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Raids could force meatpackers to raise worker pay

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The kosher slaughterhouse whose work force was depleted by a mass immigration raid in May has struggled to remain open because of a problem that few companies in this economy have: It can't find enough workers.

Since 389 of its 1,000 employees were arrested in the immigration raid, Agriprocessors Inc. has tried multiple recruitment tactics to replenish staff at its plant in Postville. It hired employment firms, recruited homeless people from Texas and even brought in workers from the tiny island nation of Palau.

But the plant hasn't been able to bring its staffing to more than half of pre-raid levels, causing Agriprocessors to cut its production drastically and then suspend it completely. After filing for bankruptcy protection, the company last week managed to restart its poultry line with a skeleton crew.

"I think it is a big problem, a huge issue for companies," said Lance Compa, a Cornell University professor who has studied workplace immigration issues.

Meatpackers across the country face staffing shortages if immigration agents continue to conduct such mass raids. Unless the administration of President-elect Barack Obama intervenes, companies could be left to choose between two risky alternatives: hire illegal workers and chance a raid or increase salaries to attract and retain legal workers at a cost of higher consumer prices.

"What (the companies) are doing now is scrambling," Compa said. "A lot of them are turning to employer agencies to fill their work force. But if they want a stable work force, they'll almost certainly need to raise wages and benefits."

The action at Agriprocessors followed December 2006 immigration raids at Swift & Co. plants in Iowa and six other states that resulted in nearly 1,300 arrests. Swift said those raids cost as much as \$50 million because of delays in returning to full production and ultimately led to the selling of the company, based in Greeley, Colo., to the Brazilian meat company JBS S.A.

The Agriprocessors raid has affected not only the company, but also the city where the plant is the largest employer. Postville officials have said the city is in a humanitarian crisis, with businesses closed, rental houses vacant and churches saying they cannot meet the need for donations of food and clothing.

Industry officials downplay the size and significance of the illegal immigrant work force. They said companies were obligated to hire eligible employees. Janet Riley, a spokeswoman for the American Meat Institute, called the practice of hiring legal workers "good business sense."

But others in the industry acknowledge that it takes hard work and more money to retain a legal work force.

"There are additional costs involved in going beyond what is required by the federal government to verify the documents of the people we hire," said Gary Mickelson, a spokesman for Tyson Foods. "We want to make sure we remain in compliance with the law."

The meatpacking industry has long relied heavily on immigrant labor, as people new to the country filled jobs that required almost no education, minimal language skills and little training. But some blame wage reductions and a decline in union membership for changing the industry in the past several decades.

"There was a time when meatpacking plant jobs paid well, when there was no difficulty at all in obtaining native born workers " said Don Stull, a University of Kansas professor who studies immigration issues. "Beginning in the 1960s, that changed. The wages were driven down and plants were moved to states where being a union member wasn't required."

In 2007, slaughterhouses paid an average of \$11.81 an hour, according to the U.S. Bureau of Labor Statistics.

Riley, the American Meat Institute spokeswoman, said wage levels were largely a result of the market.

"The market sets the wages," she said. "Like all employers, meat industry employers pay what is required to attract workers."

Cornell professor Compa said that the situation in Postville was an extreme example of the industry's reliance on undocumented workers.

"They're in a bind," he said. "They don't concede it but they know they have a lot of undocumented workers, and they're a little bit frozen about what to do."

Mark Lauritsen, packing house director for the United Food and Commercial Workers union, said the industry could save money by increasing its wages.

"The truth is, turnover in these facilities costs them in productivity and money," he said. "So it's to nobody's advantage to have these high turnovers (that raids produce). That's why you hear me say, let's find a way to make a job safer and easier and make it pay better because at the end of the day when people stop turning over, productivity goes up."



In this Aug. 13, 2008 file photo, is the Agriprocessors kosher meat packing plant in Postville, Iowa. The company that once was the nation's largest provider of kosher meat has crumbled largely due to a simple problem: an inability to hire enough workers. Since 389 employees were arrested in a May immigration raid, Agriprocessors has tried everything to replenish staff at its Postville plant. It has hired employment firms, recruited homeless people from Texas and even flown in workers from the tiny island nation of Palau. But the plant has never approached its original staffing of about 1,000 people. (AP Photo/Charlie Neibergall, File)