

## Chapter 8

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### **Community-Supported Agriculture**

This chapter shows the overall failure of competitiveness-oriented modern agribusiness, which produces low quality food and generates detrimental effects on nature, human health, and society. Community-supported agriculture presents a major alternative to unsustainable modern agribusiness. Ecological sustainability and social integration require strict limitations on both the supply and demand sides of economic activities.

#### **1 Modern Agribusiness**

Modern agribusiness means large-scale, industrialized, vertically integrated food production systems. It encompasses the entire chain of agriculture-related business, including the supply sector (seeds, agrichemicals, and machinery), the basic production sector (crop and animal husbandry) and the food industry/trade sector (food processing, storage, transport, distribution, marketing, advertising, and retail sales). The ultimate end of corporate farming is to vertically integrate the entire process of food production, from the development of proprietary strains of DNA through the distribution and sale of food to consumers.

Modern agribusiness imposes dangers on both natural ecosystems and social communities. Contaminated with chemicals, the products of industrial agriculture are of

low quality and their dietetic value is poor. Improving the technologies and using higher industrial inputs do not seem to encourage suitable solutions. The root of the problem is that modern agribusiness is - in the words of German classical economist *Albert Thaer* – “a form of industry, where the goal is to make profit by using products of plant and animal origin.” Striving for income maximization agricultural management systems have been created that, due to their negative environmental impact and other adverse effects, have made agriculture antagonistic to the well-being and the long-term interests of society. Industrial agricultural systems focus exclusively on production and neglect the biological and social functions of the landscape. Its methods and technology are selected based solely on their efficiency, productivity and profitability.

Modern agribusiness provides significant economies of scale. It is criticized for its tendency to concentrate food production through the adoption of methods designed to maximize crop yield. At the same time, through a process of vertical integration, corporate farming results in the concentration not only of ownership of the means of production, but also the distribution and sale of food produced.

A critical consideration is whether the quality of the food that reaches the consumer is as good as it would be under alternative structures of ownership and production. To the extent that corporate farming primarily seeks to maximize profit, this is seen as adversely impacting nutritional value, freshness and flavor, as well as the range of products available for consumers. Corporate farming practices may also more readily involve the use of genetically modified crops, hormones, preservatives, color additives and insecticides.

Modern agribusiness is *disembedded* from its environmental and social context and mostly considers the natural environment and human persons as mere means to accomplish its own purposes and goals. The dominating *self-centered orientation* of modern agribusiness leads to decision paralysis that produces ecological destruction and human deprivation.

Perverse decisions of modern agribusiness appear in such phenomena as *discounting* in *space* and *time*. The general theory of discount can help us to analyze these phenomena. (Zsolnai 2002)

Decision-makers usually *overvalue* things *here and now* in comparison with things far and later. This phenomenon is produced by the mechanism of discounting.

The main regularities of discounting in space and time can be studied in the following decision problems.

(1) Choose between making a *gain G here and now* and making the same *gain G far and later*.

The majority of decision-makers prefer the first alternative (a gain here and now) against the second one (the same gain far and later). "A bird in the hand is worth two in the bush" - people *discount gains* that are *distant* in *space* and *time*.

Now let us study the inverse situation.

(2) Choose between accepting a *loss L here and now* and accepting the same *loss L far and later*.

The majority of decision-makers prefer the second alternative (a loss far and later) against the first one (the same loss here and now). People put off negative things till the morrow because they *discount losses* that are *distant* in *space* and *time*.

The next decision problem is the combination of (1) and (2).

(3) Choose between making a *gain G here and now* and, at the same time, accepting a *loss L far and later* and accepting a *loss L here and now* and, at the same time, making a *gain G far and later*.

The majority of decision-makers prefer the first pair of alternatives (a gain here and now as well as a loss far and later) against the second pair of alternatives (the same gain far and later as well as the same loss here and now) because they undervalue gains and losses that are distant in space and time.

Decision-makers use special *discount rates* to value things distant in space and time. If the distance of a thing in space or/and in time is great enough, then its present value becomes extremely small. Also, the present value depends on the applied discount rate: the greater the discount rate, the smaller the present value. The present value of a thing is determined by the applied discount rate and its distance in space and time.

Discounting in space and time may produce negative consequences in business decision-making. Decision-makers who strongly discount things in space and time are interested in neither the solution of long-range ecological and human problems nor the global impacts of their activities on the natural environment and human communities. (*Table 1*)

Table 1 *Self-centered Choices of Modern Business Organizations*

	here and now	far and later
gains	<b>favored</b>	<i>disfavored</i>
losses	<i>disfavored</i>	<b>favored</b>

The self-centered orientation of modern agribusiness produces profits and increases productivity at the expense of the *environment, society* and *human health*.

