

Letter

With this newsletter we bring news about many of the creative things happening at the Leopold Center and in Iowa agriculture. We'll have more information about the Leopold Center's response to recent budget cuts in a special edition coming soon.

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Supporters plan October 21 celebration

Fundraising efforts begin for Center

By Mary Adams
Center fundraising coordinator

An October 21 dinner in Des Moines will demonstrate the strong support and good will shown by the Iowa environmental and sustainable agriculture community for the Leopold Center. The dinner also will be the opening event of a major fundraising campaign by the ISU Foundation on behalf of the Center.

Spearheaded by private citizens, Iowa environmental groups, faith-based organizations, sustainable agriculture groups, and the ISU Foundation, the dinner reflects the grassroots-based support that the Center is relying on to help sustain its mission for Iowans. The ISU fundraising drive aims to help alleviate the \$1 million shortfall facing the Center in FY2003 and establish a

long-term endowment fund that will support the Center through difficult financial times.

The dinner will be jointly sponsored by National Catholic Rural Life Conference; Practical Farmers of Iowa; Midwest Sustainable Agriculture Working Group; Iowa Natural Heritage Foundation; Soil and Water Conservation Society, Iowa; Conservation Districts of Iowa; Women, Food and Agriculture; Drake University Agricultural Law Center; Humane Society of the United States; Iowa Environmental Council; Niman Ranch Pork Company; and more.

The event is billed as a "Celebration of the Leopold Center for Sustainable Agriculture for its vision and

FUNDRAISING (continued on page 2)

W.K. Kellogg Foundation grant helps launch new marketing and food systems program

By Laura Miller
Newsletter editor

After a summer that began with unseasonably warm temperatures and searing budget cuts, news of a \$100,000 grant for an exciting new Iowa project fell like a gentle spring rain at the Leopold Center.

The Leopold Center will coordinate a one-year grant from the W.K. Kellogg Foundation of Battle Creek, Michigan for a new food systems project. Announced in late July, the grant was one of eight awarded as part of a new program in the Kellogg Foundation's Food and Society Initiative. Cooperators on the project include Practical Farmers of Iowa (PFI), Iowa State University Extension, and the Henry A. Wallace Endowed Chair for Sustainable Agriculture at ISU.

Although the Kellogg grant will not be used to make up for legislative cuts in

the Leopold Center budget, it launches a promising project, "Value Chains for a Sustainable Agriculture." The goal of the project is to build a new food supply network – from producer to processor to retailer – for sustainably raised Iowa foods.

"This grant comes at a time when many things are happening in alternative food supply networks," said Rich Pirog, chair of the project's coordination team and leader of the Center's marketing initiative. "We hope this project can illustrate that universities, agencies and non-profit organizations can work with farmers and industry leaders to foster additional successful value chains rooted in sustainable agriculture."

Health and environmental concerns among consumers are creating new market opportunities in the food and agriculture

KELLOGG GRANT (continued on page 4)

'Friend of the Leopold Center' group planned

FUNDRAISING (continued from page 1)

leadership and support for a better Iowa." The dinner will be at the Hotel Fort Des Moines, with cocktails served at 6:00 p.m., followed by dinner and a short program at 7:00 p.m. Center director Fred Kirschenmann will be the featured speaker, and will explain the Center's current situation and the various steps that are being taken to secure the Center's financial future.

Tickets to the dinner may be ordered by calling Darlene at (515) 270-2634 or sending a \$35 check payable to NCRLC, 4625 Beaver Avenue, Des Moines, Iowa 50310. The \$35 ticket covers the cost of the celebration dinner; contributions above that amount are welcome and will be forwarded to the Leopold Center.

After the dinner, the Center and the ISU Foundation will send a direct mail solicitation letter encouraging the recipients to become a "Friend of the Leopold Center" by making a contribution of \$1,000. (Of course, any size of contribution will be accepted and appreciated by the Center.) Longer-term fundraising efforts will include partnerships and collaboration with other organizations, non-profit groups, and charitable foundations on projects of mutual interest.

"There are more and more people who are concerned about the road that production agriculture and our food delivery system seems to be on and it's easy to talk about sustainable agriculture. But I give credit to the Leopold Center and the Spencer family for stepping up to the plate and doing something about it."

– David Petersen, recipient of the 2002 Spencer Award for Sustainable Agriculture

Iowa farmers turn to fruit, vegetable crops

An increasing number of Iowa farmers are growing fruits and vegetables, according to results of the latest survey of commercial producers from the Iowa Department of Agriculture and Land Stewardship (IDALS).

Nearly 500 growers reported selling vegetables during the 2000 crop year, accounting for more than 8,400 acres of vegetable production that resulted in \$15.9 million in sales. Nearly 300 growers reported selling fruits, berries and nuts during the 2000 crop year, accounting for more than 1,600 acres of fruit production that resulted in \$3.8 million in sales.

By far the most popular venue for fruit and vegetable sales is at farmers markets. The survey showed that nearly two-thirds of all growers sell at farmers markets. Iowa is number one in the nation per capita for farmers' markets, and fifth in the nation in the number of new markets established.

The survey was conducted in the spring of 2001, the first since 1989. It was funded by IDALS and with grants from the Leopold Center, Iowa Farm Bureau and the Iowa Fruit and Vegetable Growers Association. Results were published July 2002 and released in September.

Other findings:

- Farmers are growing a wider variety of fruit and vegetable crops. Twenty of the 23 common vegetables in the survey were grown by more farmers.
- Sweet corn sales totaled \$5.5 million, a 65 percent increase; apple sales were \$2.9 million, up 16 percent; and melon sales were \$2.7 million, up 119 percent.
- Sixty-one percent of the survey participants reported an increased demand for locally grown produce, leading 42 percent to expand their operations.
- Thirty-three percent of survey participants reported growing some portion of their crops organically.

