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Economic Development Programs in the Great Plains: The Example of Nebraska

Michael Broadway

State University of New York, Geneseo, mbroadwa@nmu.edu

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ECONOMIC DEVELOPMENT PROGRAMS IN THE GREAT PLAINS: THE EXAMPLE OF NEBRASKA

Michael Broadway

*Department of Geography
State University College
Geneseo, NY 14454*

Abstract. *In an effort to stem Nebraska's loss of population and create new employment opportunities, the State Legislature passed the Nebraska Employment and Investment Growth Act in 1987. The legislation provides various tax incentives to businesses that make new investments in the state or create "new jobs," the majority of which are located in metropolitan counties. However, the largest number of jobs to result from this legislation is at IBP's beefpacking plant in Lexington. Previous studies of the impact of beefpacking plants upon small towns found high levels of social disruption associated with the arrival of the workers. Lexington, by contrast, has so far been able to avoid many of the adverse social impacts associated with sudden population growth by a de facto policy of restricting new housing construction in the community.*

Forty years ago, agriculture was the dominant activity affecting the economic well-being of most of America's rural population. Most rural citizens are now dependent upon economic opportunities outside of agriculture. This structural change reflects broader changes that have occurred within the US economy. Beginning in the 1960s many nonmetropolitan areas attracted manufacturing employment in low-wage, labor-intensive industries such as textiles and leather goods. Accompanying this change has been the growth of the service sector, which now employs the majority of rural workers. Within agriculture, increased mechanization, the decline of commodity prices, and farm consolidation have also reduced the number of farms. The strength of these structural changes varies within the United States. The South, for example, has experienced the largest increases in manufacturing employment, while the decline of the farm population is most noticeable in the Great Plains and western Corn Belt (Brown and Deavers 1989).

Population for many rural counties in the Great Plains peaked in the 1920s and 1930s. Those counties that are most dependent upon farming as a source of employment have suffered the largest declines in population

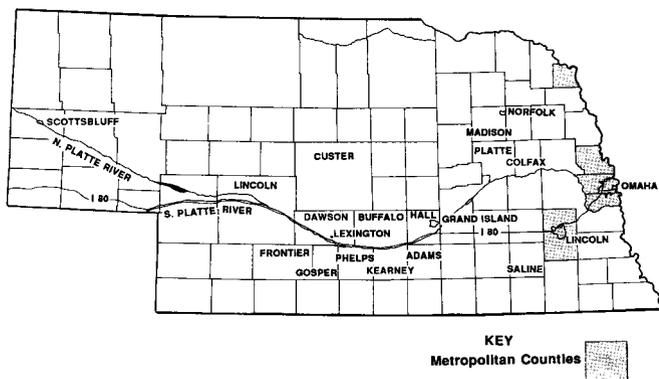


Figure 1. Location map showing Lexington and other places named in text.

(Beale 1977). For example, 74 of 93 counties in Nebraska were more populous in 1930 than in 1990. This pattern is attributable to structural changes in agriculture and the associated declines in agricultural employment (Johnson 1989). Indeed during the 1970s when many nonmetropolitan areas gained population, rural areas in the Great Plains continued to lose population (Brown and Deavers 1989). These losses accompanied by decreasing numbers of taxpayers have resulted in severe adjustments in the provision of local government services such as education (Fuguitt 1977), and have forced states to diversify their economies away from their dependence upon agriculture by recruiting new businesses. These efforts consist primarily of reduced business taxes, state financed infrastructure improvements, grants for worker education and training, and loans provided to new businesses (Smith and Fox 1990; Stella et al. 1990).

In Nebraska the emphasis of the state's economic development program (the 1987 Employment and Investment Growth Act) has been to provide businesses with tax credits. This legislation allows a company that creates a minimum number of jobs to pay little or no state taxes for up to 15 years (Nebraska Department of Revenue 1989). Proponents argued that the jobs created by this Act will lead to the creation of other jobs, broadening the tax base. Opponents argued that the creation of additional jobs will increase the demand for services such as education, without the benefit of an increase in the tax base. This paper assesses the success of this legislation in attracting new employment to rural areas in Nebraska by examining the community-wide impact of the largest facility benefiting from this legislation—IBP's beefpacking plant in Lexington, NE (Fig. 1).