## **2 Community-supported Agriculture as an Alternative**

*Ecological sustainability* requires that economic organizations interact with the ecosystem in a way that the health of the ecosystem is not damaged. *Social integration* requires that the activities of economic organizations (i) ensure a decent livelihood for workers, (ii) provide customers with real values, (iii) make fair trades with suppliers, and (iv) establish collaboration with local communities. These requirements presuppose that the aggregate demand for natural resources is limited, the technologies used are environmentally sound and socially appropriate, and the aggregate waste of economic entities is also limited.

The problems presented by modern agribusiness—namely, increasing dependency on energy, fertilizer inputs and transportation; fewer jobs in the countryside; increasing levels of environmental pollution; ever-greater distrust in food by consumers, and insecurity of farmers—can only be overcome if both consumption and production patterns are changed. The approach taken by *community-supported agriculture* offers one particular way of solving this problem: bringing together producers and consumers through a local food network.

Community-supported agriculture (CSA) represents an ecologically sound and socially beneficial alternative to the destructive modern agribusiness. The essence of CSA is that a group of people agrees to buy, in advance, shares of a farmer's harvest of food grown in an ecologically sound manner. It is necessarily a small-scale system whose central decision-making body is the group formed by the farmer and the consumers. CSA adopts a long-term perspective: de-commodify food and land, and reject monoculture and chemicals. CSA strives to foster trust, to build value-community, and to unite people with the land and farm. (Dyck, 1994)

Community-supported agriculture began in the early 1960s in Germany, Switzerland, and Japan as a response to concerns about food safety and the urbanization of agricultural land. Groups of consumers and farmers in Europe formed cooperative partnerships to

fund farming and pay the full costs of ecologically sound, socially equitable agriculture. In Europe many of the CSA-style farms were inspired by the economic ideas of Rudolf Steiner, and experiments with community agriculture took place on farms using biodynamic agriculture. In 1965, mothers in Japan concerned about the rise of imported food and the loss of arable land started the first CSA projects, called teikei (提携) in Japanese, which were most likely unrelated to the developments in Europe.

The idea took root in the United States in 1984, when *Jan Vander Tuin* brought the concept of CSA from Europe to North America. Vander Tuin had co-founded a community-supported agricultural project named Topinambur, located near Zurich, Switzerland. Coinage of the term, community-supported agriculture, stems from Vander Tuin and the Great Barrington CSA that he co-founded with *Robyn Van En*, its proprietor. Since that time, community-supported farms have been organized throughout North America, mainly in the Northeast, along the Pacific Coast, in the Upper Midwest, and Canada. North America has at least 1,300 CSA farms, with estimates ranging as high as 3,000. One of the largest CSAs in the US is Angelic Organics.

CSA generally is the practice of focusing on the production of high quality foods for a local community, often using organic or biodynamic farming methods and a shared-risk membership/marketing structure. This kind of farming operates with a much-greater-than-usual degree of involvement by consumers and other stakeholders — resulting in a stronger-than-usual consumer-producer relationship. The core design includes developing a cohesive consumer group that is willing to fund a whole season's budget in order to get quality foods. The system has many variations on how the farm budget is supported by the consumers and how the producers then deliver the foods. By CSA theory, the more a farm embraces whole-farm, whole-budget support, the more it can focus on quality and reduce the risk of food waste or financial loss.

In its most formal and structured European and North American forms, CSAs focus on having the following:

- (i) a transparent, whole-season budget for producing a specified wide array of products for a set number of weeks a year;

(ii) a common-pricing system where producers and consumers discuss and democratically agree to pricing based on the acceptance of the budget; and

(iii) a “shared risk and reward” agreement; i.e., an understanding that the consumers accept what the farmers grow despite the vagaries of seasonal growing.

Thus, individuals, families or groups do not pay for x pounds or kilograms of produce, but rather support the budget of the whole farm and receive weekly what is seasonally ripe. This approach eliminates the marketing risks and costs for the producer and an enormous amount of time (often manpower, too), and allows producers to focus on quality care of soils, crops, animals, co-workers — and on serving the customers. There is financial stability in this system, which allows for thorough planning on the part of the farmer, and emotional investment on the part of the members.

Some farms are dedicated entirely to CSA, while others also sell through on-farm stands, farmers' markets, and other channels. Most CSAs are owned by the farmers, while some offer shares in the farm as well as the harvest. Consumers have organized their own CSA projects, going as far as renting land and hiring farmers. Many CSAs have a core group of members that assists with CSA administration. Some require or offer the option of members providing labor as part of the share price.

