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Center for Sustainable Agricultural Systems

University of Nebraska-Lincoln

March-April 2000

Marketing Featured at NSAS Annual Meeting

You can add value to your labor, your farm, and your natural resources when a move is made away from low-value bulk commodities. This was the message of Joel Salatin, Virginia farmer and entrepreneur, at the annual meeting of the Nebraska Sustainable Agriculture Society in Aurora in late February.

One principle used by Salatin is to look carefully at all the resources on the farm and think creatively about how each one could be used. Another is to move "outside the box" and do unconventional crop and animal enterprises that others have not exploited. He looks for niches, both on the farm and in the marketplace. Above all, Salatin says to produce what people want. "You can create a market to some extent, but it's important to know your customers and be responsive to their needs and desires," he says.

Salatin also does careful economics on each enterprise, as well as the combinations of crops and animals that make sense for his soil and climate. He calculates the time and resources needed to produce each unit of chicken or firewood, just as a conventional corn farmer would figure cost per bushel or per acre. For example, he can cut, split, and deliver firewood for \$45 per pickup-load and that takes three hours to accomplish. In contrast, Joel can cut the same amount of wood in one hour into lengths that a customer can handle and pick up at his farm and sell this for \$25 per load. Although he adds more value with the first approach, his return per hour of labor for the same amount of natural resources is higher in the second approach. Given his several hundred acres of forest, there is no current practical limit to this resource.

In the pastured poultry enterprise, movable cages are advanced every morning onto a new patch of pasture. Chickens receive supplemental mixed feed ration and water at their cages. Salatin has calculated that time invested in each bird is five minutes for raising to maturity and 3 minutes for processing on the farm. People pick up their orders of dressed broilers at the farm and pay about \$1.50 per pound for organic, pasture-raised chicken. Salatin nets \$3.00 per bird sold, and calculates that a couple can raise 10,000 birds in a six-month season for a net profit of \$25-30,000 on three acres. Many of these tasks can be accomplished by Joel's children, who thus become enthusiastic and profit-sharing members of the farm management and labor team.

Three families currently earn their incomes from about 90 acres of cultivated land in an area of Virginia that receives only 31 inches annual precipitation. When asked how many families could live there and earn a viable income to support their needs, Salatin quickly answered, "We've calculated that. We think it is 23 families doing intensive crop, vegetable, and animal production." This projection comes as a shock to those who think the only future in agriculture is to get bigger! Salatin is the author of three books, *Pastured Poultry Profit\$, Salad Bar Beef*, and *You Can Farm*.

Other sessions at the annual meeting included innovations in organic gardening (Tom Tomas), details on producing your own seed as well as organic seed production (Lori Daniels and Dave Vetter), organic dairying and direct sale through supermarkets in Iowa (Francis Thicke), current farming and food situation in Cuba (Dave Zirovski), and why we should be concerned about the global food situation (Dave Mortensen). There were other key topics presented by farmers, business people, and university specialists. One Extension educator who had not been to the meetings in several years commented that "These are some of the most positive, innovative, and energetic people that I've met here in Nebraska. They are really enthused about the future of agriculture!"

The annual meeting of the Nebraska Sustainable Agriculture Society is held the last weekend in February. The workshops feature outside speakers and Nebraskans who are making changes in their farms and communities, as well as exhibits from public and private groups involved in sustainable agriculture. NSAS can be reached through its office in northeast Nebraska, PO Box 736, Hartington, NE 68739, 402-254-2289, www.netins.net/showcase/nsas.

Submitted by Charles Francis

Nebraska's Future Agriculture: Innovative Producers Get More of the Consumer's Food Dollar

This is the second in a series of articles on projections about the future of our most important industry. They present alternative views of the future, as we respond to growing concerns about how food is produced and agriculture's impact on rural Nebraska. These ideas from faculty will help guide the design of relevant research and education programs in the university.

What is the farmer's share?

Today the Nebraska farmer receives less than 9% of the consumer's food dollar, down from about 50% a century ago. According to Dr. Stuart Smith, agricultural economist at the University of Maine, the change has been in the percent going to the commercial input sector (now 24%) and that going into processing, advertising, and marketing (now

67%). The current food system has clearly brought us advantages such as year-round supplies, convenience with pre-prepared foods, and remarkable variety. It has not brought consistent profits to the majority of farmers. The increasing costs of inputs and low prices received by growers combine to make commodity production a highly risky business, one that often depends on government support for continued profitability. Low profit margins also push the expansion to larger farms--a long-term trend that now greatly exceeds what is generally needed to achieve efficiency of scale in production.