Rural Development in Nebraska

The number of farms in Nebraska peaked at 133,616 in 1935; by 1987 the number had fallen to 60,502. During the same period the average farm size increased from 349 to 749 acres. Accompanying the decline in the number of farms has been a reduction in the number of farm workers from 215,599 in 1935 to 25,627 in 1987 (Bureau of the Census 1935, 1987a). The biggest declines in farm numbers occurred in the more populous eastern third of the state, while the smallest reductions have occurred in areas where farms are larger and fewer in number, such as in the northern portion of the Sandhills (Fig. 2). In the absence of alternative opportunities there has been a sustained outmigration from Nebraska's rural areas. In 1930, 65% of the state's population resided in rural areas; by 1980 the corresponding figure was 37%. These patterns reflect long term changes in the structure of US agriculture. Technological innovations, such as the all-purpose tractor in the late 1920s, improved worker productivity and replaced human labor (Bertrand 1978). The introduction of chemical fertilizers, pesticides, and hybrid seeds have greatly increased yields per acre. The effects of this transformation from a labor-to capital-intensive industry were felt during the 1980s farm crisis, when many farmers were forced off the land as a result of low commodity prices, high interest rates,

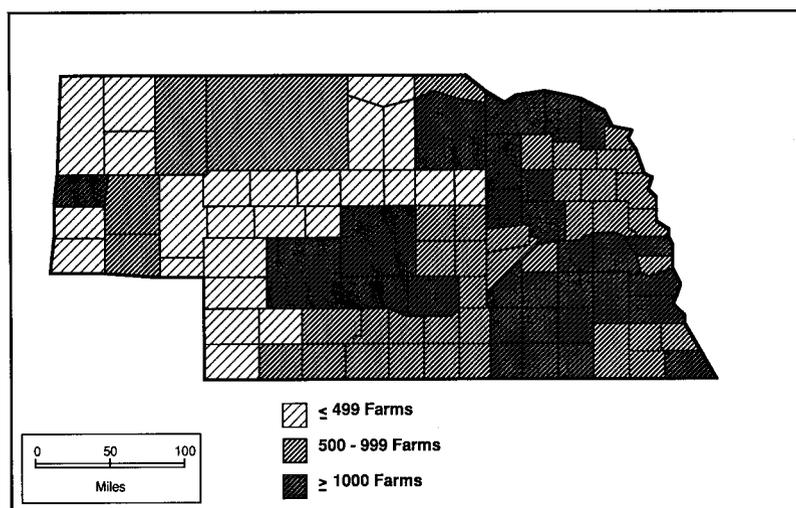


Figure 2. Decline in number of farms in Nebraska between 1935 and 1987. Source: US Bureau of the Census 1935, 1987.

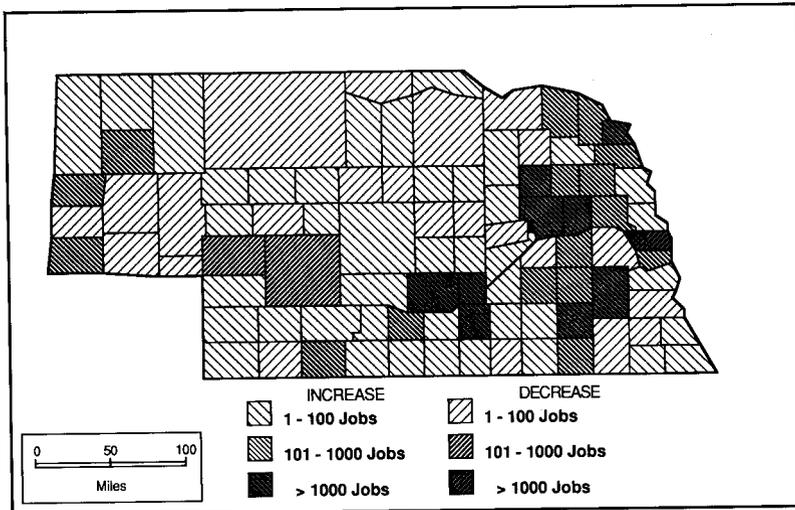


Figure 3. Change in manufacturing employment in Nebraska between 1964 and 1988. Source: US Bureau of the Census 1964, 1988.

decreasing export markets, and falling land values (Murdock and Leistritz 1988). In Nebraska, the average value of farm real estate peaked at \$730 an acre in 1982; by 1987 it was down to \$335. The price of a bushel of wheat similarly peaked in the early 1980s at \$3.87; by 1986 it was down to \$2.24. For many farmers who had borrowed heavily to finance capital improvement, bankruptcy was the consequence of this deteriorating situation. Indeed, the number of farms in the state declined by an estimated 10,000 between 1980 and 1989 (Nebraska Agricultural Statistics Services 1988).

