Construction & Meatpacking

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3 Themes

• Construction and manufacturing:
  – 1950s and 1960s: sons follow fathers into often unionized jobs that offered middle-class lifestyle with HS education
  – Changes in 1970s & 1980s: de-unionization, mfg industry re-location, network hiring of migrants
  – Construction: Hispanic immigrants spread out, from residential and certain trades
  – Meatpacking: industry moved, larger plants in areas with few people

• Benefits immediate, measurable, concentrated; Costs: delayed, diffused, harder to measure
Highlights

• Employment:
  – manufacturing down, 1979-2012, from 20 mil to 11 mil; construction up, 1970-2006, 3.7 mil to 7.7 mil, then down to 5.5 mil
  – recruitment: from father-son to immigrant networks; construction-draw migrants to urban areas where 80% of Americans live; meatpacking, draw to rural areas for year-round work, housing

• Migrants:
  – Construction: concentrated in lower-skill residential building
  – Meatpacking: enforcement reduced migrants
Construction 1

• Construction: erection etc of buildings
  – Geographically dispersed, lots of small establishments, project-based (come together on a project and disperse)
  – 3 major subsectors:
    • construction of buildings (residential and nonresidential such as office buildings and factories)
    • heavy and civil engineering (infrastructure bridges, highways)
    • specialty trades: 2/3 of construction workers, divided about 50-50 in residential and nonresidential

• Employment: rose 1.3 mil between 2002-06 to 7.7 mil, fell to 5.5 mil in 2010, up slightly 2011
Investment doubles 1991-2005 (real); frenzy between 2002-05:

**Chart 1. Residential investment, 1929–2008**

- **Billions of real 2000 dollars**
- **Billions of real 2000 dollars**

**NOTE:** The shaded bars denote National Bureau of Economic Research (NBER)-designated recessions.
**SOURCE:** Bureau of Economic Analysis (data published June 25, 2009).
1996-2006: real prices almost doubled, 87 to 16; 105 in 2009

**Chart 2.** Robert Shiller real house price index, 1929–2009

Source: [http://irrationalexuberance.com](http://irrationalexuberance.com). To view the data, click on the link in the second bullet point on the main Web page.
Total construct employ peaked at 7.3 million in 2006; residential was about 40%, rose faster, fell faster
Construction 2

• Employ (average US private wage $20/hour):  
  – 800,000 laborers (5/10) average $16/hour  
  – 600,000 carps average $21/hour (= all construct)  
  – 500,000 electricians average $25 an hour,  
  – 400,000 plumbers average $24 an hour

• Project-employment means workers often identify with craft or occupation  
  – Union hiring halls: seniority with union, not necessarily employer  
  – Employer-union apprenticeship programs  
  – Union members: 40% in 1970s, 14% in 2011
Construction 3

• Home-building boom of 2002-06:
  – US population up by 3 million a year, 1.2 million housing starts in a normal year
  – 2006: 2 million housing starts, and value of US real estate =$19 trillion (today about $12 trillion)

• 2006: employers complained of labor shortages, emphasized multiplier effects of new housing on city finances, appliances etc
  – Recs (2006): guest worker programs, with priority for employers who operate training programs
  – Tie guest worker to employer to ensure workers in severe shortage areas
Immigrant Workers

- Hispanic share of construction work force up between 1990 and 2007, from 700,000 to 3 million (Hispanics fill new jobs and replace)
- Many Hispanics = immigrants from Mexico and Latin America
- Low levels of education: half of Hispanic construction workers did not complete HS
- Hispanics dominate among laborers, drywallers, carpet installers etc
- Pew (2006): 1/7 of all construction workers, 1/3 of low-skilled, are unauthorized
Las Vegas Example

• Employment (Clark county) up almost 3x, from 375k to 930k between 1990 and 2007; share of immigrants up, 9-19% of NV pop
  – Construction of new hotels & casinos: $32 billion of new construction, epitomized by MGM Mirage's CityCenter; service 140,000 hotel rooms and visitors
  – In 2006, half of LV construction workers were immigrants; one death every 6 weeks in construction (12 in 18 months 2007-08)

• Was it worthwhile? Migrants helped to hold down labor costs, get buildings finished
## Popular Destinations for Illegal Workers