The farmer's share is somewhat higher in products with less processing: meat, eggs, milk, and some fresh fruits and vegetables. It is much lower for the raw commodities such as basic grains--corn, wheat, soybeans--that are currently at the lowest price in decades. These are the products that move through local elevators to export sites or get processed into grain-based food products. Most of the value in a loaf of bread or box of cereal is added by bakers or factories that process and package, and by advertisers and merchandisers--and they collect those profits. The solution for most farmers in Nebraska will unlikely be baking bread or packaging cereals, although there are niches for those activities. What are some solutions?

Reducing input costs

Much of our current research centers on making production more efficient. New generation herbicides that can be applied in lower doses and that degrade in the environment cause fewer problems than those a generation ago, although they may not be less expensive. Careful soil testing and budgeting for crop needs can lead to more efficient fertilizer application rates and less nutrient loss to the groundwater, as well as reduced costs to the grower. Irrigation is our largest single expense in corn production under intensive cultivation in Nebraska. Scheduling, low-pressure application equipment, and more efficient hybrids and varieties of major crops can all help reduce water needed to produce an optimum crop, and at the same time reduce production costs. These are among the best management practices we recommend for shaving the costs per acre for crop production.

Further reduction in costs can be achieved with more intensive observation and management. Use of crop rotations can reduce weed pressure and allow management with cultivation or lower levels of chemical application. Rotations also reduce the incidence of some insect problems such as corn rootworm to levels that do not economically justify chemical application. Cover crops can add soil fertility and help prevent erosion that currently takes nutrients off the field with heavy rains. Soil sampling, crop scouting, and frequent observation of each field can lead to other steps to fine-tune management, but this is costly and often less accurate when farm size becomes too large for the owner/operator to handle. Some growers have moved successfully into organic crop production, where management and non-chemical approaches substitute for fossil-fuel based inputs. These methods can potentially reduce the 24% of the food dollar that currently goes for inputs, and bring more of the net return back to the farmer.

Increasing the market value

The other part of the equation is selling the crop. To capture a larger part of the consumer dollar for farm products, Nebraska growers are using several direct marketing channels to move their produce to the consumer. Direct sale of livestock products can be accomplished straight from the farm or through local lockers. Farmers in this state can sell up to 20,000 chickens each year that are killed and dressed on the farm. Eggs can be marketed directly to consumers. Beef and pork can move through a local inspected slaughter facility at an agreed-upon price and sold to consumers through farmers markets or through relationship marketing. An article on the NSAS meeting in this issue cites the example of Joel Salatin who makes good use of this marketing approach. It's essential to check on the legal procedures that apply in your area, and a good source is *The Legal Guide for Direct Farm Marketing* by Neil Hamilton from Drake University (see Resources section).

Vegetables and fruits that require no processing can be sold through farmers markets, community supported (subscription) agriculture, or direct from roadside stands. These sales methods allow the grower to become more directly acquainted with consumer preferences and reestablish the bond between people in the city and those who produce food. There are both confidence and responsibility in this type of local arrangement that are not present in a global food system.

Global versus local marketplace

With the emergence of a global marketplace and negotiations for reduced tariffs in agriculture, there is greater potential for import and export of products. Nebraska farmers facing large surpluses and low prices may welcome the opening of new opportunities for commodity sales. Consumers may welcome such development if this increases availability of cheaper food and greater variety throughout the year. These are the advantages promoted by multinational food companies and others who benefit most from increased global trade.

Careful analysis is needed to determine whether the small and medium-sized family farm benefits in the longer term from this increasingly global system. The concentration of ownership and control of commodity crops by a small number of international grain companies appears to promote consolidation of farms. It is much more efficient to deal with a few producers than with many small farmers. Similar concentration in livestock ownership and processing facilities is cited as a primary cause of the major slump in cattle and hog prices over the past several years. Recent acceleration in the loss of family farms is often blamed on these global pressures toward larger farms and vertical integration in the food system that may destroy competition and a truly free market in which everyone is on a level playing field. When farmers go out of business while input suppliers and international food corporations continue to sustain profits, there is some inequity in the global system. Most people who produce food, the most basic of human needs, are not realizing a reasonable profit from their investment and labor.