For a copy of the report, *Iowa Commercial Horticulture Survey*, contact State Horticulturist Mike Bevins, (515) 242-5043.



LEOPOLD CENTER

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The Leopold Center for Sustainable Agriculture seeks to identify and reduce adverse socioeconomic and environmental impacts of farming practices, develop profitable farming systems that conserve natural resources, and create educational programs with the ISU Extension Service. It was founded by the 1987 Iowa Groundwater Protection Act.

The *Leopold Letter* is available free from the Leopold Center at 209 Curtiss Hall, Iowa State University, Ames, Iowa 50011-1050; (515) 294-3711.

Newsletter Editor: Laura Miller

U.S. Vietnam Era Veteran. Any persons having inquiries concerning this may contact the Director of Affirmative Action, 318 Bearshear Hall, (515) 294-7612.

An Iowa view from the North Dakota Plains

As I write this I am watching the sun rise on my farm in North Dakota – a site that never fails to stir the deepest emotions in my soul.

It's not that I am romantic about nature. I've been farming too long for that. In fact, nature has not been kind to us so far this year. We had our last spring rain April 1. The next rain came June 28—too late to do much good for any of the cool-season, small grain crops. But it came just in time for the warm season buckwheat, so we have some of the nicest buckwheat I have ever seen. And thanks to the Conservation Reserve Program, we will have enough hay for wintering our cattle.

During July it rained every week so the pastures were lush and green, and the cattle seemed grateful. Yet it was hard to put up hay or harvest the little crop that was there when it rained almost every day. Seems we got our August harvest weather last May and our spring rains in August. My neighbor tells me that the Lord has been good to him, but he doesn't think He knows much about farming!

Farming, especially on the Great Plains, has a way of shaping one's perceptions. It is a good idea to plan ahead and consider all contingencies. If you plan your farm (or your life) based on best-case scenarios—hoping it will rain at just the right time to get that bumper crop of that one, best-paying cash crop you planted—then you are likely to be caught short. On the other hand, if you plan for the fact that Murphy's Law is alive and well—everything that can go wrong, will go wrong—and so you build in a lot of contingencies, you are more likely to survive the bad times. When you build diversity into the system, if everything goes wrong for wheat it might not be so bad for buckwheat. My father always said the reason he wanted cattle on his farm is that “they didn't get hailed out.”

So farmers out here on the Plains are not romantic about nature. Many appreciate nature and respect her. A few here, as elsewhere, have tried to control nature, but most simply recognize that one needs to adapt to nature if one is going to survive in the long term. It's not going to be easy to balance the budget this year with about a third of a normal crop (assuming the rain quits long enough to get it into the bin) especially since one of our tractors chose this year to call it quits and had to be replaced. But those nice fields of organic buckwheat will sure help make up some of the difference.

Farming on the Plains teaches one the need for frugality, adaptation and diversity. As I contemplate my responsibilities at the Leopold Center from this perspective, it strikes me that the same principles apply. Facing a budget crisis is a lot like farming on the Plains. While the Center has always been pretty frugal, we now need to redouble our efforts in that regard.

We also are learning to adapt. Given the enormous tasks ahead of us, helping to reshape agriculture to meet

the challenges of the 21st century in the face of drastic budget reductions means that we must partner with everyone who shares our vision for the future. Farmers on the Plains have always helped each other out in times of crisis. When a neighbor becomes ill and can't plant or harvest a crop, we all get together, go to his place with our own equipment and take care of it for him.

We are in the process of doing the same thing at the Leopold Center. It has been a heart-warming experience. Many Iowans have been telling us that even if we don't have any money to commit to vital research, they want us here to work with them to solve problems together.

And we need to diversify our funding base. Depending entirely on state appropriations was probably a little like planting just one cash crop. So, in cooperation with the College of Agriculture at Iowa State University, we are launching a fundraising drive for the Center. This, too, has been a rich experience. Many people, from small farmers (who certainly don't have money to spare) to CEOs of major corporations, have stepped up to the plate and made significant donations—even before we started the fundraising campaign.

We will begin a fundraising effort to diversify the Center's “cropping system.” Of course, we hope that the state legislature will not raid the Groundwater Protection Fund again next year and that our funding stream will be restored. And if so, we will put the funds we raise into an endowment to secure the Center's future. If the legislature takes our funding away again, hopefully we will have raised enough to continue our work.

Stephen Kirschman

Farming, especially on the Great Plains, has a way of shaping one's perceptions. If you plan your farm (or your life) based on best-case scenarios—hoping it will rain at just the right time to get that bumper crop of that one, best-paying cash crop you planted—then you are likely to be caught short.



A working vacation on Kirschenmann Family Farms

Pork niche market activities in full swing

KELLOGG GRANT (continued from page 1)

sector, said PFI director Robert Karp, another member of the project coordination team. "This grant will help Iowa tap these markets so that our farmers reap the rewards in premiums for their products, and our rural communities remain economically viable."

In fact, some of the work has already begun. During the first few months, one of the grant's major activities will be support for the fledgling Pork Niche Market Working Group (PNMWG).

The working group was created after a September 2001 marketing conference. The group quickly gained participants from nearly 30 organizations and \$40,000 in start-up funds to begin work and hire a half-time coordinator in February 2002. The group is working on markets for hogs raised under specific standards of animal welfare, and environmental and community stewardship.

Approximately \$27,000 in funds from the Kellogg grant is targeted for research and development needs identified by the PNMWG work teams and individuals within the PNMWG. Five new projects using these funds are scheduled to begin in October. The team selected the projects from among nine proposals for work totaling more than \$51,000.

