

Agriculture: The Engine of Our Economy

A presentation to Governor Gray Davis

*Governor's Fall Central Valley
Economic Summit*

*by the
Center for Public Policy Studies
at
California State University, Stanislaus*

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November, 1999

Agriculture: The Engine of Our Economy

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The eight-county San Joaquin Valley – extending from San Joaquin in the north to Kern in the south – has been a key to California’s pre- and post-production agricultural leadership for more than fifty years. In fact, the strategic importance of the Valley’s agricultural economy has increased over time as coastal areas have urbanized, technology has improved productivity, Valley farmers have shifted to high value crops, and exports have become a more prominent feature of the agricultural landscape. Even in the face of rapid population growth the past two decades, the agricultural cluster has remained the driving force behind local and regional economies. Yet, the vibrancy of the Valley’s agriculture cannot be guaranteed forever, and there are some hovering storm clouds that could pose serious challenges in the future.

While the San Joaquin Valley is part of a broader Central Valley region, it is San Joaquin that stands out in terms of the scale of agricultural output. According to the 1998 County Agricultural Commissioners' Reports, the eight-county San Joaquin Valley contributed 49.8% to the state’s gross value of agricultural production. This compared to 7.1% for the Sacramento Metro and Northern Valley areas.

The purpose of this presentation is to document the remarkable role that the San Joaquin Valley’s agricultural cluster plays in the state and nation. Relying upon the Census of Agriculture and a regional input-output model, it addresses four sets of questions:

1. How do the eight San Joaquin Valley counties rank statewide and nationwide on appropriate measures of agricultural productivity?

2. If the San Joaquin Valley were a state, how would it compare to other states? If the Valley results were removed from the California totals, how would the state's ranking be impacted?
3. What are the specific effects of production agriculture and food processing (core industry components of the agricultural cluster) on total industry output, exports, and employment in the San Joaquin Valley?
4. Are there trends identified in the Census of Agriculture that may create barriers to the region's continued agricultural productivity?

Since our remarks this morning are, by necessity, relatively brief, we intend to highlight our findings with charts and graphs. The themes and issues will be more fully developed in a future project.

Highlights

The following items represent “key facts” about the agricultural cluster in the San Joaquin Valley:

- According to the 1998 County Agricultural Commissioners' Reports, the eight-county San Joaquin Valley contributed 49.8% to the state's gross value of agricultural production (including timber sales). This compared to 7.1% in the Sacramento Metro and Northern Valley areas.
- Compared to other counties in the state and nation in 1997 (Census of Agriculture), San Joaquin Valley counties ranked at or near the top on important measures of agricultural productivity: market value of agricultural products, irrigated land, value of dairy products sold, fruits, nuts, and berries sold, and livestock, poultry, and products sold.
- Compared to other states in 1997, the San Joaquin Valley ranked lower than fourth on only one measure (livestock, poultry, and products sold).
- Without the San Joaquin results, the state ranked higher than the Valley on only one measure of agricultural productivity (fruits, nuts, and berries sold).
- Agriculture, which includes production and services, accounted for nearly 14% of total industry output in the Valley in 1996, compared to less than 3% in California.
- Manufacturing/food and kindred (food processing) represented over 10% of the total industry output in the San Joaquin Valley. It comprised less than 4% of California's total output.
- Other manufacturing accounted for slightly more than 10% of the Valley's output, but approximately 20% of the output in California as a whole.
- Agriculture and food processing were the most prominent exporters of goods and services in the San Joaquin Valley in 1996. Combined, they accounted for over 65% of the region's exports. (NOTE: Exports are shipments from the region to **any** location outside the region.)

- The food processing sector had the highest employment multiplier in the San Joaquin Valley in 1996. Every job in food processing was connected to almost 2.9 other jobs in the region.
- Between 1987 and 1997, the number of farms, family farms, and land in farms declined in the San Joaquin Valley.