Some rural counties have been able to counter this loss of agricultural employment by attracting manufacturing industry. The attraction of manufacturing to nonmetropolitan areas is part of a broader transformation in the location of US industry as companies have sought to reduce costs by moving to areas with lower operating and labor costs. The principal beneficiaries of this restructuring process have been those states with right-to-work laws located in the South and West (Peet 1987). This process of rural industrialization has been made possible by advances in communications technology such as the interstate highway system and

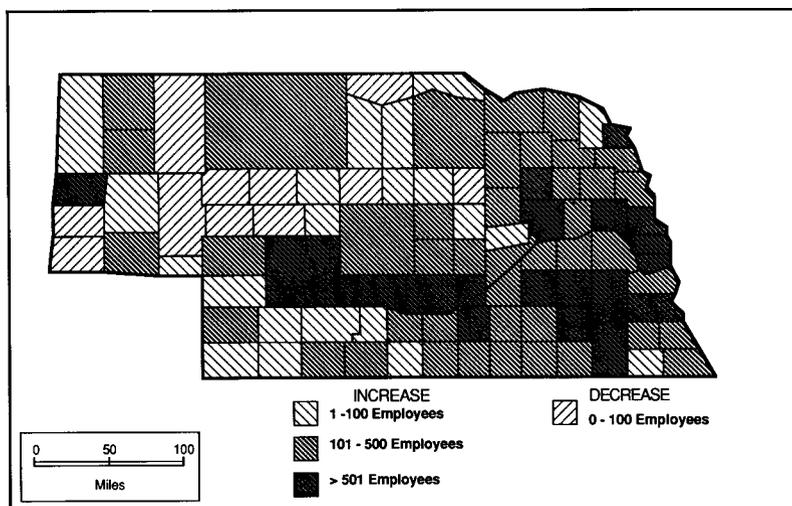


Figure 4. Change in service employment in Nebraska between 1964 and 1988. Source: US Bureau of the Census 1964, 1988.

satellite systems, which have reduced the necessity for production and management functions to be located in the same place. Within Nebraska, the counties that have experienced the largest increases in manufacturing employment are located in the eastern third of the state in the Platte River valley and I-80 corridor, while the western half of the state has either experienced declines or minimal increases in employment (Fig. 3). The expansion or opening of meatpacking plants accounted for large increases in manufacturing employment in Colfax, Madison, Hall, Saline, and Buffalo counties; industrial machinery plants opened in Adams and Platte counties.

In conjunction with the attraction of manufacturing activities to rural areas, service employment has also increased in nonmetropolitan areas. The increases in service employment follow a similar pattern to the increases in manufacturing employment. The western portion of the state has either experienced declines or minimal increases in employment, while the largest increases are confined to the Platte River valley and I-80 corridor (Fig. 4). The only counties anomalous to this pattern are Scotts Bluff in the west and Gage in the southeast which contain important regional service centers.

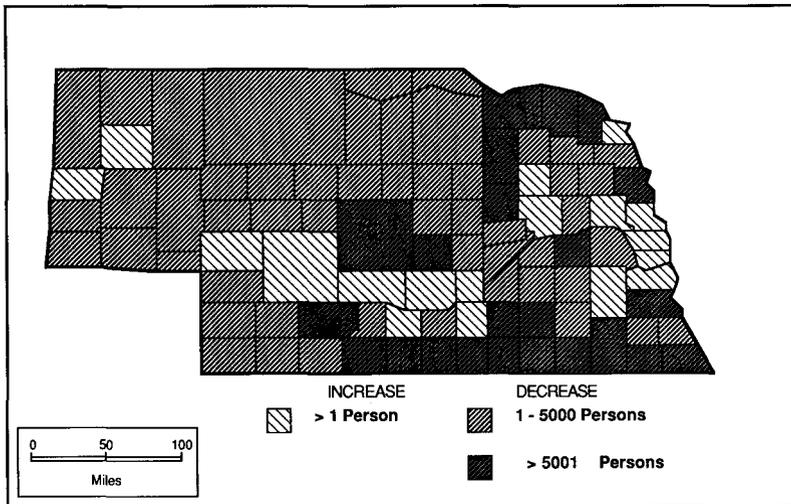


Figure 5. Population change in Nebraska between 1930 and 1990. Source: US Bureau of the Census 1930, 1990.

These structural changes, in agriculture, manufacturing, and service employment combined to affect population change between 1930 and 1990 (Fig. 5). Only 13 nonmetropolitan counties had larger populations in 1990 than in 1930. With the exception of Box Butte and Scotts Bluff counties, they are in the Platte River valley and I-80 corridor. Clearly, the small increases in manufacturing and service employment experienced by many counties have not been sufficient to offset the much larger losses associated with the structural changes in agriculture. As a result most rural counties in the state continue to lose population. Recognition that "current economic conditions in the State of Nebraska have resulted in unemployment, outmigration of people, loss of jobs and difficulty in attracting and retaining business operations" (Nebraska Unicameral 1987) led to the enactment of the Nebraska Employment and Investment Growth Act, 1987.