Places with the largest share of illegal immigrants in the labor force in 2010

<table>
<thead>
<tr>
<th>State</th>
<th>Est. number (thousands)</th>
<th>Pct. of labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>140</td>
<td>10.0%</td>
</tr>
<tr>
<td>California</td>
<td>1,850</td>
<td>9.7</td>
</tr>
<tr>
<td>Texas</td>
<td>1,100</td>
<td>9.0</td>
</tr>
<tr>
<td>New Jersey</td>
<td>400</td>
<td>8.6</td>
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<tr>
<td>Arizona</td>
<td>230</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Georgia</strong></td>
<td><strong>325</strong></td>
<td><strong>7.0</strong></td>
</tr>
<tr>
<td>Florida</td>
<td>600</td>
<td>6.6</td>
</tr>
<tr>
<td>Maryland</td>
<td>190</td>
<td>6.2</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>20</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Source: Pew Hispanic Center
MGM Mirage CityCenter, $8.5 bil, 67 acres, hotel-condo, shop
MGM Mirage Harmon tower: stop at 25 floors instead of 47 in 2009, hotel only, no condos
US versus UK

• Both have rising share of migrants in construction labor force
  – US: migrants usually have less education and fewer certificates than US-born
  – UK: E European migrants (Polish plumber) more education and certificates than British
    (1/4 of Brit construct ees = self-employed)

• Both US and UK allowed apprenticeship programs to wither
  – UK substitutes, Further Education Colleges, have a poor track record of placing grads
  – US: comm colleges, employer-training
Lessons

• US construction employment expanded fast during 2002-06 housing boom
  – Many new and replacement workers were immigrants from Mexico and Lat America with little education, few certified skills
  – US employers complained of labor shortages and asked for a new guest worker program

• Longer-term: reduced training tilts toward more labor, less productivity growth, & lower wages, esp residential
  – Can this scenario be reversed? Will it spread to non-residential?
Meatpacking 1

• Largest mfg industry in rural America; 500,000 workers, 60% in rural, “dis-assembly” lines

• Meatpacking: critical for farmers, meat for US consumers and export

• Industry changes:
  – Urban: low-skilled workers earned wages similar to other industrial workers (unions)
  – Move urban-to-rural to save on wages, land costs, environmental restrictions
  – From smaller urban plants to larger rural plants & prepare consumer-ready meat
Meatpacking 2

• Wages: about $11-$12 an hour, or $22,000 to $24,000 a year; red meat higher than poultry

• Dangerous job: about 10% of meatpacking workers have a reportable injury each year (<3% of all US workers)

• Labor force changes:
  – Experienced workers did not move urban-rural, need for a new work force in rural
  – New plants: often 2 shifts, locals for shift #1, migrants for shift #2
  – Refugees (late 1970s & 1980s); legalization and unauthorized, late 1980s and 1990s
Meatpacking 3

• Employers accelerate hiring migrants with recruitment, bonuses of up to $500 for any person who refers a worker who stays on the job at least 60 or 90 days

• Network hiring: current workers bring relatives, train them etc

• Some employers provided bus tickets, temporary housing to workers in S Texas and elsewhere who could pass imm and drug tests

• Stable core and transient periphery workers, turnover >100% per year
Impacts 1

• Paradox: new plants have higher productivity, newer equipment (work 2 shifts), little displacement (few workers in area)

• Community impacts variable:
  – Some plants: our contribution is the payroll we provide to workers (no compensation for local schools and clinics)
  – Others: open plant to local ESL classes, contribute to sports leagues etc
  – Question: should meatpackers pay for externalities on local schools etc?
Impacts 2

• Rural America losing people: is choice depopulation or diversity?

• GAO, Artz: counties with large meatpacking plants have faster population and labor force growth, more LEP children in schools, more retail sales, but not higher crime rates etc.

• But: wage growth slower in meatpacking countries. Does meatpacking “crowd out” over investment that could produce higher-wage jobs?
Lessons

• Immigration facilitated the movement of meatpacking from urban to rural America, provided a labor force for larger plants in areas with fewer people.

• Hard to evaluate the impacts of new migrants.

• Alternatives: Canada earned immigrant status, as with Maple Leaf in Brandon, Manitoba? Maple Leaf can nominate guest workers to be Provincial Nominee immigrants after satisfactory work.
Meat and Migrants: Dis-assembly lines
Worksite Enforcement—1,282 Arrests at Swift Facilities
December 12, 2006

- Hyrum, UT: 145 Arrests
- Greeley, CO: 261 Arrests
- Grand Island, NE: 261 Arrests
- Worthington, MN: 230 Arrests
- Marshalltown, IA: 90 Arrests
- Cactus, TX: 295 Arrests
May 12, 2008: 390 arrests in Postville at Agriprocessors
END THE ICE RAIDS!

NO AS REDADAS!
STOP THE RAIDS
WE WANT A FAIR
IMMIGRATION REFORM FOR
ALL
GOD BLESS AMERICA

RAIDS ON WORKERS
DESTROYING OUR RIGHTS

A COMPREHENSIVE ANALYSIS AND INVESTIGATION OF ICE RAIDS AND THEIR RAMIFICATIONS