Some CSAs have evolved into social enterprises employing a number of local staff, improving the lot of local farmers and educating the local community about organic/ecologically responsible farming. Australia's Food Connect is a unique social enterprise that is now competing with the major supermarkets.

Typically, CSA farms are small, independent, labor-intensive, family farms. By providing a guaranteed market through prepaid annual sales, consumers essentially help finance farming operations. This allows farmers to not only focus on quality growing, it can also level the playing field somewhat in a food market that usually favors large-scale, industrialized agriculture over local food.

Vegetables and fruit are the most common CSA crops. Many CSAs practice ecological, organic or biodynamic agriculture, avoiding pesticides and inorganic fertilizers. The cost of a share is usually competitively priced when compared to the same amount of produce conventionally grown, partly because the cost of distribution is lowered.

Method of distribution is a distinctive feature in CSA. In the US and Canada, shares are usually provided weekly, with pickups occurring on a designated day at a given time. CSA subscribers often live in neighboring towns and cities, so local drop-off locations, convenient to a number of members, are organized, often at the homes of CSA members. Shares are also usually available on-farm.

CSA is different from buying clubs and home delivery services, where the consumer buys a specific product at a predetermined price. CSA members purchase only what the farmer is potentially able to grow and harvest; in essence, CSA members share some of the growing risk with the farmer. If the strawberry crop is not successful, for example, the CSA member will share the burden of the crop failure by not receiving strawberries for the season or receiving lower quality strawberries. CSA members are also more actively involved in the growing and distribution process, through shared newsletters and recipes, farm visits, farm workdays, advance purchases of shares, and picking up shares. (Wikipedia 2009)

What advantages can CSA provide for the producers and for the consumers? The circle of constant buyers means a secure income for the producer. Based on the financial and moral support of the buyers, the farmer can concentrate on production and the food-making process. There is no need for agents or dealers. In addition, a personal, close connection can be established between farmers and consumers who regularly give feedback and between the farmers themselves. (Henderson and Van En, 1999; Pilley, 2001)

Joining a CSA farm has many advantages for consumers as well. They can often get fresh, healthy, secure food cheaper than in shops. They are fully aware of the advantages of seasonal food consumption. They know the farm and farmer they buy their food from, and as part of a community, they directly support a local farmer. The main guarantee for getting secure and healthy food is that CSA farms use ecological or biodynamic methods

(Henderson and Van En, 1999). Often this means having officially controlled, certified biofarming that standardizes the environment-friendly farming methods. This makes it easy for biofarmers to get up-to-date information, and especially in the case of new members, it can help to build trust. (Henderson and Van En, 1999) Many farmers, however, disregard the official certification, because the consumers trust them even without an external control.

To sum up, the main features of CSA are as follows:

- (i) Consumers know the farmer(s) producing their food and have access to the field where their food is grown;
- (ii) Farmers produce for a known group of consumers and can be sure to sell at least a part of their products to them (in certain cases all of the products);
- (iii) Food production and consumption is kept local, thus food miles are reduced and the local economy is strengthened;
- (iv) Generally organic methods of production are used, and levels of environmental pollution are greatly reduced;
- (v) The risks inherent in agriculture are shared among producers and consumers.

It needs to be emphasized that CSA is an approach rather than a single and fixed method, and it is always important to adapt its principles to the particular local context and circumstances.

It is worth having a look at the motivations of the community when analyzing the social concerns of CSA. Members of the community who are shareholders, clients or occasional supporters of the farm are generally well-educated, environmentally conscious families with small children, or elderly people longing for the “good old tastes.” Although the members belong to different income levels, their common feature is that they are committed to healthy (bio)food, for which they are willing to pay a higher price.

The motivation of the farmer lies in the fact that instead of participating in the global market, he or she is responsible for satisfying the needs of his or her own circle of clients.

This is probably the main reason the CSA farm leaders attain greater satisfaction from their work than farmers running conventional farms. (Pilley, 2001)

Often the CSA farms undertake an educational role, too. This can be accomplished in many ways, such as by teaching volunteers or accepting trainees, but the methods employed can also be incorporated into school programs. A great advantage of the CSA farms is also that they offer new workplaces, because ecological farming requires a larger workforce than conventional farms. Very often, especially in the case of biodynamic farms, they offer government-subsidized work opportunities for people who possess a variety of capabilities.