The Nebraska Employment and Investment Growth Act

Analysis of the formulation and provisions of the Act indicates that,

despite the widespread recognition of statewide deterioration of economic conditions, the legislation was designed primarily to benefit large corporations based in metropolitan areas. The principal proponents of state and local tax incentives to improve Nebraska's business climate during the mid-1980s were the Greater Omaha Chamber of Commerce and the Nebraska Association of Commerce and Industry (Macke 1989). Their concern was prompted in part by the loss of 4,000 jobs at three major corporations with headquarters in the Omaha area, Enron Corporation (a natural gas company), Union Pacific Railroad, and Northwestern Bell. Some observers attributed these job losses to government deregulation of the energy, railroad, and telecommunications industries rather than Nebraska's business climate (Dorr 1987b). The loss of these jobs coupled with the threatened loss of the headquarters of ConAgra, a multinational food products corporation, marked the preliminary stages in a negotiation process with state officials over Nebraska's tax structure. The chairman of the Nebraska legislature's Revenue Committee quickly responded to ConAgra's 1987 announcement by asking the company to provide a list of specific items the company wanted from the state (Dorr 1987a). One month later, Nebraska Governor Kay Orr announced her economic development proposal (LB775) and noted that, while the plan was not tailored specifically for ConAgra, it does contain "specific proposals that are going to benefit ConAgra" (Flannery and Stern 1987).

At the core of the proposal was a series of measures aimed at reducing corporate tax liability. If a company pledged to create at least 30 jobs and \$3 million in new investment or \$20 million in new investment, it would be eligible for various tax credits from the state. In addition, counties would also be allowed to provide exemptions from personal property taxes for property involved in a qualified project. The proposals were favorably received by ConAgra. During the legislature's hearings on LB775, the company's chairman appeared before the Revenue Committee to support the bill and noted that if the bill were enacted without alteration, along with two of the Governor's other tax proposals, the company would stay in Nebraska (Stern 1987a). Subsequent public debate on the proposal centered upon a provision that would exclude new purchases of corporate aircraft and mainframe computers from personal property taxes. This provision appeared to have been designed specifically for ConAgra's benefit and was subsequently amended to state that a company would have to forego \$1.25 in other tax credits for each \$1 of property tax exemption claimed for airplanes and computers (Stern 1987b). ConAgra regarded the legislature's action as "punitive" and announced that it was suspending its search for a new headquarters location in the Omaha area and was once again considering moving to another state (Stern 1987c). The company's second threat to leave the state was quickly

rewarded by the legislature's repeal of the amendment and the final enactment of LB775. Less than a month after the bill's passage, ConAgra announced that it would transfer about 430 employees from St. Louis and Scottsdale, Arizona to its new food laboratory and headquarters to be located in the Omaha area (Gersten 1987).

This analysis of LB775's formulation indicates that large corporations dictated the public debate and the bill's final outcome. Little concern was expressed about the impact of the legislation upon rural areas. Indeed among the bill's few opponents who testified in public hearings were two representatives of the Center for Rural Affairs in Walthill who argued that the bill's provisions openly favored large corporations at the expense of small ones. Given this background it would be expected that the majority of jobs created under this legislation would benefit large corporations. Furthermore, in the absence of any provisions that would provide tax incentives for companies to locate in certain areas of the state, there is little to indicate that rural areas within the state would greatly benefit from this legislation.

The Geographical Impact of LB775

The Special Committee on Economic Development of the Nebraska legislature in 1986 classified counties as metropolitan, urban, urban/rural, and rural to account for variations in urbanization and economic structure. Metropolitan counties are those in Metropolitan Statistical Areas. Urban counties have one or more cities with populations of 10,000 or more and have relatively diversified economies. Urban/rural counties have one or more cities with large trade areas and some economic diversification beyond agriculture. Rural counties contain cities with less than 5,000 people and have agriculture-dependent economies. Data on the location of jobs came from the Nebraska Department of Revenue's *Annual Report to the Legislature on LB775*. In those instances where more than one county was listed as the location for the jobs, it was assumed that the jobs were equally distributed among all the counties. In those cases where the location of jobs was listed as statewide, a separate classification was used for these projects.