Consumers in the global marketplace become ever more distant from both the producers of their food and any understanding of how that food is produced or who gains from the food system. The emergence of local food systems is a response to concern about the disconnect of farmers from consumers. It also reflects a need by some consumers to know about more than the nutrition and safety of the food, but also the health and economic well-being of those who produce it. Education of consumers and an emerging concern about the culture of food may cause a reversal of the current trends toward mass preparation of homogenized menus and sale to people who drive past a window to find nourishment. This has happened in Europe, where a backlash against multinational corporations brings focus on local food production and uniqueness of local cuisine.

Connection with communities

A recent article by John Allen and Rebecca Filkins with the UNL Center for Rural Community Revitalization and Development describes results of the Nebraska Rural Poll where farmers' and ranchers' preferences for the future were far different from their expectations of what is likely to happen. Nearly 90% preferred that farms in the future would be family owned, while only 26% expected this to happen. Most preferred smaller farm size rather than larger, and also hoped that rural communities would thrive in Nebraska. They expected the opposite to occur in each case. Allen and Filkins point out the disconnect between preferences and expectations, and the potential for future policy debates to focus on decisions that will help people in rural areas achieve their goals. It is essential that we look carefully both at trends in agriculture and at the positive expectations of people who produce food. These need to be brought closer together. In the words of Nobel Prize Laureate Rene du Bos, "Trend is not destiny."

Submitted by Charles Francis

New Proposal for National Organic Standards

On March 7, 2000 Agriculture Secretary Dan Glickman announced a new proposal for uniform and consistent national standards for organic food. The proposal details the methods, practices, and substances that can be used in producing and handling organic crops and livestock, as well as processed products. It establishes clear labeling criteria and rules so that consumers know exactly what they are buying when they purchase organic food. It specifically prohibits the use of genetic engineering, sewage sludge, and irradiation in the production of food products labeled "organic." The proposal also prohibits antibiotics in organic livestock production and requires 100% organic feed for organic livestock.

Glickman also announced several other steps the Administration is taking to promote organic agriculture. President Clinton's fiscal 2001 budget proposes \$5 million for research to develop improved organic production and processing methods, evaluate economic benefits to farmers, and develop new organic markets. Glickman said USDA

will establish a pilot organic crop insurance program to help organic farmers better manage risk. He also announced that USDA and the University of California at Davis will conduct research on organic production and ways to enhance farmers' ability to market organic fruits and vegetables.

USDA estimates that the value of retail sales of organic foods in 1999 was approximately \$6 billion. The number of organic farmers is increasing about 12% per year and now stands at about 12,200 nationwide, most of them small-scale producers.

The official public comment period on the revised proposed rule began March 13, 2000 and will run through June 14. Fact sheets and other background materials on the proposed organic rule can be accessed on the Web at www.ams.usda.gov/nop.

130 Countries Finalize Trade Treaty on Biotech Food

Representatives of 130 countries have adopted a treaty regulating trade in genetically modified food and other products. Under the Cartagena Protocol on Biosafety, which was finalized in Montreal in late January, countries can bar imports of genetically altered seeds, microbes, animals, and crops that they think may be a threat to their environment. The treaty requires "stating only that the shipment 'may contain' genetically modified organisms," according to *The New York Times*. "Industry officials said genetically modified crops would not have to be segregated." The treaty, which will go into effect after 50 countries have ratified it, is the outgrowth of the Convention on Biological Diversity approved in Rio de Janeiro in 1992. Because the United States never ratified the convention, it cannot become a party to the protocol. But American industry will have to comply with the rules when exporting to countries that have ratified it. The protocol is posted on the Internet at www.biodiv.org.

Source: *Alternative Agriculture News*, March 2000.

NSAS Director Carusi to Wisconsin

Cris Carusi, former Executive Director of the Nebraska Sustainable Agriculture Society, began her new position as communications program manager for the Center for Integrated Agricultural Systems at the University of Wisconsin-Madison on February 29. We are sorry to lose Cris from Nebraska, but we know she will do an excellent job as she continues the mission of promoting sustainable food systems. She can be reached at CIAS, 1450 Linden Dr., Madison, WI 53706, 608-265-8018, carusi@aae.wisc.edu. Paul Rohrbaugh, General Manager of the Nemaha NRD, has been named the new Executive Director.

