

## **Large Scale, Corporate Hog Operations: Why rural communities are concerned and what they can do<sup>1</sup>**

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I was recently asked by a rural advocacy group in Missouri to list some logical reasons why rural community leaders should be concerned about the impacts of livestock factories on their communities? I considered this to be a reasonable request and thus developed a list of reasons why I think rural residents should question whether or not they want large-scale, corporate hog farms to locate in their communities. Those reasons seem to make a logical starting point for a paper concerning why rural communities are concerned about large-scale corporate hog operations and what they should do about them.

As I indicate in my response to that request, there is no scientific consensus on this issue. Thus, there is no set of scientific "facts" to either prove or disprove the validity of these concerns. Research exists to support many of the concerns on my list, even though they cannot be proven.<sup>2</sup> However, most of the concerns on the list are based primarily on logical reasoning and common sense. Some may dismiss these "logical" concerns as illogical, uninformed, or inconsequential. But, such assessments simply represent differences in "beliefs," not proven facts or some unique knowledge of reality. The people of rural communities have a right and responsibility to weigh the evidence and logic on both sides of this issue and to make their own decisions.

### Top ten reasons for rural communities to be concerned about large-scale, CAFOs

A "top ten list" wasn't chosen just to be cute or catchy. Ten is enough to get the point across, but not so many as to overdo discussion of the issue. Also, I wanted to start at the bottom of my list and work my way to the top.

#### Concern #10. Hogs stink

Odor is at the top of the list for many opponents of large-scale hog farms. The most vocal opponents tend to be those affected most directly – those who wake up most days to the smell of hog manure. To a hog producer, hog manure may "smell like money," but to the neighbors, it just "smells like hog manure." There are legitimate human health concerns associated with air quality surrounding large hog operations. Thus, the odor problem goes beyond the very real nuisance of living with stench in the air. Odors associated with giant hog farms affect the lives of people for "miles around," not just those on adjoining farms. Few would be willing to stay in, or move into, such a community if they have an opportunity to locate elsewhere. Odor ranks only 10 on my list because something could possibly be done to mitigate its impacts, such as using

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<sup>1</sup> Similar paper presented at "Who Owns America? II Conference," Land Tenure Center, Madison, WI, June 3-6, 1998

<sup>2</sup> Published proceedings from "An Interdisciplinary Scientific Workshop: Understanding the Impacts of Large-scale Swine Production," edited by Kendall Thu, University of Iowa, is a good starting point in reviewing supporting literature.

odor-reducing technologies, compensating those most affected and locating facilities so as to minimize impacts of the greater community.

Concern #9. The work is not healthy for people

A large confinement hog facility is not a pleasant place to work. Known health risks are associated with continuously breathing air that arises from manure pits in confinement hog facilities. Health problems cost money in lost wages and health care costs. But more important, an unhealthy workplace can destroy peoples' lives. History has proven that people will choose to work in dangerous work environments when they are desperate for jobs. Health risks can be life threatening, so I rank worker safety above odor problems. But as in the case of odor, health problems can be mitigated by protecting workers from the noxious fumes, by limiting exposure, and by keeping people with other health problems out of confinement facilities.

Concern #8. Piling up too much "stuff" in one-place causes problems.

If you spread out the hogs and let hog manure lay where it falls in a pasture, it doesn't bother anyone very much. But if you start collecting it, flushing it, spreading and spraying it around – all normal practices in confinement hog operations – it becomes air pollution. Water pollution also is a symptom of the same basic problem -- too much manure in one place. The difference between the hog lagoon spills, such as those in Missouri and North Carolina, and the normal runoff from a hog pasture is a simple matter of concentration. When you put a lot of hogs in the same place, you have to collect and store the waste. If it gets into the ground water or gets flushed into streams, it kills fish, clogs streams and lakes with algae, feeds water born disease organism, and wreaks havoc in the environment.

In addition, manure on diversified hog farms normally is spread back onto cropland where the feed grain was grown. Most of the nutrients used to grow the crops are returned to the soil. But, when feed grains from specialized crop farms are shipped to distant hog-factories, the nation's future productive capacity is being stacked up and flushed out into places where crops can't grow. We can treat the symptoms – air pollution and water pollution – but the basic problem of piling up too much stuff is inherent within the system of large-scale, concentrated production.

Concern #7. Consumers have little if anything to gain.

