

Farmers can work together to protect organic prices

By Richard A. Levins

I recently asked a dairy farmer why he had converted to organic production. He said, “Dr. Levins, I’m tired of trying to make my living on volume. I want to make it on price.” What a great answer. All of us, including me, need the occasional reminder that there is more to farm economics than trying to live with low prices.

Organic farm products have always sold for relatively high prices. I suspect that many think organic products are essentially more valuable, and that alone will protect their price. Economics tells us otherwise. High prices don’t always stay high, and profits don’t always stay with farmers. The same market forces that have kept prices low for many conventional farm products could just as easily play havoc with organics.

The growth in demand for organic products looks very promising. A study published by USDA documented growth of at least 20 percent per year since 1990 in organic retail food sales. That growth was projected to become even stronger as a result of USDA organic standards implemented in October 2002. Furthermore, the USDA’s Economic Research Service found acreage certified for organic production of corn and soybeans to have doubled between 1992 and 1997. It doubled again between 1997 and 2001.

Growing demand is always a good sign that prices will stay up.

But with organics, growing demand is attracting more farmers. It’s also getting the attention of some of the large food corporations. More farmers competing with each other, coupled with growing market power as buyers merge and consolidate, is the last thing you would expect to be good for farm prices.

The farmer I talked with knew this all too well. He had just heard that dairy giant Dean Foods was buying Horizon Organic Holding Corporation. Horizon is the leading brand of certified organic milk in both the United States and the United Kingdom. The “small is beautiful” bloom is definitely off the organic rose.

Almost always there are more farmers growing a product than there are processors and retailers to buy that product. Organics are no exception. Unless a farmer is selling directly to consumers at a farmers’ market or roadside stand, he or she is facing a buyer much larger than most farms can ever be. This puts the buyers in a strong position—they can play one farmer against another in a never-ending search for lower and lower prices.

Can anything be done to keep profits in the hands of farmers instead of watching helplessly as those profits are passed along to buyers? I don’t know of anything farmers acting alone can do to stop this process. Acting together, however, is a different story.

Organic Farmers Agency for Relationship Marketing, or OFARM, is a good example. Several cooperatives in the Midwest and Canada joined together so that their farmer/members could market organic grains as if they were one large seller. Through periodic conference calls, the cooperatives discuss prices being offered and make sure that the best price is received by everyone. Competition among themselves is therefore kept at a minimum in a perfectly legal way. This, in turn, helps keep profits in farmer pockets.

The OFARM newsletters, www.ofarm.org, give some examples of how higher prices have been negotiated. Is the group always so successful, or will it be in the future?

I don't have a study or crystal ball to help with these important questions. What I do have, however, is economic theory that tells me market power matters. And the best way for farmers to get that market power is by working together. This much, organic and conventional farmers have in common.

(Richard A. Levins is an agricultural economist with the University of Minnesota. He can be reached by e-mail at dlevins@apcc.umn.edu).

SFA of Minnesota has new executive director

Mary Jo Forbord, Starbuck, is the new executive director of the Sustainable Farming Association (SFA) of Minnesota.

Mary Jo and husband Luverne sold their Holstein herd in 2002 after a 54-year history of dairy farming over two generations and began rotationally grazing a small herd of Lowline Angus. They're starting the organic conversion process and plan to direct-market grass-fed beef.

Mary Jo grew up on a farm near Benson and graduated from the University of Minnesota. She has worked in various aspects of health care, education, administration and community programs as a registered dietitian. She has also been a development consultant for ethanol plants in Minnesota and Nebraska and on the steering committee of Pride of the Prairie, a local foods initiative in the Upper Minnesota River Valley.

"Food and farming have always been interwoven throughout my education, my work and my life," she says.

Contact information: Mary Jo Forbord, executive director, Sustainable Farming Association of Minnesota, 29731 302nd St. Starbuck, MN 56381. SFA office (toll-free in Minnesota) (866) 760-8732; or (320) 760-8732 (toll-free in 320 area code only). E-mail sustainablefarming@hccinet.net, website www.sfa-mn.org.

DeEtta Bilek, the long-time program manager of SFA, is stepping down from that position and pursuing other ventures. DeEtta has been a tireless proponent for sustainable agriculture in the state of Minnesota. In her work representing SFA on the Minnesota Dairy Initiative project, DeEtta assembled a large notebook of sustainable dairy information and made sure it was distributed to farmers by being present at every event related to dairy farming.

She has also been the organizing force behind many of the hearings on sustainable agriculture scheduled at the state legislature, and has been a voice of sustainable farmers at those hearings. DeEtta currently serves on the MISA board of directors.

What do consumer and farmers think about sustainable agriculture?

Organizations across the United States have been doing surveys and focus group discussions to learn about farmer and consumer attitudes toward sustainable agriculture. The Midwest Sustainable Agriculture Working Group (MSAWG) put together a quiz to inform people of the results of those surveys. You can find the multiple-choice quiz, answers, and references to the studies on MISA's website at <http://www.misa.umn.edu/forum/forum.html>.

Here are highlights from the quiz:

- The farm policy objective that was rated highest in consumer focus groups was, "help farmers and ranchers meet public demand for safe, fresh food."
- In a survey of Minnesota households, respondents indicated they would be willing to pay \$200 annually to farmers for agricultural practices that yield multiple benefits to the environment (such as soil conservation).
- In a national survey, 71 percent of respondents said they would be willing to pay more for food if it meant that it could be produced in ways that protect the environment.
- Freshness is the most important factor for consumers when they make their food purchases.