As CSA farms are based on the relationships between farmers and consumers, the quality and continuity of contact is extremely important, even if in the form of newsletters or letters attached to the weekly product boxes. Electronic communication is becoming more and more popular, which is important not only in furthering communication between farmers and consumers, but also in helping the CSA farms create a community. (Henderson and Va En, 1999)

The profitability of CSA farms is also an important factor. The profits associated with this kind of farming are not as high as those of industrial agriculture, but at the same time, due to the pre-financing arrangements, the farmer has a relatively constant income. The community often helps with financial support or charity donations to develop the farm. Sometimes the land, the buildings, or the means of production are owned by the community.

Since the majority of CSA farms employ ecological or biodynamic farming, many positive impacts on the natural environment are engendered. An important one is that using the local varieties helps sustain biodiversity and the variation of landscape. Also, due to the environmentally friendly pest control methods, the accumulation of toxins in the soil decreases. Finally, as food production and consumption are carried out on the local level, the so-called food kilometers become much shorter; that is, the energy needs and the level of harmful environmental impacts connected with transportation also decrease. (Pretty et al., 2005)

### 3 Principles of Community Economy

*Aristotle* made an important distinction between "oikonomia" and "katalaxia." *Oikonomia* involves the activities that satisfy the material needs of the family while *katalaxia* means to produce goods, especially food for trade outside the community. *Oikonomia* has a limiting principle since the material needs of the family are finite. Contrarily, *katalaxia* has no limiting principle because it is driven by the commercial activity of moneymaking. While *oikonomia* concerns sufficiency, *katalaxia* concerns the maximization of monetary gains.

Following *Aristotle's* distinction *Karl Polanyi* formulated his substantive theory of the economy. He distinguished between the formal and the substantive meanings of the term "economic." (Polanyi 1977)

The *formal* meaning of "economic" springs from the logical character of the means-ends relationship, as in economizing or economical; from this meaning springs the scarcity definition of economic. Contrary to this, the *substantive* meaning of "economic" points to the elemental fact that human beings, like all other living things, cannot exist for any length of time without a physical environment that sustains them; this is the origin of the substantive definition of economic.

The substantive meaning stems from man's patent dependence for his livelihood upon nature and his fellows. Man survives by virtue of an institutionalized interaction between himself and his natural surroundings. That process is the economy, which supplies man with the means of satisfying his material needs. So in the substantive sense "economic" denotes nothing other than bearing reference to the process of *satisfying the material needs of the community*.

The norm logically implied in the formal meaning of economic is to *make the best of one's means*. It refers to situations where choice is induced by an insufficiency of means, a condition of affairs, which is justly described as a scarcity situation.

Community-supported agriculture and other models of the community economy belong to the realm of *oikonomia*. They represent substantive economic activities. Communities

of producers and consumers are formed to meet the needs of both of them at the lowest cost and minimized risk by a long-term arrangement.

Studying dozens of working models *Richard Douthwaite* characterizes community economy as follows: (Douthwaite 1996)

Community economy basically uses *local resources* to meet the needs of *local people* rather than the wants of a market far away. World prices do not determine what will be produced and the key production processes need to be run entirely without inputs from the world system.

Community economy is based on the idea of *self-reliance*, which is closely linked to ecological sustainability. Practically speaking, living within limits and sustainability are one and the same thing. Every community should achieve ecological sustainability by exploiting the ecological niche available. Ideally this entails meeting some basic targets as follows:

- (A) Every system used in the community should be able to be continued, and every production cycle repeated, without environmental deterioration in the next hundreds years.
- (B) The size of the community should be stabilized at an appropriate level. The community economy cannot depend on economic growth for the maintenance of employment and prosperity.
- (C) The community must produce at least enough food and raw materials to enable its members to live simple, comfortable lives while staying within the limits of their environment and not exploiting their parts of the world.
- (D) All energy used in the community should come from renewable resources.
- (E) The community could have its own currency and banking system to avoid being exploited or disrupted from outside. Capital should not allow flowing in or out, and interest rate, if any, should be determined internally.

Characteristics (A),..., (E) define the ideal type of community economy. In the contemporary world it is not easy to approach it; however, there are many practical working models of the community economy all around the world, especially in the USA, Australia, Britain, and Ireland.

Achieving ecological sustainability probably requires more *substantive organizational forms* that radically alter the underlying structure of currently dominating configurations of formal economizing. This means de-emphasizing profit maximization and market systems and introducing small-scale, locally adaptable, culturally diverse modes of substantive economic activities.

It is not possible to achieve ecological sustainability and social integration by large-scale companies, which aim to maintain their international competitiveness and speed economic growth. It can be achieved by *small-scale communities* that, rather than trading across the globe, run their own economic affairs in a substantive way to meet or make most of their requirements from local resources. This happens if communities develop economic cultures that enable them to live a good life within the limits of their own locales, while at the same time maintaining the integrity and stability of the natural world.

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