Large-scale, corporate hog production is frequently justified to the general public as a more efficient, lower cost, means of producing higher quality pork. The facts of the situation simply do not support such a claim. The average consumer spends just over 10 percent, a dime out of each dollar, of their disposable income for food. About 10 percent, a penny out of the dime, is spent for pork. The costs of live hogs make up only about 35 percent of that penny. The rest goes for processing, packaging, advertising, transportation, and other marketing costs.

Farm record data have shown that costs of large-scale hog operations are only slightly lower than costs of "average" commercial hog producers. Even if production costs were five percent less, about \$2/cwt of live hog; the "maximum" savings to consumers would be less than two cents per

dollar spent for pork at retail. At best, total food costs would be two-tenths of one percent less and consumers on average would spend only "two-one-hundredths of one percent" less of their income for food. Any savings would be lost in rounding error in consumer food cost statistics. With a handful of large hog producers and packers gaining control of the industry, it seems far more likely that in the long run pork prices would go up rather than down as a consequence of further industrialization.

The argument that factory pork would be higher in quality doesn't hold either. Pork would be more uniform because it would all come from the same basic genetic stock, as is currently the case with chickens. However, consumers have different tastes and preferences – different perceptions of quality. Making all pork "the same" would not necessarily please more consumers. Greater profit for producers and processors, not lower costs or higher quality, is the driving force behind the current trend toward industrial hog production. The only ones who really need to shave another penny or two off production costs are those who are trying to export more pork into highly competitive world markets. That doesn't include many hog farmers or pork consumers. So, why should the general public support industrial hog production?

Concern #6. Continuing regulatory problems are inevitable.

Without regulations, big hog operations will impose costs on their neighbors – air pollution, water pollution, and others -- that are not part of the historic costs of producing hogs. It will cost money for hog factories to deal with "externalities" such as air and water pollution. No "bottom-line" driven hog operation will incur those costs unless they are forced to do so by government regulations – federal, state, or local.

Family farmers are people with human feelings and values, and most feel some sense of responsibility to their communities and the environment. Family farmers at least have personal incentives to be stewards of the environment and good neighbors, regardless of how they choose to behave. Public corporations have no such incentives. They are not people. Corporations have no heart or soul. Stockholders often are so detached from their investments they don't know or care what stocks they own – just as long as they make money. Local managers and workers may be good people who really care about the community, but when it comes to keeping their job, they must put profits and growth ahead of community. Professed corporate support of local communities, by necessity, can be nothing more than another strategy for profit and growth. Thus, government regulation and continual conflict are an inherent fact of corporate life.

Concern #5. Hog factories destroy public confidence in agriculture

Over the decades, family farmers have built up a vast treasure of public confidence and good will. Many people in the cities either grew up on farms or have parents or other close relatives whom either now are or once were family farmers. The "farm family" conjured up images of people who are hard working, moral, honest, solid, dependable, trustworthy, caring, and responsible. These images have been a valuable source of wealth for farmers – although not widely recognized as such.

Farmers have been awarded special privileges, exemptions, and variances under a whole host of public policies -- from taxation to environmental regulations -- because they were trusted to behave in the public interest. Support of "family farms" has been an important part of the rhetoric of every farm bill that has passed congress. Farmers have also enjoyed a special status "as people," apart from any monetary benefits. They have been respected and trusted. However, bad publicity surrounding large-scale, corporate hog production is using up the farmer's stock of public confidence and good will at an alarming rate. Negative stories have appeared on every major television network over the past few years. When Ms. Magazine runs a feature article on the ills of corporate hog farming, as they did in 1997, we can conclude that the story has just about made the full circuit of public opinion shapers. Family farms will be paying for this loss of public trust for decades, if not forever.

Concern #4. Future of the community is turned over to outside interests.

Rural people need to take charge of their own destinies if they expect to sustain a desirable quality of community life for themselves, their children, and future generations of rural Americans. Quality of life is about much more than just creating more jobs and making more money. Quality of life is also about positive moral and social values and being responsible caretakers of the community as a place. Sure, people need jobs and need to make a decent living. But, jobs and high wages didn't save the cities from decline and decay and jobs won't save rural communities either. When an apparent solution to a problem comes from someone else, from outside, you can just about bet that the benefits will be going to someone else from outside as well.

