

***“The Debate Continues –
Local, Scale, Values, and
Finding Common Ground”***

By:

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An important part of solving a problem is understanding its roots. Strong growth in organic sales, and the emergence of new companies in the market, including many large corporations, has been accompanied by growing tensions inside the ever-broadening organic community. Starting in 2005 with controversy over the Harvey lawsuit, and reinforced since by open-warfare over large-scale organic dairies and the quest for an enforceable pasture rule, divisive issues and tactics within the organic community have pitted activists against farmers, processor against processor, and farmers against other farmers. The rugged debate over scale in the organic dairy industry has generated news and commentary questioning the integrity of currently certified farms, certifiers, the NOP staff, the rule, and organic food itself. The give-and-take of the debate has cast a dark shadow over all organic farmers and businesses, and grows like a cancer within.

The same sort of deep-set division in our community over organic dairy farm scale and the role of pasture in organic dairy production is beginning to appear in California, driven by fallout from the September 2006 spinach *E. coli* O157 outbreak. Small and midsize leafy green growers are paying a high price in order to comply with the often ridiculous and counter-productive “Good Agricultural Practices” (GAPs) being thrust upon them by a quasi-government body. Many folks in California see large scale grower-processors, and the long shelf lives of bagged or clamshell-packaged leafy greens as the major new risk factor. Once regarded warmly as one of the true organic success stories, Earthbound Farms is now seen by some as the problem, not the solution.

It is true that new capital and major food companies are getting into the organic industry. It is true that some successful organic pioneers have grown their farms and food companies to enormous size, with more growth likely in the future. The Whole Foods – Wild Oats merger will create a clear market leader -- an 800 lb gorilla to some.

There is a strong contingent in the organic community, spanning pioneers and newcomers, which cannot see any good coming from these developments. For them, organic farming, and the food movement it has spawned, is primarily about saving the family farm, and creating a sustainable niche in the food system where organic farmers can make a good living, have a little time off, pay their labor a living wage, and invest in resource conservation and local communities. For these people, support for and involvement in the organic food sector is more about social justice and creating an alternative economic model that will sustain small and moderate scale farmers as a viable island within a larger, increasingly “sick” conventional food system. This contingent includes seasoned, hard-core organic activists that feel a frontal assault on scale is the only viable path to preserve the integrity of the organic sector.

Others see the growth in diversity and size of companies producing organic food as good news, and a sign that consumers and the market place are responding to the proven benefits of organic food. They hope that as more companies get into the sector, and as more infrastructure is dedicated to organic product streams, the price premium for organic food will begin to fall and the availability of organic products will widen across time and space.

Many of these people have their roots in the consumer and environmental communities, and were drawn to the organic movement by its potential to promote public health by fixing what ails the American diet. They believe deeply that organic food is better for people and the land, and for farm animals, and they want to see these benefits spread as far and wide across the agricultural landscape as possible, reaching as many people as possible with nutritious, good tasting organic food, three times a day, day in and day out, and for them 3% of food sales is just not good enough.

The Roots of Tension

The growing tensions within the organic community have their roots in these different reasons for being involved with organic farming and food productions, processing, distribution, consumption and advocacy. Put in overly simplistic terms, one group of us cares more about changing how all food is grown, for the health of our land and people, while another group cares more about sustaining small and midsize family farms, and associated food distribution businesses, which together represent a full-cost accounting alternative to the “conventional” food system that imposes hidden costs on people, the environment, taxpayers, and farm animals.

We need to recognize and honor these important reasons for supporting organic farmers and the organic food industry, and should anticipate and welcome the emergence of new reasons motivating people to become part of our community. Our community will benefit greatly if we can find ways to promote a variety of goals to the full extent possible, in every way imaginable. We can and will find ways to support more small and mid-scale family farms, and we can also encourage the transition of large conventional farms to organic to increase the supply of organic food products sold through market channels now exclusively, or mostly selling conventional food. These goals – preserving smaller family farms and growing the supply through conversion of larger farms and food businesses -- need not be mutually exclusive, and they will prove to be only if we let them.

Small and moderate scale producers, especially those near population centers, have unique advantages and ability to sell ripe, high-quality seasonal products into high-price markets, especially fresh fruits and vegetables. More can and should be done to encourage community-driven, cooperative initiatives that create more efficient, convenient marketing opportunities that keep a high portion of sale prices going directly to farmers. Much creative thought, and investment, will be needed for this component of the food system to branch out into animal products, grains, and processed products that can be stored over many months. Thankfully, this process is getting underway now in many parts of the country; establishing small, county-based animal slaughter and processing facilities is a top priority and a good example of an infrastructure investment that is needed to open up new economic opportunities for local producers.

The value proposition supporting a substantially higher price structure for this component of the food system is already apparent and encompasses many attributes -- ripe, fresh, locally grown, intense and often unique flavors, trust in the farmer, and an appreciation of place.

But what about the food products not amenable to small scale, local production, and fresh fruits and vegetables during the 6-7 months each year when locally grown produce is not available in most parts of the U.S.? What about people like my daughter Rachel, who is raising two fine young boys on a modest income? She cannot afford the \$8.00/pound charged for the organic hamburger produced on the ranch she lives on, and works for.