OFRF Proposal Deadline July 15

The Organic Farming Research Foundation funds research into organic farming methods, dissemination of research results to organic farmers and to growers interested in making the transition to organic production systems, and education of the general public about organic farming issues. Projects should involve farmers in both design and execution and take place on working organic farms whenever possible and appropriate. OFRF invites farmers, ranchers, and researchers to submit proposals for up to \$10,000 by the next deadline of July 15, 2000. More information is available at www.ofrf.org, or contact OFRF, PO Box 440, Santa Cruz, CA 95061, 831-426-6606.

USDA Ag Biotech Advisory Committee Formed

On January 21 Secretary Glickman named 38 members to a newly-formed USDA Advisory Committee on Agricultural Biotechnology. The Committee will advise the Secretary on policy related to the creation, application, marketability, trade and use of agricultural biotechnology. The Committee, authorized for two years, is chaired by Dennis Eckart, an attorney and former Congressman from Ohio. For the list of all members, see the press release at www.usda.gov/news/releases/2000/01/0023.

Alternative Ag Expo

The second annual Alternative Ag Expo will be held August 29, 2000 in Sioux City, Iowa. It is designed to be of interest to producers and consumers. Topics will include our nation's health, nutrition, developing a transition mindset, organics, legalities of direct marketing, rabbits, identifying your market, aquaculture, pheasants, meat and poultry inspection, soils, economics, managing an alternative agriculture enterprise, and much more. Three roundtables will address transitioning from traditional agriculture, pork production, and rotational grazing. The primary speaker, Sally Fallon, will talk about the nutritional benefits of natural foods as well as the currently debated topic of dietary guidelines with relation to carbohydrates and protein intake. Fallon will also give a 90-minute presentation on the evening of August 28. Watch for more details in the May-June CSAS Newsletter, or contact Darrell Geib, Sioux Rivers RC&D, for more information, 712-943-7882, darrell.geib@ia.usda.gov.

Resources

Legal Guide for Direct Farm Marketing. \$20. Written by law professor Neil Hamilton, the 235-page guide answers common questions about laws on marketing products directly to consumers and to retail and wholesale buyers. Covers legal issues regarding: farmers markets; on-farm businesses; contracts, food stamps and getting paid;

advertising, organic certification and eco-labels; land use and property law; labor and employment; insurance and liability; and inspection, processing and food safety. Uses specific examples of court cases, state laws and local regulations involving direct farm marketing. Resource lists, tips, Q & A's and sidebars contribute to its user-friendly format. To order, contact Drake University Agricultural Law Center, Des Moines, IA 50311, 515-271-2947.

Second annual Time to Act Campaign report card, released January 12. The report card, which measures the progress made by USDA over the past year in implementing the recommendations of the National Commission on Small Farms, can be accessed at the Center for Rural Affairs Web site, www.cfra.org, or contact the CRA office, 402-846-5428, info@cfra.org. Grades were: Market Access, D; Market Development, B+; Research and Extension, C-; Conservation, C ; Credit, C; Beginning Farmers, B-; Farm Workers, D-; Civil Rights, D; Risk Management, C+; Outreach and Organization, C.

ATTRA (Appropriate Technology Transfer for Rural Areas), a leading information source for sustainable farming practices, announces two new Web pages: 1) Find Info on ATTRA's Web Pages (www.attra.org/search.html) is a search engine that provides a quick search on the ATTRA web page; 2) Find Ag Information on the Web (www.attra.org/search2.html) features some prominent agriculture databases, directories, library catalogs, and search engines on the Internet.

Two new Web items from ATTRA: 1) Holistic Management: A Whole-Farm Decision Making Framework, www.attra.org/attra-pub/holistic.html, and 2) Intercropping Principles and Production Practices, www.attra.org/attra-pub/intercrop.html.

Growing a Community Food System. \$2.50 + s&h. Presents the practical steps and processes communities interested in localizing their food system need to take in order to be successful. Authors outline key components of the process including visioning, assessment, development of project concepts, evaluation, and planning. Two community food system project models are described. Bulletin Office, Washington State U., P.O. Box 645912, Pullman, WA 99164-5912, 1-800-723-1763, bulletin@coopext.cahe.wsu.edu, caheinfo.wsu.edu/order/order.html.

