significant public policy change. Included will be policy changes that can be secured in the relatively short term that directly affect middle market development, e.g., revisions of commerce laws related to the interstate transport of meat, or increases in grants and loans for small business development in rural areas. More systemic policy changes over an extended period of time will likely be required to fully equalize economic environments for the agriculture-of-the-middle. Examples of such systemic changes include reform of the nation’s farm commodity programs or enforcement of anti-trust regulations applicable to highly concentrated sectors of the food system. The initiative will collaborate with other organizations and agencies possessing greater leadership capacity for policy changes at each of these levels.
- ***Research and education support*** for the market development and policy change dimensions...Scientists associated with the initiative and with the land-grant university community will be networked to provide research and education support for the marketing and policy dimensions, at both regional and national levels. Opportunities for supportive research clearly exist in the following kinds of areas: indicators and predictors of food quality, equitable returns among partners in food value chains, or impacts of farm policy alternatives. A framework for such analyses will be set by an edited Research Volume currently being written in association with the task force. Publication is expected in 2005.

### **Guiding principles**

The following principles were formulated by the Task Force to guide the development of the initiative’s next two stages:

1. We are a developing network of local, regional, and national interests urgently working for the survival and renewal of the family farming and ranching sector we call the agriculture-of-the-middle (AOTM). Included among these interests are agricultural and food producers, processors, distributors, retailers, environmentalists, public health professionals, policy advocates, researchers and others with a stake in our purpose.
2. This diversity of stakeholders needs to be represented at every level of the AOTM network. Though we believe that the AOTM network is vitally necessary to help develop and implement strategies to revitalize the agriculture-of-the-middle, our goal is to

support, mobilize, or inspire existing food-related organizations, institutions, and other infrastructures to the greatest extent possible.

3. Participants in the national AOTM network agree to collaborate, commit resources, time and energy to national strategies agreed upon by those affiliated. Though possessing national coordination capacity, the AOTM network will vest authority, perform activities, and use resources in the most local/regional part that includes all relevant and affected parties.

4. We believe that our purpose will be most effectively achieved through the coordination of strategic activities in three arenas: new business/marketing approaches, public policy changes, and supportive research and education.

5. Leading the business arena will be the strategic support of emerging local/regional food value chains, business partnerships distinguished by mutual commitment to sustainability, fairness, and food quality.

6. The success of these new food value chains will be measured by increases in the volume of food sold by companies that are committed to food quality enhancement, environmental and resource stewardship, information transparency, and the equitable sharing of power and economic returns across the value chain.

7. The AOTM network recognizes that renewing the agriculture-of-the-middle will depend on coupling new business development with significant public policy changes. The network will collaborate with other organizations and agencies seeking both short and long term public policy changes that will improve socio-economic environments for renewing the agriculture-of-the-middle.

8. Research and education support for both business and policy strategies will be provided by scientists associated with the AOTM network and the nation's land-grant university system.

9. At all times and at all levels, members of the AOTM network will act with respect and integrity, encourage inclusiveness and diversity, and honor fairness and self-determination. Whenever and wherever possible consensus decision-making will be used.

### **Activities for the Developmental Phase**

The initiative's second phase will focus on building capacity for the three-fold strategic approach and will be guided by a Coordinating Committee representing a range of stakeholders. Expected to last 18-24 months, this phase will focus on the following activities:

#### **Organizational Structure**

- *Develop a clear statement of vision, rationale, and goals...* This task will build upon the "Wingspread Pledge" and the set of principles formulated by the Task

Force to guide the national initiative. Based on these principles we will develop a comprehensive and coherent document to guide our work together with specific goals, objectives, and time lines.

- ***Create an organizational and administrative framework to support the Phase II work...*** A nine-member Coordinating Committee has been selected from the national AOTM Task Force with agreements to commit sufficient time to direct and monitor the Phase II work.<sup>2</sup> Additional persons may be added to the Coordinating Committee as needed. Steve Stevenson (Center for Integrated Agricultural Systems, University of Wisconsin) has agreed to continue providing day-to-day administrative coordination for the initiative. Additionally, Kirk Mueller (a member of the Task Force and CEO of the American Natural Heritage, LLC and Foundation) has agreed to contribute some of his time to assist with the Phase II work and would be willing to consider a leadership position with the network if and when funding becomes available. Decisions as to the final administrative framework will be made by the Coordinating Committee.

