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Small meat lockers working group: a participatory action research project to revitalize the decentralized meatpacking sector in Iowa

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Small Meat Lockers Working Group:
A participatory action research project to revitalize the decentralized meatpacking sector in Iowa

by

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For the Butchers,

blessed may they be.

Table of Contents

Abstract

Small meat lockers are critical pieces of Lyson's (2004) "civic agriculture." Unfortunately, in Iowa they have been declining for several decades. This thesis examines how civic engagement and our modern orientation towards bureaucratic structure have and do impact small meat lockers and how this impact can be negotiated by Habermas' (1987) "communicative rationality." The results come from a participatory action research working group composed of various stakeholders, attempting to revitalize small, decentralized meat processing in Iowa, specifically by negotiating bureaucracy. Lockers are found to need help in five areas: Business Planning & Feasibility, Financial Assistance, Plant Design, Plant Construction, and Labor. Business Planning & Feasibility and Financial Assistance resources are comprehensively examined. Labor is moderately examined. Plant Design and Plant Construction are preliminarily examined. Future research directions are provided for the latter three areas. This thesis concludes that communicative rationality has a particularly strong positive effect on rural development, because it encourages civic engagement by subjugating the bureaucratic drive for efficiency at the expense of civic communication. While progress can be made bureaucratically at the State level, small meat locker owner-operators should strive to work with local organizations that have power to provide assistance (financial or otherwise) based on human, civic understanding without overbearing bureaucracy. Yet, to do this they will have to hone their own capital accounting skills.

Introduction

In early January of 2005, at the invitation of a Mr. Kamyar Enshayan, I arrived in Cedar Falls, Iowa. Kamyar was running a campaign out of the University of Northern Iowa called "Buy Fresh, Buy Local" which had been surprisingly successful in weaning hospitals, universities, and restaurants off 'imported' food to the tune of millions of dollars — and had done so in a landscape of strip malls and tractor factories, with little agricultural diversity and few specialty restaurants or groceries. Kamyar had invited me out for a month to write a magazine article about his program and get a feel for Iowa.

In my investigations, I wanted to understand how, in such a seemingly unlikely place, this local food system was ticking right along. Unlike my native California, Iowa is neither renowned for the length of its growing season nor its fine dining. Yet, Iowa had one item of superior quality that it produced amply year round; and it was driving the lion's share of Kamyar's millions of local food sales: meat.[1] Making it all possible was Iowa's decentralized meat-processing infrastructure, something unknown in California. While fruits, veggies, grains, or pulses can be sold directly by a farmer, meat must be processed before it can be sold for consumption. Here, I had the pleasure of visiting my first small meat processor or "locker." For this research, I have chosen to define "small meat lockers" as animal slaughtering facilities that work directly with farmers and regularly process volumes as small as one animal to custom specifications.

I showed up at the Benson Meat Locker, just west of Cedar Falls, looking to talk to the owner, Joel Steege, and buy some local meat. But to buy meat from Joel Steege

[1] Dairy has also been a significant driver, but not nearly as much as meat.

was not to buy meat from Joel Steege; that is, one had to buy it from one of the many local farmers that Joel worked with – he only processed it. He had a little meat retail case on the side of the main counter, but he didn't have enough meat in it to stock a convenience store – hardly what I had envisioned for a butcher shop. Joel ran his own "custom meat locker," an outfit that is state inspected to process meat, but not to slaughter it. He could still slaughter meat, as he did, but the meat had to have been pre-sold "on the hoof" (while still alive) by the farmer that raised the animal to individuals for home consumption, thus "custom." When you paid for your order of meat, you wrote two checks: one to the farmer for the meat, and another to Joel for the processing.

A young entrepreneur, Joel was only 25, but a third generation butcher, he'd known meat his whole life. Joel could tell how meat will taste just by looking at it. Will the meat taste too lean or too fatty? Was it fed silage, corn, or other grains? What kind of pasture was it on? Was the animal treated with hormones? You just had to ask Joel.

Larry Steege, Joel's father, ran another meat locker about half an hour away, started by Joel's grandfather. Joel started working regularly for his dad while in high school; he'd been running his own place since the previous October. "My dad still helps me out. Running your own business is a lot of work: a lot of paperwork," Joel said. "Everybody has hard days, but I usually look forward to coming to work in the mornings."

Four full-time employees worked with Joel, about the same as with his dad. Iowa minimum wage was $5.15 an hour; the Steeges paid $7-10 an hour and were looking into getting health insurance for both shops. Joel's employees were all older then he was,

three men and one woman. He was the boss, he made the calls, but the atmosphere was light.

The small display of meats for retail had to have been slaughtered in an inspected slaughtering facility. Joel bought his in primal sections from a larger place in the south of the state, though he'd have preferred to see the animals before he bought the meat, so as to could pick out the choicest animals. The retail only made up about 10% of his business. "The profits are a lot slimmer. I make almost twice as much from the custom work."

Within the year, Joel hoped to have his place state-inspected for slaughter. Then he'd be able to retail local meat to anybody who walks in and to restaurants, in addition to choosing the cattle he slaughtered for retail. "If I could retail local meat I'd sell a lot more." Joel estimated that business might go up 25% in the first year after becoming state-certified for slaughter. "It'd be cheaper for customers too, taking out one more step. I'm out to serve my customers a good fair price."

The retail prices were comparable with the Cedar Falls Hy-Vee supermarket, a bit more expensive then the Fareway. Joel was comfortable with this, "If you have good quality and good service, people will pay more," Joel said. "If people buy a half or quarter custom beef, they actually save a lot."

When Mad Cow disease was discovered in the U.S., Joel was worried. Many large beef processors saw their sales decline, but business for the Steeges "didn't really change a whole lot," Joel explained. "People just kept coming in, same as ever. They knew me. They knew my dad. They knew where the cattle were coming from and how the cattle were raised."

Needless to say, I became rather taken with the locker business - the transparency, the accountability, the skill, the quality, the social and financial equity, and the civic responsibility. Meat lockers are the very flesh of what Thomas Lyson (2004) has dubbed "civic agriculture," which he describes as:

> the embedding of local agricultural and food production in the community. Civic Agriculture is no only a source of family income for the farmer and the food processor; civic agricultural enterprises contribute to the health and the vitality of the communities in a variety of social, economic, political, and cultural ways. For example, civic agriculture increases agricultural literacy by directly linking consumers to producers. Likewise, civic agricultural enterprises have a much higher local economic multiplier than farms or processors that are producing for the global mass market. Dollars spent for locally produced food and agricultural products circulate several times more through the local community than the money spent for products manufactured by multinational corporations and sold in national supermarket chains. (62)

The conceptual foundation for the benefits of this type of socio-agricultural organization was the result of a post-WWII congressional inquiry. During the war, the U.S. had become significantly organized around large-scale manufacturing businesses, the social effects of which some members in Congress were curious about. Two empirical studies were commissioned.

The first, by C. Wright Mills and Melville Ulmer, *Small Business and Civic Welfare*, studied matched-pairs of cities in Michigan, New York, and New Hampshire. What they found was, in the words of Senator James E. Murray, chairman of the committee that had commissioned the report, "for the first time objective scientific data show[ing] that communities in which small businesses predominate have a higher level of civic welfare than comparable communities dominated by big business" (qtd. in Lyson 2004:65). The means through which this occurred was the *economically independent middle class*. As Mills and Ulmer reported, this group has

> traditionally been the chief participant in the management of civic enterprises. For one thing, he [*sic*] usually has some time and money available with which to interest himself in these matters. He is, on average, fairly well educated. His work in conducting a small business trains him for initiative and responsibility. He is thrown into constant contact with the administrative and political figures of the city…. Furthermore, the small businessman often stands to benefit personally as a result of civic improvement… (qtd. in Lyson 2004: 66)

The second study, by Walter Goldschmidt, *Small Business and the Community*, focused specifically on agriculture. Goldschmidt compared two communities in California's Central Valley, one with relatively larger farms, and one with relatively small. In other aspects – population, value systems, and social customs – both towns were very similar and "part of the common system of agricultural production, best understood as industrialized" (qtd, in Lyson 2004:67). Goldschmidt found,

> The scale of operations that developed in [the large farm community] inevitably had one clear and direct effect on the community: It skewed the occupation structure so that the majority of the population could only subsist by working as wage labor for others…. [This structure] had a series of direct effects upon the social conditions of the community. (qtd. in Lyson 2004:68).

Goldschmidt too noted that, "the small farm community is a population of middle class persons with a high degree of stability and tenure, and a strong economic and social interest in the community" (qtd, in Lyson 2004:67). The results of these two studies overwhelmingly indicate that, as might be suspected, the diffusion of power resulted in broad civic engagement – democracy – while where wealth was concentrated and the social structure hierarchal – oligopoly – community well-being suffered.