The PNMWG also received \$23,000 that was part of a Farmer's Union grant funded by USDA Rural Development's Rural Business Enterprise Grant program. The funds will be used to develop a pre-feasibility analysis to supply a premium pork product for food service distributors including SYSCO Corporation, North America's largest food service distributor, to be tested in an upper Midwest pilot market.

Other Kellogg grant funds will help with coordination and evaluation of the PNMWG, as well as its communications activities, including production of a bimonthly newsletter, the *PNMWG Update*. Zack Smith, a senior majoring in agronomy at Iowa State University, has been hired part-time to help organize meetings, manage project files and make posters and charts for the project. Smith is housed at the Leopold Center while the PNMWG's coordinator, Gary Huber, works at PFI offices.

Although initial activities in the

food systems project have focused on new markets for hogs, organizers hope to explore other areas. According to Iowa State University Extension specialist Jill Euken, a third member of the project coordination team, preliminary supply chain investigations have begun in organic dairy and poultry, biofuels, and grass-fed meats.

The W.K. Kellogg Foundation was established in 1930 "to help people help themselves through the practical application of knowledge and resources to improve their quality of life and that of future generations." To achieve the greatest impact, the Foundation targets its grants toward specific areas. These include: health, food systems and rural development; youth and education; and philanthropy and volunteerism. Grants are concentrated in the United States, Latin America and the Caribbean, and the southern African countries of Botswana, Lesotho, Mozambique, South Africa, Swaziland, and Zimbabwe.



Zack Smith
Student intern
Kellogg project



Gary Huber
Coordinator
PNMWG

The *PNMWG Update*

The first issue of *PNMWG Update* is off the press. If you want to be on the mailing list, contact Todd Kimm, Practical Farmers of Iowa, Box 349, Ames, IA 50010, (515) 232-5661 ext. 108, or todd@practicalfarmer.org. *PNMWG Update* will be printed every other month for member organizations and others who want to know about PNMWG activities.

Marketing, food systems groups meet

When nearly three dozen people in marketing and food systems work throughout Iowa gathered in Ames July 19, it was more than a "family" reunion.

The groups represented a variety of projects and approaches to diversify and strengthen local and regional food systems. The meeting included farmers as well as state horticulturists, law professors as well as biology professors, sociologists as well as food service directors, and conservationists as well as community activists.

All had one thing in common: their partnership with the Leopold Center on marketing and food systems projects. Some projects had just been completed, while others had recently begun. Rich Pirog, marketing and local food system program leader for the Leopold Center, convened the meeting to help participants work together and explain the Leopold Center's marketing and food system initiative in light of the Center's budget cuts.

"It was helpful for everyone to learn more about the wide array of marketing and food systems projects in Iowa," Pirog said. "We discussed ways that the Leopold Center can act as a

catalyst and convener to move forward the goals that we all share."

A good example would be a project at the University of Northern Iowa, Pirog said. Professor Kamyar Enshayan received a small Leopold Center grant in 1998 to coordinate institutional buying of local food at the university, a local restaurant and hospital. The project has grown to include other hospitals and food service institutions in Black Hawk County, a "Buy Local" campaign, a farm apprenticeship program, and support from the North Central Sustainable Agriculture Research and Education (SARE) Program.

How could the lessons learned in this project be applied elsewhere?

Here's a sampling of comments:

- We really need an organization to bring this type of group together. There is more power and strength in uniting the interests under a common purpose or goal.
- The Leopold Center can help by hosting meetings like this to frame the vision we all share.
- We need to work together to change customer habits, not just react.

Iowa farmer joins advisory board

A southern Iowa farmer active in renewable energy and conservation issues is the newest member of the Leopold Center Advisory Board.

John Sellers, Jr., of Corydon has been named to represent the State Soil Conservation Committee of Iowa on the center's 17-member advisory board. He replaces Dave Williams of Villisca, who had held the position since 1993 and most recently was board chair.

Sellers owns a 520-acre farm in northern Wayne County that lies along the Iowa-Missouri state line. Although he grows some corn, oats and hay for a small cattle operation, most of his farm is used for raising switchgrass, a native crop he began planting about 20 years ago to improve wildlife habitat and reduce soil erosion. In recent years, however, the switchgrass has been harvested for another use: to burn with coal to generate electricity.

Sellers is field coordinator for the Chariton Valley Biomass Project and president of a switchgrass growers group, Prairielands Bioproducts, Inc. Also active in a number of organizations that promote bio-fuels, Sellers is a frequent speaker about renewable energy and Iowa's role in a bio-based economy.

"I talk to a lot of farmers and I think the Leopold Center has a groundswell of support among switchgrass growers," Sellers said. "The Leopold Center has laid so much of the groundwork for helping Iowa move toward sustainability, and funding projects that would have struggled otherwise. The Leopold Center has had a huge impact on those projects and thousands of Iowans who have benefited from them."

Sellers brings nearly 30 years of experience as commissioner on the Wayne Soil and Water Conservation District. He was elected commissioner in 1973, taking over from his father, John, Sr. He was appointed to the State Soil Conservation Committee, and served on the Governor's Energy Task Force. He chairs the Iowa Farm Bureau's Hay and Forage Advisory Committee, co-chairs the Iowa Grassland Alliance, and is incoming president of the Iowa Forage and Grasslands Council and on the board of directors for the American Forage and Grasslands Council.

He said he sees exciting days ahead for Iowa related to renewable energy, carbon sequestration and conservation of natural resources.

"Sustainable agriculture is the future of Iowa and agriculture in the Midwest," he said. "We need to become more self-sufficient with our energy, and I think it's possible to do that if we keep working at it."

