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US Food and Agriculture: present and (perhaps) future situation

In 2013, according to the latest available world data, US agriculture was second in the world by value of current GDP (\$311 billion), just after China and before India, Brazil and Indonesia, France ranking 9th. The same year, the US ranked first for crop and livestock products exports (\$148 billion), before the Netherlands, Brazil, Germany and France ([FAOSTAT](#)).

Beyond its economic weight, the US food and agriculture sector has, in many respects, been on the forefront. For example, it was first to innovating in the technological domain through mechanisation and massive use of chemical inputs. From an economic point of view, the sector has seen considerable capitalisation of agriculture and concentration of property: the average size of farms has grown from around 200 acres (80 hectares) in the 1930's to close to 500 acres (200 hectares) after 1970. For the sake of comparison, the average size of farms in France was 135 acres (55 hectares) in 2010.

It is therefore of use to analyse the current situation of the US food and agriculture sector and figure out some of the changes that may (or may not) occur in the near future.

Current situation

A good picture of what food and agriculture looks like in the US is provided by "[Ag and Food Statistics - Charting the Essentials, 2017](#)" published by the [Economic Research Service](#) (ERS) of the US Department of Agriculture.

One of the most striking features that emerges from the data set and infographics presented in the ERS publication (see **Figure1**) is the impressive importance of food services in food consumed by Americans: more than 1/3 of the money paid by consumers in the US for their food goes to making, transporting, and dispensing prepared foods. As a result, out of a total of 21 million jobs offered by the food and agriculture sector (11% of total employment in all sectors), 11.9 million jobs are in food services, drinking and eating places, compared to only 2.6 million in farming. These jobs are underpaid, particularly in food services and forestry and fishing where average GDP generated by job is very low (less than \$3000 per month) compared to farming (around \$4000 per month) or food, beverage and tobacco manufacturing (more than \$12,000 per month).¹

Over time, the share of prepared foods in people's diet has increased, while there has been a parallel decrease of the amount of food prepared at home - and of the time dedicated to this activity. In the US, spendings on food away from home has more than doubled between 1990 and 2014 to surpass at-home food sales for the first time. This new consumption model has also been making swift progress in other rich countries where consumers have increasingly been relying on processed and ready-to-eat food. In recent years, particularly since the 2007-2008 food crisis, it seems that this model has spread to

¹ Hungerexplained's estimation based on USDA charts.

in poor countries and is being increasingly adopted by consumers, including the poor [read].

This model is known to have negative consequences on both the environment and consumer health, as processed food is rich in salt, sugar, numerous additives and saturated fats [read]. It also impacts on the share of the final price paid by consumers that goes to farmers. In the US, this share is only 8.6% on average. In the EU, it was 21% in 2011, down from 31% in 1995 [read], and this downward trend continues today. This “squeezing” of farm-gate prices is also certainly one factor of the crisis that is hitting European agriculture and triggering a vast movement of restructuring of the sector and many farmer suicides. This model equally has an impact on the family life style, joint meals being increasingly replaced by individual snacks, often taken in front of a screen. Recently, in the US, prices received by farmers have been decreasing in 2015 and 2016, and net farm income has been on the decrease since 2013, despite a continued increase of production and productivity.

Figure 1 - Where does the food expenditure go in the US in 2015



Source: USDA, 2017.

Looking at the food insecurity situation in the US, the ERS publication stresses the fact that food expenditure amounts to as much as 1/3 of total expenditure made by the 20% poorer households (only 8% in the case of the richest 20%). Near to 40% of the households with income below the poverty line are food insecure. Most hit households categories are single mothers (31% of this category), single fathers (23%) and black non-Hispanic (22%). Spending by USDA on food and nutrition assistance programmes has exploded during the 2008-09 crisis and has surpassed annually \$110 billion during the early years of the second decade of this century.

From a nutritional point of view, US consumers eat too much meat, eggs, nuts and grain than what is recommended, and the trend is still on the increase, while consumption of vegetables, dairy and fruit are below recommendations.

A possible future...

Despite this rather bleak picture from a social, economic and health point of view, the US food and agriculture sector has seen a mushrooming of local food initiatives and organic food schemes, some of which were supported by public funds. It was hoped that the turn-over for local food could hit \$20 billion in the coming years. But this projection may have been over-optimistic now that there are indications in the USDA budget proposal made by the new administration that public support to this sector could be cut substantially. Indeed, the proposal envisages cuts in the Department's support to Community programmes and in programmes within the Rural Business and Cooperative Service, the elimination of the Economic Development Administration, a key financing partner on major local food infrastructure projects, and several other cuts that will affect local food activities. [[read](#)]

This policy orientation is unfortunately likely to lead to a further consolidation of the long term trends observed in the past that are well described in the ERS publication.

* author's estimation based on USDA charts.

To know more:

- United States Department of Agriculture, "[Ag and Food Statistics - Charting the Essentials, 2017](#)", [Economic Research Service](#) (ERS) of the US Department of Agriculture, 2017
- E. Starmer, [What will the USDA budget mean for local food?](#), The Food & Environment Reporting Network (FERN) AG insider, 2017
- Matthews, A., [Farmers' share of food chain value added](#), capreform.eu, 2015

Earlier articles on hungerexplained.org related to the topic:

- [What are the challenges to be met in order to secure a sustainable future for our food system?](#), 2017
- [The impact of the 2007-2008 food security crisis: the uncounted social and economic cost of resilience](#), 2016
- [Facts and figures on world hunger](#), 2015
- [Food, Environment and Health](#), 2014 (updated 2017)
- [More resources are needed to combat hunger in rich countries](#), 2014
- [US Farm Bill: farm lobby interests preserved, food aid to poor US citizens cut: limited improvement in the US food aid policy abroad](#), 2014.