Meat lockers, as small businesses, not only contribute to diffusion of power, but they help empower small and diversified farmers by providing market access for meat sales.[2] One simply cannot take two head of cattle to a large processor and try to get them

[2] The ecological benefits of diversified farming, with crop and livestock integration, have been well established (Burkart, James, Liebman, and Herndl 2005).

processed. The respatialized markets enabled by small meat lockers balance out lower volumes by higher margins, giving, in addition to market access, economic viability to smaller, pluriactive farms and firms - what Kamyar Enshayan calls "value-retained agriculture." At the same time, the elimination of middlemen creates extraordinary economy for eaters (consumers), low income or otherwise – for example a sampled organic pig processed at a small locker only cost $1.74 a pound – cheaper than Wal-Mart. And the diffuse nature of this type of processing creates increased access, particularly in remote rural areas. Between 1976 and 2000, Iowa lost 52.6% of its grocery stores (Morton et al. 2005); and today many in small rural towns across the state no longer have a grocery store, but some are lucky enough to still have meat lockers.

To give a specific illustration of this civic adaptivity enabled by small meat lockers (from *not* being bureaucratically codified in what they do): The Iowa Department of Natural Resources' self-funded Help Us Stop Hunger (HUSH) program asks hunters to take unused deer to participating local meat lockers. The lockers process the deer and distribute the venison to needy families through the Iowa Food Bank and affiliates. In 2006, HUSH produced over one million servings of venison for low-income Iowans. HUSH Program Coordinator Ross Harrison told me, "This program would not have been possible without the diversified meat-processing infrastructure offered by small meat lockers. In the SW of the Iowa, where there are fewer meat lockers than the rest of the state, the HUSH Program has not been as successful." Although HUSH is bureaucratically financed, the organization and coordination was anything but bureaucratic. It required the civic alliance of a government agency (Dept. of Natural Resources), a private non-profit (Iowa Food Bank), private businesses (meat lockers), and

privates citizens (hunters) to produce a program that benefited all, reduced deer overpopulation, and provided previously unthought-of food distribution and access possibilities for less-fortunate Iowans.

Despite civic agriculture's many virtues, our modern economic and social order is not driven by it. Rather as Blau (1956:20) puts it, drawing on the work of Max Weber, "In contemporary society bureaucracy has become a dominant institution, indeed, the institution that epitomizes the modern era." And while Blau praises the efficiency of modern bureaucracy as the source of our "notably higher standard of living" (16), he does point out that bureaucracies "endanger democratic institutions" (25). Blau posits a fundamental contrast between bureaucratic efficiency due to centralization of power on the one hand, and the free expression of opinion and the coordination of popular authority (civic engagement) on the other, which, due to its decentralization of power and lack of codified rules and regulations, is inherently inefficient.

Small meat lockers are civic, skill-intensive, time-intensive, transparent, equitable, decentralized, and produce high quality products. For all these reasons they have been pushed towards failure by the uncivic, bureaucratic tendencies of modern society, and for all these reasons, culturally, civically and socially, we need them. This thesis will specifically examine how civic engagement and our modern orientation towards efficient bureaucratic structure have and do impact small meat lockers and how these impacts can be negotiated. The results come from a participatory action research working group composed of various stakeholders, attempting to revitalize small, decentralized meat processing in Iowa, specifically by negotiating bureaucracy.

Theoretical Framework

Bureaucracy was first and very comprehensively studied by the scholar Max Weber. Weber (1978) saw bureaucracy as the manifest human organizational structure of a process he dubbed "rationalization," which he saw as *the* great driving force of modernity. Weber has often been accused of whole-heartedly embracing bureaucracy.[3] It's not too hard to see why, when Weber goes about titling sections of books with words like, "The Technical Superiority of Bureaucratic Organization over Administration by Notables" (1978:973). The section begins:

> The decisive reason for the advance of bureaucratic organization has always been its purely *technical* superiority over any other from of organization. The fully developed bureaucratic apparatus compares with other organizations exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs – these are raised to the optimum point in the strictly bureaucratic administration, especially in the monocratic form. As compared with collegiate, honorific, and avocational forms of administration, trained bureaucracy is superior on all these points. And as far as complicated tasks are concerned, paid bureaucratic work is not only more precise but also… it is often cheaper than even formally unremunerated honorific service. (original emphasis)

While at first pass this reads like a nerdy eulogy for bureaucracy, there are little hints of Weber's distaste for the practice: in the emphasis on *technical* in the first sentence, in the expression of its tendency towards "monocratic form" – the consolidation of power mentioned earlier about which Blau (1956) cautioned.

In less formal circumstances, Weber might bring out his own words of caution with biting concreteness, as these remarks to intellectual colleagues in 1909 reveal, and are worth quoting at length:

> [T]he forward progress of bureaucratic mechanization is irresistible…. When a purely technical solution of concrete problems is taken as the highest and only goal, then on this basis on can only say: away with everything but an official hierarchy which does these things as objectively, precisely, and "soullessly" as a machine.

[3] As discussed, though not advocated, by Watson 1995; Ritzer 2004; Sica 2004.

> …Imagine the consequences of that comprehensive bureaucratization and rationalization which already to-day [*sic*] we are approaching…. By [rational calculation], the performance of each individual worker is mathematically measured, each man [*sic*] becomes a little cog in the machine and, aware of this, his one preoccupation is whether is whether her can become a bigger cog…. [I]t is still more horrible to think that the world could one day be filled with nothing but those little cogs, little men clinging to little jobs and striving towards bigger ones…. The passion for bureaucracy… is enough to drive one to despair. It is as if in politics the specter of timidity… were to stand alone at the helm; as if we were deliberately to become men who need "order" and nothing but order, who become nervous and cowardly if for one moment this order wavers, and helpless if they are taken away from their total incorporation in it…. but what can we oppose to this machinery in order to keep a portion of mankind free from this parceling-out of the soul, from this supreme mastery of the bureaucratic way of life…. I only wish to challenge this unquestioning idolization of bureaucracy. (qtd. in Sica 2004:119-20).

The result of this hyper-rationalization is "material irrationality," where ends are subverted for means, and due to the unintended consequences of the means, the ends are never produced (Watson 1995:66).

Yet, for Weber, there was no happy remedy, even if one could stop the rationalization process. In Weber's view, the predecessor of bureaucracy – what he referred to as "'kadijustice': adjudication according to the judge's sense of equity in a given case or according to the other irrational means of law-finding that existed everywhere in the past…." (Weber 1978:1395) – and its associated administration were not much better. They were "so often venal, precisely because of their irrational character, [which] permitted the development… of the capitalism of traders and government purveyors and of all the pre-rational types known for four thousand years…" (1395). It was the nepotism and the bribery, certainly not uncommon in the past, that were significantly impeded by the "impartiality" and "strict subordination" of bureaucracy that left Weber in quite a bind about what to do.

Jürgen Habermas (1987) proposes a third way out: "communicative rationality." Communicative rationality is a social organization based on "communicative action:" people talking with each other, all equally empowered, seeking to accomplish goals through reflexive interaction, social learning, and collective action – a dynamic framework of civic engagement. That is to say that "communicative rationality" is the idea, and its embodiment, "communicative action," brings about "civic engagement."

Habermas' proposed social organization is contingent on the exchange of "pretheoretical knowledge" (153) and a cautious stance towards efficient "delinguistified media of communication," (also referred to as, "steering media," i.e. money and power) because they "steer social intercourse that has been largely disconnected from norms and values, above all in those subsystems of purposive rational economic and administrative action that… have become independent of their moral-political foundations" (154). This independence allows these constructions to take on a "quazi-natural reality" (154) that displaces civic reality.

Habermas interprets Weber's "rationalization as reification" (379) of media. The steering media money and power are, for Habermas, reified through their real life – or as Habermas puts it "lifeworld" – institutionalizations as, respectively, the economy and bureaucracy. The results are "real abstractions" (378) due to the assimilation of the "vicissitudes of communicatively structured lifeworlds up to the level of media dynamics… [where they are made into] disequilibria in intersystematic exchange relations[;] it robs them of the significance of identity-threatening deformations, which is how they are experienced from participant perspectives" (377). The result is a means-ends inversion where everything that slows efficiency – e.g. moral, civic engagement and

communication – is discarded for the sake of efficiency. Herein lies the problem of the bureaucratic form: in order to create efficiency, inflexible abstract assumptions must be made, usually based on written rules and regulations ("codifications"); no reflection ever takes place and grounded opinions are never sought.

Bureaucracy works very well when these assumptions and codifications are right – there is little deviation from their assumed norms in reality – but without civic engagement bureaucracy cannot tell. Thus the efficiency in any task is of no significance at all, if that task is unhelpful, or worse, counter-productive. And the surest means of determining helpfulness is through communicative rationality – asking vested parties about the helpfulness. Habermas' interest is in civic engagement, or, as the title of one of his books goes, *Structural Transformation of the Public Sphere* (1989). And he sees communicative rationality as necessary for the process.

Röling and Maarleveld (1999:302) see communicative rationality as a "cornerstone for (re)constructing a 'collective action narrative.'" They do not exclude bureaucratic organization and steering media from the realm of utility, but these rational forms must be subjugated; "technology and the market must be conditioned by collective action."

Patrick Mooney (2004) echoes and further details the need for group dynamism or intentional "institutional friction" to slow things down in order to reground perspectives and develop a "multidimensional sociology of cooperation." Meticulously analyzing the cooperative movement, Mooney charts how, in the drive for systematic efficiency (bureaucracy), debates are silenced, and democracy is destroyed: "Control is usurped by

management as members are increasingly defined as incapable of making decisions on 'technical' matters that only experts are qualified to make" (84).

