

## KIRSCHENMANN

By Wayne Roberts

A lot happens between farm and fart, which is why food and agriculture have always been controlled by “middlemen,” the bankers, traders, truckers, processors, distributors, retailers and restaurants commonly accused of squeezing every last penny from the farmers and consumers at either end of the food chain.

Seeking to create a new middle ground is Fred Kirschenmann. He’s promoting a “values-based value chain” that engages farmers, middlemen and consumers to set standards and prices that protect long-term health of people and the environment. This all sounds “warm and fuzzy,” Kirschenmann admits, but his project has already attracted some of the food industry’s heaviest hitters, who agree that the cutthroat competition and devil-take-the-hindmost approach which dominates today’s food sector is just an industrial version of biting off your nose to spite your face.

Tall, muscular and casually dressed, Kirschenmann fits right in at Toronto’s agricultural fair on November 11, holding forth to about 100 people packed into a speakers’ corner. He’s attracted a crowd made up half of farmers and half young environmentalists, and he talks up new approaches to competitive supply chains while competing with the background noise of a cattle auctioneer and a sales crew hawking local cheese.

His own life is halfway between food producer and consumers. At a young 70, Kirschenmann has spent half his adult years teaching at various universities and half working his 3500-acre North Dakota spread, one of the world’s largest organic farms. His conversation and speeches are peppered with references to academic texts, and salted with comments on the tricks of chisel plows and biodynamic preparations that give extra bounce to the soil.

Kirschenmann may also be comfortable working the middle because he’s one of the most centered people I’ve ever met. Less than two weeks after being sacked as director and demoted to a “distinguished fellow” of the Leopold Center at Iowa’s leading agricultural university, he shows no interest in discussing or fighting back against agribusiness foes who wanted him out of the top spot. I’ve got real issues to work on, he shrugs over breakfast.

“To me, the flip side of challenges is always opportunities,” he told a Saturday conference in North York on local food partnerships organized by the Caledon Countryside Alliance and Toronto Food Policy Council. That’s what brought him to a campaign to save what he calls “ag of the middle,” the mid-sized farmers who are too busy with production to sell at farmers markets, but too small to meet the bulk orders of giant traders and retailers. Almost all the exodus from farm country over the past decade comes from the ranks of these middle farmers, he says.

Mid-sized family farms are the backbone of food production across North America. Yet, there was a 15 per cent decline in U.S. farmers grossing between \$25,000 and \$500,000 in the five years between 1997 and 2002. Only about a quarter of Ontario farms are left in that group, the main group to farm fulltime for a living.

This trend of the “disappearing middle” threatens both the social fabric of the countryside and the food security of urban areas, he believes. As the rural middle class is “hollowed out,” family farms will be displaced by corporate farms with transient workforces and a sprinkling of small hobby farmers who cater to niche markets but rely on off-farm income for most of their spending money. This rural polarization has implications for food security since mid-sized farms are where the wide range of foods that are neither bulk staples nor specialties and delicacies come from.

In November 2003, Kirschenmann convened a meeting at the famed Wingspread Center in Racine, Wisconsin to galvanize a core group behind the middle way. Mid-sized farms, they believed, could be saved by a new group of urban creatives, about 40 per cent of food consumers, who wanted food that came with quality and authenticity, not just rock bottom prices. If farmers could develop distinctive products for this group, and if government programs helped with the transition – by removing the taxes and regulations that keep farmers from doing on-farm processing, for example – and if processors and retailers offered fair prices, they could get the higher margins they need to survive on lower volumes, the strategic analysis went. Though food prices might be a bit higher, the taxes paid to cover the hidden costs of cheap food – costs of food-borne disease, chronic illnesses from under-nutrition or overweight, environmental cleanups, and so on – would be lower, and final costs would even out, they calculated.

“Instead of each element in the supply chain trying to get its goods as cheaply as possible, everyone in the chain would cooperate to bring higher value to the market,” he tells me over a lengthy breakfast. You can choose to make money by selling fewer high-quality products rather than more cheap products, he says, citing competition guru Michael Porter. “This isn’t about yesterday and nostalgia, it’s today’s market theory,” he says.

Cooperation among various groups in a fiercely competitive industry is not as naive as it sounds. It’s routine in northern Italy, where “co-opetition” or “the new competition” are considered the key to the area’s enviable charm and success. It’s common in highly complex and turbulent industries, such as high-end clothing and electronics. It’s the norm in highly-unionized industries, where wages are taken out of competition and advantage is sought on grounds other than price. It’s sound governance and risk management for highly branded companies that don’t want to risk their billion dollar reputations for the sake of saving a few pennies a pound, which may explain why Gerber’s relies on low-pesticide foods from local farmers, and why Starbucks and Nestle have recently adopted lines of fair trade coffee.

Rick Schnieders, CEO of SYSCO, is one heavy duty supporter. SYSCO, which Schnieders calls “the biggest brand you have never heard of,” has produced 44,000

products tailored to 600,000 restaurants and food service companies over the past 25 years, and nets \$14 billion a year, about two-thirds of its revenues, from its own-brand sales. Its customers rely on greater variety and higher quality than found at the supermarket, which means they need the mid-sized farmers who still produce such variety and quality. “At SYSCO we cannot allow ‘our’ farmers to go out of business,” Schnieders told one group of corporate lawyers in 2004. “None of us want to see the WalMartization of our eating out options.”

Aligning the various stages of food preparation to increase health, rather than pinch pennies, is starting to set the standard in food service. Leading U.S. universities contract with food service companies that deliberately source local farmers and processors who feature “values-added” from fair wages and environmentally-friendly practices. Other institutional food providers are changing because the few extra pennies they spend on local, fresh food come back to them many times in other savings. The Appleton, Wisconsin school featured in *Supersize Me* as a model of how healthy, fresh food could boost the grades of behavior-challenged kids ended up saving five million dollars over two years as a result of savings from security and vandalism, Kirschenmann told another Friday gathering at Toronto’s ag fair. He also talked about a leading hospital chain in the U.S. northwest which contracts with food service companies to offer free-range eggs and meats; it costs a lot less to save healthy livestock practices than it does to save patients without antibiotics once they’ve lost their potency thanks to being over-used in factory livestock barns.

For trend-watchers, local food service companies are the group to keep an eye on for changes in meal offerings that work their way back to changes in farming. “This movement is just getting too strong to not solve the problem,” says Kirschenmann.

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