Some opinions on OPTIONS and OBSTACLES to adopting organic agriculture.
Drastic changes in US agricultural structure

- Declining farm numbers (*income dependent)
- Competition for limited resources
- Specialized production
- Off farm employment, part time
- Consolidation (EVERYWHERE)
- Production technology
Commodity Yields are Increasing

- Steadily
- Substantially
Government Influence

- Risk Management
- Disaster Assistance
- Farm Program
- Tax Issues
Farm Programs

Commodity price safety net

- Direct Payment
- Counter-Cyclical Payment
- Marketing Loan – Loan Deficiency Payment
Farm Programs

- FAV (Fruit and Vegetable) restrictions
- CSP (Conservation Security Program)
- CRP (Conservation Reserve Program)
New Ag Opportunity

- Most farmers are still losing “ground”
All Farm Index: Prices Received and Prices Paid All Items, U.S., Annual 1/

Percent (1990-92=100)

Year

1/ Index values for 2005 are year-to-date averages.

USDA: NASS
August 31, 2005
Why do they do it?

- It is what they know - tradition.
- We all tend to like the familiar – Even if it is the devil we know.
- Optimistic - prices will increase.
- Big yields are appealing.
- Like steel and black smoke.
Why not try something new?

- Transition period
- Tillage
- Livestock
- Labor
- Weed and insect pressure
- Fear of low yield
- Little research
- Segregation and handling issues
- Lack of established market
Other alternatives

Off-farm income

- Good alternatives in many areas
- Spreads the risk
  - Income insurance or a hedge
  - Something to fall back on
- Benefits – Health Care/Insurance
Segment Opportunity?

- Farms by Income Type
  - High Sales
  - Low Sales
  - Lifestyle
  - Retirement
Farm Family Income by Source and Type

- Farm Sources
- Social Security
- Off-Farm Sources

Percent

130
110
90
70
50
30
10
-10

Retirement
Lifestyle
Farming Low Sales
Farming High Sales
Dual Structure?

Proportion of Farms and Production by Type in 2003

- Limited Res.
- Retirement
- Residential
- Lower Sales
- Higher Sales
- Large
- Very Large
- Non-Family

Legend:
- Farms
- Production
Organic Opportunity

- Many consumers are willing to pay more for food.
- Many farmers are interested in product concept.
- Farmers want to gain more control.
- Landowner interest?
Non organic farmers are VERY upset when organic producers claim that their production is much more healthy.

It has driven a wedge between organic and non!

Dual structure rather than a dueling structure.
My farm? Maybe . . .

- My 100 acres
  - 60 (traditional corn and soybeans)
  - 25 woods
  - 5 farmstead
  - 10 in hay
    - Has not had any chemical application for 4 years