Sellers is one of five farmer members on the advisory board, each appointed by different organizations including the Iowa Farm Bureau, Practical Farmers of Iowa, Iowa Farmers Union and the Soil and Water Conservation Districts of Iowa.



Fred Kirschenmann and outgoing chair Dave Williams



New member John Sellers New chair Jim Penney

Coop manager becomes new chair

Jim Penney, general manager of the Heart of Iowa Coop based in Roland, was elected chair at the board's September 5 meeting.

He succeeds Dave Williams of Villisca, who had been an advisory board member since 1993 and chair for the past two years. Penney, a certified professional agronomist, oversees the coop with operations in eight communities. Penney has been a member of the Leopold Center Advisory Board since 1996 as the Iowa Agribusiness Association's co-representative with Craig Struve of Calumet.

Dallas County farmer Marvin Shirley, who represents the Iowa Farmers Union, assumes the vice-chair position on the board. Tom Fogarty, a geography professor at the University of Northern Iowa in Cedar Falls, is the advisory board's member-at-large.

"The Leopold Center has laid so much of the groundwork for helping Iowa move toward sustainability, and funding projects that would have struggled otherwise." — John Sellers

A Leopold Center report was spotlighted in a national magazine. *Audubon* used data from the Center's "Food, Fuel and Freeways" report in an illustration showing how far produce travels for a story on trends toward locally grown food. The story, "The [New] Harvesters," appears in the September 2002 issue.

Leopold Center director Fred Kirschenmann was quoted in a Sept. 23 *Newsweek* report about the USDA's new organic standards that take effect Oct. 21. Kirschenmann served five years as a farmer-member of the National Organic Standards Board.

The Leopold Center's message about family farms had a national audience in September. Director Fred Kirschenmann participated in Farm Aid 2002 activities in Pittsburgh on a panel discussion about threats facing family farmers. The program preceded the Sept. 21 benefit concert, organized in 1985 by Willie Nelson.



“We want to let everyone know that caring for creation is intrinsic to our faith.”

– Matt Schultz

Evangelical Lutheran Church of America

Faith communities move toward Leopold land ethic one sip at a time

**By Jonna Higgins-Freese
Prairiewoods: Franciscan Spirituality Center**

One day in the fall of 2000, a dozen Lutheran pastors and members of their congregations visited Tabor Home Winery in Baldwin, Iowa, touring the vineyard and tasting wine. They had come to learn how and why purchasing these local wines for communion could help them live out their commitments to social justice and caring for creation.

The project was inspired by the Leopold Center report “Grape Expectations: A Food System Perspective on Redeveloping the Iowa Grape Industry.” The report outlined the re-emergence of the grape industry in Iowa and the importance of strengthening a local food system to support it.

As environmental outreach coordinator for Prairiewoods: Franciscan Spirituality Center, I’m always looking for ways to help churches connect their care for creation and concern for justice to practical, real-world actions. Prairiewoods already was encouraging people of faith to join Community Supported Agriculture farms, purchase locally-produced meat, and shop at farmers markets. Encouraging them to purchase local wine for communion seemed like a good way to connect the importance of local food systems more tightly to the theological message of creating justice for rural people and the land.

Leaders of one of the largest church denominations in Iowa agreed. As explained by Matt Schultz, a member of the environmental awareness team for the Iowa branch of the Evangelical Lutheran Church of America (ELCA): “We are about more than recycling. We want to let everyone know that caring for creation is intrinsic to our faith. Communion symbolizes our relationships with God, other people and the land. We believe that everything we eat—and especially the wine we use for Eucharist— should be produced in a way that cares for creation and supports local communities.”

Rich Pirog, marketing and food systems program leader for the Leopold Center, was an enthusiastic supporter of the project from the beginning. In addition to providing names and resources, he

spoke at the field day about grape production and local food systems and helped secure Leopold Center funding to assist with the additional cost of providing locally-sourced food for lunch during the field day.

Since then, at least 20 churches have begun purchasing local wine for communion, and the Southeastern Iowa Synod of the ELCA has used local wine at its major conference event each spring.

The project has been covered in a variety of media outlets, including the SE Iowa Synod newsletter *Crossroads*; the denomination’s national magazine *The Lutheran* <<http://www.thelutheran.org/0206/page46.html>>; and the on-line environmental magazine *Grist* <<http://www.gristmagazine.com/week/higgins-freese031102.asp>>.

About half of the churches in Iowa use grape juice rather than wine for communion, but there currently is no grape juice processed from local grapes. Prairiewoods has received funding from the Leopold Center to pursue one of the recommendations in “Grape Expectations” to conduct feasibility studies for a specialty line of grape juices for markets such as churches, buying clubs and natural food stores.

Churches in Iowa will never purchase enough local wine to make them a significant market segment. But the program has a significant educational value in alerting people of faith to not only the availability of Iowa wines, but the social, symbolic and ethical significance of supporting local food systems. This is consistent with Aldo Leopold’s message in “The Land Ethic,” where he argues that the content of conservation education is insufficient because “it defines no right or wrong, assigns no obligation, calls for no sacrifice, implies no change in the current philosophy of values.”

If we want to change the content of conservation education, faith communities are a friendly place to start: they are one of the few remaining institutions in modern society where people talk openly about right and wrong, obligation, sacrifice, and values.

Bill McKibben acknowledges this trend in the

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Jonna Higgins-Freese is employed by Prairiewoods: Franciscan Spirituality Center in Hiawatha near Cedar Rapids. <www.prairiewoods.org> She is a fellow of the Environmental Leadership Program. <www.elpnet.org>

Leopold's land ethic

The land ethic simply enlarges the boundaries of the community to include soils, waters, plants and animals, or collectively: the land.

In short, a land ethic changes the role of Homo Sapiens from conqueror of the land-community to plain member and citizen of it. It implies respect for his fellow-members, and also respect for the community as such.

