

Federal bill helps huge farmers, not California's innovative ones

(FRONT PAGE)

By Carolyn Lochhead, Chronicle Washington Bureau

Dale Coke ponders the perils of farming from his small organic farm in San Benito County near San Juan Bautista. An organic pioneer operating for 25 years, Coke invented the spring mix lettuce now a staple in every grocery chain - an invention born of necessity when he wound up one year with too many different varieties left over to sell individually.

But this year has been tough. He ran out of water on part of his 250 acres. He faces costly new food safety rules because of last year's E. coli outbreak in bagged spinach. There's a quarantine on the light brown apple moth in Monterey County, where he also leases land, and a looming immigration crackdown could force him to fire many workers.

And this season hasn't been all too good for growing leafy greens, organic or not. The market is flooded, prices have crashed, and Coke can't recover his harvest costs on radicchio, frise and escarole. He is mowing them down.

Even so, he wouldn't want any of the billions of dollars that go to farmers of corn, cotton, rice and a handful of other crops subsidized or protected by the government since the 1930s to shelter them from risk.

"It's part of the cycle," Coke said, fingering some of the shallots and cippolini onions that will cushion the blow. "We brought it upon ourselves. I should deal with it."



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Philip Bowles runs Bowles Farming Co. in Los Banos - as well as in San Francisco - and gets a big cotton subsidy from the government.

Besides, he said, "I think there are better things the government could do, like provide education. Or how about health care? Especially if we're having farm programs that encourage production of the kind of food that helps cause people to become diabetic and obese ... health care, that would be way more important than subsidies for anybody."

In the upside-down world of farm programs, California produces twice as much food as any other state, but mostly without crop subsidies because fruits, nuts and vegetables are ineligible. Fresno County alone produces more food than South Dakota, but South Dakota gets more than 10 times as much federal crop money.

That's the way it's been since the 1930s, and that's pretty much the way it would stay under the \$286 billion farm bill that passed the House in July and the Senate is now considering - yet another five-year plan for agriculture, billed as a temporary remedy for stricken farmers 75 years ago, renewed by Congress as farm income breaks U.S. records.

Within a 200-mile radius of San Francisco are some of the most innovative farmers in America - conventional and organic - in a region that has become the hotbed of a movement beginning to reshape American farms and food.

It aims to bring the forces of creative destruction to agriculture - to displace the industrial model of factory farms and processed foods

with a web-style network that reconnects small, local farmers directly with consumers.

Emerging spontaneously among entrepreneurs who often came from outside agriculture - Coke took up farming when he was diagnosed with cancer - today that movement is reaching a critical mass.

Organic farming is the fastest growing segment of agriculture, led by California. Conventional growers who scoffed at organics are quietly working on experimental plots or making total conversions. As big companies go organic, the movement is evolving to locally based food chains.

In Northern California, the foundation-backed Roots of Change project has embarked on a radical rethinking of California's food and farm economy. The goals: fresher, healthier, less standardized food, a more vibrant rural landscape and pesticide/herbicide-free farms that now cover a quarter of a million acres in the state - or about half the size of San Mateo County.

Standing athwart this change is the federal farm bill.

Billions of dollars in public money flow to farmers who don't need it, enriching often prosperous individuals. The entire superstructure of federal support for agriculture - a mind-numbing array of programs packed in an 860-page bill that dictates crop prices to the third decimal point - is bent toward propping up a system rooted in the past.

Seven decades of congressional flotsam - subsidies, loans and regulations - prop up markets for Depression-era crops: corn, cotton, wheat, soybeans, oats, dairy, sugar, wool, peanuts, honey, peas, lentils and even flaxseeds.

One program gives up to \$40,000 to farmers for doing absolutely nothing. Called "direct payments," the checks are based on a farmer's

history growing subsidized crops. The plan was to wean farmers off the government by phasing out the payments over seven years. That was 12 years ago.

This year, the House raised the payment cap from \$40,000 to \$60,000. For the very large family farms rapidly dominating U.S. agriculture, the checks would be much higher: \$120,000 for a couple, or \$360,000 if two married children work with them.

The purpose of the money is to shield farmers from risk. Yet California farmers deal with risk without the aid and outproduce every other state.

They operate on a simple concept that mystifies Washington.

"The first mistake a lot of farmers make is to figure out what they can grow and grow that," said Jim Cochran, an organic strawberry and vegetable grower on the coast north of Santa Cruz. "Which is a really big mistake. The first thing they need to figure out is what they can sell."

In fact, if California vegetable farmers got crop subsidies, we might all still be eating iceberg lettuce, said Daniel Sumner, an agricultural economist at UC Davis. Crop subsidies discourage the innovation that is evident everywhere in California.

Imagine, Sumner said, what today's produce aisles might look like had Congress decided to subsidize salad in 1933.

"The payments are made for iceberg, and you think the market's going to demand romaine," he said. "You say, 'But I have to give up my payments to do that.' You can picture the scenarios."

In the San Joaquin Valley, farmers are planting tens of thousands of acres of almonds because prices are high. In Georgia, the market is calling for pecans, but Congress subsidizes peanuts - regardless of the market.



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California's small farmers produce raspberries like these, from John Eiskamp in Watsonville.

Federal crop money fuels the accelerating trend toward larger farms, bidding up land prices, making it more expensive and difficult to break into farming and giving the largest handouts to the largest farms that can spend that money buying out their neighbors.