Metropolitan counties, as expected, account for over two-thirds of the jobs created under LB775, with Douglas county (Omaha) accounting for 51% of the entire state total (Fig. 6). The state's urban counties obtained 20% of the jobs created primarily due to the addition of meatpacking jobs in Madison and Dawson Counties. If the effects of these meatpacking jobs are removed, the urban counties' share of jobs created drops to 12%, while the metropolitan area's increases to over 74%. The state's most rural



Figure 6. Location by category of county of jobs created under Nebraska's LB775.

counties have experienced the smallest increase in jobs under this legislation. The disproportionate concentration of jobs created under this legislation in metropolitan areas is further emphasized by the fact that these areas only contain 47% of the state's population, yet they have over two-thirds of the newly created jobs. Although metropolitan areas will receive the majority of jobs, the cost of providing the tax incentives to support these newly created jobs in terms of foregone corporate income tax and sales tax will be borne disproportionately by Nebraska's nonmetropolitan areas (Macke 1989).

Most of the jobs created in metropolitan areas are in the service sector. Major corporations such as ConAgra, Union Pacific, Northwestern Bell, Burlington Northern, American Express, Mutual of Omaha, 3M, and AT&T all created jobs under LB775. In the remainder of the state the leading source of newly created jobs is the meatpacking industry. The Dubuque Packing Company plans to create 450 jobs in Norfolk, and IBP plans to add 1450 jobs in Madison, Dakota City, West Point, and Lexington.

Structural Changes in the U.S. Meatpacking Industry

The US meatpacking industry has transformed over the past 30 years from an urban- to rural-based industry. Production has increasingly concentrated in four new meatpacking companies IBP, ConAgra, Excel, and National, which have replaced old urban-based companies like Cudahy, Swift, and Armour by a vigorous process of acquisitions and cost-cutting. The leader in this movement has been IBP, based in Dakota City in northeastern Nebraska, across the Missouri River from Sioux City, Iowa. Since its founding in 1960 IBP has acquired about a third of the US beef slaughter market. The company's increasing market share has been made possible by its rural industrialization strategy and its related efforts to lower costs. The majority of its beefpacking plants are located in rural towns with less than 25,000 persons (Broadway and Ward 1990).

This rural industrialization strategy has been made possible by the establishment of an extensive all-weather highway system and the development of large refrigerated trucks. IBP has lowered its operating costs by a variety of innovations. In the mid-1960s the company introduced boxed beef; under this process fat and bone are removed at the meatpacking plant thereby lowering transportation costs and also making it unnecessary for supermarkets to employ highly skilled butchers. The company has also pioneered the construction of large capacity slaughtering plants close to feedlots. Live animals deteriorate in value through bruising and shrinkage while being shipped long distances (Smalley 1978). Moreover, the costs of purchasing cattle are considerably less when the animals are obtained from feedlots close to the plant. Finally, large capacity slaughtering plants are also much more economical to operate than small packing houses (Miller 1986). IBP has lowered its labor costs by designing a disassembly line that reduces the need for highly skilled (and paid) butchers and by using a nonunionized labor force. At the company's unionized Dakota City plant labor-management relations have been marred by several long violent strikes. For example, in 1982 the union called a strike after the management asked for a four year wage freeze. The company attempted to undermine the strike by the use of strike breakers, which led to violent confrontations along the picket line attracting national attention (Robbins 1982). A year after the initial dispute, the union signed an agreement that reduced workers' pay by \$1.05 an hour.

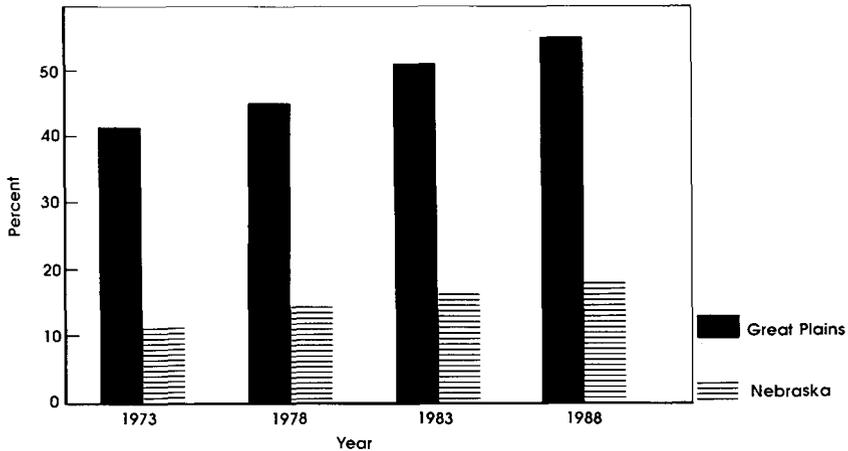


Figure 7. Share of US cattle on feed in Nebraska and the Great Plains.