Mooney charts this in the larger political sphere as well. He recounts an interesting tale of misplaced trust in political (bureaucratic) changes: In the early 20th century, North Dakota farmers gained political control of the State and built state socialist institutions rather than cooperative socialist institutions. A decade later they had lost power and their institutions were defunct. Mooney stresses that new social movements require "other logics of action" and suggests "cooperation might be valued for it's own sake. No longer seen as merely a means to a given end [e.g. making money], the means and the ends of cooperation are understood as fused" (92). One might call this civic mean-ends fusion a convergent functionality, and a noteworthy guard against means-ends inversion. For, if the means and ends are one and the same, they cannot be inverted.

This theoretical discussion indicates that bureaucratic development programs, with regards to revitalization of small meat lockers, will produce undesirable results unless they are grounded in and guided by communicative rationality towards civic engagement with meat lockers and those who work with meat lockers. Bureaucracy is not inherently flawed, but it must be subjugated by civic engagement in order to do good, and communicative action would seem an adequate means.

Initial Data: Understanding the decline of lockers

Initially, not much was understood about small meat lockers. I spent a couple of months conducting field research, inductively collecting information by visiting lockers and informally interviewing the owners, as well as farmers and state agents. This section summarizes this initial data collection, the realization that there was a decline and trying to understand that decline. In the sections that follow, I will outline what was done with this initial data to try to reverse the decline.

Iowa has a relatively high per capita concentration of small meat lockers in comparison with other states in the U.S. However, the number of small lockers has been in steady decline for the past four decades, from over 450 in 1965 to less than 150 today.[4] In terms of civic agriculture and connecting local production and consumption, Iowa still has enough meat production to easily be self-sufficient; however, decentralized processing has become the weak link.

This decline persists in a climate of strong demand wherein small livestock producers have to schedule animal processing up to six months in advance. The persistence of this demand gives strong indication that that lockers aren't going out of business for lack of business; larger structural factors would seem to be chiefly at work.

Empirical investigation equally indicates that small meat lockers are not being comprehensively served by current systems of structural support. The term 'structural support' is meant to include technical support, but also other agency support including, but not limited to, counseling, training, grants, and loan guarantees. Lockers go out of

[4] These figures are for small meat lockers according to my definition (pg.1, footnote #2). There are, and have been, quite a few other small meat processors in Iowa that do not slaughter and often rely on larger packers as meat sources.

business almost exclusively under the following two circumstances: ownership transition and facility upgrades (both due to use degradation and regulatory changes). For example, an older plant owner cannot sell to a younger hopeful because the older's accounting system (Bic pen and legal pad) will not satisfy the younger's bank loan department's need for proof of business profitability. New firm entry and existing firm expansion become stalled by the lack of structural support. As one locker owner-operator said about seeking state agency assistance, "Every one of these mucky-mucks you call gives you somebody else to talk to."

On the other side of the fence, state agencies regularly working with meat production, ISU Extension and Iowa Department of Agriculture and Land Stewardship, Division of Meat and Poultry Inspection (IDALS), specialize in processing and handling, but have little experience with available small business development resources. As one state agent said, "I get calls all the time from someone looking to open or take over a locker. If they have questions about HACCP plans or processing, I can tell them what they want to know, but if they have questions about securing a loan or getting help with a business plan, I don't know what to tell them and I don't know where to send them."

While Iowa has many well-developed agencies with well-trained professionals working to support businesses, as is made clear above, these agencies are by-and-large poorly inter-coordinated. As is typical with bureaucracy, the right hand does not know what the left hand is doing, making it impossible for them to work together. As is illustrated in figure 1, communication flows along vertical power chains of command, so that those with the potential for a full view to coordinate to resolve problems at the ground level cannot see the ground, while those on the ground lack the power and ability

to horizontally communicate. People who work in small business planning don't want to handle meat lockers because they are so heavily regulated. And people who know how to handle meat-processing regulations know little about business planning. Neither knows the other and meat lockers slip through the crack in between.

Figure 2 shows how communication flows in civic engagement, through communicative action. All parties communicate equally with all other parties and incorporate all perspectives into collective decisions for adaptive solutions based on feedback.

Figure 1: Bureaucratic communication flows:
While communication flows in bureaucracy in practice are not generally limited to one direction. The power dynamic is such that it strongly favors a downward communication flow.

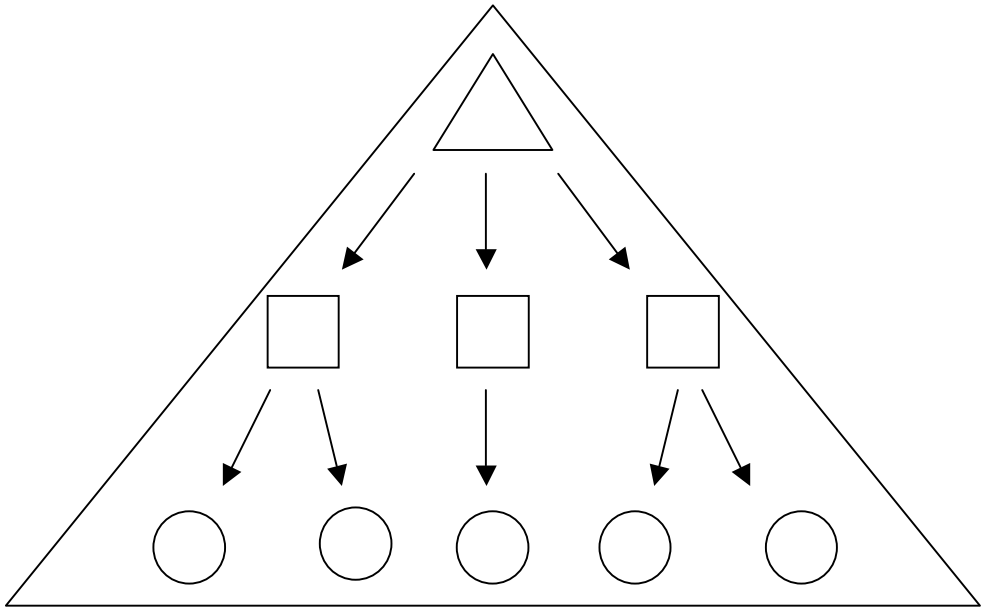
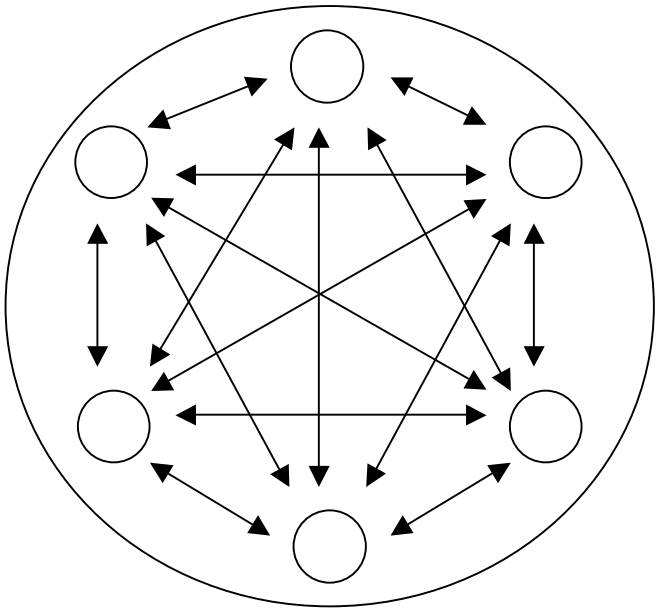


Figure 2: Civic Communication flows:



Research Approach

If small meat lockers were not being appropriately served under current configurations of structural support under hierarchical bureaucratic communication, a way to make communication flows more civic would be to connect them, to bring them under a communicative rationality. Those who can provide support sit down and talk with those who do provide support and with small meat lockers. My operationalization of this was to create a participatory action research (PAR) working group where all these actors could communicate, learn about the decentralized meat processing sector and other support programs, and determine action steps.

According to Drath, persons attempting to accomplish goals collectively face three critical tasks: "setting direction for the group, creating and maintaining commitment to its purposes, and facing *adaptive challenges*, that is, conditions that require responses that are qualitatively different from past behavior" (2001:xvii, original emphasis). Trust, understanding, and open communication would be the most important aspects of the working group's effectiveness. This working group would generate ownership of a common plan and encourage follow-through.

I outlined the following goal and objectives to help plan design a PAR research plan:

Goal: Establish a comprehensive and provider-coordinated structural support system for small meat lockers in Iowa.

Process Objectives:

1. Identify all the elements needed for a successful structural support system for small meat lockers in Iowa and form a working group with them.
2. Identify the exact resources and mechanisms that each support element relies upon.

3. Through the working group, identify how these diverse support elements can be best coordinated to comprehensively complement each other.
4. Through the working group, iteratively map how this support system can best function with a "no wrong doors" orientation for meat locker owners, existent and potential, seeking support.
5. Through the working group, use three test cases to evaluate and refine objectives 1, 2, and 3.
    a. *Test-Cases* (pseudonyms)*:*
        i. Salina Locker – after an ownership transition, seeking to upgrade & more fully use facility.
        ii. Milbert Locker – seeking to add a chicken processing facility.
        iii. Topanga Locker – seeking to move operations to a brand new facility.

