

# Smithfield Crisis Exacerbated By Chinese Ownership, Expert Says


By [SETH TUPPER \(/PEOPLE/SETH-TUPPER\)](/PEOPLE/SETH-TUPPER/) • 2 HOURS AGO

 [Share \(http://facebook.com/sharer.php?](http://facebook.com/sharer.php?u=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&t=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

[u=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&t=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says](http://facebook.com/sharer.php?u=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&t=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

 [Tweet \(http://twitter.com/intent/tweet?](http://twitter.com/intent/tweet?url=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&text=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

[url=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&text=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says](http://twitter.com/intent/tweet?url=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e&text=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

 [Email \(mailto:?](mailto:?subject=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says&body=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e)

[subject=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says&body=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e](mailto:?subject=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says&body=http%3A%2F%2Ftinyurl.com%2Fybqnyd5e)



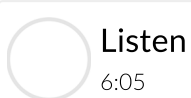
To understand why a Sioux Falls packing plant has the highest concentration of COVID-19 cases in the country, one expert is looking back seven years.

That's when the Chinese company WH Group completed a multi-billion-dollar acquisition of the American company Smithfield Foods, creating the largest pork company in the world.

[https://mediad.publicbroadcasting.net/p/sdpb/files/styles/x\\_large/public/202004/smithfield\\_parking\\_lot\\_1.jpg](https://mediad.publicbroadcasting.net/p/sdpb/files/styles/x_large/public/202004/smithfield_parking_lot_1.jpg)

*The Smithfield Foods plant in Sioux Falls.*

CREDIT SDPB



The deal was the biggest-ever purchase of an American company by a Chinese company. It caused enough concern to trigger a congressional hearing.

Usha Haley was one of the experts who testified against the deal. She's a professor at Wichita State University in Kansas who's spent more than 20 years studying Chinese business practices.

This was part of her testimony: "The medium and long-term benefits to U.S. consumers, industry and society are questionable, and the risks outweigh the benefits."

But the deal went through.

The Sioux Falls plant is one of the Smithfield facilities WH Group acquired. Locals know it as the old John Morrell plant.

As of Friday, more than 700 Smithfield workers and contacts had tested positive for COVID-19. That accounted for more than half of all the cases in South Dakota. Smithfield shut the plant down temporarily this week under pressure from the public and elected officials.

### **Production demands increase**

B.J. Motley worked inside the plant for more than 20 years before becoming union president. He says there was a big change after WH Group bought Smithfield. The work week changed from five days to six, and some employees started working seven days a week.

“Because, you know, the Chinese want more pork,” Motley said. “They want more production.”

Annual reports show production across the company is up 19 percent in the last five years. But the number of employees is down 7 percent. The most recent report available, for 2018, says the company made \$23 billion in revenue and \$1.7 billion in profit.

Motley said most employees don’t complain about the production demands, because they want the overtime. Many of the plant’s 3,700 workers are from immigrant backgrounds. Motley said a lot of them work more than 50 hours a week at hard, physical jobs, standing on a line butchering carcasses.

Getting big production out of immigrant employees is a longstanding strategy at meatpacking plants, according to Bill Warren, a professor at Western Michigan University who studies the meat industry.

“Starting in the ’60s, but then it really heats up in the ’70s and ’80s, companies are much more aggressively anti-union,” Warren said, “and part of that strategy is you hire immigrant workers, especially Latino workers who don’t speak the language very well. They’re willing to work dirt cheap, because they’re just looking for a foot in the door.”

### **COVID-19 strikes**

The United Food and Commercial Workers Local at the Sioux Falls plant has about 3,000 dues-paying members. Motley, the union’s president, said management didn’t do everything he asked to protect workers from coronavirus, but he still praised their approach.

“For what it’s worth, I think they’ve done a great job,” Motley said. “It’s something that’s tough to handle, and I guess I think they’ve done a great job.”

The head of the Sioux Falls federation of unions has a different take. That’s AFL-CIO President Kooper Caraway.

“Management kind of drug their feet,” Caraway said. “They weren’t really taking it seriously. They certainly didn’t think it was a serious enough situation that they needed to institute some of these changes that they thought were drastic changes.”

Many workers at the plant are afraid to talk to reporters. Those contacted for this story did not respond to requests for an interview; however, workers' stories are flowing out through advocates like Nancy Reynoza. She runs a Sioux Falls nonprofit that translates public information into Spanish. She's also part of a coalition trying to help Smithfield workers. She has numerous family members and friends who work at the plant.