Some rich and powerful outsiders have their own problems, and they have their eyes on rural communities as places to solve them. Sparse population, trusting people, and lack of jobs in rural areas are seen as ideal opportunities. They are looking for someplace to "dump stuff." An Industrial society creates a lot of "trash," whether in the form of garbage, toxic chemicals, or hog manure. Most "outsiders" promoting rural development schemes have something they need to "dump." Jobs just aren't enough compensation for turning a community into a "dump." Rural people need to take control of their own destiny and build the kinds of communities in which their children and their children's children will choose to live and grow. The solutions to the problems of rural Americans are in the hands, hearts, and minds of rural people themselves, not in outside investment and corporate control.

Concern #3. The decision making process can rip communities apart.

The process of decision making may be more important than the decision itself. Anyone who has been a part of a family has experienced this first hand. The memory of an act that triggered a family feud has long since faded, but the feud goes on. Feuds result from a loss of confidence and trust, regardless of the context within which the loss takes place. The large-scale, corporate hog farm issue is one of the most contentious issues to confront rural America in recent history.

The social fabric of rural communities has been ripped apart by controversy surrounding the introduction of large-scale, corporate hog operations. There seems to be no middle ground. Some

people seem determined to bring in the big hog operations, by almost any means, and others seem just as committed to keep them out, by almost any means. Almost everyone eventually seems to feel obligated to take sides. The larger question in such communities is not whether the hog factories come in or stay out, but can the community ever heal the wound left by the fight?

A healthy, unified community can deal with almost any problem, including a large-scale corporate hog farm on the outskirts of town. A sick, bitterly divided community is incapable of much more than survival, regardless of its other advantages and opportunities. The future of rural America depends on communities of people being able to work together for their common good. The divisiveness of the decision making process, presumably, could be avoided. But, the consequences of failing to do so are so destructive that it ranks near the top of my list.

Concern #2. Hog factories degrade the productive capacities of rural people.

Factories "use up" people. Assembly line work is "non-thinking" work. When you work on an assembly line, you simply do what you are told as fast as you can for as long as you can. I know. I have been there. Large-scale hog operations may not be assembly lines, but the principle is the same. Big hog operators do not want people who know anything about raising hogs. They want people who can be trained to do what they are told to do without thinking. An experienced hog farmer might start thinking, asking questions, and mess up their process. Hog factories, like other factories, are looking for people who are dependable, who know how to carry out orders, and will work hard for a little money.

On balance, large-scale, industrial hog operations destroy more jobs than they create. A driving force behind industrialization is to substitute capital and technology for labor and management – to make it possible for fewer people to produce more. Large-scale hog operations concentrate the jobs created in one place and call it economic development. The jobs lost elsewhere are ignored or denied. The numbers of independent hog farmers displaced elsewhere will be greater than the number of jobs created in new large scale hog operations. Hog factories replace more independent hog farmers with fewer assembly line workers.

Other kinds of factories have come to rural America in the past. When these factories have found people in other regions, or in other countries, who would work even harder for less, they moved on. Corporately owned factories have no roots. They leave behind a workforce that doesn't know how to do anything other than what they are told. Intelligent, thinking, capable, independent people are transformed into detached, non-thinking people who may be psychologically incapable of earning a living without depending on someone else to tell them what to do. Our cities currently are plagued with such people -- people whose capacities have been degraded by factories long since gone. It just doesn't seem to make sense to do the same thing to rural people. When we replace independent, family hog farmers with hog factories we are degrading the most valuable resource rural areas have to support future development – rural people.

Concern #1. Tomorrow's problems are disguised as today's solution.

My number one concern regarding large-scale, corporate hog operations is that rural communities will see them as "the solution" to today's problems without seeing them as a potential "source" of problems for tomorrow. Maybe there are some communities so desperate for jobs that it makes sense to take the risks. Maybe they feel they have to do something today to give them a chance to do something better tomorrow. But, hog factories are a short-run solution, at best, that may create more long run problems than they solve today. Low-wage, assembly-line-like jobs should be viewed as a stop gap strategy suitable only for communities with no other options. Sooner or later non-thinking jobs will be done somewhere else on the globe, where people will work harder for less money and are accustomed to doing whatever they are told – by those who have no other options. In the longer run, all non-thinking jobs will be done using computers and robots – not by people anywhere.

The real opportunities for people to lead successful lives in the future will be in "thinking" work. The human mind is uniquely capable of complex thought. Almost anyone is "smarter" than a computer. But, people need to develop their unique human abilities to think. We need to accept the responsibility for thinking and for creating thinking jobs for ourselves and for others. As long as rural people think their problems are solved, or will be solved by someone else, they see no incentive to begin doing the things they need to do to ensure the future of their community.

