



# LSP *Myth Buster* #56

An ongoing Land Stewardship Project series on ag myths and ways of debunking them.

Updated: December 2019

## → **Myth: Myth: Mega-Dairies = Mega-Benefits for Rural Communities**

→ **Fact:** When, in September 2019, the nation's top agriculture official, Sonny Perdue, pronounced that, "In America, the big get bigger and the small go out," he was bolstering an argument that the current trend in dairying—fewer, bigger farms—is the result of the "invisible hand" of economic efficiency. As Land Stewardship Project organizer Johanna Rupprecht makes clear in a blog (<https://landstewardshipproject.org/posts/blog/1232>), Perdue's philosophy is actually part of a long term strategy on the part of the government and agribusiness to push small- and moderate-sized dairies out.

One way to make the destruction of the family-sized dairy farm more palatable to local communities is to argue that mega-dairies—operations that house thousands and even tens of thousands of cows at one location—are better for the economy. The "bigger is better" school of thought permeates agriculture, and in dairying it has been boiled down to a basic equation: more cows = more local economic activity.

The cold hard "facts" of such mathematics helps local and state officials justify looking the other way when it comes to enforcing environmental regulation of the large operations, or making them adhere to certain rules before expanding. For example, in southeastern Minnesota's Winona County, supporters of an expansion of the Daley operation, which would create one of the biggest dairy farms in the state, have pushed the message that opposing this project is anti-agriculture and, of course, anti-economic activity. This expansion faces a major hurdle: it would blow by the 1,500-head animal unit cap Winona County has in place. As a result, the Daleys and their supporters in agribusiness, politics, and the media are pushing for a lifting of the cap, arguing that adding 2,700 more milk-producing cows to the Daley farm will help make up for the fact that Winona County lost over 4,400 cows between 2012 and 2017, according to the latest U.S. Census of Agriculture.

### **Dairy Farming's Financial Boost**

There is little doubt that dairy farming represents a significant economic boost to a community—a boost that row-cropping, for example, just can't match. Dairy farms draw on a myriad of services—nutritionists, veterinarians, feed mills, milk-hauling services, hoof trimmers. The list goes on. According to University of Wisconsin Extension, the average dairy cow in that state can generate \$34,000 a year in economic activity, which is then circulated back

into the community through local schools, roads, and retail activities, among other things.

But by equating more cows with more economic activity, promoters of mega-farms are missing an important point: the local economic value of milk produced on one factory farm is not the same as if it was produced on several small- and medium-sized operations. Milking 4,000 cows on 25 different farms spreads out the economic benefits much more than having all of those animals concentrated on one operation.

Can we make up for all those lost dairy farms by simply replacing them with cows concentrated on a handful of CAFOs? If your goal is to produce the same amount, or more, of milk, then yes (the U.S. is producing 60 percent more milk from 30 percent fewer cows than it did in 1967). If we want to produce healthier communities overall, the answer is no. Not every cash cow is created equal.

A University of Minnesota study conducted in 1995 used economic statistics, census figures and interviews with residents of the Green Isle, Minn., area to examine the impact of dairy farming on a local community. The study showed that between the 1970s and 1990s, the number of farmers serving the local creamery dropped from 1,400 to 960. The larger dairy farms that started dominating the area bypassed local suppliers, reducing the need for Main Street businesses. Cash cropping came to dominate the agricultural economy.

"Meanwhile, economic and social activity in Green Isle declined, retail sales dropped by 81 percent between 1979 and 1989, the public dance hall closed, and the grade school adjourned permanently. Today, a collection of main street stores, feed mills, and a manufacturing plant remain idle," reported the study's author, Patricia Weir Love.

Richard Levins, a professor emeritus of applied economics at the U of M, points out that as dairy farms get larger, the number of communities with *no* dairies of any size is increasing at a phenomenal rate.

"...if all dairies were 10,000 cows, only 900 such dairies would remain in the United States," he wrote in a paper for the National Farmers Organization. "Very few rural communities would have even one dairy under such a scenario."

