

Letters

State's organic dairies competitive

Thanks for publishing the intriguing survey of the comparative production, costs and income of conventional and organic dairy farms (September-October 2002, p. 157-162). This sort of careful, data-rich empirical analysis of organic versus conventional production systems is sorely needed to provide deeper insight into the strengths and weaknesses of alternative production systems. Such insights are key in improving the environmental performance and economic viability of both conventional and organic farms.

In reviewing the findings, I was struck by how well the state's forage-based organic dairies were performing in terms of production and economic returns. Organic dairies received a 27% premium for their milk and netted \$1.77 per hundredweight, compared to \$0.77 on comparable conventional farms. A careful review of differential costs, however, leads to an even more striking result — most of the higher costs facing the organic producers are largely matters of economic scale and reflect the fact that the organic dairy industry was very modest in 1999. Marketing costs were almost three times higher per hundredweight of milk. Few new, organically acceptable drugs were available. The supply of acceptable replacement heifers was modest

and costly. As the scale of the industry grows, these cost differentials and disadvantages facing organic producers will surely diminish. If just marketing costs had been equal in this study, the net return per hundredweight on organic dairies would have been four times the net return on conventional farms.

Other key, higher cost items on organic farms will also gradually fall relative to conventional farms. For example, the 34% premium paid for concentrates will fall over time, probably by close to half. Herd health, land use and environmental advantages are also likely to translate into lower costs for drugs and compliance with environmental and

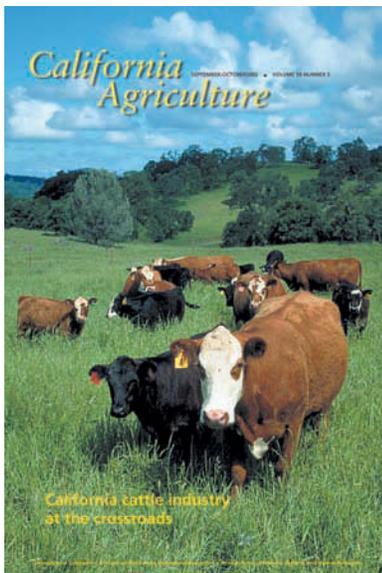
food safety regulations on organic farms. The results of this research suggest that forage-based dairies in California's northern and coastal valleys will compete successfully with conventional dry-lot, confinement operations in the valleys. Given recent growth in the industry, an updated survey would be of great interest in tracking scale-driven changes in production, costs and income.

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Sandpoint, Idaho

The article's author, UC Davis Marketing Economist Leslie Butler, responds:

You are absolutely correct in pointing out that as the relative size of the organic dairy industry increases, many of the cost differentials are likely to diminish. Even since we carried out the survey — which reported 1999 cost of production figures — the number of organic dairy producers in California has increased, as has organic milk production and the supply of organic feed. However, as organic milk production increases, competition with conventional milk production will also increase, and the price differential is likely to diminish. This could come about either as price increases for conventional milk due to diminishing supply, or as price decreases for organic milk due to increases in supply relative to the demand for organic milk. Since the supply of organic feed (relative to conventional feed) and other inputs is dependent, to some extent, on organic milk producers continuing to find it profitable to produce organic milk, the dynamics between organic milk production and the supply and cost of inputs is still quite delicate. The biggest factor on the side of the organic dairy producer in California, as you point out, is the successful substitution of pasture as the main feed.

Traditional forage-based systems in California have been successfully competing with the larger dry-lot operations since the establishment of dairying in California, and the systems have been enhanced over the years by new irrigation technologies and innovative rotational grazing systems. At the same time, recent decreases in the prices of concentrate feeds relative to alfalfa and other hay prices, and the production incentives provided for feed crops by the 2002 Farm Bill, are likely to favor increased concentrate feeding by conventional dairy producers for some time, and are likely to keep them competitive with forage-based organic producers for the next few years.