A land ethic, then, reflects the existence of an ecological conscience, and this in turn reflects a conviction of individual responsibility for the health of the land. Health is the capacity of the land for self-renewal. Conservation is our effort to understand and preserve this capacity. — Aldo Leopold, "The Land Ethic," *A Sand County Almanac*



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foreword to a book by Iowa Episcopal priest Ben Webb. "Synagogues, mosques and churches are nearly the only organized institutions that can posit some end, other than accumulation, for human life; therefore they may have a central role to play in dealing with [environmental] issues, in helping us remember that there are other, better routes to satisfaction. Faith communities, at least potentially, represent one of the few counter-culture forces in this society." (*Fugitive Faith*, Orbis 2000).

Thanks to the Leopold Center, faith communities have the opportunity to begin to live out a land ethic — one sip at a time.



A field day two years ago attracted a number of Lutheran pastors and other people interested in Iowa's emerging grape industry.

"Encouraging [churches] to purchase local wine for communion seemed like a good way to connect the importance of local food systems more tightly to the theological message of creating justice for rural people and the land."

— Jonna Higgins-Freese

Photos by Rich Pirog

Iowa grape industry has emerged following Center report

When the Leopold Center's "Grape Expectations" report was completed in April 2000, Iowa had an estimated 30 acres of grapes in production, and nine bonded wineries were operating. Since that time, there has been a significant increase in grape acreage and number of wineries established.

As of August 2002, there are an estimated 175 growers who have planted 400 acres to grapes in Iowa. There are 18 bonded Iowa wineries, of which five are estate wineries, with a number of other wineries in the planning and production stage, and membership in the Iowa Grape Growers Association has reached 200.

State support for the grape industry also has grown. In April 2001, Iowa State University Extension offered a viticulture homepage (<http://viticulture.hort.iastate.edu/home.html>) to provide technical information to Iowa grape growers. In



The number of acres in Iowa used for grape production has increased more than tenfold in two years — from 30 to 400 acres.

May 2001, Iowa Governor Tom Vilsack signed a law enabling the legislature to provide up to \$75,000 for grape and wine promotion (no monies have been released as of this writing). In continuing work, the Iowa Department of Agriculture and Land Stewardship recently received a grant to track progress of Iowa's emerging grape industry.

Comparing the stock market and Iowa land values:

By Michael Duffy
Associate director and professor of economics

The recent passage of the 2002 farm bill and the current calamities in the stock market have resurrected a perennial question. What is a better investment—the stock market or farmland?

Iowa farmland values have risen over the past two years and recent estimates suggest that this increase is continuing. Based on the Iowa State Land Value Survey, the 2001 estimated increase in Iowa land values was 3.7 percent. This increase in land values followed two years of declining values. Since 1990 the estimated average value of Iowa land has risen 59 percent, from \$1,214 to \$1,926 per acre. Current estimates are that land values have increased another 1.4 percent in 2002.

In contrast the stock market, as measured by the Dow Jones Industrial (DJI) average, has closed the year lower for the past two years, including a 7 percent drop last year. However, the DJI had risen from 2,633 in 1990 to 10,021 in 2001. This represents an increase of more than 280 percent, in spite of the decline in the past two years. On June 30, 2002, the Dow Jones closed at 8,506, down 15 percent for the year.

Is the drop in the stock market, coupled with the increase in land values, causing people to shift to land investments? Does this make sense economically, in the short term and the long term?

Setting up a comparison

To answer the question of which is the better investment, I will compare and contrast the returns over the past 50 years. I also will discuss some of the important factors to watch over the next few years.

The returns to land or stocks are composed of two parts. The first is the capital gains or the increase in value. Obviously, this also could be a capital loss in the event of a decrease in value. The second component is the yearly returns. The yearly average rent and the average dividend will be used as

the proxy for the income from the alternative investments.

The annual percentage changes in the DJI and Iowa land values reflect considerable yearly variation in both investments. For land, since 1950, the average percentage change is 5 percent with a standard deviation of 12 percent. Percentage changes for land range from a plus 32 percent to a negative 30 percent. The Dow Jones Industrials show an average percentage change of 9 percent with a standard deviation of 16 percent. The yearly percentage change in the DJI ranges from a plus 44 percent to a negative 28 percent.

The average land rent since 1950 has been \$63.06 per acre. The average dividend for the Dow Jones Industrials has been \$60.92. This includes only the dividend estimate for the first half of 2002.

There are two assumptions to be made when considering which is the better investment. First, I will assume \$1,000 is invested in each

alternative at the beginning of the period discussed. The amount of land or stock purchased will depend on the existing value. The \$1,000 will increase or decrease only by the change in value during the first year. Second, all of the rent or the dividend will be reinvested in the land or the stock market. Taxes are not considered, only the average percentage increases in value are at issue.

Comparing past returns

Figure 1 shows the return to \$1,000 invested in 1950. At that time, \$1,000 would have purchased 4.59 acres or 4.25 shares of the DJI. Using the assumptions above, the value of the land through the first half of 2002 would have been \$257,645 versus a DJI value of \$248,466. In other words, the value of the land investment would be 4 percent higher than the stock investment.

Figure 2 shows what would happen if the \$1,000 investment in land or the DJI had been made in 1970. At that time \$1,000 would purchase 2.4 acres or 1.2 shares in the DJI. By the middle of 2002 the land investment would have been worth \$40,816, while the DJI investment would have been worth

Land is a truly unique asset. We can compare it to other investments but we must always remember that land forms the basis for our lives. The price of the land will not always reflect the value of the land. Many forces influence the price for land and we should never forget Aldo Leopold's land ethic.