Outcome Objectives:

1. Cultivate inter-organizational trust and familiarity and social capital among working group members so as to facilitate and ongoing partnership.
2. Produce a guidebook of resources available to small meat lockers that will both serve as a reference for working group member organizations and an educational resources book for small meat lockers and organizations that work with them.
3. Improve decentralized meat distribution throughout the state, particularly for those in food deserts and with low-incomes.
4. Enable more farmers to diversify with livestock by having more processing options.

Methodology

To accomplish Drath's first two tasks and *Process Objective #1*, I interviewed stakeholders – lockers, state health agencies, non-profits, producers groups, the Iowa Food Policy Council, and all current working group members – about the best way to revitalize the small meat locker sector. I asked them at least three things:

1) How would you conduct this project?
2) Who else needs to be part of this Working Group?
3) How would you envision coordination of multifaceted support for small meat lockers?

Often I asked, "How would this be valuable to you?" This line of discussion simultaneously began to establish beyond-perfunctory commitment and set direction, setting a foundation for *Process Objective #3*. Upon completing this stage, I had the following organizations on board:

1) Iowa Meat Processors Association (IMPA)
2) Center for Industrial Research and Service (CIRAS)
3) ISU Meat Science Extension
4) Iowa Department of Agriculture & Land Stewardship (IDALS)
5) Iowa Department of Economic Development (IDED)
6) Iowa Small Business Development Centers (SBDC)
7) Practical Farmers of Iowa (PFI)
8) National Center for Appropriate Technology (NCAT)[5]

I was unable to recruit both Iowa Farm Bureau and USDA Rural Development, whom had been recommended by other members. Both the Iowa Pork Producers' Association

[5] Although NCAT has only mildly participated, others have actively joined since the process began: Iowa Farmers Union, ISU Value-Added Extension, and Iowa Ag Innovation Center.

and the Iowa Cattlemen's Association were encouraging of the project and asked to be kept informed.[6]

To more deeply and thoroughly evaluate the resources that are available, *Process Objective #2*, I employed another mode of inquiry, a collaborative appreciative approach to ethnography, in order to better bring generative elements to the discussion as Barrett and Cooperrider (2001) have shown to be very effective (as well as many NCRCRD projects, such as Emory and Flora 2006). Some of this stage preceded the first working group meetings, as it logically fed into their meaning creation. Some was between working group meetings. As allowed by group members, I would "shadow" them in the field and co-examine with them what they feel is important about their work, how they render service, the resources they rely on, and how they envision being more effective and working with other groups to better serve meat lockers.

Process Objectives #2-5 have emerged from the activities of the working group. We arranged a total of four working group meetings over nine months, with meetings about every two months. The meetings were recorded to insure accuracy of analysis. Nametags were provided to help people be more familiar with each other. Refreshments were provided to help create a more informal setting. I facilitated the meetings, sought to keep us on task and on time, yet allowed the conversation to wander into areas if they seemed promising and left times of silence to allow those who were not as aggressive a chance to speak.

At the first meeting, I provided an overview of the project and reiterated our objectives and goals to make sure all agreed and were on the same page. Next, each

[6] The Iowa Pork Producers Association was even financially supportive of the project.

group service-providing member introduced themselves and their organization, the services the organization provided and what the group member specifically did. Following this, the service-providers would listen while the three test-case plant owner-operators present on their business visions and hopes. This process led to a discussion of how to develop working plans for each test case, *Process Objective #5*. Each plan included how specific working group member organizations would provide assistance outside of the full group meetings, in "test case groups," as well as suggestions about contacting other service-providing organizations. These plans have been inductively refined, as the project has moved forward both inside and outside of group meetings. The coordinator's (my) role has varied somewhat within the test case groups, depending on the amount of hands-on support each working group member feels able to dedicate, but for the most part has been pretty extensive.

At the end of our first meeting, we worked on an iteration of the support system map, *Process Objective #4*. As discussed by Flora and Grosso (1999), mapping can greatly facilitate the co-creation of meaning. The visual, less-abstract nature of maps helps people see how things fit together into a bigger picture, and how each piece has value (meaning). Mapping in an appreciative-co-operative framework is an iterative process. While the map proved quite useful, as discussed in the Results section below, initially, the group did not seem terrible enthused by it.

The second and third working group meetings evaluated the progress of the test cases, refined direction, refined the map, and discuss what additional resources needed to be mobilized and how. At the beginning of each, the progress and obstacles of each locker test case were overviewed, with questions about the encountered obstacles

addressed to the whole group. These two meetings were also significantly about group learning. The second meeting focused on labor at length with representatives from a Latino advocacy group. The third focused on financial resources, where I gave an interactive presentation on based on resources that had been explored through the test cases.

The fourth working group meeting – which has not yet taken place – will serve to reflect on the process and progress, and hopefully, as discussed in the Conclusion section, arrange for meetings to continue on a less frequent basis for another year. We will hold a learning portion at this meeting about the potential to work with Iowa Community Colleges to train labor. At the end of this meeting, anonymous surveys will be handed out in order to capture the most candid response regarding the efficacy of the working group's process and how it might be improved.

I expected that by working together, these agencies would increase their own knowledge and expand their support networks and services to small meat lockers and other small food processors. The project would thus build social capital between working group members so that they would feel comfortable working together in the future, referring clients to each other, and asking questions; in other words, they would develop a means of civic communication. Before the project began, many members of the working group did not know each other, and had little, if any, familiarity with the other organizations involved.

At the fourth meeting, if a majority of participants' exit survey responses say they feel can rely on other group members in the future and will use the resources developed during the course of the project, this will indicate accomplishment of *Outcome Objective*

#1. This social capital building combined with the ability of the group to support the goals of the three test case locker owner/operators and the beginning of intra-working group referrals would be the "proof in the pudding" – an evaluation of the project's validity.

Based on group exploration through the test cases, we will compile a guidebook of the support resources available to small meat lockers, how to access these resources, and things to consider before accessing these resources, *Outcome Objective #2*. This guidebook will be a resource to not only potential and current plant owner-operators, but also as reference to working group members, and other entities that work with lockers yet only have experience in a limited area.

Outcome Objectives #3 and 4 are long term. I reasoned that if all the other goals were met, they would strongly support these last two. Through the support structure, lockers will be encouraged and assisted to cultivate respatialized markets that capture low-income and underserved populations, and foster relationships with local small livestock producers.

Outside of the full working group meetings, I met with locker owners and spoke with them on the phone, trying further to understand their thinking processes and plant development obstacles. Many times they asked questions that I did not have answers to, but both independently and by asking other working group members the answers were found.

I have done much other research to better inform myself about meat, meat processing, and small lockers. I have now taken three classes in meat science, allowing me to visit a few large processors. I've participated in two Iowa Meat Processors

Association annual conventions, allowing me to informally meet and interview many processors from all over the state. And I've spent a considerable about of time digging up any information relating to the history of meat processing, particularly small processors.

Results & Discussion

As mentioned earlier, at the time of this writing, we have had three out of the four working group meetings. Overall, the research approach and methodology have so far worked out reasonably well. Certainly, on more than one occasion I could have done a better job communicating, focusing direction, and trying to get everybody on the same philosophical page about value of small meat lockers.

