United States Department of Agriculture
Project Initiation

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Project Title

Economic Consequences of Consolidation and Federal Intervention in the Meatpacking Sector

Project Details

Sponsoring Institution National Institute of Food and Agriculture	**Project Status** ACTIVE
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Recipient Organization

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Performing Department

(N/A)

Non Technical Summary

The U.S. meat and poultry processing sector has undergone substantial consolidation over the past several decades, resulting in fewer but much larger plants that anchor economic activity in many rural regions. When one of these large facilities closes, the surrounding community often experiences job losses, business contraction, and other economic disruptions. At the same time, recent federal investment programs have aimed to expand processing capacity, encourage entry of new firms, and strengthen the resilience of local and regional supply chains. Despite the scale of these changes, there is limited empirical evidence on how consolidation and federal investment influence local economic conditions.This project provides a data-driven evaluation of these issues. First, it measures how rural economies are affected when major processing plants close. The analysis tracks employment, business activity, and long-run adjustment in communities that experience a closure compared to similar communities that do not. Second, the project evaluates the early economic effects of federal grants awarded to support processing facilities. By

comparing participating plants to similar non-participating plants, the study estimates how investment influences hiring, operating activity, and overall capacity.The goal of this work is to give producers, community leaders, and policymakers a clearer understanding of how structural changes in processing affect rural economic stability. The findings will help identify where investment is most effective and which types of communities are most likely to benefit from expanded processing capacity. The project provides practical, research-based information that can guide future decisions about supporting rural economies and strengthening U.S. food supply chains.

Animal Health Component

Animal Health Component: 0%

Research Effort Categories

Basic	0%
Applied	100%
Developmental	0%

Classification

Knowledge Area (KA)	Subject of Investigation (SOI)	Field of Science (FOS)	Percent
601	6110	3010	100%

Knowledge Area

[601] Economics of Agricultural Production and Farm Management

Subject Of Investigation

[6110] Economy of the United States and sectors thereof

Field Of Science

[3010] Economics

Keywords

Federal programs, Market competitiveness and sustainability, Meatpacking industry consolidation

Goals / Objectives

The goal of this project is to generate a clear, evidence-based understanding of how structural changes in the meatpacking industry influence rural economies and how federal investment affects local economic conditions. The project is organized around three major objectives.Objective 1: Measure the economic consequences of consolidation in the meatpacking sector. This includes identifying large meatpacking plant closures over time and estimating their effects on employment, business activity, and the broader economic environment in affected rural counties. The analysis will document how communities respond to the loss of major processors and which locations are most exposed to structural changes in the industry.Objective 2: Evaluate the effectiveness of recent federal investment intended to strengthen small and mid-sized processors. This involves compiling and validating data on facilities that received support, tracking changes in employment and processing capacity following investment, and comparing

outcomes to otherwise similar facilities that did not receive funding. The objective is to determine whether these investments led to measurable improvements in economic activity or stability.Objective 3: Develop practical, data-driven recommendations for improving the resilience of rural economies. This includes synthesizing the results from both components of the project and identifying the types of communities, processors, and regional conditions where federal investment is most likely to produce meaningful economic benefits. The findings will support decision-making on how future investments can strengthen market conditions and reduce vulnerability to plant closures or industry consolidation.

Project Methods

The project relies on establishment-level data to measure how consolidation in the meatpacking industry and federal investment in processing facilities affect local economic outcomes. The work proceeds in three main stages.First, we construct a longitudinal dataset that links Data Axle business records, information on large meatpacking plant closures, and records identifying processors that received federal support. This dataset allows tracking of changes in employment, establishment counts, and processing activity before and after key events. The dataset will cover multiple decades to capture long-run adjustments in counties with substantial exposure to major processing plants. Second, we estimate the economic effects of large plant closures using difference-in-differences and event-study approaches. These methods compare counties experiencing closures to similar counties that did not, controlling for broader economic trends. The models will quantify employment losses, changes in business activity, and the persistence of economic adjustment following a closure. The goal is to isolate the specific economic impact of losing a major processing facility.Third, we evaluate the results of recent federal investment in processing capacity by comparing participating facilities with similar non-participants. This analysis uses matching techniques to identify appropriate comparison groups and then applies difference-in-differences methods to estimate how employment and processing activity changed after investment. This design allows assessment of whether investment supported additional hiring, expanded capacity, or improved economic stability in surrounding areas.The project concludes by synthesizing the results from both components and identifying conditions under which federal investment yields the strongest economic outcomes. This approach provides a consistent, data-driven framework for understanding how structural changes in the processing sector influence rural economic conditions.