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Are CAFOs And Small-Producers Entering A Time Of Benign Co-Existence?

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Even without the critics of large scale meat animal production who, on moral grounds, won't eat meat, those involved in the raising of meat animals find themselves divided into two diametrically opposed camps with very few left in the middle.

On the one hand we have those involved in confined animal feeding operations (CAFOs) who are generally a part of a vertically integrated production system that begins with animal breeding and ends with a packaged product ready for placement in the grocer's meat case. At the farm level, many people got involved with CAFOs as a means of reducing the risks that they faced as independent producers.

As profit margins tightened, it seemed safer to become a part of a production system where they could make a smaller margin on a larger number of animals rather than hold out for a larger margin on a small number of animals.

This process of introducing industrial-style production systems to the raising of meat animals came at a time when Americans were becoming more conscious of the health impacts of the foods that they were eating. Pork and beef responded by providing a leaner animal that was also more tender.

The grocers wanted a more uniform product so they could offer predictability to their customers. The packing houses wanted a consistent sized animal to improve the efficiency of the slaughter operation. The industrial method of production and genetics allowed the meat industry to offer a product that met the needs of consumers, grocers, and the packing houses.

While we may be generalizing a little, those involved in CAFO meat production see their systems as the way of the future. They are able to provide a product the customer wants at a price the customer can afford. They have cut the fat not only out of the animal, they have cut it out of the cost of production as well.

They view the small "mom and pop" operations with fewer than a couple of hundred animals as an inefficient relic of the past. The faster these operations go out of business the better. When it comes to a discussion of organics, local production, and sustainability their contempt is hard to mask.

On the other hand we have small producers of all stripes – the "mom and pop" operations. Some focus on organic production, while others are traditional-style producers who are finding it more difficult to find processors to buy and slaughter their animals.

The small producers take pride in the animals they produce. Their ranks are growing as they begin to tap into another stream of consumer demands that might be characterized as lifestyle considerations: local production (referred to as locavores), animal welfare, antibiotic use, air and water pollution, sustainability, dispersed production systems that support community vitality, craft production, and meats that meet ethnic or religious considerations, among others.

Some of the small producers focus on one or more of these considerations while others simply don't have the money or desire to engage in the demands of industrial production.

Just as the large producers would like to see the small producers disappear, the same attitude can be found among small producers when they talk about CAFOs. They are quick to point out the pollution problems that are a part of CAFO production. Many small producers also are quick to say that they use antibiotics sparingly – if at all – and only when their animals are acutely sick.

Many anti-CAFO meat eaters would like to see the end of CAFOs and their replacement by a myriad of small producers scattered all over the map so consumers can purchase meat that was produced near where they live.

From where we stand, it appears that neither side will get its wish. Given the current levels of meat consumption per capita, it is clear to us that as population grows and international markets expand, there will not be enough land available for all chickens to be raised free-range and all cattle and hogs raised on pastures. CAFO production has its place and there are consumers who are willing to purchase its products.

That having been said, CAFO producers are not off the hook. We expect they will have to come to terms to increased regulation concerning such issues as air and water pollution and the use of antibiotics. They may also have to pay more attention to animal welfare issues as these issues become a higher priority for more consumers.

Meeting higher environmental standards will involve increased costs. It seems reasonable to us that producers who were in compliance with the regulations in force when they constructed their facilities have access to some cost-share by the USDA in order to meet more stringent requirements. At the same time, those building new facilities would have to bear the full costs of meeting the more stringent regulations – air and water pollution, labor safety standards, the use of antibiotics, manure management, and other regulations.

Many small producers and interest groups would fiercely oppose this policy treatment of existing and new CAFOs. That is understandable from a purely market-competition point of view, but is less defensible when considering the traditional criticisms of CAFOs.

In forcing CAFOs to solve and internally bear the attendant costs of pollution, antibiotic-use, and other CAFO-related problems, small producers would find themselves on a more level playing field with CAFOs since existing and especially new CAFOs would be producing with a higher cost structure compared to today. Of course some would argue that such a transformation in CAFO's cost structure will not occur. But we are not so sure. We suspect – to quote Bob Dylan, "the times they are a-changin."

Consumers eventually get their way. Small producers will benefit from this, not only because consumers will be putting increasing pressure on CAFOs to internalize environmental and health costs, but also because of consumers' varied preferences of food production techniques, location of production, and other food attributes.

Small producers are very nimble; they are committed to satisfying these various growing – yet changing – meat/food demand opportunities, opportunities that large operations couldn't profitably address.

Agricultural research is key. Over the last decade or two the concerns of large scale producers have come to dominate animal research and the needs of CAFOs. When it comes to research funding whether from check-off dollars or public appropriations, more needs to be spent researching the issues facing non-CAFO producers.

We see a future in which there will be both large and small producers and both will need to stay attentive to the ever-changing nature of consumer preferences. Δ