A 2011 *Journal of Dairy Science* study of the top 100 dairy counties in the U.S. found that having more dairy farms is associated with a more positive economic and socioeconomic environment than higher dairy sales. Part of the reason, as other studies have shown, is that larger operations tend to not buy as many of their inputs locally.

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As Levins points out, one striking thing that comes out of the scientific literature around the economics of dairy farming is that the larger operations are much less able to draw back production during times of low prices—they simply have too much money invested in a high-output system.

“There is considerable evidence for a general conclusion that communities that see fewer, larger dairy farms will experience reduced economic vitality, and virtually no evidence that larger farms improve community vitality,” concludes Levins in his National Farmers Organization paper. “Family-sized dairies not only provide special advantages over their very large counterparts—they also assure that more rural communities will enjoy the economic benefits of dairy farming on any scale.”

### Subsidizing Dairy's Death

It's particularly ironic that the chief of the USDA is calling the demise of small dairies inevitable, given the significant role government policy has played in creating the current situation. For example, mega-dairies receive a significant “subsidy” in the form of environmental regulations that allow them to treat liquid manure as less a source of fertility and more as a waste product to be gotten rid of. CAFOs don't have to pay the full price of disposing that waste. Instead, that cost is externalized, forcing local communities and the general public to foot the bill in the form of polluted water and air.

Not only is liquid manure from large dairy CAFOS threatening water quality across the country, but it is a major source of methane, a potent greenhouse gas. Methane emissions related to manure management rose 66 percent between 1990 and 2017, according to the Environmental Protection Agency's recent Inventory of U.S. Greenhouse Gas Emissions and Sinks. The EPA has found that the majority of those manure-sourced emissions are coming from swine and dairy facilities, where methane releases have increased 29 and 134 percent, respectively. It turns out liquid manure produces more methane than the dry manure systems that are more typical on smaller operations. Thus, there is

a direct link between the growth of livestock CAFOs and increased emissions of methane, as well as nitrous oxide, another potent greenhouse gas.

Public policy has other ways of clearing a path for the environmental and economic damage imposed by CAFOs. For example, in Minnesota there is a property tax exemption for manure lagoons. In addition, a USDA initiative called the Environmental Quality Incentives Program (EQIP) is designed to provide cost-share and incentive payments to farmers so they can address natural resource concerns using innovative practices. Unfortunately, EQIP has become a gravy train for factory farms looking to build more liquid manure systems. In Iowa, EQIP spending on manure management practices used by CAFOs accounted for nearly 30 percent of total funding for the program from 2002 through 2015, according to data presented by the Campaign for Family Farms and the Environment to a U.S. House climate committee. By hogging so many EQIP funds, factory farms are leaving much less money available to small- and medium-sized operations that may want to use the money to put in, for example, managed rotational grazing systems, which are a proven way to build the kind of soil that sequesters greenhouse gases while managing manure-based fertility.

Another major way the government subsidizes factory farms is through the USDA's Farm Service Agency. It turns out the majority of loans for new CAFO operations are guaranteed by that agency. These taxpayer-guaranteed loans have led to over-supply and low prices for independent family farm livestock producers, contributing to further consolidation of the marketplace.

The Land Stewardship Project and other members of the Campaign for Family Farms and the Environment are calling on Congress to reform EQIP by placing a \$150,000 per-farm cap on spending, for example, and to make it so federal guaranteed loans can't be used to back CAFO expansion.

Such federal policy reforms would be a good start toward penciling out the true costs factory farms impose on the land and the people.

### More Information

- Richard Levins's paper, “The Community Advantages of Family-Sized Dairies,” is available at <https://bit.ly/33BITLC>.
- The EPA's Inventory of U.S. Greenhouse Gas Emissions and Sinks is at <https://bit.ly/2R3RQZK>.
- The Campaign for Family Farms recently submitted a letter to the U.S. House Select Committee on the Climate Crisis outlining needed policy reforms related to factory farms. It's at <https://bit.ly/2Pad0Tx>.

### More Myth Busters

More Land Stewardship Project *Myth Busters* on a variety of topics are available on our website at [www.landstewardshipproject.org/about/libraryresources/mythbusters](http://www.landstewardshipproject.org/about/libraryresources/mythbusters).