What about all the people that eat 1-3 meals a day at a fast food establishment, or a company or institutional setting where the budget for food is tight, and food expenditures have to compete with spending money on education, health care, energy efficiency, worker training, retirement, and other wildly embraced social goals and public goods.

I am eager for the day when companies like Sysco and Bon Appétit are offering organic food options in these corporate and institutional markets. But sales and market share will grow very slowly, if at all, with price premiums at 50% or 100%, or even more.

Expanding Our Reach

So how might we get good quality organic food into the approximate three-quarters of the food market that cannot be reached economically by today's small and mid-sized farms that currently depend on a 50% or higher premium to be economically sustainable?

There are two ways – growth in the size of today's organic farms, and increasing the number of conventional farms adopting organic practices and gaining organic certification. Many of today's organic farms have no place or room to grow, nor the desire to get bigger. Clearly, the bulk of growth in organic production in the years ahead will come from the transition of conventional farms to organic production. More so than in the past, conventional farmers deciding to make the transition will be motivated by economic reality as much as ideology or deep-set worry over the ills of conventional agriculture.

In many cases, conventional farmers will be encouraged, or even pushed, by the companies they are now growing for to convert some acreage to organic production. Those growers with

an open mind and willingness to experiment will likely accept the challenge, as thousands have done in the last couple of years. Many, but not all are thriving as a result, with more growth on the horizon.

So is it a good thing, or bad thing that General Mills, Coca-Cola, Safeway, and Kraft Foods has entered the organic sector and is investing corporate talent, resources, and market clout in accelerating the transition to organic? Many people are concerned that larger corporations will undermine the integrity of organic food, and surely some have tried, but thus far failed. There will be more attempts in the future, but they too will likely fail as long as consumers, the industry, and activists are paying attention to the details and working together to preserve the integrity of brand "organic".

It is impractical to expect there will never be a rotten apple in the organic barrel. But it is ridiculous to presume that we, as a community, will sit ideally by on the sidelines, unable to see or smell, and powerless to remove and isolate the rotten ones.

In today's cynical, information-driven world, integrity is hard to earn and easily lost. Energy and resources will need to be invested in sustaining the integrity of brand organic, regardless of how the sector grows in the future. But some energy should also be invested in maximizing the tangible benefits for farmers, consumers, and the environment that can come with substantial growth across the industry. My friend Dr. Leslie "Bees" Butler, a dairy policy specialist at U.C. Davis, showed in a 2004 paper that about three-quarters of the higher costs of organic milk production and marketing in California were directly linked to the absence of scale efficiencies and infrastructure support.

Today, organic corn is selling for \$12 per bushel or more in the Midwest because of huge growth in demand, coupled with just modest growth in supply. Organic hay is selling for \$200 per ton in many places. Thousands of tons of organic feed is being shipped this winter two-thirds of the way across the North American continent, and another sizable share is being imported from half-way around the world – not terribly efficient, and an embarrassment in an era when we, as a community, aspire to be carbon neutral.

But as organic livestock production grows, there will be more hay and grain farms and feed businesses dedicated to meeting demand from within the organic sector. There will be new supplies, more storage, and greater flexibility in producing mixed rations. This will lead to less dramatic supply and price swings up and down in any given year. More orderly markets will translate into lower and more consistent production costs, and the ability to supply the organic livestock feed market with quality products at more stable prices.

That is a good thing, and need not erode organic integrity or cut into farm profits. In fact, the efficiencies made possible through growth in the organic sector can increase profit margins. If those profits are shared equitably along the value chain, every segment of that chain will be able to afford the investments needed to assure continual improvement, and let's remember, continual improvement is, over the long haul, the mother's milk of organic integrity.

Moving Ahead

As we grow and hopefully prosper as a community and segment of the food industry, we will gain incrementally the ability to improve wages and the lives of animals, while also bringing higher-quality food to the people. If we remain true to our commitment to continual improvement, organic farmers and food companies will excel not just in building soil and producing good quality food. Our good work will allow us to sustain realistic profit margins, which will, in turn, allow farms and food businesses to branch out and find new ways to share and support people, the land, and animals.

Maybe today's successful organic collectives and cooperatives will give rise to new models for organized labor to fight for and win a larger share of the food dollar. Perhaps today's growing and prosperous organic businesses will integrate vertically in novel ways that enhance efficiencies and create new ways to openly discuss and divide the food dollar between farmers, processors and retailers. This conversation has at least started in our community. Our long-run success depends directly on words leading to actions. Consistent, principled actions, sustained over a period of time, will spawn a new sense of commitment to nurturing the health of the entire food chain. It will also mean, and require both the will and the wherewithal to fight for any segment that is weakened, for whatever reason.

Sound business models and a compelling value proposition are essential to deliver on the full promise of organic farming and food. Important strides can be made on all fronts, but only if we respect the different reasons that have drawn people into this community, and assure that there are ample opportunities for people to act on their passions in ways that benefit all.