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ELECTRONIC LETTER

June 30, 2014

Mr. Doug Szenher
Arkansas Department of Environmental Quality
Public Outreach and Assistance Division
5301 Northshore Drive
North Little Rock, AR 72118

Dear Mr. Szenher:

I write in support of the proposed changes to APCE Regulations 5 and 6 for new medium and large swine operations in the Buffalo National River (BNR) watershed. In the absence of environmental cost analyses, the Commission must consider several economic facts.

North central Arkansas counties have now experienced the first year of large hog-farm development and its concomitant community disruption. The swine buyer's economic studies do not assess the environmental costs that accompany large swine operations. Yet an extensive record of citizen complaints for a wide variety of environmental conditions exists.

The Buffalo National River is a valuable piece of Arkansas's tourism business. Arkansas tourism in 2012 accounted for a \$5.76 billion economic impact and employed an estimated 58,000 people throughout the state. According to the National Park Service, the Buffalo River attracted over one million visitors who spent \$43.78 million in communities surrounding the river in 2012.¹ Direct spending from visitors to the Buffalo employed 610 people in 2012 and resulted in total value added of almost \$47 million. In addition, total spending was greater than these amounts because of the multiplier effect of indirect and induced spending in the economy: as the initial spending helps incomes grow throughout the region, residents can spend more on other goods and services.

Against these economic benefits, local research has not offered examples of environmental cost estimates for large swine operations, although the public record is now replete with examples of waste runoff, noise, water pollution, traffic, and other environmental degradation. These are called "negative externalities" and must be considered as part of the total cost of these

¹National Park Service, U.S. Department of the Interior, *2012 National Park Visitor Spending Effects: Economic Contributions to Local Communities, States, and the Nation*, Natural Resource Report NPS/NRSS/EQD/NRR—2014/765, 2014.

operations. A dramatic increase in the number and severity of complaints about issues such as water quality, drainage, impoundment, road conditions, and other related issues is directly attributable to large-scale hog farming.² North central Arkansas is characterized by a high-quality natural environment, featuring nationally-known rivers and state parks and pristine resources. A smaller scale of farming may be necessary to ensure that the large swine operations are compatible with local communities and the environment.

Economist John Ikerd has noted the contradiction between industrialized agriculture and healthy, sustainable rural economies.

As CAFOs degrade the social and ecological integrity of rural communities, they are destroying the foundation for future economic prosperity. Even so, people in rural communities are told by the agricultural establishment there are simply no logical alternatives to large-scale, corporately controlled agriculture. They claim we simply must have industrial agriculture to feed a growing global population. They dismiss the new opportunities for farmers emerging in response to food safety, environmental, and social concerns as small niche markets that hold promise for only a few, small, specialty farmers. However, the reality again is quite different. Together, the new markets for foods produced by socially and ecologically responsible farming methods – sustainably produced foods – are creating the future of American agriculture.³

Ikerd's comments are directly applicable to the BNR watershed. The interconnection between the Buffalo's unspoiled environmental attributes and its economic well-being is vitally important. The Economic Research Service of the U.S. Department of Agriculture has noted that many of the surrounding counties have cultural amenities that are particularly sensitive to economic developments with accompanying environmental damage. These amenities include "quality outdoor recreation, hunting and fishing opportunities, clean air and water, scenic beauty, open spaces or natural areas, habitat for fish and wildlife, a clean environment, varied topography and access to water."⁴ The rulemaking will protect these vital economic and cultural resources.

The Arkansas Department of Health has expressed concerns that water-borne bacteria and parasites from the swine-waste land application sites may pose a risk for body contact in the Buffalo River.⁵ A report to the North Dakota Attorney General concluded the following

²See for example: Mike Masterson, "Talking that Buffalo ban," *Arkansas Democrat*, June 21, 2014; "A Trashy Proposal," (editorial), *Arkansas Democrat*, May 29, 2014; and Ryan McGeeny, "E. coli levels high in waters near hog farm," *Arkansas Democrat*, May 7, 2014.

³Presentation at Annual Meeting of Jefferson County Farmers and Neighbors Inc., Fairfield, IA, October 7, 2009. Available on-line at: <http://web.missouri.edu/ikerdj/papers/Fairfield IA - Economics of CAFOs.htm>.

⁴Michelle Haefele, Pete Morton, Nada Culver, "Natural Dividends: Wildland Protection And the Changing Economy of the Rocky Mountain West," The Wilderness Society, September 2007.

⁵Letter from J. Terry Paul, Branch Chief Environmental Health, Center for Local Public Health, Arkansas Department of Health to Mo Shalfii, Permits Branch, ADEQ, referring to ADEQ Permit No. ARG590001, C & H Hog Farms, Mar. 21, 2013.

regarding the economic impact of CAFOs:

Based on the evidence [from 56 socioeconomic studies concerning the impacts of industrial agriculture on rural communities] we conclude that public concern about the detrimental community impacts of industrialized farming is warranted. In brief, this conclusion rests on five decades of government and academic concern with this topic, a concern that has not abetted but that has grown more intense in recent years, as the social and environmental problems associated with large animal confinement operations [CAFOs] have become widely recognized (parenthesis added).⁶

Additional medium and large swine operations in the BNR watershed may alter the important tourism industry that currently contributes greatly to the economic health of the region. If water quality and other environmental problems caused a reduction of just 10 percent in the travel activity in the ten-county area around the Buffalo River, our previous research indicates that the economy in this region would lose about \$55 million annually in related expenditures.⁷

The state Department of Parks and Tourism estimates that this \$55 million reduction would cost the state about \$3.1 million in travel-generated tax revenue. Local and county governments would also experience a reduction in tax receipts – approximately \$1.1 million per year.⁸ As a general rule, for each one-percent decline in travel and visitor activity caused by a hog farm’s negative effects, the tourism economy would shrink by about \$5.5 million annually and state and local tax revenues would then decline by about \$300,000 and \$100,000, respectively.

I would be happy to supply the Commission with copies of any of the reports referenced in this letter. In closing, I strongly recommend that DEQ initiate a ban on new medium and large swine operations in the Buffalo National River watershed. The rulemaking, if adopted, will protect valuable economic assets in this area.

Sincerely,

James E. Metzger
Chief Economist

JEM/wp

⁶Stofferahn, C. “Industrialized Farming and Its Relationship to Community Well-Being: An Update of a 2000 Report.” Office of the Attorney General, No. Dakota. 2006.

⁷HISTECON Associates, Inc., “A Realistic Look at the Fayetteville Shale Results: Is Arkansas Getting What Was Promised?” (unpublished draft), March 2011, based on Table 8 from Arkansas Department of Parks and Tourism, “Economic Report, 2010.”

⁸Arkansas Department of Parks and Tourism, “Economic Report, 2010.”