The primary advantages for rural areas in the twenty-first century will be the unique qualities of life associated with open spaces, clean air, clean water, scenic landscapes, and communities of energetic, thinking, caring people. Communities that sacrifice these long run advantages for short run economic gains may have a difficult time surviving in the new century.

Thus, my number one concern is that large-scale, corporate hog operations are tomorrow's problem disguised as today's solution. They may keep rural people from doing the things that need to be done today to ensure the future of their communities. Large-scale, corporate hog operations will not create communities where our children and their children will choose to live and grow. Communities with a future must take positive actions today to ensure a desirable quality of life for themselves, their children, and rural children of future generations.

#### Why Do Rural Communities Accept Confinement Animal Feeding Operations?

Admittedly, there are reasonable arguments that can be used to support bringing large-scale confinement animal feeding operations (CAFOs) into a rural community. Community leaders who support such operations typically argue that people in their community:

- (a) Need jobs in to replace those lost to globalization,
- (b) Need a higher tax base to provide rural services,
- (c) Need to bolster their declining agricultural economy,
- (d) Know that other communities will accept these operations if they don't,
- (e) Feel that they can't stand in the way of progress,
- (f) Believe big operations can better afford modern pollution prevention technologies,
- (g) Feel that local opposition is just another case of "not in my backyard," thinking.

There are logical responses to each of these arguments, but each also contains elements of truth. One thing nearly all pro-CAFO arguments have in common is their foundation in short-run, self-interest economics. They are based on a deeply held faith that the market place is the best means of allocating resources – whether it is allocation of people among alternative occupations, land among alternative uses, money among investments, or people among communities. Those things possible and profitable shall be done. People have a right to protect themselves and their property from damage caused by others, but beyond that, the economics of the marketplace shall prevail. A community is nothing more than a collection of individuals that happen to be located in geographic proximity to each other. These are typical assumptions of self-interest economics.

After all, corporate investors are putting their money into CAFOs because they expect to make profits. Investments create jobs and enhance the local tax base. If CAFOs are more cost efficient than smaller farming operations, even if marginally so, traditional family farmers will inevitably be forced out of business -- so the argument goes. Why not give local farmers a chance to go to work for a profitable agricultural corporation? We know these Corporations are going to invest somewhere, so it might as well be here. There are always costs associated with anything that generates benefits. The opponents just want someone else to bear those costs.

The reason that if environmental problems arise, it will be easier to work them out with a few large operations than many small ones. The big operations have the money to invest in the modern waste handling facilities that ultimately will be required of everyone. The technology is available, it's profitable, so it's both futile and foolish to stand in the way of economic progress. The people who are opposed to these operations are accused of being out of touch with economic reality. Opponents of CAFOs are labeled as Luddites – as people who oppose progress or just want to keep things as they are.

If self-interest economics prevail, there is every reason to believe that CAFOs eventually will totally dominate animal agriculture in America. And, corporations will locate CAFOs pretty much wherever they choose, regardless of the ecological and social consequences. They will avoid locating them in heavily populated areas to minimize nuisance law suites. But, money invested in CAFOs will seek its place of highest return. The only way to successfully challenge this outcome is to challenge its basic premise – the right of private profits to prevail over public good – and to uphold the rights of people to prevail over the pursuit of profits in protecting their communities and shaping their destinies.

#### Sustainability: The Challenge to Land Use Economics

Current land use decisions in the United States, including location of large hog operations, have their foundation in economic theory as it relates to the concept of private property. Persons who hold ownership rights to property may do with it pretty much as they see fit, including exchange ownership rights with others, as long as it does not interfere with the private property rights of others. Any restrictions on individual land use are limited to uses that might affect the use rights held by other individuals.

With relatively minor exceptions, land use decisions are determined by the economics of the market place. Provisions are made through laws of eminent domain to acquire private property

for public use, without the consent of owners, but not without just economic compensation to current landowners. Land uses of a criminal nature, deemed to be of clear public harm, may be restricted without compensation. Land use zoning may restrict land use as well. But in reality, economic considerations commonly dominate planning and zoning decisions. The question becomes, how can economic development be maximized with the minimum negative impact on community residents? Requests for changes in zoning are typically motivated by a desire to put land to a higher economic use. Opposition to changes typically is motivated by the desire to protect private property rights. It is a rare community that uses the tools of planning and zoning to ensure the long run ecological and social well being of the community as a whole.