Figure 1. Value of \$1000 invested in land or stock market in 1950

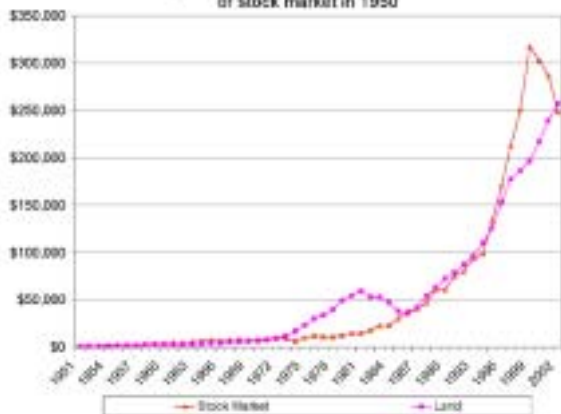
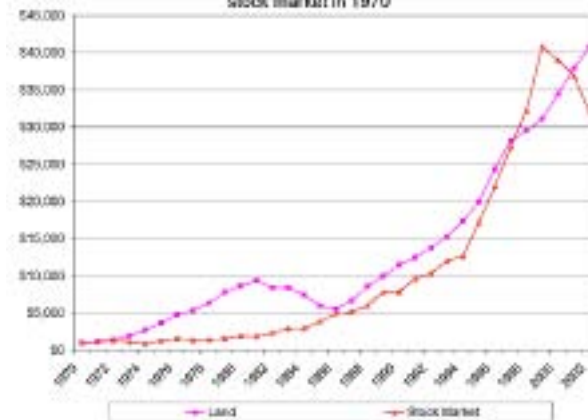


Figure 2. Value of \$1000 invested in land or stock market in 1970



It all boils down to a question of timing

\$31,932. A land purchase in 1970 would have approximately 28 percent greater value relative to a DJI investment.

Figure 3 presents the \$1,000 investment results had they been made in 1980, near the peak in Iowa land values. In 1980, the \$1,000 investment in land would have only purchased .48 acres of land or 1.04 shares of the DJI. By mid-year 2002, the land investment would have been worth \$4,954 while the DJI investment would have been worth \$17,433. This means the DJI investment would be worth almost three and one-half times the land investment.

Finally, Figure 4 shows what would happen if the investment had been made more recently. In 1990, the \$1,000 would have purchased .82 acres of land or .39 shares of the DJI. The \$1,000 in land would have been worth \$3,851 on June 30, 2002 and the DJI would have been worth \$4,233. The DJI investment would be 10 percent higher than the land investment since 1990.

Things are somewhat different in the immediate past. The \$1,000 invested in land in 2000 would have been worth \$1,271 in the middle of 2002, while the DJI investment would have been worth \$848.

Farmland as investment

It has been said that timing is everything in the success of a rain dance. It would appear the same thing is true when determining whether land or the stock market is a better financial investment. For the most part, it appears that the returns to the stock market are higher; however, there are periods when an investment in land would produce greater rewards.

This raises several interesting questions, including whether or not land is a 'good' investment and which is the 'better' investment. It is important to remember the majority of farmland purchasers are already farming. Since 1989, the ISU Land Value Survey has asked the respondents who was the primary purchaser of farmland that year. In 1990 and 1991, existing farmers represented over 80 percent of the purchasers. This number dropped to 67 percent in 2001. This is important because for the most part farmers do not buy land strictly as an investment. They buy land for a variety of reasons and the expected return is only one of many factors.

The proportion of purchasers classified as investors by the ISU land survey respondents has risen considerably over the past several years. In 1989, investors represented only 12 percent of the purchasers, but in 2001 they represented 27 percent

of the purchasers. Many of the purchases over the past few years have been for a variety of nonagricultural uses, including summer homes, hunting camps, and other recreational purposes.

Investors also may purchase farmland to diversify their financial portfolios. Given what has happened to the stock market, the lessons learned in the land market during the 1970s and 1980s should not be forgotten; that is, what goes up also can go down and there is no such thing as a market that will always increase.

Short-term influences

What will happen to the value of farmland over the next several years? As always, the future is hard to predict, but in this case it is especially difficult. There are several factors that will have an immediate impact on land values and other longer-term factors that will determine the future investment performance of land.

Two critical factors will influence land values and returns over the next few years. The first of these is the future of the government farm programs. As noted, farmers are the primary purchasers of farmland and net farm income determines how likely farmers are to entertain thoughts of buying land. Over the past several years, the majority of net farm income has come from direct government payments. It appears that the new farm bill will continue the relatively high level of government payments. Have these payments already been factored into land prices? Will these payments continue? This one of the critical factors that will affect the performance of the land market.

The second major unknown will be the performance of the stock market over the next few years. If the market continues to decline, it will have a decided impact on investor interest in farmland. Land that was purchased for recreational purposes could come back on the market and depress prices. If the Federal Reserve takes steps to prevent major problems in the overall economy and if this includes raising interest rates, land values will be affected. Finally, a declining stock market may encourage investors who are looking for a safer place for their money to consider land purchases. There could be positive and negative effects on land values from a prolonged decline in the stock market. At this time it is not possible to know which economic and social factors will exert the most pressure.