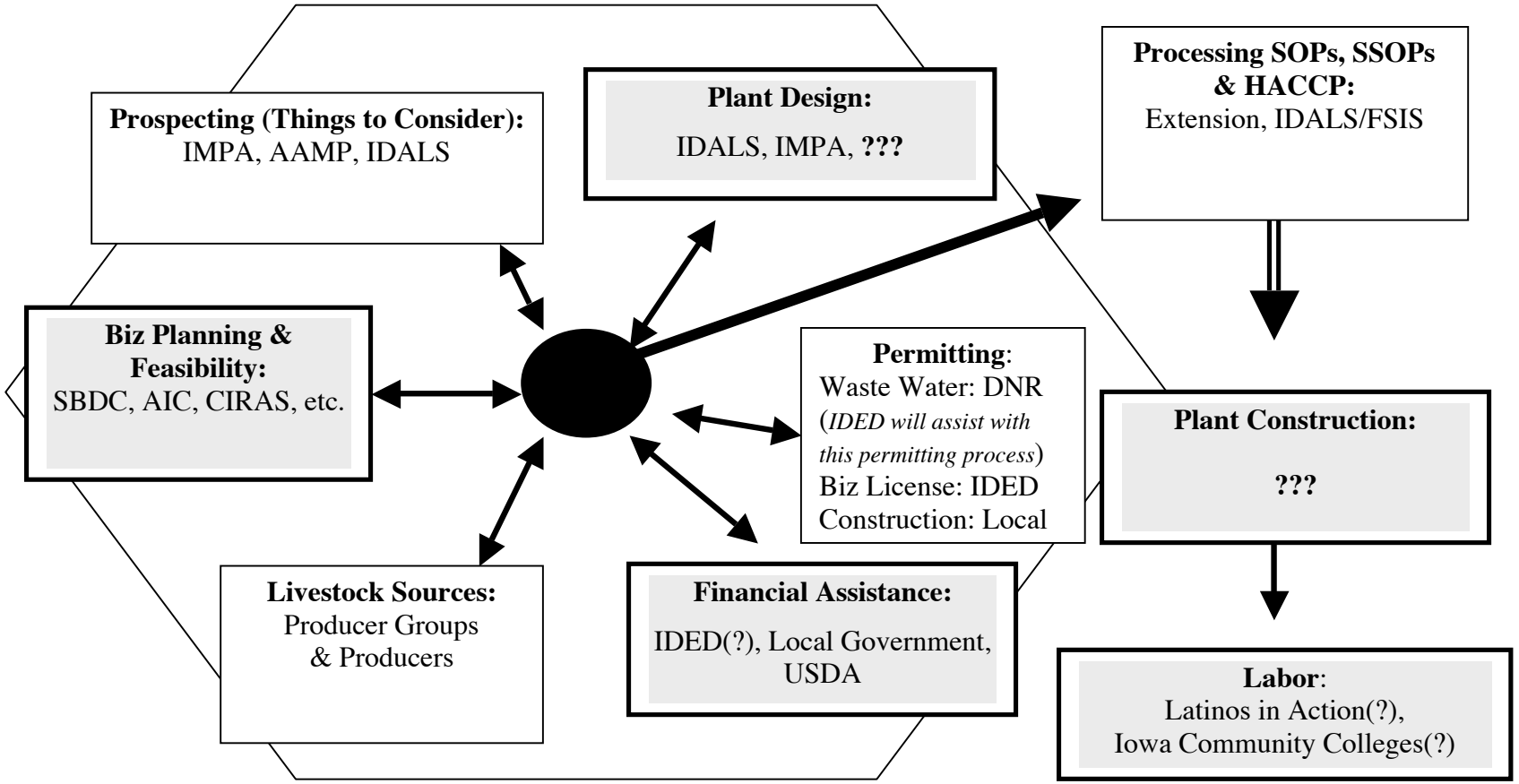
There has been one noteworthy flaw in my design: The various support agency stakeholders were each represented by one individual; according to their respective positions within the hierarchy of their agencies and the degree of agency operations codification, they could or, more often, could not affect change or alter the mobilization of resources within the rest of the agency. With the Iowa Department of Agriculture and Land Stewardship (IDALS), the Bureau Chief of Meat and Poultry Inspection attended. News of the project spread to others under him, interesting feedback has been generated, and locker owners who were not part of the original group, who are seeking to expand have contacted me about the project. With the Iowa Department of Economic Development (IDED), an agency whose operations are very hierarchical, a Marketing Manager in the Business Development Division, though a great addition to the group, with key insights on more than one occasion, likely has had no impact on IDED as a whole.

Mapping:

Figure 3 shows the latest iteration of the structural support map of the resources needed to build and run a small meat locker. I developed an initial version of the map,

which was first refined through discussion with project advisors, and then with the working group during the meetings. This iteration of the map is designed to have "no wrong doors," meaning that a locker owner, or a potential one, can enter the support network at any point within the main hexagon on the left and, once the resource guidebook is complete, all parties listed should be able to direct people to the services they seek. The locker owners need to complete all of the tasks within the hexagon and then they can exit, moving towards plant construction and operation. Five boxes have been shaded – Business Planning & Feasibility, Financial Assistance, Plant Design, Plant Construction, and Labor – indicating that these are the areas most frequently cited as problematic by locker owners and potential owners. At this point in the project, both Business Planning & Feasibility and Financial Assistance resources have been comprehensively examined. Labor has been moderately examined. Plant Design and Plant Construction have been preliminarily examined (as illustrated by the symbol: "???"). Single question marks designate that the appropriateness of this resource for small meat lockers is uncertain at this time. The finding in all five areas are laid out and discussed in the remainder of this section, with a brief sub-section on inspections at the end.

Figure 3: Structural Support Map for Locker Plant Development, Expansion, & Upgrades



Key (only previously uncovered acronyms)**:**

AAMP – American Association of Meat Processors
AIC – Agricultural Innovations Center
FSIS – Food Safety Inspection Service (USDA)
HACCP – Hazard Analysis & Critical Control Points
SOPs – Standard Operating Procedures
SSOPs – Sanitation Standard Operating Procedures

1) Business Planning & Feasibility:

As mentioned in the *Initial Data* section, state resources exist to provide these services, but they have been poorly linked with meat lockers due to a lack of communication; most locker owners aren't aware of their services and neither are the agencies that lockers do work with.[7] Table 1 lists the organizations that offer these types of services, the specific services they provide, any known advantages or caveats, and where they are organizationally (bureaucratically) located and funded.

Table 1:

Agency/Organization	*Services Provided*	*Advantages/ Caveats*	*Org. Location/ Funding*
Small Business Development Centers (SBDC)	Start-up and expansion business plan development, accounting assistance, business succession	Free services, 13 locations state-wide	Jointly and operated funded by State Universities and Community Colleges and Federal Small Business Administration (SBA)
Center for Industrial Research and Service (CIRAS)	Business plan development, accounting assistance, feasibility studies, work flow analysis	Most services free or nominal fee, only work with existing businesses, travel to the business to render service	Under ISU College of Engineering Extension, with Fed and State Extension funds
Iowa Agricultural Innovations Center	Business plan development, feasibility studies	Fee for service	Private non-profit housed in IDALS Building
SCORE	Business planning and counseling,	Free services, 16 locations state-wide	Under SBA, relies mostly on

[7] CIRAS has become quite proactive in this matter in the last year or so (largely independently of this project), partnering up with the Iowa Meat Processors Association and ISU Meat Science Extension for multiple locker education projects.

	accounting assistance,		volunteer labor
Farm Bureau Renew Iowa Program	Business planning and counseling	Must apply, workshops held periodically, services unavailable a la carte.	Private, part of the national Farm Bureau Federation
Entrepreneurial Development Center	Business planning, mentoring, and networking	Only operates in the Cedar Rapids- Iowa City Area, must be a paying member for certain services	Private non-profit, relies on fees and grants.
ISU Value-Added Extension	Feasibility Studies	Expensive (~$30,000 each)	Under ISU College of Ag Extension, with Fed and State Extension funds

Fortunately, while these agencies are codified in the services they provide and how they provide them, having written bureaucratic rules and/or legal regulations, they are not codified in how they receive clients. Our group has been able to negotiate bureaucracy through inter-agency familiarity and increasing this will continue to alleviate this problem. Based on services provided, fee structure, and ease of access, I have found the SBDCs, SCORE, and CIRAS to be best suited for the needs of lockers; locker owners I've worked seem to agree. One general caveat for all these organizations: these counseling agencies have very limited understanding of the locker business. As I've told several locker owner/operators I've referred to them, "They're very good at crunching numbers and or reviewing business plans. But they're only as good as the numbers you give them; they'll have no idea if those numbers are valid or reasonable. Only you will be able to tell that." Fortunately, while many butchers have a hard time with finances and margins, they generally have a very good handle on the pounds and head of animals that move through their shops on a weekly basis.

2) Financial Assistance:

A meat locker is capital intensive; the facilities and equipment both for practical and regulatory reasons must be sturdily built, able to handle hundreds of pounds of meat and constant water for sanitation. As one regulator said, "If you built a meat locker like you built a house, it would fall down in three years."

Unlike counseling agencies, most of the federal, state, and local economic development resources – those responsible for government loans and grants – are restricted in access by codification in such ways as to exclude small meat lockers. Many are clearly designed along the lines of the 1970s development model of seeking to lure companies, generally large manufacturing, from other places.

Rob Marqusee (2007), Director of Rural Economic Development for Woodbury County in Iowa, states this simply as, "Economic development equals company recruitment." He offers the example that in his county the Iowa Department of Economic Development (IDED) gave $535,000 to a "major biodiesel corporation" that will create between four and nine jobs. That means the company got between $59,444 and $133,750 *per job* from IDED alone.[8] Even though these grant funds were likely spent on infrastructure, they were awarded based on to be jobs created and the wages those jobs would offer. Understandably, small locker owner-operators see big dollar figures being given away and they want a share.

Table 2 shows various state and federal level financial programs that largely won't work for lockers, what they offer, and how they exclude meat lockers. Programs

[8] This plant, as with many ethanol and biodiesel plants, received local subsidies as well.

that likely will work for small meat lockers are discussed in detail further on. I originally assumed that those members of the group working in business development would have a comprehensive knowledge of available financial programs. However, while many knew bits and pieces, the group decided it was necessary to develop a comprehensive list. This information was gathered directly while trying to access the programs from the organizations operating the programs via phone interviews and the program websites. The comprehensiveness of the list has been confirmed by interviews with economic development professionals from around the state. Information on the obstacles to the "Targeted Small Business Grants" IDED program was obtained from interviews with businesses that had sought to use the program.

