Is it a Jungle Out There?
Socioeconomic Impacts of Meat and Poultry Processing Plants on Rural Communities
Georgeanne Artz
May 18, 2009

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 \( \rightarrow \) 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

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

Even Iowans turn up noses at agriculture