

Local Economic Development Benefits of Welcoming and Supporting Ethnic Immigrants

A literature review brief

Wesley Davis, Graduate Research Assistant

Brett Zollinger, Ph.D., Director

Docking Institute of Public Affairs

Fort Hays State University

January 26, 2023

Racially or ethnically diverse population growth in the U.S. is often thought of as a predominately urban phenomenon and was an intense object of study among generations of human ecologists/demographers in the 20th Century. Recent analyses indicates that racial/ethnic diversity increased in non-metro¹ areas from 2010-2020 (Rowlands and Love, 2021). Furthermore, demographic changes are occurring due to the employment opportunities in low-skilled, cheap labor in service industries, agriculture, construction, and manufacturing, thus incentivizing minority populations to move into less densely populated areas (Sharma, 2016). In addition to labor demands, origin-destination networks and family-chains channel information and instrumental assistance that facilitates the growing numbers of racial/ethnic minority immigrants across the United States (Sharma, 2016). According to Davis et al. (2022), from 2010 to 2020, nonmetro America's overall population decreased but then saw an increase from 2020 to 2021 in population due to the Coronavirus (COVID-19) pandemic.² Prior to the pandemic, Mathema et al. (2018) reported that 78 percent of the rural places in their study would have higher population decline if not for the growth of immigrant populations.

Rural communities experience different levels of economic impact as some have remained steady when diverse populations move in seeking employment opportunities. As the rural population changes, the nonmetro employment growth has witnessed a significant increase in diversity in all industries except agriculture (Davis et al., 2022), where there is already a relatively high presence of racial/ethnic minority workers. Racial/ethnic minority workers are responsible for filling jobs in essential industries such as construction, manufacturing, transportation, healthcare, food, and others that are important for the continuity of small towns.

¹ "Nonmetro" and "rural" are used interchangeably.

² Many people moved to rural places with less population density during the height of the COVID-19 pandemic (Davis et al., 2022).

Despite foreign immigrants revitalizing communities across rural America, not all have been accepting of newcomers, which reflect anti-immigrant attitudes throughout the U.S. As diverse people become more prevalent in rural communities, it is informative and beneficial to discuss a rural community's ability to welcome newcomers and its relation to community and economic development.

Decisions at the local level determine how communities decide to facilitate integration, subsequently leading to a plethora of different community initiatives and outcomes across the country. Recent literature suggests that diverse immigrant populations are advantageous to local economic development when they are given chances to equally participate (Mathema et al., 2018; Kerr et al., 2014; McDaniel 2014; Sharma, 2016). Mathema et al. (2018) describes how communities that provide English language learning programs, educational access, and include immigrants in local society often see their communities' flourish. Kerr et al. (2014) identify initiatives across the Midwest that equip immigrants with leadership and other necessary skills to facilitate a higher chance of successfully integrating into local economies. McDaniel (2014) discusses how a community in Iowa provides workshops to educate immigrants with business skills to promote small business growth. Sharma (2016) reported that counties across Alabama with minimal or negative change in diversity had the highest rates of unemployment and poverty. The positive correlation between a community's welcomeness and active attempts to better integrate minority immigrants and the health of local economies is relatively well known in more urban settings (Mollenkopf & Pastor, 2016). Rural economic development may benefit from actively integrating minority immigrants. Let's turn to examples of how immigrants have revamped fading rural communities.

There are many cases in which immigration has kept rural communities alive. Mathema et al. (2018) describes how Mexican immigrants started flowing into Arcola, Illinois in search of better pay and opportunities centering around the local broomcorn industry.³ Prior to the broomcorn factory, the town's population was declining. Since the 1990s, the town has witnessed steady population growth (around 25 percent) as well as economic development outside the broom factory, including immigrants opening restaurants, grocery stores, hotels, and mechanic shops. The researchers also make a comparison to a neighboring rural town suffering from population decline, describing how almost all of the businesses within that community have closed (Mathema et al., 2018).