On top of that are billions of dollars in conservation, marketing, trade, research, pest and environmental programs - money economists say at least delivers public benefits. (Unlike other industries, farms are paid to improve the environment, rather than penalized for polluting.)

This year, specialty crop growers got a \$1.6 billion share of those programs and increases in fruit and vegetable spending in food stamps and school lunches. The money was considered a breakthrough, but it is shared nationwide and remains a token compared with other crop spending, especially given California's \$32 billion in agricultural sales.

Research on organic farming, a high priority for California, got \$5 million a year, another first, while

the House bill proposes to spend \$8 billion a year on crop subsidies.

At the same time, demand for organic food is outstripping supply, and imports are pouring in, including from China, "where they can't even get dog food right," as Watsonville raspberry grower John Eiskamp put it.

Organic farming has breathtaking potential to improve the environment in ways only dimly understood by the American public and urban lawmakers. If you recycle or drive a Prius, consider this next time you go to a supermarket: One-quarter of California - 27.6 million acres - is farmland, much of it in the heavily polluted San Joaquin Valley. Agriculture covers 40 percent of the land in the United States. How food is grown on that land has big consequences for the air, waterways and wildlife. California now has more than 220,000 acres of certified organic cropland, more than any other state, but still a fraction of the total.

Lacking research money, organic farming has evolved through trial and error, but even so has led the way to widespread adoption in California of new methods such as integrated pest management and crop diversification.

"When I go to D.C. and I walk through those halls, I just think I'm on a time trip to another era," said Bob Scowcroft, executive director of the Organic Farming Research Foundation, a Santa Cruz group struggling since 1990 to change the priorities so federally paid scientists who now collect patents for their work on genetically modified crops will instead investigate ecology-based farming practices.

"In 1998, we got a sentence (in the farm bill) that said organic was good farming practice," a precondition to receive farm loans, he said. "Organic was not even

considered good farming practice 10 years ago."

California's political leaders in Washington - now in positions of enormous power - seem all but oblivious to these currents. House Speaker Nancy Pelosi, a Democrat from San Francisco, gave the green light to a House Agriculture Committee bill written in large part by the commodity industries. Its sugar section, the Congressional Research Service dryly noted, "incorporates a proposal presented by the U.S. sugar producing sector"; its dairy provisions "were based on a proposal submitted by the National Milk Producers Federation."

Farm state legislators make no apologies for the bill.

"Us guys in farm country, we don't know a thing about the big cities and we're not about to tell them what to do," said House Agriculture Committee Chairman Collin Peterson, D-Minn. "And these big city editorial writers and others don't have a clue about what's going on in agriculture, and they ought to keep out of our business."

Pelosi, concerned about the re-election prospects of freshman Democrats from farm states, hailed the bill as reform and suggested further progress could wait until 2013.

Sen. Barbara Boxer, D-Calif., a longtime environmental champion who chairs the Environment and Public Works Committee, said she does not support limiting subsidy payments to \$250,000 per farmer - one way to fund environmental programs that are turning away farmers for lack of money.

Sen. Dianne Feinstein, D-Calif., sits on the committee controlling farm program spending. Like Boxer, she did not support a serious payment limit in the 2002 farm bill. Feinstein has not stated her position this year. Both senators have



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A pile of cotton seeds is examined by Philip Bowles. Cotton growers are among the few in California receiving subsidies.

favored keeping the subsidies for cotton and rice growers - who deliver 2 percent of California's cash farm receipts.

John Teixeira grows 37 acres of organic fruits and vegetables on his family's 7,000-acre conventional cotton, tomato and alfalfa farm near Firebaugh in Fresno County. He receives large cotton subsidies. But he's so keen on the new food movement that he attended a Slow Food conference in Italy. He operates a Community Supported Agriculture program for his Lone Willow Ranch produce - a direct marketing method borrowed from Japan in which farmers contract with consumers for weekly deliveries. The technique is uniquely suited to small, local producers, reduces their risk, cuts out middlemen and transforms farmers from price takers to price makers.

Teixeira supports cotton subsidies in one breath, but acknowledges their shortcomings in the next. One wet year, he planted his cotton late even though

he knew the production would be awful.

"We knew we were going to lose \$200,000, but we went ahead and planted it," he said, because of the subsidies. "Does that make sense?"

Teixeira said farming today reminds him of the cigarette industry. Fewer people smoke now, but they eat a lot more bad food. "The American consumer can enlighten this movement by speaking up," he said. "That's the problem. Does really anybody know anything about the farm bill?"

Quick facts about farm subsidies

The United States paid \$164.7 billion in crop subsidies from 1995 to 2005.

Top crops

Corn

\$51.2 billion to 1.5 million farms

Wheat

\$20.9 billion to 1.2 million farms

Cotton

\$19.1 billion to 239,133 farms

Top states

Texas

\$14.8 billion in payments

Iowa

\$14.7 billion in payments

California

\$5.9 billion (ranked 10th)

Other programs

Conservation - \$20.2 billion in farm conservation programs during the same period.

As of 2002, 67 percent of the nation's farmers didn't collect any federal crop subsidies - 91 percent of California's farmers received no crop subsidies.

Source: Environmental Working Group's farm subsidy database

E-mail Carolyn Lochhead at clochhead@sfchronicle.com.

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