So, with minor exceptions, private property may be put to its highest economic use. The concept of highest economic use gives legitimacy to competing private property rights, but commonly ignores or denies any right of the community, or public as a whole, to participate in all land use decisions. Economic theory treats a community as a collection of individuals, not as an entity with rights separate from, or in addition to, those of individuals of which the community is composed. In addition, conventional economics gives no consideration to potential ownership rights of future generations. Rights of intergenerational transfer of ownership are based on the premise that to prohibit or limit such transfers would unjustly restrict current private property rights. Free market economics makes no provision for future generations, other than those reflected in the self-interests of current decision-makers. And economics drives land use decisions.

The question of long run sustainability presents a serious challenge to conventional economic thought as the foundation for land use decisions. Over the past decade, many different people have defined sustainable development, of which sustainable agriculture is but one part, in many ways. However, the underlying theme of nearly all such definitions is one of intergenerational equity – a responsibility to meet the needs of the current generation while leaving equal or better opportunities of those of all generations to follow. In more common language, sustainability development applies the Golden Rule across generations – doing for future generations as we would have them do for us.

The three cornerstones of sustainability are ecological soundness, economic viability, and social justice. The three are not separate goals or objectives, but instead are three separate dimensions of the same whole -- as with the three dimensions of a box; height, length, and width. Any object lacking any one of those three dimensions quite simply is not a box. Any system of development that is not ecologically sound *and* economically viable *and* socially just quite simply is not sustainable over time. All are necessary and none alone or any pair is sufficient to ensure sustainability.

Thus, sustainability requires that we look beyond the economics of short-run, self-interest to the broader set of issues affecting quality of life or human well being over time. Sustainability requires that we broaden our economic thinking to consider the long run health and productivity of the natural ecosystem, not just the optimum means by which it may be exploited for our short-run gratification. Sustainability requires that we broaden our economic thinking to consider the well being of the community, or society, as a whole, not just sum the welfare of individuals who

make up a community or society. The economics of self-interest is an important dimensions of sustainability, but it is but one among three. Things ecological, social, and economic must be considered as complementing dimensions of the same whole, not as competing objectives that can be pursued separately.

### Economic Implications for Sustainable Land Use

The following is a short discourse on the economics of land use under conventional and sustainable economic assumptions. For some readers, this discussion will be unnecessary, and they may feel free to skip to the next section. It is included for the benefit of those who might be skeptical regarding whether or not the conclusions of this paper are based on sound economic logic. They are.

From a short-run economic perspective, production from a given piece of land should continue to be increased as long as the value of additional production exceeds the added cost of creating that production. Land is considered as a *fixed* economic resource -- its quantity cannot be increased - - and all other inputs such as hogs, feed, and labor are considered to be *variable* – more or less may be used on a given piece of land. The fundamental economic question is; “what quantity of variable inputs should be applied to a given amount of fixed resource?” In terms of hog production, the answer is: the number of hogs or size of production unit, and the number of production units in a given area, should be increased as long as the value of adding one more hog or production unit exceeds their addition to costs.

The economic optimum scale of hog production has increased dramatically over the past few years. New production technologies have allowed hog producers to avoid many of the previous problems of large-scale production – such as disease and labor problems. Changes in the food system have created opportunities for profitable integration of production and marketing activities -- favoring large-scale, corporate hog operations over individually owned family farms. Thus, the costs associated with larger scale production have declined and the returns from large-scale, corporate production have increased. There is little doubt that the dramatic increase in large-scale CAFOs has been driven by economics – by corporate greed and the pursuit of profit. However the economic arguments that support CAFOs are valid only from the perspective of economics of short-run, self-interest.

The conclusions are totally different if we instead take a long run, sustainable economics perspective of land use questions associated with large-scale hog operations. In the long run nearly all the agricultural inputs that are *variable* in the short run are *fixed*. For example, fossil fuels, fertilizers and pesticides for feed production, machinery, and many building materials are all derived from finite, non-renewable stocks of natural resources. Thus, their long-run supply is *fixed*, even though their short run use may be *variable*.

In the long run, our only truly *variable* resource is solar energy. Living organisms, including people, represent renewable resources, but living organisms are dependent on finite natural resources as well as solar energy. Every productive resource on earth can realistically be depleted over some finite period of time. But, the continuing supply of energy from the sun is expected to continue for billions of years into the future.

