

Lael Brainard: Regional food systems and community development

Speech by Ms Lael Brainard, Member of the Board of Governors of the Federal Reserve System, at a Federal Reserve Bank of Boston Regional Food Systems Meeting, Boston, Massachusetts, 15 November 2017.

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Thank you for inviting me. I appreciate the opportunity to listen and learn about the important work that you do.¹

One of the Federal Reserve's responsibilities is to understand how communities across America are experiencing the economy. That is why Congress established a network of Federal Reserve Banks and Branches across the country. Our local presence gives us valuable opportunities to engage with communities across a broad spectrum—from those who are thriving to those who are confronting challenges, and from inner-city neighborhoods to rural towns.

One of the lessons that our community engagement has taught us is that there is an important connection between the strength of regional food systems and community health. Today's meeting is one in a series that Federal Reserve Banks are holding across the country to talk about local efforts to support regional food systems, and how such efforts can advance communities' goals. These meetings build on the Federal Reserve Board's release last August of *Harvesting Opportunity*, a publication that explores the community and economic development potential of investing in regional food systems.² Through this collaborative research effort, we learned several important lessons about what works to strengthen regional food systems.

First, we learned that appropriately tailored investments in regional food systems have the potential to support the creation of new jobs and small businesses in local communities, as well as to improve farm profitability and financial resilience.

Second, we learned that in order to take advantage of new business opportunities in the regional food sector, entrepreneurs need access to capital, specialized knowledge, and general business skills. Unfortunately, one or more of these is often missing from historically marginalized communities.

We also learned that organizations across the country are filling these gaps and empowering communities to take advantage of opportunities. I understand that many of you in this room are engaged in this important work; for that I thank you and hope that this meeting will help advance your efforts.

As a result of an intentional focus on equity and inclusiveness, these investments can create new access to economic opportunity for segments of communities that have often faced challenges, such as people of color, recent immigrants, the formerly homeless, and the previously incarcerated.

Lastly, we learned that no organization has all of the resources or expertise necessary to effectively carry out this work alone. As such, long-term partnerships and collaboration are necessary for success in implementing regional food strategies. Because of the critical role of multi-sectoral partnerships, I am heartened to see so many of you here today to talk about the current state of regional food system investment in New England, to build new relationships, and to strengthen existing ones. It is this ongoing commitment to working together that will carry you through to the next stage of regional food systems development.

Later today, I will be meeting with several local organizations that not only bring important resources and expertise to their communities, but also exemplify this important dedication to partnership and cross-sector collaboration.

The Urban Farming Institute of Boston demonstrates dedication to cross-sector collaboration through their Farmer Training Program, many of whose graduates go on to work for or start up regional food enterprises. They also advance the broader regional food system by co-hosting an annual conference that brings together farmers, policymakers, investors, and other stakeholders.

Likewise, CommonWealth Kitchen has emerged as an important hub where farmers, entrepreneurs, universities, investors, and other stakeholders come together in ways that not only advance regional food systems, but also increase access to economic opportunity for people impacted by racial, social, or economic inequality. In this way, CommonWealth Kitchen is dedicated to addressing Greater Boston's growing wealth divide by promoting inclusive entrepreneurship through an integrated approach that links education, training, and manufacturing to a strong network of industry partners, including anchor institutions.

These are just two examples of the great work going on in New England, and I look forward to visiting both organizations later today. This morning, I am eager to learn about the work of the many organizations represented here, especially the barriers and opportunities you face when trying to invest in this sector, and how your investments are linking more families and communities to meaningful economic opportunities.

Attending events like this and visiting communities around the country provide me with opportunities to speak with families, farmers, small business owners, investors, bankers, and other community members about their experiences in the economy. These conversations help me to develop a granular and very human understanding of the economy that, when combined with the information provided by our traditional research and data collection efforts, are important considerations informing judgments about policy.

A community-level understanding of the economy is especially important in today's economy, where we see welcome strength in the aggregate statistics coexisting side-by-side with important disparities at the community and family levels. In addition to disparities based on the community where a family lives and significant and persistent racial disparities, I have been struck while traveling around the country by the widening gulf between the economic fortunes of our large metropolitan areas and those of our small cities, towns, and rural areas.