The Case of Lexington

IBP's Decision to Locate in Lexington

IBP's 1988 decision to locate its beefpacking plant in Lexington is the product of a number of factors operating at the regional, state, and local levels. At the regional level, the decision is part of an industry wide pattern of locating new plants in small towns in the Great Plains (Skaggs 1986). In the last 25 years, Excel and National Beef opened plants in Dodge City and Liberal in southwestern Kansas, while IBP started operations in Emporia and Holcomb, Kansas, and Dakota City and West Point, Nebraska. Within the Great Plains, packing plant operations have gradually moved northwards in response to a similar shift in cattle feeding operations. Both Kansas and Nebraska, for example, have increased their share of the region's cattle on-feed over the past fifteen years and their share of the region's meatpacking employees (Fig. 7, Table 1). The increase in the cattle feeding industry in Kansas and Nebraska is attributable to the availability of feed grains and a plentiful supply of water from

TABLE 1

MEATPACKING EMPLOYMENT IN GREAT PLAINS STATES, 1977-1987

State	(Figures in Thousands)			
	1977		1987	
	Thousands	%	Thousands	%
Texas	12.7	40.7	12.7	35.0
Oklahoma	2.2	7.1	0.7	1.9
Kansas	5.2	16.7	10.8	29.8
Nebraska	6.5	20.8	8.9	24.5
South Dakota	4.4	14.1	3.0	8.3
North Dakota	0.2	0.6	0.2	0.5
Total	31.2	100.0	36.3	100.0
Share of US Total		21.3		32.0

Source: Bureau of the Census, 1977, 1987.

the Ogallala Aquifer, whereas in parts of West Texas the Aquifer has been severely depleted and packing plants have closed.

At the state level, public statements by IBP officials leave little doubt that LB775 was a "major" factor in their decision. According to the company's Chairman, without LB775 the plant would have been "almost unfeasible" (Jordon 1988). The company, for example, will be able to use one of the bill's provisions to declare its processing equipment within the plant as personal property, thereby exempting it from property tax. The company will also qualify for various tax credits based upon the number of new employees at the facility as well as exemptions from sales and use taxes on qualified property at the plant. The value of these incentives is open to conjecture. If IBP, for example, installed \$35 million in processing equipment, the firm would receive a tax savings of nearly \$1 million a year for up to 15 years (Flannery 1990a).

Locally, Lexington offered a number of particular advantages. First, the town lies atop the Ogallala Aquifer and can therefore provide a plentiful supply of water—a key requirement for any large beefpacking plant. The Lexington plant will require about 900 million gallons of water a year when fully operational, which is equivalent to the town's current consumption (Flannery 1990b). Dawson County is one of the leading counties in the state in terms of the number of cattle on-feed: 297,225 head of cattle were on-feed with an additional 376,541 head in the six immediately adjacent counties, accounting for 17.6% of the state's total (Nebraska Agricultural Statistics Service 1989). The availability of a large supply of cattle is of obvious importance to IBP since it purchases cattle on a daily basis, as opposed to other packers which purchase their cattle by means of long-term contracts. An additional attraction for IBP was that Lexington contained nearly 500,000 square feet of manufacturing space in the form of a vacant farm implement factory. IBP kept the shell of the facility and redesigned the interior. The closure of the plant in 1985 had terminated more than 800 jobs, unemployment increased to over 13% and several local businesses were forced to close. The local Chamber of Commerce established the Lexington Council for Economic Development in order to recruit a new business, but its precise influence upon IBP's decision is difficult to determine. The Council's influence appears to have been restricted to negotiating between local officials and the company over such matters as specific incentives for IBP and who should pay for the necessary infrastructure improvements. For example, the city adjusted its boundaries so that the plant is outside of Lexington, which means that IBP does not pay city real estate taxes. The removal of the plant from the city was openly acknowledged as a "bargaining chip" by members of the Economic Development Council (Flannery 1990b).

The Impact of IBP's Meatpacking Plant

The announcement that 1300 jobs would be created and that the plant's payroll would exceed \$24 million a year was greeted with widespread public support among Lexington's business leaders (Jordon 1988). However, the full social and economic consequences for the community were not as readily apparent as the expected increase in purchasing power. Other small towns in which large meatpacking plants have opened suffered from a variety of problems including increases in crime, housing shortages, and high pupil turnover in the local schools (Broadway 1990). Some of these problems are attributable to high turnover within the industry (about 7% a month) due to the physically demanding and dangerous nature of the job (Stull and Broadway 1990). Although IBP has a publicly stated policy of recruiting workers from the area surrounding its plants, it quickly