Table 2:

Program (Agency/Org.)	*Assistance provided*	*How program excludes meat lockers*
Value-added producer grants (USDA)	Grants of up to $300K in working capital for processing operations that add value to commodity products	Processor must own 51% of product processed, i.e. produce 51% of the livestock.
Entrepreneurial Venture Assistance (IDED)	Up to $250K in low interest loans and $25K free technical assistance.	Business engaged in retail sales or services are ineligible.*
Targeted Small Business Grants (IDED)	Provides low interest loans and grants up to $25K each for 51% women and minority-owned biz.	Although many small lockers are wife and husband owned and operated, investigation revealed that IDED needs the business to be able to be run without the husband to be eligible – unlikely. This program does offer potential for minority lockers owner, of which there is currently one on the whole state.*

Community Economic Betterment Account & Economic Development Set-Aside (IDED)	Up to $1 million through loans and grants.	Minimum average wage thresholds for eligibility are unrealistic for small meat lockers. *
Value-Added Agricultural Products and Processes Financial Assistance Program (IDED)	Up to $525K in loans and forgivable loans.	Minimum average wage thresholds for eligibility are unrealistic for small meat lockers. Must produce a "new" product. *
Vitality Fund (Iowa Farm Bureau)	Provides investment capital for biz depending on size	Must export product out of state.
Economic Development Loan Program (Iowa Finance Authority)	Provides lower interest financing through the sale of tax-exempt bonds	Project must be over $1 million total for the interest saved to overcome the fees associated with bonding
Revolving Loan Funds (various organizations)	Provide gap financing	Most meat locker projects are too small to need gap financing. These funds almost never offer primary debt capital. (For some larger projects these funds could prove useful.)
Venture Capital (various funds)	Provide venture capital	No funds contacted or known to exist work with projects that are under $1 million. Few are even interested in agricultural projects. High return rates are expected.
Alliant Energy Economic Development	Lowered energy rates and rebates for energy efficiency	Most lockers are too small to receive discount rates or worthwhile rebates.

* All IDED programs favor businesses that export products out of state and/or are IDED "targeted industries" – biosciences, advanced manufacturing, and information solutions /financial services. Minimum average wage thresholds are discussed more below.

These programs exhibit two kinds of bias, although only one is related to the bureaucracy's zealous drive for efficiency: size-bias and urban-bias. 1) As some public servants will admit, they are charged with dispensing development funds, subject to specific eligibility requirements but regardless of all other criteria, and it is much more

efficient to distribute larger amounts of funding to a smaller number of businesses than the inverse, so they do. This is a size-bias. 2) Lipton (1977:65) developed urban bias theory, which posits that development officials often "wrongly conclude that rapid industrialization at the expense of agriculture can produce rapid development." This can be seen clearly in IDED's emphasis on biosciences, advanced manufacturing, and information solutions /financial services in a state that is dominated by agriculture.

Not all of these programs were always so rigidly codified. A specialist in value-added agriculture for the Iowa Area Development Group (IADG), a non-profit development agency funded privately by The Iowa Association of Electrical Coops, explained to me that during the administration of Governor Vilsack much of the criteria for value-added agriculture development funds become codified with wage thresholds for the jobs created. This decision was made at the state legislature level, virtually tying the hands of anybody in IDED to make funding decisions according to circumstance on the ground, civic or otherwise.

Before this legal change, the administrators of Value-Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP) within IDED made funding decisions according to broad "economic impact criteria." Under such criteria, the factors favorable to small meat lockers would have been able to be considered, such as the shorter and more equitable marketing opportunities for local livestock producers.

Indeed, I found one small meat processor that received $100,000 through this fund prior to its criteria change. For a small meat processor, this company is on the larger side, with two facilities, at least a couple dozen employees, and operating under federal inspection. The co-owner is an extremely capable navigator of economic

development bureaucracy, who has been successful at raising nearly a millions dollars in grant monies. "I love going after free money," she told me in a phone interview. She is constantly reviewing federal and state grant application and thinking of ways to access them, "How can I use this with somebody?"

Recently she was co-awarded around $300,000 though a federal program called, "Value-Added Agriculture Product Market Development Grant." This grant required her to partner up with a producer organization. Most small locker owner-operators are either not interested or not capable of pursing grant funds in such an aggressive manner. Also, certain grants, such as this last mentioned, in addition to needing federal inspection to ship product interstate, required some restructuring of the business. One of the facilities in this partnership does not meet my definition of a small meat locker; if it ever did, now it does not slaughter animals.

Due to a dearth of inter-agency communication, many programs do not operate the way state agents not directly connected to those programs think they do. Working with the three locker test cases required very concretely seeking to access programs not just asking any development agent how programs work. I would have never found out all of the VAAPFAP details had I not really jumped through all the access hoops. Had I just relied on "expert" interview I may not have received complete information. One state agent working specifically with value-added agriculture assured me that meat lockers would have no trouble qualifying for value-added agriculture grants to the tune of hundred of thousands of dollars from both federal and state levels. However, no value-added federal programs exist for which meat locker could *realistically* qualify (as

mentioned in Table 1 about the USDA fund, locker owner(s) would have to raise at least 51% of all the livestock they process). Technically, meat lockers are not categorically disqualified from state programs, but for most, like the current VAAPFAP, they would have to increase wages 50-100% for all employees to meet the wage threshold set, 130% of their county's average wage.[9] For the Topanga Locker in a county in NE Iowa, this worked out to $17.96 an hour (wages and benefits). This figure was impossible to attain for the locker as currently structured.

Investments in technology to increase efficiency might allow for an increase in wages, however, technological innovation in large packinghouses has not coincided with increased wages. According to the Bureau of Labor Statistics (cited in PBS 2005), the U.S. average wage of meatpacking workers in 2006 was $11.47/hr, while in 1976 the average wage, adjusted for inflation, was $17.41/hr. While there are many complexities associated with this decline, it does suggest that technology is a heavily mediated variable in determining employee wages.

Two more instances stand out as examples of total support agency bureaucratic disconnection in regards to business/financial assistance: 1) An economic development agent for Alliant Energy told me she had no idea whether they charged for their services or not. It was "out of [her] scope;" because according to her, she only worked in "marketing" their economic development services. 2) While talking over the "Section 9006 USDA Energy Efficiency Loan and Grant Program" – one of the few decent, workable programs for existing small lockers, discussed in more detail below – with a

[9] Not that most locker shouldn't try to pay their employees more. This is discussed in more detail later on.

local USDA rep and the Topanga locker owner, the rep expressed how a grant application from another locker "really hadn't turned out to be as big as [he'd] expected." Calculated energy efficiency savings incurred through plant renovation determines what parts of the renovation are eligible; the mentioned plant turned out to only be eligible for about $8,000. After the meeting, the locker owner said to me, "The way that guy was talking about this grant not working out like he'd thought, you'd think he'd never done one of these before, but isn't this like, his job." I told him I thought it probably was the only energy efficiency grant the rep had done with a meat locker. Due to wide advertisement of the program by Iowa Farm Bureau, the vast majority of Section 9006[10] funds in Iowa have been awarded to farmers putting up new grain dryers. The Section 9006 program is aimed both at small rural businesses and farmers seeking to upgrade to more energy efficiency equipment or install renewable energy producing equipment (e.g. geo-thermal heating or windmills).

This rep was far from incompetent, just lacking in grounded information. No doubt, he had a good idea of how much any particular grain dryer project was worth. And he had a very keen insight into how the Section 9006 program worked: Congress, in the interest of using our tax dollars wisely, or at least appearing to do so, had determined that grant monies could only be spent once, whereas loan guarantee funds could be used over and over again. And they wanted to see the USDA push the loan guarantee program. So, if a company applied for only a grant, the application would be held and judged at the national level with all of the other applications, once annually. But if the

[10] Refers to Section 9006 of the 2002 Farm Bill, known formally as the "Renewable Energy and Energy Efficiency Program."

company applied for a grant and a loan guarantee, the decision to allocate funds could be made at the local level and in a rapid manner, so as to be sure that the loan guarantee funds were used. If a company applies for both a grant and a loan guarantee, according to the rep, they are virtually assured the grant.

Useful Financial Programs

All this makes the Section 9006 program very worthwhile; there are a few caveats, of course: The locker must be already in business, and thus have old, energy-inefficient equipment or facilities to replace. Grants will only cover up to 25% of the cost of the eligible portions of renovation. For renovations over $200,000 ($50,000 grant), a feasibility study and detailed business financial need must be demonstrated. Feasibility studies can cost around $30,000[11] and it can be hard to "prove" financial need when there is likely someone who will loan you the money – discussing this with USDA revealed it to be a rather "grey" area. So $50,000 is the realistic grant cap for this program.

Three other financial assistance programs were identified as very workable for small meat lockers: 1) The Rural Economic Development Loan & Grant ("Red Leg")

[11] The same ISU Extension agent who assured me that lockers were eligible for value-added grants, really tried to "sell" the Topanga Locker owner on a feasibility study, promising him that it would help get him lots of grants and good loans. However, as discussed above, my investigation revealed this not to be the case. Honestly, both the locker owner and I felt like we were being "farmed" by this fellow. The agent tried to get us to go to a number of other organizations and solicit funds for the agent to do a feasibility study we didn't need. From what I have seen, unless there's a plan to putting up a multi-million dollar facility, one should not have to do a feasibility study, and plant owners should be cautious of people who tell them they need one, even if they work for ISU.

program is one that has considerable history of use by small meat lockers. A significant number of small lockers have been built or renovated with these funds over the years. The program is in essence a 0% interest loan for 10 years, but the loan can only be accessed through a local rural electrical cooperative (REC). The REC applies to borrow the money from the Federal Government, through a lien on its own assets, for the sub-applicant business and, if successful in its application, passes the money on to the sub-applicant. The maximum loan amount is presently $750,000. Successful applicants typically only finance between 5 and 17% of the project with this type of loan and never more than 50%, according to the Iowa Area Development Group. Applications from businesses in communities of fewer than 2500 people are favorably considered. The REC can charge up to 1% per year to finance its own administrative costs. Rather unusually and usefully, payment on principal may be deferred for up to a year for an existing business and up to two years for a new business. Rural telephone coops can also access Red Leg funds.

