

Color of Opportunity in Van Buren Is Blue...Berries

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Mr. Barajas first tested the market last year, when he brought some berries from his father's 33-acres of bushes in Van Buren County to the Benton Harbor Fruit Market, which serves wholesale buyers and fruit and vegetable stands from Wisconsin to Indiana that are searching for the freshest produce.

"My dad said to just give him what the processor would pay and I could keep the rest," Mr. Barajas said.

The Barajas berries quickly established a reputation for good taste among the buyers in Benton Harbor. They also made the young man a fair profit, because the difference between the prices farmers receive for fresh berries and the prices that canning companies and other processors pay for bulk loads can be significant, especially when the berries are so good.

"They started calling here for the berries," he said. "People were saying, 'Check out the Barajas berries.'"

Looking into Gabriel Barajas' future is like looking at the best possible scenario for Michigan agriculture in the 21st century, according to Soji Adelaja, John A. Hannah Distinguished Professor in Land Policy at Michigan State University. Dr. Adelaja, who directs the university's Land Policy Program, recently led a team of researchers trying to determine where the best opportunities are in Michigan for securing and growing agriculture—the state's second-largest industry. The "success factors" the team used indicate that Mr. Barajas is on the right track in developing new markets for fresh berries.

With nearly everything changing in the world of farming—from federal subsidies that may soon decline, to the increased vulnerability of cross-country shipping, to rising fuel prices—it's high time Michigan developed a new vision for successful agriculture," Dr. Adelaja said. And, in an era when only very small and very large farms seem to be prospering, he insists that size really does not matter.

"It's a matter of which farms are the most resilient, diverse, and flexible," Dr. Adelaja said.

Success Factors

Mr. Barajas says he will expand his wholesale blueberry marketing experiment next year. If all goes well, he will put his pending business degree from Western Michigan University to work, partnering with his father, mother, and uncle, who operate a medium-sized berry farm in the leading county of the leading state for Highbush blueberries. Former farm workers from Mexico, the Barajas started off with 5 acres.

Mr. Baraja also is a test case for Dr. Adelaja's "success factors," which include a farm's closeness to customers, such as the southwest Michigan fruit belt's proximity to urban centers

like Grand Rapids and Chicago, and a farm's ability to respond to new opportunities, such as delivering fresh foods to nearby schools. His analysis also puts a high value on the potential for farms to add value to their products, such as putting Mr. Barajas' blueberries into special sauces. Tenacity and crop diversity are also key, something that Michigan's Hispanic farmers possess in spades: The number of Hispanic farmers has grown in the state by more than 500 percent since the late 1990s, and many are bringing new varieties of chili peppers and other products to market.

The study, which was prepared for Michigan Governor Jennifer Granholm's administration, also has a refreshing surprise for all those who throw up their hands over the fact that 53 percent of Michigan farms annually lose money. Because so many of those money-losing operations are medium size, and, under current market conditions, are too small to make it in the huge global trade scene and too big to be "niche" farms selling to high-end restaurant markets, the conventional wisdom is that they are doomed.

Dr. Adelaja disagrees: Under future market conditions, medium-size family farms actually have the most going for them in terms of resiliency, diversity, and flexibility.

"I'm saying the farms in the middle are more likely to be successful and that's why we should help them, versus they're in trouble and we should help them," he said.

An earlier study that Dr. Adelaja conducted in New Jersey, as executive dean of agriculture and natural resources at Rutgers University, put it very clearly: "We found that the flexible mid-sized farms generally have the entrepreneurial skills, education, savvy, energy, and flexibility to respond to the demands of consumers, which in the future will focus more on product quality, organic characteristics, wellness, health, nutrition, and community connection. While these farms are struggling today, the new price, market, and regulatory regime will make these farms dynamic in the future."

And it is the future of Michigan that Dr. Adelaja points to when he repeatedly reminds policymakers in his reports that agriculture is one of the state's greatest economic assets. According to the Michigan Department of Agriculture, one million jobs and \$59.1 billion in economic activity in Michigan are linked to farming. Those numbers could increase greatly when things like agritourism or growing bio-fuels from farm crops are considered, said Mitch Irwin, MDA director.

"We can grow our way into new production, new jobs, through agriculture," Mr. Irwin said.

The growing market for better food—driven by health concerns and consumer demand for fresher foods—is also encouraging innovation and facilitating new opportunity in Michigan agriculture. The Michigan Food Policy Council, which Governor Granholm established last summer, is charged with developing action plans, by October 2006, for strengthening farms and improving public health through good food.