The statistics bear this out: the convergence in income across regions of the country has slowed dramatically over recent decades.³ Much of the gains in employment, income, and wealth since the end of the recession—and more broadly over the past few decades—have accrued to workers and families in larger cities. If some workers and families find it difficult to move, this concentration of economic opportunities in larger cities may have adverse implications for the well-being of these households and, potentially, the economy overall.

In my visits, I have also been heartened by the efforts of local partners to address these disparities and improve their communities, including those aimed at capitalizing on local food-based assets to advance economic opportunity and address food insecurity. For instance, in El Paso, I visited with several vibrant community organizations that were running community gardens, local nutrition and farming educational outreach programs, a commercial kitchen, and a food pantry to improve nutrition and access to fresh food in an area that lacked full-scale grocery stores. In the Mississippi Delta, I met with people involved in an interesting collaboration between a local entrepreneur, a community development financial institution, the engineering department of a local community college, local farmers, and local food organizations—the aim of which was to produce biofuels from food waste.

Of course, pockets of both opportunity and persistent poverty are found in large metro and rural areas alike. In fact, a recent report found Boston to have one of the highest rates of income inequality among the 100 largest metropolitan areas in the United States, despite the overall strength of Boston's economy.⁴ Findings like this remind us that not all communities are well

positioned to access the opportunities available in the economy, even those in their own backyard.

Our research suggests there are things that can be done to improve the likelihood that an area will be a community of opportunity. Some localities have fared better than others in this respect, and their successes can provide us with actionable lessons. For instance, the Federal Reserve Bank of Boston undertook an in-depth study of 25 medium-sized cities nationwide that had experienced a post-industrial decline and identified 10 that experienced an economic resurgence. The study found that the critical determinant of success was the ability of leaders in those cities to collaborate across sectors around a long-term vision for revitalization.⁵ To encourage such collaboration, the Boston Fed has facilitated Working Cities Challenges in Massachusetts, Rhode Island, and Connecticut that reward effective public–private collaboration to reach communitywide goals. For instance, one of the winning cities, Lawrence, Massachusetts, set goals of increasing the income of parents with children in the Lawrence Public School system by 15 percent, dramatically increasing parental engagement in the schools and tracking the impact of these efforts on student achievement. A cross-section of partners from the public, private, nonprofit, and philanthropic sectors sought to achieve this, in part, by embedding Family Resource Centers within the Lawrence Public Schools. To-date, these efforts have placed over 200 parents in new positions paying 25 percent higher wages on average than their previous jobs, with 200 more parents in the training pipeline.

Learning about what works reinforces for me the importance of events like this one: events that bring together different stakeholders to talk about the future of their communities and how they can work together to advance common goals.

Thank you for being our valued partners in this important work.

¹ I am grateful to Andrew Dumont for his assistance in preparing these remarks. These remarks represent my own views, which do not necessarily represent those of the Federal Reserve Board or the Federal Open Market Committee.

² A. Dumont, D. Davis, J. Wascalus, T. Cheeks Wilson, J. Barham, and D. Tropp. *Harvesting Opportunity: The Power of Regional Food System Investments to Transform Communities* (St. Louis: Federal Reserve Bank of St. Louis and Board of Governors of the Federal Reserve System, 2017).

³ P. Ganong, and D.W. Shoag. “[Why Has Regional Income Convergence in the U.S. Declined?](#)” National Bureau of Economic Research Working Paper No. 23609 (Cambridge, Mass: NBER, 2017).

⁴ Natalie Holmes and Alan Berube. “[City and Metropolitan Inequality on the Rise, Driven by Declining Incomes.](#)” (Washington: Brookings Institution, January 2016).

⁵ YK. Kodrzycki, AP. Muñoz, L. Browne, D. Green, M. Benton, P. Chakrabarti, D. Plasse, R. Walker, and B. Zhao. “[Reinvigorating Springfield’s Economy: Lessons from Resurgent Cities.](#)” Federal Reserve Bank of Boston Community Affairs Discussion Paper No. 2009–03 (Boston: Federal Reserve Bank of Boston, 2009).