TABLE 2

DAWSON COUNTY EMPLOYMENT CHARACTERISTICS

	Average Annual Numbers		Change
	1988	1990	
Total employment	8839	9074	+235
Unemployment	465	284	-158
Manufacturing	1420	1614	+194
Construction	350	410	+60
Transport	275	281	+6
Trade, retail	1460	1545	+85
Wholesale	750	579	-171
Finance, insurance, real estate	322	337	15
Services	903	984	+81
Government	1560	1588	+28

Source: Nebraska Department of Labor, Labor Market Information.

exhausts this supply and the company is forced to recruit workers from elsewhere. For example, at its Dakota City plant, workers are recruited from the Rio Grande valley in south Texas. It is too early to determine whether IBP in Lexington will be forced to recruit workers from outside the region. As a result, this paper is concerned with the economic and social changes that occurred within the community during the time of the plant's construction.

Economic Growth Comes to Lexington

The construction phase of the project began in Spring 1989 and had an immediate impact on the region's economy. Unemployment in Dawson County fell from an average of 5% in 1988 to 3% in 1990. By December 1990, one month after the plant's opening, unemployment in the county was down to 2.3% or 215 persons. Along with the decline in unemployment, average employment in the county increased by 235 persons from 1988 to 1990, with the largest increases occurring in the manufacturing, retail, service, and construction sectors (Table 2). Although jobs in the service and retail sectors tend to be low paying and based upon part-time employment, the overall increase in purchasing power within the region is reflected by substantial increases in Lexington's retail sales (Fig. 8).

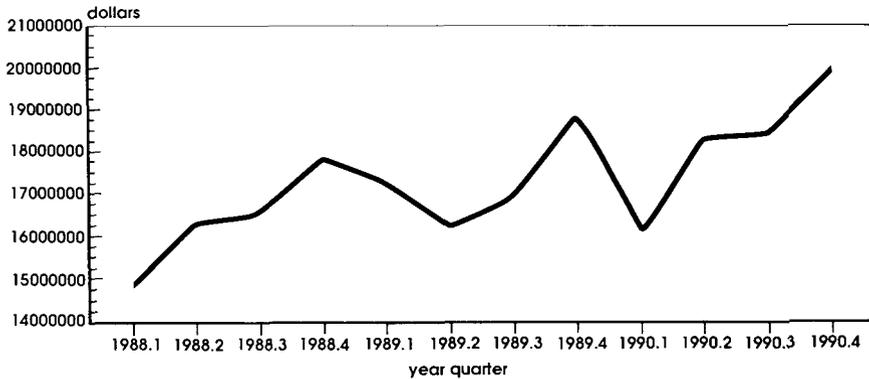


Figure 8. Net taxable retail sales in Lexington from January 1988 to April 1990.

At the same time that Dawson County and Lexington in particular have benefitted from the construction of the IBP plant, the city of Lexington has been confronted with the difficult task of paying for the infrastructural improvements. Over \$8 million has been spent by the city in preparation for the IBP plant; however, only \$2 million of this amount is covered by state and federal grants, leaving the city to finance the remaining \$6 million (Potter 1990). Some of the costs the city has incurred will be recovered in the form of user fees from IBP over the next 10 to 15 years (Flannery 1990b). However, the ability of the town to recover certain additional costs from IBP is constrained by the fact that it placed the land where the plant sits outside the city. The city is now in the process of determining how to recover the costs of those infrastructural improvements that were not covered by grants or user fees.

Social Change Comes to Lexington

Along with the welcome boost of additional jobs, Lexington has also had to deal with a number of social changes. The number of reported crimes in the town increased by 30% between 1988 and 1990 from 274 to

TABLE 3

LEXINGTON PUBLIC SCHOOL ENROLLMENT

	1988	1990	Change
Grade			
K through 6	865	879	+14
Junior high	407	407	0
High school	398	379	-19
Total	1670	1665	-5
Race/Ethnic Group			
White	1581	1549	-32
Asian	3	2	-1
Hispanic	76	97	+21
American Indian	7	14	+7
Black	3	3	0

Source: Lexington School District *Fall School District Membership Report*.

358 offenses, while during the same period the number of service calls increased by 21% from 5,511 to 6,698 (Lexington Police Department 1990). Although crime has increased, there has been no overall change in the pattern of offenses, with thefts accounting for over 70% of all reported crimes. In order to deal with the increased work load the police department hired two additional officers. A similar pattern has been observed in other meatpacking towns and has been attributed to the influx of young adult, single males, the demographic group with the highest crime rate (Broadway 1990).

