New Horizons

Farm field, Grand Isle, Vermont. Photographs for this article, including back cover, by Julie Weinstein.
Dramatic changes in farm technology, efficiency, marketing, and farm structure occurred throughout the 20th century and continue at a rapid pace in the New England farm sector. Fifty years ago, a New England farmer’s chief competitor was down the road or in a nearby state. Today competition is often global—and almost always with the distant U.S. farm regions of the West.

What agriculture should we sustain in New England? Are we willing to stand on the sidelines and let free market forces take their course? Can farm entrepreneurs be catalysts for development of rural communities? With Congress gearing up to rewrite the Farm Bill in 2007, what are appropriate policy goals for New England?

**Does New England Agriculture Matter?**

The fact is, less than one percent of New Englanders farm (0.82 percent as of 2002). Viewed another way, $1.98 billion of farm production in 2002 amounted to about 0.35 percent of New England’s state gross domestic product (GDP).

The value of sustaining a healthy agricultural economy in our region is clearly not about population numbers or primary economic impact. Agriculture is more significant in terms of local economic impact. For example, farmers account for 4.5 percent of Vermont’s population and the gross value of agricultural production is a healthy 2.5 percent of the state’s GDP.

There are at least four other reasons why New England agriculture matters:

- **Economic multiplier.** Agriculture has a substantial economic multiplier. For New England, 12.2 percent of our total 2002 employment was farm and farm-related. The U.S. Department of Agriculture defines this statistic to include farmers, those who produce and sell inputs to farmers, those who process and market products using raw materials from farms, and those in wholesale and retail trade of food and fiber products.

- **Land use.** Agriculture plays a big role in New England land use. The 2002 Census of Agriculture indicates that 10 percent of our land is in farms. Any vision for New England’s future land use necessarily involves its farms.

- **Quality of life.** Agriculture affects New England’s uniqueness in terms of quality of life for both residents and tourists. Vermont’s dairy farms, the Connecticut Valley’s tobacco barns, Plymouth County’s cranberry bogs, and Downeast Maine’s wild blueberry fields help define our region. And thousands of roadside stands, in-city tailgate markets, pick-your-own offerings, bed-and-breakfasts, and corn mazes strengthen New England’s tourism industry and provide memorable experiences for local consumers.

- **Environment.** The environmental boon of properly managed land in active farm production is rapidly emerging as a serious benefit of agriculture, and is looming even larger in public policy. Active and well-managed farmland supports diverse wildlife populations and is more benign to watershed hydrology than suburban subdivisions. Crops, pastures, and forests are critical links in our planet’s carbon-dioxide ecology.

**A Vision on the Horizon**

In 2005, the national Farm Credit System (FCS) undertook Horizons, a comprehensive research and market-assessment project that examines agriculture and rural America and analyzes trends for the future. Three FCS entities serve New England: First Pioneer Farm Credit, ACA (agricultural credit association); Yankee Farm Credit; and Farm Credit of Maine.

Although New England agriculture differs from other U.S. farming regions in average farm size and other ways, the region is on the same fundamental trajectory for nearly all major American agricultural trends, just more advanced. New England’s experience may well be a leading indicator of agriculture’s direction. For example, New England has been ahead of most other U.S. regions in diversifying into both niche-farming enterprises and agritourism.

Each of the eight Horizons conclusions has meaning for the future of New England agriculture.
Heterogeneity
American farmers are not a homogeneous group. There is tremendous diversity in farm size, annual revenue, ownership structure, and marketing approaches. To a lesser extent, there is an emerging diversity in the age, ethnicity, and gender of owners and operators. An overwhelming majority of small-scale U.S. farms dominate the food and fiber production system. New England agriculture is even more diverse, and has substantially more niche and direct marketing than major American farming regions. Moreover, new people are entering agriculture: The 2002 Census found that 11 percent of New England farmers began farming within the previous four years.

