

Meatpacking Town Fears Impact of Federal Cuts

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COLUMBUS JUNCTION, Iowa (AP) — Automatic federal budget reductions set to take effect Friday could fall like a meat ax on the small Iowa town of Columbus Junction, where a sprawling Tyson Foods hog processing plant dominates the economy.

The White House has warned that 6,300 meat and poultry plants could slow production or temporarily shut down under the across-the-board cuts, which may force U.S. Department of Agriculture to furlough meat inspectors for up to 15 days through Sept. 30. By law, those plants cannot operate without Food Safety and Inspection Service workers present to ensure products are safe for consumption.

Critics say the warnings of shutdowns are exaggerated and their likelihood is slim. But if they happen, the pain would disproportionately hurt meatpacking towns such as Columbus Junction, a hardscrabble city of 1,900 in southeastern Iowa that has long been driven by the gritty business of turning Iowa's nation-leading hog population into food.

Many of the plant's 1,200 workers, including sizable communities of Latinos and Chin refugees from Myanmar, would temporarily lose income from jobs that start at

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roughly \$13 per hour slaughtering hogs and converting carcasses into products such as hams and tenderloins. The ethnic stores and restaurants, shops and gas stations would lose customers. Farmers who sell more than \$400 million per year in hogs to the plant could be forced to keep them longer than they were expecting, driving up feed prices and cutting into profits.

"Oh my God. I don't want to think about it. That's going to affect the little businesses like us," said Griceli Amigon, 45, owner of Rey de Reyes, a downtown Mexican grocery store where avocados were on sale for 99 cents. "I'm in shock. If this happens, I don't know how we're going to survive."

Amigon said 95 percent of her customers work at the Tyson plant, including her brother-in-law, and many of them do not have savings. She said she fears that means her store's meat and vegetable products would go bad during a temporary plant shutdown because no one would purchase them.

"I'm going to pray nothing happens," she said.

At his desk in City Hall, Mayor Daniel Wilson dismisses the warning as a scare tactic by USDA Secretary Tom Vilsack, a former Iowa governor who got his start in politics as mayor of Mount Pleasant, 30 miles down the road. He said Vilsack knows the area well — and should stop scaring residents in the low-income, sparsely-populated region, many of whom live paycheck to paycheck. The plant's annual payroll is about \$36 million.

"I know what the posturing is all about. But realistically, let's not scare people by talking about shutting down the food supply or shutting down the plants. You've got a lot of hard-working people here," Wilson said. "I don't think those tactics are helpful to us on a local level. If there's reductions, let's talk about small steps rather than the worst-case scenario."

Vilsack told meat industry officials earlier this month that furloughing inspectors at the nation's meat and poultry plants would be "the least desirable option" for nearly \$2 billion in cuts USDA needs to make. But he said he has no other choice to achieve that level of savings because most of the food inspection budget pays for personnel.

Tyson spokesman Gary Mickelson said the company did not want to speculate on the potential impact but was working with its trade association, the American Meat Institute, which is lobbying against furloughs of inspectors.

Barring that outcome, industry officials say USDA should minimize the impact by implementing a rolling furlough so that plants do not have to close. The agency hasn't said how furloughs would be accomplished in coming months. Vilsack has warned it could require plant shutdowns that would cause \$10 billion in production losses, \$400 million in lost wages and potentially lead to less meat suppliers and higher prices at the grocery store.

A group of senators, including Iowa Republican Chuck Grassley, sent a letter this

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week asking Vilsack to explain why he could not make enough cuts elsewhere in his budget to prevent furloughs of inspectors. The letter also questioned whether USDA has the legal authority to furlough inspectors, which Vilsack insists it does.

"I find it hard to believe that reductions can't be made elsewhere in the department that don't impact health and safety," Grassley said.

Ronald Birkenholz, spokesman for the Iowa Pork Producers Association, said the issue is causing great uncertainty among Iowa pork producers, who market 30 million hogs per year. He said he spoke this week with producers who sell hogs to the Tyson plant who "don't have a clue" how the furloughs would affect them.

"There's just a lot of unanswered questions at this point as to what this is going to mean for everyone involved," he said.

Wilson, the mayor, said a temporary shutdown would "be a short-term bump in the road" that would squeeze families and local businesses. But he said the cuts would never reach that point if lawmakers get beyond their "disturbing partisanship" and get serious.

At Two Rivers Market near the Tyson plant, clerk Debi Wilson rang up cigarettes and sodas for Tyson workers. She said the impact of a plant shutdown would be devastating.

"This shouldn't be going on. They should have had their act together a long time ago," she said of lawmakers. "Hopefully it doesn't come to pass. But when it comes to the government, I guess we can expect anything these days."

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