Geographic space is required to capture solar energy, at least for agricultural use. Land represents space. Thus, land – as space – serves as a proxy for solar energy, the only long run, *variable* resource. Of course, land has characteristics other than space -- such as organic matter, texture, and water holding capacity – which may influence its productivity and value. But, these non-spatial aspects of land are finite, and thus, may be depleted over time. Land as space, while fixed in total at any point in time, represents a virtually infinite supply of solar energy that may be utilized in varying quantities over time, and thus, represents a *variable* long run resource.

Ironically, those things that are variable in the short run are fixed over the long run, and the one thing most fixed in the short run, space, represents the only variable long run resource. As we should expect, things that appear to be optimum from a short run perspective are far from optimum when one takes a long run perspective.

Solar energy is not only variable -- it is also *free*. The sun is the only resource that we don't have to pay for, by one means or another. Thus, in the long run, land – as space -- must be considered as *free*. Economics dictates that we maximize production from free resources if we are to maximize profits. When space is considered to be free, the profit maximizing use of all non-renewable inputs will be at the point of their minimum cost per unit of production. In hog production the optimum would be at the point of maximum production per pound of feed or per hour of labor, not maximum profit from a production unit or for a given corporation.

Maximum production *per unit* of non-renewable input will result in maximum *total* production from a given quantity of input over time – and maximum contribution to sustainable production. If land, as space, is allowed to take on a positive market value, less land will be used relative to other production inputs – feed, labor, capital, and equipment -- resulting in these non-renewable inputs being used up at faster than optimal long run rates. This conclusion is quite different from conventional short-run economics which treats land as a marketable commodity and focuses on maximizing profits for the firm or corporation, rather than maximizing long run benefits to the community or society.

#### Implications for CAFOs in Rural Communities

So what does all this mean for confinement animal feeding operations in rural communities? It means if short run economics is allowed to prevail, concentration of hogs in a given area will increase as long as each additional unit of production – increase in size or number of CAFOs -- adds more to total value of production than it adds to total costs. But, it also means if rural communities want to *sustain* development over the long run they cannot allow short-run economic self-interest to prevail.

Eventually, the size of CAFOs may be limited by rising costs. For very large operations, costs of production may eventually rise because feed and other inputs have to be shipped in and products shipped out from and to increasingly distant locations. But in reality, something other than economic scale of production typically limits the size and number of CAFOs in a given area. Costs associated with such things as foul odors, water pollution, worker health, displaced farmers, degradation of human potential, and destruction of communities are all considered to be

“externalities,” if considered at all, in short-run, self-interest economics. The limit of size typically is not one of internal economics, but rather one of external pressures.

External costs, by definition, are costs not imposed by the market place. Thus, those who are damaged must impose such costs – through law suites, government regulations, and social pressures from the surrounding community. External costs typically limit the growth of CAFOs within any given area. But, the economics of self-interest provide the constant and relentless motivating force for those who operate CAFOs to do the things that result in law suites, to violate government regulations, and bribe and coerce the community into accepting their presence. CAFOs almost always see opportunities to increase profits if external constraints can be overcome, avoided, or removed.

The existence of externalities cause those who operate CAFOs to choose those areas least willing and able to impose external costs of the corporation, which allows them to operate as near as possible at the short-run, self-interest economic optimum size. The most important spatial requirements for CAFOs at present appear to be space for dispersing foul odors in the air and space for spreading manure on the land. Rural areas are “valued” as dumping grounds for stench and manure – things other people don’t want to have around. Thus giant animal feeding factories have consistently located in remote, economically depressed rural areas. It all makes logical short-run, self-interest, economic sense. But, it is all long run, sustainable economic nonsense.

#### What should rural communities do?

Rural people must become actively involved in shaping the destiny of their communities. They cannot rely on some “invisible hand” of economics to create a positive future. The “invisible hand” has been severely crippled, if not cut off, as an economy made up of small proprietorships has been replaced by an economy dominated by large corporations. Rural people must assert their right put their long run, community interest ahead of the short-run, self-interest of those who invest in and operate CAFOs. Such operations cannot even be justified on economic grounds, when one takes a long-run economic perspective. Nor can the impacts of CAFOs on environmental quality and social justice be tolerated if communities are concerned about their long-run sustainability.

