

Is it a Jungle Out There? Socioeconomic Impacts of Meat and Poultry Processing Plants on Rural Communities

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Take home message

- Regional, community perspective
- Growth of meatpacking in rural areas has brought change
- Some impacts generalize, some do not
 - Context matters

A Long History of Controversy



Even Iowans
turn up noses
at agriculture

The Debate

- Meat & poultry processing is growing in rural areas
 - 1 in 16 rural manufacturing jobs
- It's value added agriculture
- There are positives and negatives



Previous Evidence

“In 1990, IBP opened a slaughterhouse in Lexington (NE). A year later, the town, with a population of roughly seven thousand, had the highest crime rate in the state of Nebraska. Within a decade, the number of serious crimes doubled; the number of Medicaid cases nearly doubled; Lexington became a major distribution center for illegal drugs; gang members appeared in town and committed drive-by shootings...”

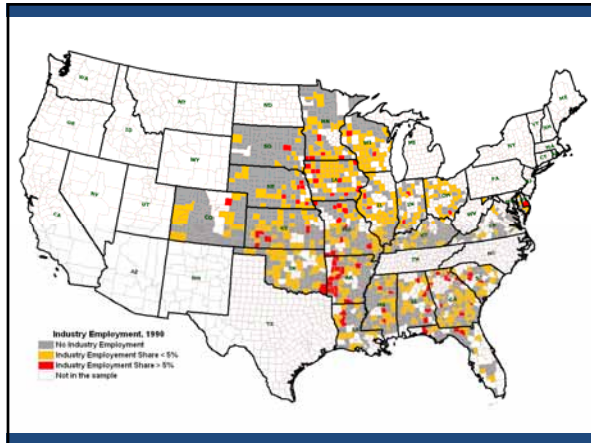
Fast Food Nation (p 165)

Previous Evidence

- Case studies of very large plants
 - Lack a frame of reference

Approach

- A more comprehensive approach
 - Bureau of Labor Statistics wage and employment data
 - 23 states
 - Annual data 1990-2000
 - 5 industries
 - Difference-in-differences (treatment) model



Results

- Economic impacts
 - Slower wage growth, faster total employment growth → no impact on income growth
 - Some evidence of slower growth in non-industry employment
 - Magnitudes are very small

4 Perceptions

1. Meatpacking plants change the population demographics
 - Hypothesis: The presence of meatpacking plants attracts foreign-born workers and decreases the native-born population.
 - Finding: Industry attracts foreign-born, esp. Hispanics, but does not reduce native (white) population

4 Perceptions

2. Immigrants do not speak English
 - Hypothesis: Meatpacking plants attract people who do not speak English.
 - Finding: Industry presence increases the population with limited English ability

4 Perceptions

3. Immigrants burden local schools

- Hypothesis: Schools in communities with meatpacking plants face a large and costly influx of students, especially those requiring special programs.
- Finding: Industry increases student population, esp. Hispanic students, but little evidence of increased spending (ELL, free & reduced lunch)

4 Perceptions

4. Immigrants increase government spending and use public assistance programs

- Hypothesis: Meatpacking plants attract poor immigrants who need public assistance and increased government spending on services.
- Finding:
 - No impact on growth in crime rates
 - Industry associated with greater numbers of households below poverty, but not on public assistance
 - Some evidence of more govt. spending on education, health, corrections (but not welfare)
 - » Impact per capita falls for larger plants
 - » Economies of scale with specialized services?

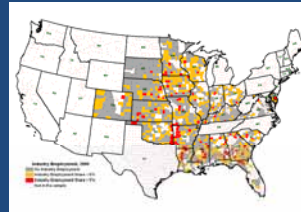
Summary

- Measured impacts are small on average
- Very large plants have bigger impacts in rural areas



Individual cases may not generalize

Questions and Comments



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