Diversification
Relatively few farming-only businesses remain. The majority of farmers, especially small operators, rely on a wide array of nonfarm jobs to stay in agriculture. Even larger farmers diversify their income as a risk-management strategy through agriculture-related or nonfarm investments such as trucking, landscaping, building maintenance, and snowplowing. In New England, 76 percent of farmers earn more than half their income off the farm. Only 11 percent are 100 percent reliant on farming.

Evolution
Business models and farm-ownership structures continue to evolve. Farmers depend on a wide range of businesses for products and services (such as crop-input suppliers, livestock feed dealers, veterinarians, lenders, and crop consultants). The businesses may or may not be owned by farmers or be located in a rural community, but all are essential to the economic viability and quality of life for farmers. In New England, farmers are innovative entrepreneurs, developing businesses that include everything from on-farm bakeries to methane production.

Bright Future
Although the number of farmers, agriculture-related jobs and industries, and agriculture-dependent communities has declined, the future of both U.S. and New England agriculture remains bright. The competitive pressures of globalization and technological advances have resulted in more consolidated, efficient systems for producing food and nonfood products. Nevertheless, small and niche agricultural enterprises have injected local communities with new vitality. Examples include farms with ice cream stands and petting zoos, elaborate corn mazes open to the public, and bed-and-breakfast businesses on farms. Agriculture will increasingly be a source of energy production, feedstocks for industry and medicine, and other value-added products.

Farming in the Shadow of the City
Some rural areas retain few ties to agriculture. Conversely, more agriculture and related businesses are located in suburban areas and near metropolitan centers. It is becoming increasingly difficult to define a rural community solely by population density. Rural communities continue to grow if they are located near growing urban areas or regional economic centers blessed with scenic resources or designated as attractive retirement destinations. According to the 1997 Census of Agriculture, 47 percent of New England farms were in metro counties and were producing 53 percent of the region’s dollar value of production on 34 percent of New England’s farmland.5

Collaboration
Regional collaboration, public-private partnerships, and coalitions of investors are key to the future of many rural communities. To create new jobs, attract new business, and foster an environment for future economic development, agricultural America...
must find new ways to reinvest farm real estate equity and to form partnerships among financial institutions, government, universities, rural economic development agencies, and local farm and community leaders. Some states are developing agricultural innovation centers with the objective of bringing together scattered public, private, and industry resources to support entrepreneurial agriculture.

**Entrepreneurship**

Entrepreneurs remain the lifeblood of American agriculture and rural communities. Historically, the ingenuity of American farmers and ranchers drove U.S. agriculture’s productivity growth. Today’s rural entrepreneurs, farmers, and ranchers continue to need access to capital, essential infrastructure, and business support services. New entrants to New England agriculture, often with no prior farming background, are a healthy sign of continued entrepreneurial vitality. Public policy that supports entrepreneurial activity and provides access to capital markets will be critical.

**Access to Capital**

Ongoing access to debt and equity capital is essential for the future prosperity of agriculture and rural communities in New England and across America. Farms, rural businesses, and communities need access to dependable, competitive financial products and services to thrive in this rapidly changing environment. Initiatives such as First Pioneer Farm Credit’s FarmStart will provide small working-capital investments for start-up farms in the company’s six-state service region. As we celebrate the Farm Credit System’s 90th anniversary, we hope the Horizons initiative will be embraced by all who seek a bright role for agriculture in the New England economy.


**Endnotes**


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**True or False?**

The answers you should know before you get a mortgage

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**Know Before You Go . . . To Get A Mortgage**

**True or False?**

How many of these True or False questions do you know the answer to?

- Mortgage lenders are required to give me the lowest rate available.
- No matter what type of mortgage I have, as long as I continue to make monthly mortgage payments, my principal balance will fall every month.
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- If a broker or lender is willing to lend me the money for my dream house, I must be able to afford it!
- I can always refinance my mortgage in the future.

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