*Markets cannot be allowed to allocate the use of land as space.* This is the most important conclusion of the foregoing illustration of short run versus long run economics. Markets place positive prices on economic inputs, resources, and products. Those things that are most scarce – that are less available relative to the aggregate desire and ability to possess them – will command the highest market prices. Higher prices both ration the scarce supplies among those who are willing and able to pay and provide an incentive for increased production to reduce the scarcity. But land, as space, cannot be allowed to have a positive price without misallocating its use, and higher land prices quite simply cannot create more space. Land prices guide land use to its highest valued short-run economic alternative – whether for residential developments, hog factories, farming, or wilderness. Those using conventional economic theory have falsely assured us that society will realize the highest total value from a given stock of land by allowing free markets to allocate land use.

Some portion of the total value of land will reflect its inherent productive capacity, whether in agriculture, recreation, or other land-based production processes. That portion of land value can be allocated by market prices. However, much of the value of land represents its value as space - a geographic place to carry out some activity, or simply as space to be held or controlled. Any market value placed on land as space will cause it to be used too intensively, using too many inputs on too little land, and will deplete resources at a faster than optimum rate. Thus, concern for long run sustainability will require a rethinking of fundamental concepts of private property, specifically of what it means to *own* land.

The first reaction of many will be to rise in defense of “private property rights” – the right to use their land as they see fit. However, when markets are allowed to dictate land use those with less money can easily be deprived of the right to use land as they see fit by those with more money. Those with more money may bid up land prices to the point where current users cannot afford to pay their property taxes or possibly justify not selling out to the highest bidder. The ability of one farmer to use their land may be affected by another’s land being purchased by an outside investor – the existence of a large CAFO in a county may bring on regulations that preclude existing hog farmers from further expansion. Farmers who would prefer to be good community citizens and ethical stewards of their land may be forced by competition from outside investors to exploit their community and their land in order to stay in business. Insisting on unencumbered use of private property may be far more restrictive on use of private property by local landowners than would their participation in a community-based land-use decision making process.

The concept of private property has never meant the right to do whatever one chooses with the property they own. *Conditional ownership* was always implied, if not always stated. A new condition needed to ensure sustainability is one that denies any right to degrade the land or the surrounding community, just because one owns the right to use their land. Thus, the owner of land cannot possess, and thus cannot convey to another, the right to use land in ways that are inconsistent with long run societal well being. If the community, rather than the individual, makes the ultimate decisions regarding how land is used, land as space will have no market value because there will be no right of alternative use for its owner to convey. Its price will reflect only that portion of its value that is associated with its potential productivity in its current use.

What should rural communities do? They should demand their right to be protected against the economic tyranny of the marketplace by making logical, long run land use decisions for their communities. They should refuse to allow the long run economic, ecological and social well being of their communities to be degraded in the pursuit of short-run, economic self-interests. They should demand the right to allocate land use within their community by means other than market prices – and to exceed any set of state or national health and environmental standards to protect the community if necessary.

Traditional remedies such as law suits and environmental regulations will not provide lasting solutions. Traditional remedies are based on the principle of conflicting self-interest, rather than the collective interest of the community as a whole. Law suits, at best, only compensate

individuals who are damaged by the actions of another – even in the case of class actions. Environmental regulations invariably reflect some compromise among conflicting individual interests, which settles to some minimum common denominator in a society driven by short-run, self-interest. Communities must find the courage and the means to act as a whole, for the long run well being of the community as a whole, both now and forever. This is not a matter of compromise among conflicts; it is a matter of harmony within.

Communities may use zoning laws to pursue their objectives where they are allowed to do so under current state law. Communities may also use health and environmental regulations to protect the people and the land where such laws at the local level are allowed. In cases where state or national laws prevent a community from protecting itself from exploitation, the laws must be changed. But, all current restraints on CAFOs are only “band aid” treatments for a potentially fatal disease. Those with the greatest economic interests ultimately will prevail. New means must be found for allocating land use that will remove any economic incentive for degrading the land. Land must be treated as a commonly managed natural resource, rather than an economic commodity that can be bought and sold to the highest bidder.

The inherent common property nature of land as space certainly is not a new concept. In 1796 revolutionary writer Thomas Paine, in his paper, *Agrarian Justice*, pointed out that all land was initially held in common. Thus, the previous removal of land from the commons deprived those of later generations of their common birthright – the right of access to land. Initially, land could only be removed from the commons if as much land and as good of land was left for any others who chose to claim it. Consequently, land taken from the commons had no market value -- by definition, it could not be scarce. A similar argument can be made to support the rights of future generations to as much land as good of land as we have today. And to protect this right, land as space cannot be allowed to have a market value.