Land values are always influenced by the returns available. The financial returns are affected by the levels of production and

LAND VALUES

(continued on next page)

Figure 3. Value of \$1000 invested in land or stock market in 1980

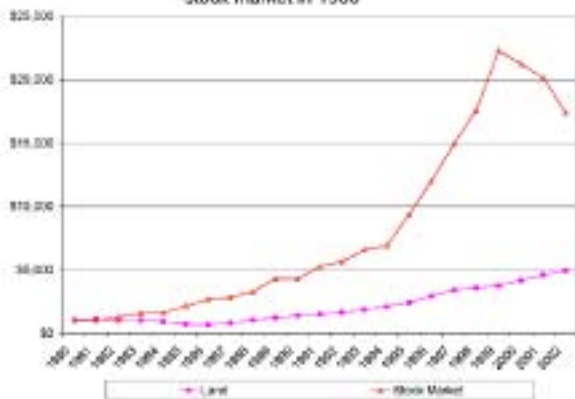


Figure 4. Value of \$1000 invested in land or stock market in 1990



Will farm families retain ownership of farmland?

LAND VALUES (continued from page 9)

demand. Weather and technological changes have a tremendous influence on the supply. And, in the global economy, changes in supply and demand conditions around the world can impact Iowa land values.

Long-term influences

In the longer term, there are changes occurring in agriculture that will have an influence on land values. One of these is the structural change of increasing farm size. If this trend continues, there will be fewer farms and farmers. This will alter many aspects of the rural countryside, including land values.

Another element of change is the increasing age of Iowa farmland owners. Based on Iowa State University studies, 38 percent of Iowa farmland was owned by people over the age of 65 in 1997. This means that over the next few years a sizeable percentage of Iowa farmland will change hands. Will it enter the market, will family members retain control, or will it be divided? No one knows for sure, but this is likely to have an impact on land values.

The performance of the land and stock markets has been nearly equal over the past 50 years. But, timing has been important. From 1970 to date, land has outperformed the stock market. From 1980 to date, the stock market has done better. More recent track records show the land market has produced higher returns than the stock market.

What are the future investment trends? What will happen to land values? These questions are difficult to answer. At present, in my opinion, land values will continue to hold steady with only slight changes. There will be year-to-year variations, depending upon the current conditions and outlook for agricultural returns. In the long run, I think that land values will increase. But, for how long and by how much, no one knows. And, there is always the potential for downside risk if the government support programs change substantially. From 1970 to date, land has outperformed the stock market. From 1980 to date, the stock market has done better. More recent track records show the land market has produced higher returns than the stock market.

New help for organic producers

By Senator Tom Harkin
Guest contributor

Organic production is the fastest growing segment in agriculture, so it makes sense that the new farm bill included many provisions that relate directly to organic agriculture. The Farm Security and Rural Investment Act of 2002 provides resources such as direct help to organic producers, organic farming research, greater access to conservation programs, and increased specialty crop purchases.

One of my goals over the years has been to increase support for organic and sustainable agriculture research. For the first time, the 2002 farm bill provides federal research funds for organic agriculture. The organic research and extension initiative will provide \$3 million each year from fiscal years 2004 to 2008 for innovative research targeted to organic production and processing. In addition, as a member of the Appropriations Committee, I worked to include almost \$20 million for the Sustainable Agriculture Research and Education (SARE) program in the Senate version of the Agriculture Appropriations bill for fiscal year 2003. The SARE appropriation has \$15 million for research (a \$2.5 million increase) and \$4.75 million for extension and outreach activities.

The farm bill requires a study on the availability of organic feed to help identify barriers to the production of organic products. As part of this study, Iowa State University will be surveying Midwest organic grain producers and dealers about their planting and harvesting intentions for 2002 through 2004. I was concerned about recent reports that some producers could not find adequate amounts of organic feed. By including provisions for this study in the farm bill, the integrity of any future organic labels for meat and poultry is assured.

In the past, too many producers were unable to benefit from farm bill conservation programs. This new farm bill invests more than any previous one in conserving our soil, water, wildlife and other resources. With an 80 percent increase above current levels, conservation funding in this bill will deliver solid environmental gains across Iowa and the nation. Besides increasing funds, the new farm bill strengthens and improves existing conservation programs and establishes

new ones to fill gaps and meet new challenges. It also strikes a far better balance between taking land out of production and supporting conservation on working agricultural land. The changes will help ensure that producers who take a comprehensive approach to on-farm conservation are rewarded for their efforts.



Senator Harkin

Organic producers will benefit from many of the conservation programs in the farm bill, but most particularly with the Conservation Security Program (CSP). The CSP is an entirely voluntary system to reward farmers for both adopting new conservation practices and for maintaining existing ones on land in agricultural production. It is open to producers of all types of crops, including those who have seen little or no benefit from previous USDA commodity and conservation programs. Unlike any other program, CSP relies on incentives to encourage farmers to manage all resources on the farm – soil, water, plants, animals and air – comprehensively and sustainably.

To help organic producers and handlers meet the costs of organic certification, the farm bill provides \$5 million for a national organic certification cost-share program. Producers may receive up to \$500 through cost-share payments for 75 percent of the costs related to certification.

Under the farm bill a person who produces and markets only 100 percent organic products will be exempt from paying an assessment for commodity promotion check-off programs. This provision will give organic producers an option they have not had regarding contributions to generic commodity promotion programs.

I am confident that organic producers will benefit both directly and indirectly from many parts of the farm bill. Again, I thank you for all of your advice and support throughout the process of enacting this important legislation and I look forward to hearing from you as it is implemented and carried out.

Senator Tom Harkin (D-Iowa) chairs the Senate Agriculture Committee.

A fresh way to describe a farm

The Farm As Natural Habitat: Reconnecting Food Systems with Ecosystems

Dana L. Jackson and Laura L. Jackson, eds
Island Press 2002
250 pp., \$25

Coming up with new metaphors for the farm is essential to agriculture's future. For more than 50 years, we have been engaged in a process of redesigning the farm to make it function more like an industry. Farms, like most industrial operations, have concentrated on accessing cheap energy flows, externalizing costs, reducing labor, and producing bulk commodities as cheaply as possible. All of this led us to ignore some vital parts of any farm—especially the ecological capital on which it depends.