Reynoza said that in the early days of the pandemic, workers were given only minimal personal protective equipment – known as PPE. Instead of masks, she said some workers were given glorified hairnets, like food-service workers use. And Reynoza said there wasn't enough social distancing in places like cafeterias.

“Also, the locker rooms are completely packed with people,” Reynoza said. “And they cough there and everybody's in the room, and it's small and it's all packed.”

### **'They do cut costs'**

Haley, the China expert at Wichita State, said that sounds like a Chinese company.

“They do cut costs where they can and where they are controllable,” Haley said. “And one of the fears I had was that the Chinese would start looking at our Smithfield operations as being on the lowest rung of the ladder – menial operations for which they did not have to expend many slack resources.”

Haley said a Chinese business approach provides little excess capacity to deal with a crisis.

“What this has done, what COVID-19 has done, is it has shown fault lines,” she said. “So with very little slack to cover things like PPE or worker welfare, the Chinese, this is when it hits – a stochastic shock like COVID-19 hits. Companies fall apart along those fault lines.”

The head of Sioux Falls' AFL-CIO, Caraway, said the situation might have been just as bad if Smithfield was still an American-owned company. He said Smithfield was known for what he called vicious and exploitative practices.

Smithfield responded to questions for this story with an emailed statement. It said in part, “Smithfield Foods is a U.S. company based in Smithfield, Virginia, that provides more than 40,000 American jobs and partners with thousands of American farmers, run by an American and U.S. management team. As highlighted on our webpage, we remain focused on keeping our employees and communities safe.”

A team of investigators from the Centers for Disease Control has visited the Sioux Falls plant. They're working with state and local officials to determine how to safely reopen the facility. Meanwhile, Smithfield is temporarily closing two more of its plants in Wisconsin and Missouri.

– *Seth Tupper* (<mailto:seth.tupper@sdpb.org>) is SDPB's business and economic development reporter.

**TAGS:** [COVID-19 \(/TERM/COVID-19\)](#) [CORONAVIRUS \(/TERM/CORONAVIRUS\)](#)

[SMITHFIELD FOODS \(/TERM/SMITHFIELD-FOODS\)](#) [SMITHFIELD \(/TERM/SMITHFIELD\)](#)

**f** [Share \(http://facebook.com/sharer.php?](http://facebook.com/sharer.php?)

[u=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e&t=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says](http://facebook.com/sharer.php?url=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e&t=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

**t** [Tweet \(http://twitter.com/intent/tweet?](http://twitter.com/intent/tweet?)

[url=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e&text=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says](http://twitter.com/intent/tweet?url=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e&text=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says)

**e** [Email \(mailto:?](mailto:)

[subject=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says&body=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e](mailto:subject=Smithfield%20Crisis%20Exacerbated%20By%20Chinese%20Ownership%2C%20Expert%20Says&body=http%3A%2F%2Ftinyurl.com%2Fybnqyd5e)

**RELATED CONTENT**



[Jobless Claims Fall, But Noem Says They'll Rise Again \(/post/jobless-claims-fall-noem-says-theyll-rise-again\)](#)

APR 16, 2020

[\(/post/jobless-claims-fall-noem-says-theyll-rise-again\)](#)



[\) Keeping Up With Your Mental Health \(/post/keeping-your-mental-health\)](#)

APR 15, 2020

[\(/post/keeping-your-mental-health\)](#)

Made possible by your generous gifts. And by the Friends of South Dakota Public Broadcasting.



[\(http://www.sdpb.org/support/friends/\)](http://www.sdpb.org/support/friends/)



[\(https://www.facebook.com/SoDakPB\)](https://www.facebook.com/SoDakPB)



[\(https://twitter.com/sdpbnews\)](https://twitter.com/sdpbnews)



[\(https://www.youtube.com/user/SDPBdotORG\)](https://www.youtube.com/user/SDPBdotORG)



(<https://instagram.com/sodakpb/>)



(<http://listen.sdpb.org/rss>)



(<https://www.flickr.com/photos/sdpb/>)

(<http://www.npr.org/>)

SDPB Home (<http://www.sdpb.org/>)

Support SDPB (<http://www.sdpb.org/donate/>)

About SDPB (<http://www.sdpb.org/about/>)

Contact SDPB (<http://www.sdpb.org/contact/>)

Public Documents (<http://www.sdpb.org/publicdocuments/>)

Privacy Policy (<http://www.sdpb.org/about/privacystatement/>)

Work For Us (<http://www.sdpb.org/workforus/>)

© 2020 SDPB Radio