WHAT DO YOU THINK? The editorial staff of *California Agriculture* welcomes your letters, comments and suggestions. Please write to us at calag@ucop.edu or 1111 Franklin St., 6th floor, Oakland, CA 94607. Include your full name and address. Letters may be edited for space and clarity.

Given the uncertainties facing the ability of organic milk production to maintain competition with conventional milk production, the fortunes of organic producers rely heavily on the continued and increased demand for organic milk. The current trends, while positive for organic milk demand, bear watching closely. We will be updating our cost of organic milk production survey in California early next year.

Better-tasting beef?

Regarding your articles on the California cattle industry and grass-fed beef (September-October 2002, p. 151, 152), I can offer a new analysis of why beef consumption has dropped. Today I went to Basha's for the last buffalo on sale and it was gone. I told the butcher how good it was and he asked me if I had tried elk. He told me that elk tastes like beef used to taste 20 years ago. There you go. The taste of beef has changed and this may explain why many people have stopped eating it. A lot of people can taste the difference, so they switch to other meats. California should go back to range-fed stock to help the industry. The word will get around that California meat tastes better than other meat. It does not necessarily have to be organic. You should do significant research to ask which feed gives the best consumer taste.

Nick Terebey
Phoenix, Ariz.

Cal Ag a "big eye-opener"

Thank you for the arrival of your magazine! This is one of the most interesting ones that I receive. My concerns and interests revolve around the availability of clean air, water, nutritious food and beautiful landscapes. I am very interested in helping people to better understand how we humans use land. I have some great ideas, and your magazine is a big eye-opener and clarifies many of my ponderings.

Mary Ann Griese
Mountain View

Greetings from the South

I want to compliment you on what a fine job you are doing. As a UC Davis grad, I really miss the state and its agriculture scene. Every time I read your magazine, I get homesick for Northern California.

Richard Mason
Baton Rouge, La.

New grants support battle against olive fruit fly

UC's Division of Agriculture and Natural Resources has funded two new projects to combat the olive fruit fly, a pest that feeds directly on olive fruit and can devastate entire harvests. Since its first appearance in California in 1998, the olive fruit fly (*Bactrocera oleae*) has spread from Los Angeles throughout the state's commercial olive growing areas. It now infests at least 37 counties (see page 28).

Funds totaling \$230,000 will support investigations of the fruit fly's seasonal population dynamics and its biological control through the use of natural enemies. The funds are part of \$1.8 million in specialty crop funding provided through the state's Buy California Initiative, administered by the California Department of Food and Agriculture.

UC Davis entomologist Frank Zalom and pomologist Louise Ferguson received \$50,000 to further investigations to determine when mating and egg laying occur, and how they differ according to tree variety and climate. "If we can predict when the fruit becomes a suitable host for the flies, we can help growers predict when management options should be initiated," Zalom says.

UC Berkeley entomologist Kent Daane and UC Riverside entomologist Marshall Johnson (located at UC Kearney Agricultural Center), and collaborators, have received \$180,000 to support the importation and host-range testing of parasitic wasps that attack the olive fruit fly. Daane and Johnson, with scientists from the University of Hawaii and the

U.S. Department of Agriculture, will import these natural enemies from sub-Saharan Africa. They will investigate the wasp further to ensure against any nontarget effects, particularly on native species. If the parasitoids do not pose significant threat, the scientists will release and attempt to establish them in olive fruit fly populations within 2 years. Foreign exploration is now under way.



Attracting, retaining and eliciting the efforts of capable employees have always been key to the productivity of California agriculture (see page 13). To help supervisors and managers at all levels who make human-resource management decisions in agriculture, a consortium of land-grant university educators from seven states and Canada recently published *Ag Help Wanted: Guidelines for Managing Agricultural Labor*. UC Berkeley Cooperative Extension specialist Howard Rosenberg was lead author of the 242-page, full-color handbook. For more information or to place an order, go to www.aghelpwanted.org.