In their delightful new book, Dana Jackson and Laura Jackson help us begin thinking about the farm as a natural habitat. They take issue with the notion—all too prevalent among farmers and environmentalists alike—that the farm has to be an “ecological sacrifice zone,” that only wilderness preservation can protect biodiversity, and that agriculture and wilderness are opposing concepts.

In addition to their own viewpoints – Dana is associate director of the Land Stewardship Project in White Bear Lake, Minnesota, and Laura is associate professor of biology at the University of Northern Iowa – the Jacksons have added other perspectives. Contributors include Nina Leopold Bradley who wrote the

introduction and ecologist Brian DeVore.

The Jacksons, also intimately involved in the development of “natural systems agriculture” with Laura’s father and founder of The Land Institute in Salina, Kansas, are not backing away from that long-term vision for agriculture. Rather, they encourage farmers and others to consider ways to restore the agricultural landscape with crops and practices available now while researchers continue efforts to develop perennial crops. The Jacksons contend, correctly I think, that if we were to adopt new farm policies and develop new markets that would encourage farmers to return to diverse crop rotations, including sod-forming crops, and extend the cultural knowledge to make that transition, we could change the agricultural landscape “within a decade.”

The Jacksons also draw our attention to the need for social transformations in food and agriculture. “*The Farm as Natural Habitat* is about the connection between the grocery list and the endangered species list,” they tell readers at the start of the book.

We need to become better acquainted with the connections between our eating habits and farm habitats if we want to achieve our goal of a more sustainable future. This collection of essays helps us to understand some of those connections—and it is therefore a book not only instructive for farmers but for everyone who eats. – Fred Kirschenmann

As a guest of Iowa for three years, I have a soft spot for the people and its agriculture and natural resources. Two almost simultaneous announcements caused me to question the direction Iowa is headed. First was the editorial ... announcing that another record has been set for nitrate levels on the Raccoon River in Des Moines. The second was the Iowa Legislature’s decision on May 28 to “transfer” \$1 million from the groundwater protection funds that pay for the Leopold Center’s work in research, demonstration and education related to nutrient pollution and sustainable agriculture ... The genius of the 1987 legislation to place a tiny tax on fertilizer to fund research on less-polluting agriculture is the envy of the sustainable agriculture world. And yet, the state seems prepared to throw it all away ... When you wonder about the record levels of nitrate in your rivers and the expensive struggle of your water utilities to keep your drinking water within legal limits, look to yourselves and your elected representatives. These decisions are not worthy of the Iowa I knew and loved.

– Bill Vorley, Int’l Institute for Environment and Development,
London, and visiting Leopold Center researcher, 1994-97
Published July 19, 2002, *Des Moines Register*

New project highlights rural success stories

Stories about Iowa farmers, small business owners and others are being collected for a new project that highlights innovative ways rural Iowans are making a living while contributing to their local communities and protecting the natural environment.

Their stories will be posted on the project’s web site, and 40 will be published in a companion book to be released in the coming year.

The project, *Renewing the Countryside*, is a collaboration of the Iowa Rural Development Council, the Leopold Center for Sustainable Agriculture, Great Plains Institute for Sustainable Development, Iowa Natural Heritage Foundation and the Institute for Agriculture and Trade Policy.

The Iowa version of *Renewing the Countryside* is part of a larger, regional project that spotlights examples of innovation and positive change in the rural Great Plains. Developed in Minnesota in 2001, *Renewing the Countryside* editions are being created in several Midwestern states. The idea is patterned after a similar effort in the Netherlands.

The project includes a diverse mix of Iowa stories in several areas:

- Sustainable Farming: raising food and goods while caring for the land
- Direct Marketing: closing the distance between producers and consumers
- Product Innovation: developing new products or increasing local profits by adding value through processing or product development
- Harvesting Nature: sustainably harvesting forests, prairies and waterways
- Conservation: wisely using and protecting our natural resources
- Tourism and Culture: valuing and marketing connections to rural landscapes
- Community: fostering community relationships in innovative ways
- Learning: approaching learning and personal growth creatively
- Renewable Energy: establishing new energy sources to protect natural resources

To suggest ideas for stories, contact Beth Danowsky at the Iowa Department of Economic Development, (515) 242-4875, Beth.Danowsky@ided.state.ia.us, or Shellie Orngard, (515) 294-6998, sorngard@iastate.edu.

The Minnesota project is on the web at <www.renewingthecountryside.org>.



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Letter

A blue-ribbon day at the Iowa State Fair for two Iowa families in sustainable ag

The presentation of the first Spencer Award for Sustainable Agriculture during a livestock show at the Iowa State Fair in August celebrated the work of two Iowa families.

David and Amy Petersen of Blue Grass became the first recipients of the Spencer Award. They were honored for their work in building a diversified crop and dairy operation that supports their family on a 160-acre farm.

"We hope the award will encourage other farmers, researchers and educators to test and document their ideas for sustainable agriculture," said Bob Spencer, whose family donated funds to establish the award named after his parents who farmed in northwest Iowa for 40 years.

Spencer said he was pleased that the Petersens planned to use the \$1,000 award to refurbish an existing windbreak on their farm and to establish a new grove of trees. He recalled that in the 1870s his great grandfather, who homesteaded in Woodbury County, brought seedlings with him for a nursery and used them on his own farm, the nearby town of Merville and on his neighbors' new farms.

HIGHLIGHT EVENT



Bob Spencer congratulates the Petersen family.

In the spotlight (from left): award donor Bob Spencer, LaCrosse, Wisc.; recipients David and Amy Petersen and children Dana and Nolan; Mike Duffy, associate director of the Leopold Center; and Jim Penney, advisory board chair.