Another relationship between welcoming diverse/ethnic people and rural town revitalization is observed in Schuyler, Nebraska (Khrais & Palacios, 2017). Prior to recruiting immigrant employees to work at a local beef processing plant, the town was suffering from population decline. To keep up with industry demands, the employer hired an abundance of people from Somalia, Thailand, and Mexico. The majority of the town's population are now immigrants, and it appears that the town's culture has diversified, with Mexican themed street signs and immigrant family-owned businesses spread throughout the community. The elementary schools have also grown into the second largest in Nebraska as children of immigrant workers continue to populate them. Mayor David Reinecke of Schuyler said, "Unlike a lot of small, rural communities that are losing population, we're going to be here 50 years from now" (Khrais & Palacios, 2017).

A similar example of a community benefiting from embracing incoming immigrants also occurred in the rural town of Worthington, Minnesota (Mathema et al., 2018). The town began

³ Many of the workers who moved to Arcola were already skilled in growing and preparing broomcorn as it is a popular export from Mexico (Mathema et al., 2018).

receiving an increase of Hispanics people in the 1980s as the town pork processing plant recruited immigrant workers (Vezner, 2011). Prior, Worthington was suffering from population decline in addition to a farming crisis⁴. As immigrants poured into the area, businesses grew, new ones opened, and the overall economy was revived. As reported by Vezner, city officials believe that immigrants moving to and staying in Worthington gives a sense of vitality to the economy. The community acknowledged the opportunity for growth the immigrants bring by adapting to support the changing demographics. For example, the public school hired more English language teachers and Spanish interpreters to serve the growing Latino population (Mathema et al., 2018).

Some communities are not as quick to accept an influx of immigrants populating rural towns. Opponents to the opening of a Costco chicken plant in Fremont, Nebraska raised concerns as they were against the number of immigrants the plant would bring. Elected officials argued that similar to previous meat processing plants in the area, immigrants would take local residents' jobs. Resulting from raised concerns, the town of Fremont passed housing ordinances that banned landlords renting out their properties to unauthorized immigrants. However, some chairmen argued that Fremont would not survive without the economic boost immigrant workers could potentially bring. Eventually, Costco built the factory and Fremont's economy continues to remain strong (Mathema et al., 2018).

In some cases, immigration policy decisions at the state and federal level have consequences at the rural level. For example, in 2011, Alabama passed a house bill that allows police officers to ask for immigrant papers during a lawful stop (Sharma, 2016). This led to Mexican immigrants fleeing the state out of fear for deportation, therefore reducing the blue-

⁴ Decline in exports and land prices, increases in production costs, and higher interest rates on loans led to financial crisis among Minnesota farmers in the 1980s (Cameron, 2021).

collar workforce. The economic impact was experienced from an urban to rural level when employers such as farmers reported troubles with finding laborers. In 2008, nearly 400 unauthorized workers were deported in a raid at a meat processing plant in an Iowan town of around 2,300 people. The local economy took a hit as small businesses closed, apartments were left vacant, and families of the deported workers lost large amounts of income (Mathema et al., 2018).

In a time of changing demographics, population decline, and economic struggles, the future of rural communities heavily relies on promoting local economic development. Increasing numbers of diverse people moving into less densely populated areas provides vitality and resiliency to small communities as they contribute a major role to workforces in many if not all industries. Immigrants also help expand local economies in rural towns as they open up new businesses such as grocery stores and restaurants (Mathema et al., 2018). Towns that adapt to demographic change by creating policy and providing services that promote integration tend to flourish more than smaller communities that are hesitant to welcoming change (Kerr et al., 2014; McDaniel, 2015; Sharma, 2016). Understanding the economic role of immigration in rural areas of the U.S. and how communities can welcome and support diverse in-migrants can be used by local economic development champions to foster growth, and it may mean the difference between resuming/maintaining vibrancy in the local economy through time or suffering decline. As Brookings Institution researchers maintain:

"At the community-level, this means that rural local leaders must embrace intentional strategies to nurture demographic diversity and dynamic local economies—with our research demonstrating that many of them already are doing so by supporting clusters of locally owned small businesses that build community wealth, implementing built environment and quality-of-life improvements for vulnerable residents, strengthening social cohesion between neighbors, and nurturing new community-led structures to build capacity and advance community priorities" (Rowlands and Love, 2021).

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