Economist, Henry George in his 1879 book, “*Progress and Poverty*”<sup>3</sup> proposed that all use value of land be taxed away to prevent the pricing of land as a market commodity. A more logical approach today might be devise a policy for capturing any increases in land values attributable to rezoning for higher market valued uses in order to compensate those whose land is rezoned to lower-valued uses. This would remove any economic incentive for current or future owners to rezone land to either higher or lower valued uses, and would make it much easier for the community as a whole to make logical long run land use decisions. A similar capturing of capital gains in land values attributable to growing population demands would remove speculative incentives for land ownership and would generate public funds to sustain and enhance the productivity capacity of land.

Sustainable development ultimately will require that land use decisions be made by means that find harmony among long-run economic, social, and ethical or moral concerns. It makes no more sense to buy and sell the right to *misuse* land than to buy and sell the right to misuse another person. Land, particularly land as space, is a fundamental resource upon which all life depends. It cannot be allowed to belong to anyone individually or to us in total as a collection of individuals -- just as people cannot belong to other people. Land belongs to the earth just as

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<sup>3</sup> George, Henry, 1879. *Progress and Poverty*. Random House, New York, NY.

people belong to the earth, to the collective *us* as a whole – inseparable, indivisible, across all generations.

We may logically buy and sell those things that enhance the productivity of land -- for those uses with impacts that fall within the realm of legitimate self-interest. But we cannot allow markets to allocate the use of land as space. We may logically decide some land use issues by a vote of the people -- for those uses with impacts that fall within the realm of the community of interest. But, many uses of land as space have impacts on future generations, and future generations cannot vote. Such land use decisions must reflect our fundamental values concerning the responsibilities of being human. Such issues cannot be resolved by economics or politics, they rest on a fundamental code of ethics or morality. They arise out of a consensus of what is fundamentally right and wrong.

Many issues concerning the natural environment are fundamentally moral or ethical issues. We should not be buying and selling pollution rights, because no individual has the moral right to pollute in the first place, and thus, has no right to sell it. Businesses may argue that society has given them that right, through the political process. But, no society has the right to pollute, so it cannot convey that right to a business or anyone else. Pollution of the environment is fundamentally, morally wrong, the same as it is morally wrong to kill, to steal, or enslave. The environment can assimilate some level of waste, as society can tolerate certain amounts or kinds of killing, stealing, or enslaving. But, those things are still morally and ethically wrong, regardless of the ability of society to survive them. We don't condone or encourage them by allowing people to openly buy or sell the right to enslave another person, nor vote on whether one person should be allowed to kill another for personal reasons. We cannot prevent pollution, but is always morally wrong to degrade the natural environment.

It is also morally wrong for one person to exploit another person for personal, economic gain. The short-run economics of self-interest makes no provision for avoiding such exploitation. Those who have fewer opportunities are forced to do the jobs that others can avoid at wages lower than others would be willing to accept. Pursuit of short-run profit dictates that people be hired to work as hard as they can be made to work at wages as low as they will accept. There is not short run economic incentive for businesses to invest in improving the productive capacity of people if there are already people available who possess the skills and abilities needed. But, communities have a very large stake in maintaining the productive capacities of their members. In essence, a community *is* the collective whole of its people. If we allow the people of our community to be degraded, our community is degraded. If we allow our communities to be degraded, human society will be degraded.

No one has the wisdom to plot a true course toward a sustainable human society. At this point in time, we simply don't know how we can meet the needs of the current generation while leaving equal or better opportunities for those of future generations. But, we are beginning to learn some things that we cannot do. We cannot allow the economics of short-run, self-interest to determine the *use of our land and our people*. We know that the relentless pursuit of profits and growth will degrade both our natural and human resources, and will not leave as much and as good as we have today for those of future generations.

We also know that we cannot allow large, corporate organizations, such as those operating CAFOs, to do whatever they want to do wherever they have the money and/or can buy the votes to do it. Rural America may well be the place where America makes a historic stand for sustainability – just as the cities of the South gave birth to the Civil Rights movement. The first rural community to declare and defend the fundamental moral and ethical right of its people to determine how land is used may be remembered much as Rosa Parks is remembered for refusing to move to the back of the bus in Montgomery.

The most significant long-run social, economic, and cultural impacts of CAFOs on rural communities could well be the beginning of a new revolution -- a revolution that ultimately will discard the outdated paradigm of short-run, self-interest economics for a new paradigm of sustainable economic, ecological, and social development.