2) The Small Business Administration's (SBA) Certified Development Corporation ("504") Loan Program:

> A Certified Development Company [CDC] is a nonprofit corporation set up to contribute to the economic development of its community. CDCs work with the SBA and private-sector lenders to provide financing to small businesses. There are about 270 CDCs nationwide. Each CDC covers a specific geographic area.
>
> Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped. (2007)

The SBA portion is usually below market rate, recently between 6 and 6.5%, and the local bank is generally very happy to be in a senior collateral position with only 50% of the investment. The loan can be amortized over 10 or 20 years, but fees associated with

the loan equal 3% of the SBA portion, the one drawback. Three-percent of $500,000 is $15,000. While this amount is likely not a deal breaker, it's something worth weighing before enrolling in the program. If the off-set on SBA interest vs. the market rate is significant, then it works out well. This reiterates the need for locker owner-operators to develop a firm understanding of their financials.

Many other loan guarantee program exist at multiple levels of government. While they may be necessary under certain circumstances and can sometimes foster better loan terms (relating to repayment period or interest rate) depending on the banker, often they have up front costs of a couple percent and annual fees. And so, in short, these guarantees can have high cost to benefit ratios and should be thoroughly scrutinized on a case-by-case basis.

3) Tax Increment Financing (TIF) allows local area governments to provide loans and grants to, or make accommodating infrastructure improvements for local businesses up to the amount of increased tax revenue expected over 10 years resulting from commercial or industrial building or expansion. Lockers receive these funds by requesting them from, and entirely at the discretion of, local city councils and mayors. Some lockers have received tens of thousands of dollars through TIF. These funds have been both used indirectly towards accommodating town infrastructure and directly towards construction costs.

One final program is worth mentioning that also has significant size-bias, but potential to be extremely useful if properly coordinated, is the Federal "New Market Tax Credit Program." This program, through a string of complex tax credits, can produce about 25% of the capital for a given project *for free* to the client (e.g. locker owner). The

catches are two-fold: 1) the program is accessible through banks and regional development agencies that have been issued the credits by the Federal Government. The legal fees incurred by banks to arrange the credits are so large that the total capital investment needs to be at least $5 million, according to both Iowa development agencies that have recently received credits. 2) In order for a project to be eligible 50% of the project must take place in a 2000 census tract where median household income is less than 80% of the state median or, if there was population loss of 10% or more between 1980 and 2000, 85% of the state median. Both of these obstacles might be overcome through a cooperative holdings structure composed of $5 million worth of expansions and upgrades, with 50% of the these project taking place in eligible zones. Twenty-five percent of 5 million dollars is 1.25 million dollars, making such a project look, despite the obvious difficulties, rather interesting.

In April 2007, there is a proposal in the Iowa legislature that would give sizable grants to small businesses in counties with less than 25,000 people. The program would be targeted at small "homegrown" Iowa businesses, not at luring big out-of-state businesses, as Representative Art Staed of Cedar Rapids told the Des Moines Register. Staed hailed the proposed program as "the missing piece in economic development throughout the state" (Jacobs 2007). I'm more inclined to the less definite article "a" rather than "the," but certainly it's a step in the right direction – away from Marqusee's dubbed "Economic development equals company recruitment."

3) Labor

In the first working group session, Stanley, the owner-operator of the Salina Locker, brought up a significantly overlooked area, for me and some others in the group: "We can do Business 101 and… you can build buildings all day long, but if you can't put people in them, you're stuck." Dirk, of the Center for Industrial Research and Service (CIRAS), followed this with, "That's a state-wide complaint that we get from everybody, the lack of a good employable workforce…. So many of our young people think they have to go to college to get a degree and that getting a good, honest wage, working in a factory is a lost thing. " Within the last two years CIRAS has begun discussion with other agencies and companies about going into high schools and grade schools and putting programs together to say that, as Dirk put it, "Hey, it's alright to have a blue-collar job and get your hands dirty and you can make an honest, decent living, and support a family doing that."

I brought up Iowa Workforce Development as an opportunity. Larry of the Milbert Locker cautioned this, "I've found that Workforce Development are the last people you want to talk with…. They just are not helpful; they're just employees…." In his opinion, they were simply bureaucrats who did not know much. Stanley of Salina corroborated this view, as well as other lockers owners I have spoken with.

Later on, I did indeed look at an Iowa Workforce Development (2005) laborshed analysis for the NE Iowa County location of the Topanga locker. The analysis said, "Estimated wage range to attract the upper 66-75% of the most qualified hourly wage applicants is $8.00 to $9.50/hr." It also stated that 64.3% of those seeking jobs searched in the local newspapers. The locker owner was rather tickled by all this. He had recently

placed adds in four local newspapers saying that he was hiring, with wages depending on experience. He told me he received two applicants, then asked "Now which one did you want me to hire to prepare food, the one with chew stuck in his beard, or the other who stunk like diesel fuel?" Clearly there was a disconnect between the laborshed analysis and the reality.

Our IDALS member, too, commented on the problem of capable and willing labor at the first meeting,

> We don't have an infrastructure in place to train people to do an honest job and to be knowledgeable about it. When I came into inspection, in Des Moines, we had a state meat processing school that [placed] the products of their training into the hotels, restaurants, and institutions in Des Moines. That's been gone for 30 years…. We're not going to solve the labor problem in these small processors until there's a pool of people that know one end of a knife from another.

Our IDED member, distancing himself from his job, added, "With small and medium-sized companies, the ones that tell me that they have no trouble getting labor are the ones that have figured out that the big guys bring in the labor and do the initial training and then the workers are very anxious to work someplace else…. You'll find some very, I'll say 'happy' people when they're located within 50 miles of a large meat packing plant that are able to find workers who somebody else has trained. And it may not necessarily be lots more money, but it may be better working conditions."

Dirk of CIRAS proposed Community Colleges, and there is a program called "Iowa One Source Training" that works through Iowa Community Colleges to develop specialty-training curriculum that deserves some further investigation. But one key, novel development that has come out of the working group has been partnering with Latinos in Action, a sub-group of Iowa Citizens for Community Improvement (ICCI).

Latinos in Action works predominantly in Marshalltown with Latinos who either work or have worked cutting meat for Swift.

Gerardo and Sara of Latinos in Action/ICCI attended our second working group meeting to discuss acting as liaisons with those in the Marshalltown Latino community who have experience with meat processing and might be interest in working for small processors. Stan of the Salina Locker had particularly emphasized the shortage of labor as being his biggest obstacle to expanding his production capacity. Though there were some complications (such as wage/benefit differentials with large companies, and proper working papers), these were not seen as insurmountable by either party. Stan, his wife and co-owner/operator Shirley, Gerardo, Sara, and I met the next month at the Salina Locker to further discuss things and show Gerardo and Sara what a small meat locker looks like. Because Stan and Shirley are able to provide housing, Latinos in Action has located a family in which both wife and husband are interest in relocating to Salina and working for Stan and Shirley. Nobody has been hired as of this writing, but things do look promising. Gerardo, Sara, and I agree that if we can produce one mutually beneficial hiring, we might be able to move forward with a larger civic labor/hiring network through established with Latinos in Action.

Yet, if small plants seek to attract employees from large meat plants, they will need to offer equal wages and benefits. To do this, they will need good business accounting to know their production costs and profit margins in order to offer competitive wages. Additionally, and at least as importantly, small meat lockers will need to provide more desirable working conditions. Our CIRAS and IDED group members strongly emphasized this point. The IDALS Bureau Chief, discussing two

"very successful" plants, said, "They have a break area where everybody sits down and has lunch together – they get a hot meal everyday… and it means a lot to those people…. It just creates a family, camaraderie aspect in these plants. They just shut the door and all go sit back… and eat lunch."

One philosophical background issue does bother me about the direction of increasingly relying on Latino labor: as has happened with the landscaping industry in California, if Latinos come to dominate the meat cutting industry in Iowa's small meat lockers, will it become seen, as it is in California, as "Mexican work"? European-Americans no longer do landscaping work in California, despite the fact that some of the jobs do pay well. The implication is that working with Latinos is Action must be seen as a part of a more comprehensive labor package, as Dirk of CIRAS said, addressing the negative social stigma of blue-color work at the high school and grade school levels. In Iowa this is particularly ironic: Most economic development is tied to job creation, but there's often nobody capable and willing to do the work. When the Electrolux factory north of Webster City laid off 700 people in March of 2006, according to Dirk, all 700 of those people had new jobs within about 6 months, due to the demand for skilled factory labor in Iowa.

4) Plant Design:

I have only found one architect in the whole state who knows how to design meat lockers. As mentioned earlier, plants cannot be built like houses and the need for a list of qualified architects or architectural firms has come up repeatedly. IDALS and IMPA members will review plans and provide feedback, but the plans must first be drawn up.

Our IDED rep once sent me the following comment:

> I went to my dentist yesterday. He built a new office which has been open for one month. I inquired about the building design (which seemed really good for a dentist.) He said he received the blue prints for his dental building from the National Trade Association representing dentists. They had several different formats. Maybe blue prints/designs for meat lockers is an area for the American Association of Meat Processors (AAMP).