Michigan's Mixed Record

Michigan has a mixed record when it comes to helping farms take advantage of such market changes and the attributes that Dr. Adelaja says are key to farmers' success and Michigan's future prosperity. One indicator is how poorly Michigan leverages federal money with its own investments in farm business development.

For example, the state landed just under \$400,000 in federal Value-Added Producer Grant awards this year. Grants went to the Michigan Turkey Producers Cooperative Inc. in Zeeland, MOO-ville Creamery in Nashville, and Shoreline Fruit Inc. in Hart.

Compare that to Missouri, which raked in \$1.75 million, more than four times more money than Michigan received, for 16 farm ventures. Michigan—the state with the second-widest variety of crops after California and an enviable market position thanks to its proximity to half the population of North America—ranked 13th out of 43 states that received awards.

One reason Missouri did so well is that it has focused on helping farm businesses grow to the point where they can secure significant commercial loans or grants, said Mary Hendrickson, at the University of Missouri's Rural Sociology Department.

“Our state-level value-added producer grant program had a lot to do with it; we've had one longer than most states,” Ms. Hendrickson said. In addition to granting about \$2 million each year to its food producers, Missouri offers a range of assistance to farms with marketing and distribution challenges and offers \$6 million annually in salable tax credits for farms that invest in new value-added ventures, like on-site processing.

Michigan attempted to do some of the same in 2000, when then Governor John Engler signed the Julian-Stille Value-Added Act.

On paper, the law gave the MDA \$5 million to put behind new food and farm product development. The money was supposed to come from utility companies out of their payments into the Uncollectibles Allowance Recovery Fund. But, five years later, the MDA has yet to receive any of the money originally promised to the program. It has issued only one round of grants, in 2002, and that one-time shot of money came from the U.S. Department of Agriculture.

“All I can say is we haven't seen one dime,” said Bob Craig, director of MDA's Agriculture Development Division, of the mysterious UARF.

Innovating and Incubating for Success

But the idea that Michigan has an economic ace in the hole with its diverse farm sector is catching on as leaders grapple with the continuing loss of high-paying jobs in manufacturing. In November the Legislature and the governor pledged \$10 million to the Julian-Stille grant program over five years as part of the new \$1.5 billion 21st Century Jobs Fund.

Now what's needed, according to the Land Policy Program researchers, is an innovation fund to make sure that Michigan farms have the support they need to move from idea to action. Specifically, they have proposed establishing the Innovation Fund for Michigan Agriculture, which would bring needed financial capital to food and farm entrepreneurs and tie together and supplement the initiatives that do exist in Michigan but suffer from a lack of state vision and proper coordination. The researchers estimate a \$1 million annual fund could fill the gaps in Michigan's patchy support for innovative agriculture.

One of the existing programs the fund could work with is MSU's new Product Center for Agriculture and Natural Resources, which provides business development support to farms. It launched in 2004, thanks to federal grants and Tom Guthrie, the late director of the nonprofit Michigan Integrated Food and Farming Systems group.

Mr. Guthrie and MIFFS were also instrumental in securing federal funding and state economic development grants to set up business incubators that offer entrepreneurs low-cost access to commercial equipment and food industry expertise. One of the incubators, located in Hart, will open early in 2006. The other, in the Thumb's Huron County, is still in development.

Ron Steiner, the driving force behind Hart's incubator, called The Starting Block, recently walked a visitor through the renovated building that will house it.

"People are really excited about this being available," he said, sounding like a proud and excited new parent. "We're getting a lot of interest."

Mr. Steiner long championed property tax breaks for food processors that make major investments in new technology or product innovations. His and others' efforts led to the establishment of agricultural processing renaissance zones in the late 1990s. Michigan now has 17 such zones and a commitment by anchor companies to 1,166 new jobs and investing \$548 million. Once a zone is established, innovative food processing companies can locate there and enjoy similar tax benefits.

Mr. Steiner looks forward to the day when some of the food businesses that come through the Starting Block incubator will graduate to places of their own in one of Oceana County's four such zones.

"It's a perfect synergy," Mr. Steiner said. "We can get them started from a knowledge base and entrepreneurship standpoint and then we've got the perfect place for them to go for continued low-cost support."

One of the entrepreneurs knocking at the Starting Block's door in the future may well be Gabriel Barajas. Neither he nor his father, Filburto, is discouraged by agriculture's naysayers. They know they can make it.

"See that little field over there?" Filburto Barajas said, leaning on a snow shovel in his enterprising son's driveway. "We're going to plant blueberries there."

Patty Cantrell directs the Michigan Land Use Institute's Entrepreneurial Agriculture Program. Reach her at patty@mlui.org This article is the third in a special series on new directions in farmland conservation and economic opportunity in Michigan agriculture