- Consumers asked to rate a list of environmental problems most often chose pesticides, herbicides, and fertilizers from farms entering ground water as a “major” problem.
- In a national survey, 92 percent of Americans said they would eat meat from livestock produced in the United States and 10 percent said they would eat meat from livestock produced in European countries.
- Fifty-five percent of Americans surveyed said they were “very concerned” about our food supply following the Sept. 11, 2001 attacks.
- “Farm Crisis,” “Rural Crisis,” and “Save the Family Farm” were all rated as ineffective in communicating about rural issues.
- Rural advocates identified a future for their families as the most important concern for those living in rural areas.
- Sixty percent of large farmers and ranchers (average annual income greater than \$70,000) were aware of the term, “sustainable agriculture.”
- Perception of lower productivity was the reason that most large farmers and ranchers gave for not adopting sustainable practices.

EPA study suggests link between birth malformations, herbicides

A U.S. Environmental Protection Agency study by Dina Schreinemachers published in the July issue of *Environmental Health Perspectives* suggests an association between rates of birth malformations and indirect measures of human exposure to chlorophenoxy herbicides, a common weed killer sold commercially and used in agriculture. The results are somewhat consistent with those obtained in a 1996 Minnesota birth malformation study by Vincent Garry of the University of Minnesota and co-authored by Schreinemachers. However, the earlier study also implicated fungicides as a possible cause of the association and a number of other confounders that could not be ruled out as possible explanations.

The investigator compared 43,500 birth outcomes compiled by the National Center for Health Statistics in selected counties of Minnesota, North Dakota, South Dakota and Montana with high-wheat and low-wheat acreage in those states. She found that in high-wheat counties, combined circulatory and respiratory malformations increased by more than two-fold and musculoskeletal malformations increased by 50 percent relative to low-wheat counties. Death rates from birth malformations among male infants in high-wheat counties were more than twice the rates in low-wheat counties.

Since this study used wheat acreage rather than actual measurements of human exposure to determine associations with birth malformations, it is not known whether birth malformations occurred among families with actual exposure to the herbicides in question in the selected counties. Although individual exposures cannot be determined from this research, the results may be indicative of potential hazards in connection with environmental exposures to chlorophenoxy herbicides.

Chlorophenoxy herbicides are widely used in the U.S. for the control of broadleaf weeds not only in farming, but also for maintenance of parks, home lawns, roadsides and utilities rights of way. The EPA sets limits for levels of 2,4-D in drinking water under the Clean Drinking Water Act of 1974. This new research provides data that can be useful for future research efforts such as the Agricultural Health Study jointly funded by the National Cancer Institute, National Institute of Environmental Health Sciences and EPA.

More information is available at <http://ehp.niehs.nih.gov/>.

Source: Environmental Health Perspectives news release

New “sustainable living” academic program at Maharishi University

A new academic program that teaches students to be consultants who help create sustainable communities is now available at Maharishi University of Management in Fairfield, Iowa. Contact information: Craig S. Shaw (641) 472-1148, cshaw@mum.edu, <http://www.mum.edu/sustainable/>.

Calendar of events, 2003

These events are sponsored by numerous organizations. More information is available on MISA’s website: www.misa.umn.edu. Also check the Sustainable Farming Association of Minnesota’s website at www.sfa-mn.org.

August 5-7. **Farm Fest 2003**, Redwood County, Contact 1 (800)827-8007.

August 9. **Diversified Dairy and Vegetables—Field Day**, Ashland, WI, Contact (715)635-5250.

August 13. **Organic Agriculture: Grains and Row Crop Systems**, Edge of Fond du Lac, Winnebago and Green Lake Counties, Contact Jody Padgham, (715)667-5501 or jody@mosesorganic.org

August 16. **Fisher- Merritt Food Farm Day**, Contact (218)384-3356.

August 16-17. **Renewable Energy and Sustainable Agriculture Fair**, England Prairie, MN, Contact Dave Butcher, (218)568-8624 or davidb@uslink.net;

August 21. **Organic Agriculture: Grains and Row Crop Systems**, Plymouth County, Iowa, Contact Jody Padgham, (715)667-5501 or jody@mosesorganic.org

August 22. **Renewable Energy Conference Meeting**, Morris, MN, Contact (320)589-1711.

August 27. **Horticulture Field Day at North Central ROC**, Grand Rapids, MN, Contact (218)327-4490.

August 28. **Beef Forage Field Day at North Central ROC**, Grand Rapids, MN, Contact (218)327-4490.

September 3. **Pasture Walk in Central MN**, west of Parkers Prairie, MN, Contact David Butcher, (218)568-8624: davidb@uslink.net : www.sustainablefarmingcentralmn.com

September 6. **10th Annual Harvest Festival**, Duluth, MN, Contact Jan O’Donnell, (715)635-5250.

Sept. 11. Open House, **Enhancing the Value of the Rural Landscape**, SROC, Waseca. Contact Jeanette D. Williams, (507) 837-5612

What we’re about...

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Our mission statement: To help bring people together to influence the future of agriculture and rural communities to achieve socially, environmentally, and economically sustainable farms and communities.

To stimulate thinking and discussion about sustainability, we try to present items that reflect different points of view. This being the case, we aren’t promoting and don’t necessarily agree with everything we publish.

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