

Economic Fallacies of CAFOs

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Fallacy: CAFOs keep retail prices for meat, milk, and eggs affordable.

- ❑ Between 1960 and 1990 percent of income spent on food dropped from 17% to 9%-- 9% since 1990.
- ❑ Since 1990, CAFOs have dominated production.
- ❑ Since 2000, overall increases or inflation in consumer prices have averaged 2.48% per year.
 - ❑ Food prices have increased by 2.81% per year.
 - ❑ Meat, poultry & eggs increased by 3.09% per year.
 - ❑ Dairy and dairy products by 2.15% per year.

Fallacy: CAFOs have grown because of “Economies of Scale.”

Economies of Scale: Costs per unit of production decrease as the size of the operation increases.

- ❑ Most economies of scale in animal production are feasible without CAFO-sized operations.
 - ❑ Duffy, Iowa State University, 2009.
- ❑ Economic advantage for CAFOs comes from the simplification of management.
 - ❑ CAFO operators can manage more animals.
 - ❑ CAFO “integrators” can control and profit from multiple CAFO operations.

Example of CAFO Advantage

- ❑ A 100-sow farrow-to-finish hog operation markets 2,000 hogs per year. The farmer needs a \$20 profit per hog to earn an income of \$40,000 from the feed-out operation.
- ❑ A CAFO operator produces 5,000 hogs a year. The operator would need only \$8 per head to earn \$40,000.
- ❑ Even if the CAFO operator makes \$10 less profit per head, the CAFO operator's income is \$50,000--\$10,000 more.
- ❑ CAFO Integrator with 10 CAFOs (50,000 hogs) would need only \$5 per head to realize an income of \$250,000.

The Realities of CAFO Economics

- ❑ Integrators pay CAFO operators just enough to give them an economic advantage over independent producers.
- ❑ Corporate processors pay integrators just enough to ensure a continuous supply of uniform live animals/eggs/milk.
- ❑ Any cost advantage for CAFOs is important to producers but has little effect on retail prices of meat, milk, or eggs.
 - ❑ \$10/hd. for 280 lb. hog = 6 cents/lb. for 150 lb. retail pork.
 - ❑ \$50/hd. for 1200 lb. steer = 7 cents/lb. for 750 lb. retail beef.
 - ❑ 30 cents/hd. for 5 lb. broiler = 10 cents/lb. for 3 lb. chicken
 - ❑ \$1/cwt for raw milk = 6.25 cents quart for milk at retail.

Fallacy: CAFOs are good for rural economies and communities.

Economic benefits of CAFOs concentrated in a few communities

- ❑ Hog CAFOs have displaced 90% of hog producers.
- ❑ Beef CAFOs, over 1000 hd. produce over 80% of all beef.
- ❑ Dairy CAFOs displaced 64% of dairy farms from 2000 to 2020
- ❑ Poultry CAFOs produced virtually all poultry and eggs.

People, not production, support rural economies and communities.

- ❑ CAFOs buy feed, supplies, etc. outside of the local community.
- ❑ People shop on Main Street for clothes, cars, shoes, and haircuts.
- ❑ People support schools, churches, hospitals, and public

Economic Impacts of CAFOs on Rural Communities

- ❑ 2008 Review: Research dating to the 1940s shows local economies suffer economically and socially from industrial agriculture.
- ❑ 2001 Study: Many CAFO counties are forced to raise taxes to offset increased costs for repairs to rural roads and bridges.
- ❑ 2008 Study: Lower incomes, greater income inequality, more poverty, less active “Main Street,” fewer stores, and less retail trade in CAFO communities.
- ❑ 2015 Study: Property values up 7 miles from CAFOs lower by 3.1% to 26%; properties next to CAFOs down 88%.
- ❑ 2022 Study: Personal incomes dropped 8% from 1982 to 2017 in Iowa counties with most CAFOs. Other rural counties rose 41%.

Fallacy: CAFOs are Needed to Feed the World

- ❑ UN-funded studies: Small, family-sized farms provide food for 70% to 80% of global population, 30% from <5-acre farms.
- ❑ UN IPES Report-2016: Cited 350 global studies: “Today's food and farming systems have succeeded in supplying large volumes of foods to global markets, but are generating negative outcomes on multiple fronts: widespread degradation of land, water and ecosystems; high GHG emissions; biodiversity losses; persistent hunger and micro-nutrient deficiencies alongside the rapid rise of obesity and diet-related diseases; and livelihood stresses for farmers around the world.”

Fallacy: CAFOs are Needed to Feed the World

UN Report Cont.: “What is required is a fundamentally different model of agriculture based on diversifying farms and farming landscapes, replacing chemical inputs, optimizing biodiversity and stimulating interactions between different species, as part of holistic strategies to build long-term fertility, healthy agro-ecosystems, and secure livelihoods. Data shows that these systems can compete with industrial agriculture in terms of total outputs, performing particularly strongly under environmental stress, and delivering production increases in the places where additional food is desperately needed. Diversified agroecological systems can also pave the way for diverse diets and improved health.”

Fallacy: CAFOs are the Natural Result of a Free-Market Economy

- ❑ UN Report Lead Author: "It is not a lack of evidence holding back the agroecological alternative. The way food systems are currently structured allows value to accrue to a limited number of actors, reinforcing their economic and political power, and thus their ability to influence the governance of food systems. Simply tweaking industrial agriculture will not provide long-term solutions to the multiple problems it generates. We, as a society, must change our political priorities."
- ❑ Taxpayers absorb production and price risks of feed grain production, providing CAFOs with stable feed supplies.
- ❑ Taxpayers absorb risks of disease outbreaks and natural disasters for CAFO operators and subsidize exports of surplus production.
- ❑ Taxpayers absorb the environmental and public health risks of CAFO pollution of air and water because the government fails to regulate CAFOs as industry rather than agriculture.

The Economic Reality of CAFOs

- ❑ CAFOs exist because of the economic and political power of the “agricultural establishment” to influence, in many cases dictate, government policies and regulations.
- ❑ The Ag-Establishment uses “agricultural exceptionalism” to rationalize policies that treat CAFOs as independent family farms rather than corporate-controlled industrial operations.
- ❑ Changes in public opinion must precede lasting changes in public policies. Public officials don’t lead, they follow.
- ❑ All we need to do to change public opinion is to continue to expose the fallacies of CAFOs—to tell the truth.

Let us have faith that right makes might, and in that faith, let us, to the end, dare to do our duty as we understand it.

Abraham Lincoln, Speech at the Cooper Union, New York City, Feb. 27, 1860

Economic Fallacies of CAFOs Questions, Comments?

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