### **Policy & Research**

- ***Collaborate with other organizations and agencies to enact meaningful public policy changes...*** A public policy working group under the leadership of Ferd Hoefner (a member of the Task Force and Policy Director for the Sustainable Agriculture Coalition) and Scott Marlow (Rural Advancement Fund International) will develop strategies for addressing both short term and long term policy changes that will more fully equalize socio-economic environments for the agriculture-of-the-middle. The working group will collaborate significantly with organizations like the National Campaign for Sustainable Agriculture who possess significant capacity for policy work.
- ***Develop and engage the initiative's research and education capacity...*** Scientists associated with the land-grant university community will be networked to provide research and education support for the business/marketing and policy work, at both regional and national levels. A USDA-CSREES Coordinating Committee administered from the University of Wisconsin will be the formal mechanism to develop and network the needed research and education capacity. This work will be led by Steve Stevenson, University of Wisconsin, and Tom Lyson, Cornell University.

### **Business & Marketing Infrastructure**

- ***Develop standards and a certification system to verify food product claims using third party verification...*** Standards will be developed for both bio-physical and socio-economic criteria, with applications tailored to all food enterprises in a value chain. Existing certification infrastructure will be used as much as possible. Electronic certification software, already in use in Europe, will be acquired to lead the way in simplifying food certification systems in the U.S. This task will be undertaken by the Food Alliance and International Certification Services.
- ***Develop value chain partnerships...*** Building on existing value chain work (for example, the Value Chain Partnerships for Sustainable Agriculture based in Iowa), the initiative will assist the development of regional marketing networks,

some already underway, based on the value-chain partnership model of working collaboratively to address challenges across the chain. Assistance will include consulting on value chain start-ups and on a range of other business and technical matters associated with food value chains, e.g., business plans, determining costs-of-production, as well as legal, financial, credit, and value chain partner negotiations and contracts. Emphasis will be placed on filling in gaps in areas where there is demand but no adequate marketing network currently exists. This will include working with farmers and interested farm organizations (e.g. NFO, NFU, FB), performing investigative and reconnaissance work to explore existing value chains and learn from them, and assisting farmers in making the transition from producing undifferentiated commodity crops and livestock to highly differentiated, value-added food products.

- ***Develop a tool-kit of resources suitable for use by all potential value chain partners...*** This tool kit would consist of attractive literature, annotated Power Point presentation and perhaps videos that could be used by local and regional groups that may need an introduction to value chain partnership marketing systems to insure effective production, processing and distribution of differentiated food products.
- ***Develop corporate sponsorship of the AOTM food system and provide opportunities for farmers to gain access to capital...*** The food service industry will play a key role in this task. The SYSCO corporation will explore the possibility of developing a consortium of industry players to support this effort, develop a financial package of guaranteed loans in cooperation with the banking industry, and develop other financial and legal assistance to help farmers transition from producing undifferentiated commodities to producing differentiated products. One of SYSCO's Vice Presidents will take on the responsibility of exploring the best way to move these issues forward. AOTM will also work with regional networks of farmers, farm organizations, as well as existing projects to explore additional opportunities to make capital available to farmers to assist them in making this market transition. Where needed, AOTM will encourage development of business structures where participating farmers are able to equally share in the risks and rewards of participating in these unique value chains.

### **The Fully Operational Phase**

We anticipate that phase III will see the major activities of the AOTM housed within the food industry, driven by entrepreneurs who recognize the market potential of the AOTM. We expect that there may be a minor ongoing coordination role, perhaps housed at a land grant university, nongovernmental organization, or other appropriate entity, which would provide needed continuing services to the industry. Decisions about such an ongoing role would need to emerge out of the phase II process and activities. Our commitment, however, is that whatever structure is developed to support the AOTM market, it will be financially self-sustaining in phase III.

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<sup>1</sup> For names and identities of the Task Force members and minutes of the three meetings, see [www.agofthemiddle.org](http://www.agofthemiddle.org).

<sup>2</sup> Members of the Phase II Coordinating Committee include: Eileen Brady (Ecotrust, Portland OR); Scott Exo (Food Alliance, Portland OR); Fred Kirschenmann (Iowa State University, Ames IA); Scott Marlow (Rural Advancement Fund International, Pittsboro NC); Kirk Mueller (American Heritage LLC and Foundation, Lake Forest IL); Rich Pirog (Iowa State University, Ames IA); Robert Simmons (International Certification Services, Inc., Medina ND); Steve Stevenson (University of Wisconsin, Madison WI); Larry Yee (University of California Cooperative Extension, Ventura CA).