The local school district, by contrast, has experienced minimal changes. Enrollment during the construction phase of the project remained relatively stable, although the ethnic makeup of the district was altered by increases in the number of Hispanic and Indian students and a decline in the number of white students (Table 3). It is too early to determine whether this influx of minority students has placed additional demands on the School District for bilingual education or English as a Second Language instruction, as has occurred in other meatpacking towns

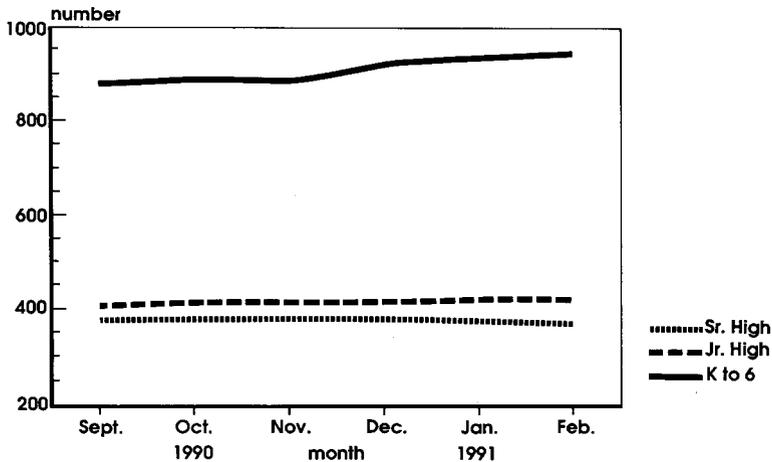


Figure 9. Enrollments in Lexington's schools in the 1990-91 school year.

(Broadway 1990). Since the plant became operational, there has however been a significant increase in the number of elementary school students (Fig. 9). The school district anticipated this situation and in the Fall of 1989 proposed a \$8.9 million bond issue to double the size of one of the elementary schools, renovate the senior high school and transform it into a junior high school, and build a new senior high school. The bond issue was defeated. The following year a less costly \$1.8 million bond issue was approved to renovate and expand two of the district's elementary schools.

The minimal change that occurred in Lexington's schools during the construction phase is attributable to the absence of a large influx of families with the workers. The construction of the plant was completed by a subsidiary of IBP, Texas Amarillo Systems Co. and involved the hiring of 400 persons from the local area. Furthermore, any likely newcomers to the area were prevented from settling in Lexington by an acute housing shortage. No new housing in Lexington was constructed in 1989. In January 1990, local citizens were able to block the sale of city-owned land to a developer who had planned to construct a 40-unit apartment complex not far from the plant (Flannery 1990b). By the summer no new housing had been constructed and IBP was forced to purchase a motel in Lexington

for its workers (Flannery 1990c). At this time workers were commuting from as far away as North Platte—a 60 mile journey on Interstate 80. In July, IBP officials appeared before the Zoning Board to request a 220-unit mobile home facility east of the plant. They argued that it was necessary for their workforce (Project wins approval 1990). Although the rezoning request was approved, construction had yet to begin when the plant opened in November. Indeed, the area's housing problems grew worse; by December, the plant's manager noted that some of his workforce was commuting from as far away as Grand Island (78 miles), McCook (77 miles), and Broken Bow (48 miles) (Wallace 1990). The manager also raised the specter of "people pitching tents around the Lexington area" unless the availability of housing improved.

Conclusions

Nebraska's Employment and Investment Growth Act (LB775) is designed to create "new jobs" by providing corporations with tax incentives. In the first four years of the program the overwhelming beneficiaries of the legislation have been major multinational corporations with offices in the Omaha region. The state's metropolitan counties account for over two-thirds of the jobs created under LB775, while the costs in terms of foregone taxes will be borne disproportionately by the rest of the state. In the state's nonmetropolitan areas the leading source of job creation has been the meatpacking industry. Lexington has experienced a significant improvement in its local economy as a result of IBP's decision to open a new beefpacking plant in 1990. During the nearly two years of the plant's construction phase, the community has been able to avoid many of the adverse social and economic consequences related to sudden growth in meatpacking towns by controlling the availability of housing. This outcome is the result of a number of "skirmishes" over local housing developments between public officials and local business people, who support the economic development benefits associated with IBP, and those who want Lexington to avoid the problems associated with a new packing plant. In the first phase of this conflict, local citizens opposed to large-scale housing developments have been able to block the proposals. An interdisciplinary team of researchers from the Universities of Kansas, Colorado, and Nebraska at Omaha, will be monitoring events in Lexington over the next two years to determine whether the community will be able to sustain this policy of restricting housing and, if it is unable to control the influx, whether the social and economic problems associated with rapid growth will inevitably follow.

Acknowledgments

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