I inquired with AAMP about this and they are not interested due to the diverse nature of their members. However, in Iowa, we have a more standard type of locker than other places. Most everybody slaughters, fabricates, and processes, often with a small retail area. Stan of the Salina Locker, an Iowa Meat Processor Association (IMPA) board member, and I have begun discussing how IMPA might take this up.

5) Plant Construction (and repairs):

Compiling a list of contractors (general, electrical, HVAC, plumbing, refrigeration) has been something that several plants have been interested in. Somewhat backwardly, according to an ISU Extension agent, "From a liability perspective ISU is not to provide recommendations on equipment or contractors services. From a procurement perspective, ISU cannot recommend any contractor or consultant over another." There is a way around this. I can merely state as fact the recommendations of other small lockers owners, which is how I would derive any personal recommendations in the first place. I coordinated some contractor recommendation from Stan for Larry, including the statement, "This information does NOT constitute a recommendation, expressed or implied, from Iowa State University or its representatives (me). Work with these contractors at your own risk."

I have obtained a list for the ten most recently constructed plants in Iowa from

IDALS and I plan on interviewing each of those plants' owner-operators to find out whom they used and what they thought of the work quality. These "recommendations" will then be disseminated as simple statements of fact, with "NO expressed or implied recommendation from ISU or the NCRCRD."

Inspection, State & Federal

The owner of the Topanga Locker conducted an informal survey among processors that had converted from State to Federal inspection. The result was: "The State is more humane [or willing to work with the nuances of a small plant] … you can actually talk to people whereas you can't at the Federal level." On the flip side, because the interactions are more "humane" you can run into the downside of personality conflicts as well. A Minnesota small processor who had converted from State to Federal inspection once spoke with me about small plants becoming "beholden to their inspector" due to the uneven power dynamic. In a Federal system there are more effective ways to not have to deal with a particular inspector. The beneficial subjectivity at the State level was credited significantly in part to the good and understanding character of the Inspection Bureau Chief. As the Chief will likely retire in the next five years, the friendly nature of State inspection could change. I see need for an appropriate and respectful manner in which the Iowa Meat Processors Association could collectively handle complaints and disputes. Certainly people love to complain, but if there were a serious circumstance where an inspector was out of line consistently at multiple plants, there needs to be a way to rectify the situation at a collective, and thus power-equalizing and civic, level.

Conclusions & Future Directions:

According to the results of this investigation, communicative rationality has a particularly strong positive effect on rural development, because it encourages civic engagement by subjugating the bureaucratic drive for efficiency at the expense of communication. The grounded communication flows among equally empowered and receptive individuals appear to create civicness. As mentioned in the Theoretical Framework section, communicative rationality has convergent functionality; it is both a means and an ends. As Money (2004:92) puts it, "the means and the ends of cooperation are understood as fused" and thus cannot be inverted.

Our multi-agency working group has produced many insights and cross-fertilizations, particularly when members stepped out other their bureaucratic shoes. The SBA 504, Red Leg, and TIF programs work well because they offer access through flexible local institutions, not codified bureaucracies. Concerned local bankers have real local political and financial power to affect their communities. As one banker once told me that his boss used to say to him, "If we're not losing a little money, then we're not doing the community any good."

Rural electrification was a necessary part of the early locker business to power the refrigeration condensers. Farmers and other rural people formed RECs in the 1930s, as large electric companies refused to service rural Iowa due to low population density. They borrowed start-up money from the Federal Rural Electrification Administration, created under the New Deal in 1935. The RECs, often with the additional help of the local Farm Bureau (Mogren 2005) or town, would put up the locker plant. It is not happenstance that the overwhelming majority of lockers in Iowa have their town's name

in their business name, e.g "Topanga Locker." Early in their history, lockers were known as "community cold storage locker plants" (Guest 1939:3). Many were owned cooperatively by their community. If one small meat locker goes out of business, the local community, much more than the state, will be negatively affected. The greatest revitalization potential for small meat lockers lies at the local level through civically-engaged entities. There is a legacy of partnership between lockers and RECs that still has meaning to the employees of RECs. For these reasons, and that local bankers, RECs, and local and regional (i.e. multi-county) governments have the power to provide assistance (financial or otherwise) based on human, civic understanding without overbearing bureaucracy, small meat lockers should strive to work with them as much as possible.

There are two critical obstacles to this: 1) the decline of small towns 2) the limitations of small locker owners to communicate with local bankers and others in formal capital accounting terms.

1) All is not pretty in small towns; they are ripe with paradox, true to their duel reputations as either the embodiments of American community and virtue, or the stifling bastions of nepotism and prejudice. The details of small Iowa towns have been perhaps the most fascinating and eye-opening aspect of this rural development project.

In the salad days of meat lockers, small Iowa towns bent over backwards to get lockers built. The Topanga locker was built by the town in the early 1940s to serve the residents. The town recruited a butcher to run the plant under the contract that he would slowly repay the town for their investment and gain ownership of the plant.

Today, the town of Topanga, or rather its mayor, with whom the locker owner has never gotten along, is actively undermining the locker's expansion plans by seeking to

buy the proposed expansion site for the city. The mayor had tried to restrict the locker's business in the past to bringing in livestock only during certain hours of the day. But the community response was so strongly in the locker's favor that no restriction could be passed. Working with the lockers in Milbert and another location, I've witnessed similar difficulties with the towns. In Milbert and Topanga, the lockers are one of the few remaining businesses in town; town officials should logically be supportive.

These real examples present interesting problems when considered from a communicative rationality perspective. Theoretically, it would seem that in small towns it would be easier for people to communicate and develop consensus-based grounded solutions. Yet, as Wendell Berry (1977) chronicles in the *Unsettling of America*, small-town rural American has been so drained of lifeblood that it may not be able to function at this level anymore.

How can a 'community' come together to communicate when nobody works or shops there (i.e. a bedroom community), when the kids move away to the city as soon as they can? As Kamyar Enshayan puts it, "The Iowa small-town economy now consists of two businesses: a Casey's and a bar." There no longer exists what C. Wright Mills and Melville Ulmer called in their later 1940s congressional study "the economically independent middle class." From Emery and Flora's (2006) perspective, the community capital of many small towns has spiraled so low that it may not be recoverable.

When I visited Topanga, I attended a meeting arranged by two bankers from a small local independent bank. Though they did not stand to benefit directly from the expansion of the locker, as the owner does his banking in nearby Decorah, they had a vested interest in the community and they had asked the mayor to sit down with the

owner, "so that one more business might not leave this town." While presently too early to know how this will work, it is very encouraging.

2) More easily controlled by small lockers owners, they must develop better financial management skills. As Flora (1998) discusses, changes in market and industrial structure have necessitated increased competency in this area. It is not longer sufficient to only be good at the production process itself.

Explaining this in terms of communicative rationality: if locker owner-operators cannot communicate in intelligible financial terms with local bankers, town officials, or REC personnel, there can be no communicative action concerning financial matters. A common lexicon is need. Modern society has developed such a lexicon for capital accounting. Small meat lockers need to do more than just limp along with assistance from business counseling agencies such as SBDCs and CIRAS, but must really become competent in capital accounting if they are to communicate and work with support entities. CIRAS will be providing a series of accounting workshops for small meat lockers this summer, and this will be a good start.

Certainly the problems are large and systemic, but we are getting somewhere. If I have learned anything from this project, it has been that if you care about something being done, you'd best start communicating about it and be involved in it yourself (and that when you call up saying you're from Iowa State University people are often surprisingly helpful). I had started out this project with the hope of getting state agencies to better coordinate. But current agencies, even with better inter-agency coordination, will not be enough to provide all the necessary pieces to revitalize the small meat

processing sector. Nor do they have the manpower to take on the extra tasks. Until the gaps are filled in and established in a way palatable for bureaucracy, the support system will not function without a coordinator actively pushing. I have received a SARE grant to continue the work for another year. I hope to continue to convene the working group to educate and ground the research.

Four areas are on the agenda for the next year:

1) *Labor*: I will continue working with Latinos in Action, perhaps get them to address the IMPA at the 2008 annual meeting; pursuing community college training; and setting up small local training workshops hosted by lockers for other lockers in the area to send their people to so that they can improve their skills. This is something we discussed at the first meeting and it seemed like a good idea then. Our group's IDALS and ISU Meat Science Extension members have talked about this for a while but there has never been anyone available to coordinate.

2) *Designs and Blueprints*: Develop list of qualified architects and firms and if other state associations have developed standard plant plans.

3) *Contractors*: Develop list of qualified contractors (general; electrical; heating, ventilation, and air conditioning (HVAC); plumbing; and refrigeration).

4) *Outreach*: As has begun already, with referrals via IDALS, I plan on personally assisting small lockers with their construction, upgrade, and expansion projects. As I

presently tell them, I don't know all the answers, but I haven't run into anything that I couldn't find out. If you'll be patient with me, I'll do the same for you. Everybody so far has appreciated the unbureaucratic frankness.

I will compile the resource guidebook and published it by fall of 2007. If thorough enough, it should prove a valuable resource, not only for meat lockers, but also for other small local food processors and businesses.

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