Farmers and their Diversified Horticultural Marketing Strategies. \$15 (payable to UVM). Video covers innovative marketing strategies and features eight New England farms that use roadside stands, consumer supported agriculture, wholesale cooperatives, pick-your-own, and/or farmers' markets. Center for Sustainable Agriculture, U. of Vermont, 590 Main St., Burlington, VT 05405, 802-656-5459, susagctr@zoo.uvm.edu, www.uvm.edu/~susagctr/publications.html.

The Metalab (U. of North Carolina) server contains a wealth of information, links, and electronic discussion groups of interest to readers of this newsletter. Among the discussion groups in which you can participate are: Permaculture, Market Farming, CSAs, Community Food Systems, Seed Saving, Soil Quality, and Natural Agriculture. See metalab.unc.edu/intergarden.

Alternatives to Insecticides for Managing Vegetable Insects. \$8.00 + \$3.75 s&h within U.S. Proceedings containing discussions and presentations from a farmer/scientist conference held in December 1998 in Connecticut. Details about the contents can be found at www.nraes.org/publications/nraes138.html. NRAES, Cooperative Extension, 152 Riley-Robb Hall, Ithaca, NY 14853-5701.

GREENBOOK '99: A Decade of Tools from the Energy and Sustainable Agriculture Program of the Minnesota Department of Agriculture is now on the Web, complete with hot links to additional sustainable ag resources, www.mda.state.mn.us/DOCS/AGDEV/Greenbook/gb99cont.htm.

Visit the "Animal Waste Initiative: Promoting Environmental Stewardship-A National Research and Extension Initiative of USDA, Land-Grant Universities, and Partner Agencies" Web site, www.cals.ncsu.edu/waste_mgt/wmi.

Proceedings from May 11, 1999 Pest Management Alternatives (PMAP) Food Quality Protection Act Workshop now online at www.reeusda.gov/ipm/pmap.htm.

Many speeches presented at the USDA Outlook Forum 2000 in late February are available at www.usda.gov/oce/waob/oc2000/speeches.htm.

Two new poultry videos: 1) Herman Beck-Chenoweth narrates a 17-min. video covering the production, slaughter and marketing of chickens and turkeys raised in portable houses. Video instructs on building the houses, tours a slaughter facility that uses less than \$15,000 in equipment, and discusses selling birds to restaurants and farmers markets; \$27.50 for video alone, or \$55 with companion manual; contact Back Forty Books, Dept. BF, 26328 Locust Grove Rd, Creola, OH 45622. 2) Nebraska Pastured Poultry IMPACT group released a 15-min. video describing its traveling on-farm portable processing facility; \$22.50; call Dave Bosle at 402-462-9424.

Coming Events

Contact CSAS office for more information.

2000

Apr. 4 - NSAS workshop on CSA organizations, York, NE

Apr. 18 - NSAS Workshop on farmers markets, Mead, NE

June 8-9 - Grazing Retreat, Ravenna, NE

June 17 - Applegait Ranch Tour, Sutherland, NE

June 24 - Bison and Grass Ranch Tour (featuring Allan Nation), Rose, NE

July 18-20 - Grazing Retreat, Center, NE

July 25-26 - Grazing Retreat, Franklin, NE

Aug. 29-30: Alternative Ag Expo, Sioux City, IA

July 8 - The Grain Place Tour, Marquette, NE

Aug. 28-29 - Alternative Ag Expo, Sioux City, IA

Sep. 13/14/15 - Grazing Tour with Burt Smith, Crofton/Atkinson/Imperial, NE

For additional events, see:

www.sare.org/wreg/view_notice_adm.pl

www.agnic.org/mtg/

Did You Know...

The following appeared in a 1986 book by David Pimentel: "Currently, an estimated 37% of all crops is lost annually to pests. Fifty years ago, however, before introduction of most agricultural chemicals, only 31% of all crops was lost. More interestingly, losses to insects nearly doubled (from 7% to 13%) from the 1940s to the present, in spite of a more than ten-fold increase in insecticide."

A graph in "Earth Day 2000: A 30-Year Report Card" (March-April 2000 issue of *World Watch*) shows that from 1970 to 2000, the number of pesticide-resistant weeds has increased from a handful to more than 200, and the number of pesticide-resistant pathogens from less than 50 to nearly 250.