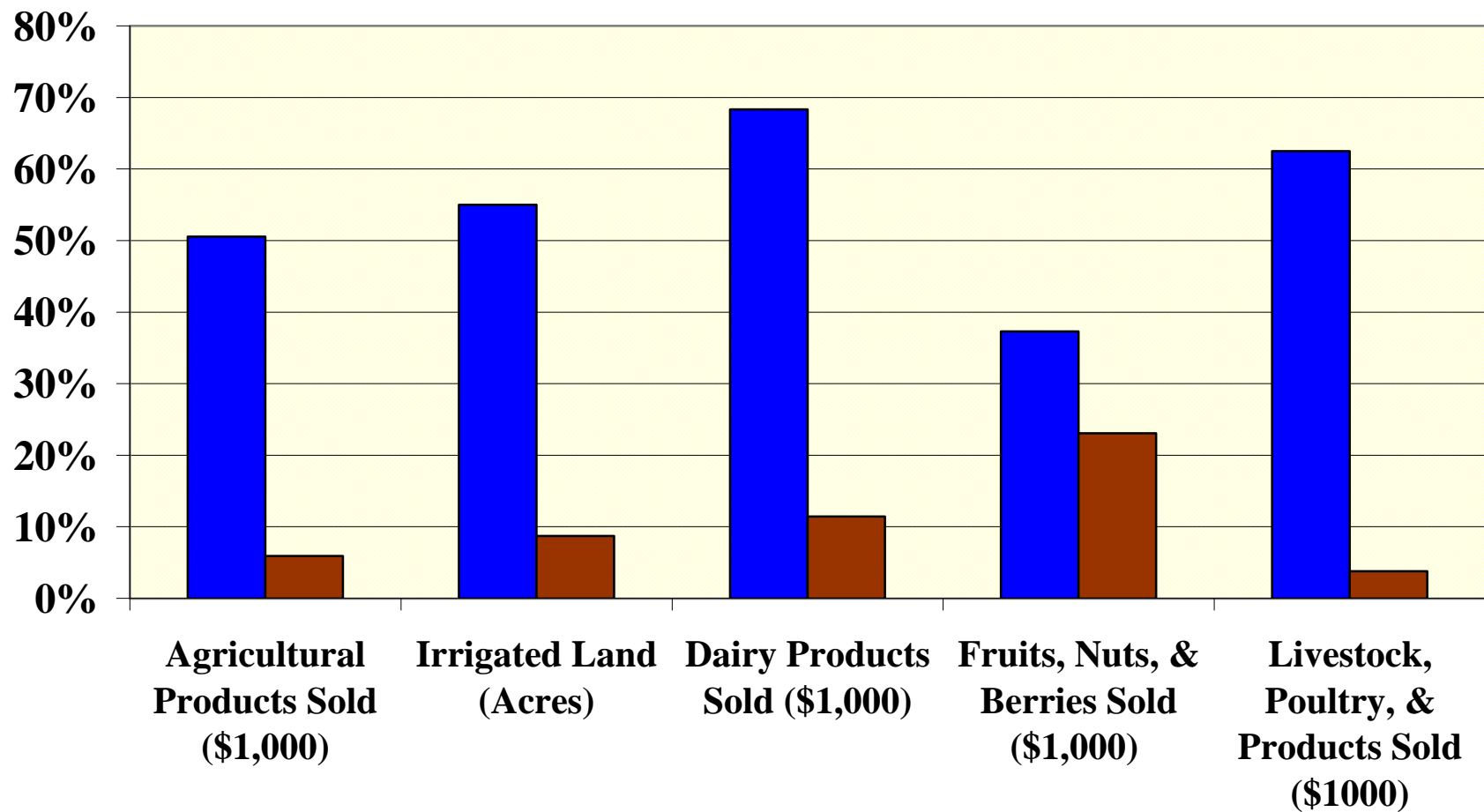
Gross Value of Agricultural Production: 1998 (\$1000)

	Value*	% of State Total
San Joaquin Valley	\$13,801,968	49.8%
Sacramento Metro Area	\$ 618,263	2.2%
Northern Valley	\$ 1,369,058	4.9%

Source: California Department of Food & Agriculture, County Agricultural Commissioners' Reports, 1999

*Includes timber sales

Agricultural Indicators in the San Joaquin Valley: % of State and Nation



Source: Census of Agriculture, 1997

■ % of State ■ % of Nation

Market Value of Agricultural Products Sold (\$1,000)

	Value	State Ranking 1997	National Ranking 1997	% of State	% of Nation
Fresno	\$ 2,772,785	1	1	12.0%	1.4%
Kern	\$ 1,968,513	2	2	8.5%	1.0%
Tulare	\$ 1,921,381	3	3	8.3%	1.0%
Merced	\$ 1,273,475	5	6	5.5%	.6%
Stanislaus	\$ 1,208,524	6	7	5.2%	.6%
San Joaquin	\$ 1,179,706	7	8	5.1%	.6%
Kings	\$ 693,677	11	18	3.0%	.4%
Madera	\$ 627,210	14	25	2.7%	.3%
San Joaquin Valley	\$ 11,645,271			50.6%	5.9%
California	\$ 23,032,259			100%	11.7%
United States	\$196,864,649				100%

Source: United States Department of Agriculture, Census of Agriculture, 1997

Market Value of Agricultural Products Sold: State Rankings

California with Valley		Rank	California Without Valley	
<i>California</i>	\$23,032,259	1	Texas	\$13,766,527
Texas	\$13,766,527	2	Iowa	\$11,947,894
Iowa	\$11,947,894	3	<i>San Joaquin Valley</i>	\$11,645,271
<i>San Joaquin Valley</i>	\$11,645,271	4	<i>California</i>	\$11,386,988
Nebraska	\$ 9,831,519	5	Nebraska	\$ 9,831,519
Kansas	\$ 9,207,130	6	Kansas	\$ 9,207,130
Illinois	\$ 8,556,486	7	Illinois	\$ 8,556,486
Minnesota	\$ 8,290,264	8	Minnesota	\$ 8,290,264
North Carolina	\$ 7,676,523	9	North Carolina	\$ 7,676,523
Florida	\$ 6,004,554	10	Florida	\$ 6,004,554

Source: United States Department of Agriculture, Census of Agriculture, 1997

Irrigated Land (Acres)

	Acres	State Ranking 1997	National Ranking 1997	% of State	% of Nation
Fresno	1,153,812	1	1	13.2%	2.1%
Kern	912,584	2	2	10.5%	1.7%
Tulare	625,070	3	3	7.2%	1.1%
San Joaquin	519,021	4	4	6.0%	.9%
Merced	493,072	5	5	5.7%	.9%
Kings	421,365	7	8	4.8%	.8%
Stanislaus	359,427	8	11	4.1%	.7%
Madera	308,599	9	14	3.5%	.6%
San Joaquin Valley	4,792,950			55.0%	8.7%
California	8,712,893			100%	15.8%
United States	55,058,128				100%

Source: United States Department of Agriculture, Census of Agriculture, 1997

Irrigated Land (Acres)

California with Valley		Rank	California Without Valley	
<i>California</i>	8,712,893	1	Nebraska	6,939,036
Nebraska	6,939,036	2	Texas	5,484,663
Texas	5,484,663	3	<i>San Joaquin Valley</i>	4,792,950
<i>San Joaquin Valley</i>	4,792,950	4	<i>California</i>	3,919,943
Arkansas	3,717,217	5	Arkansas	3,717,217
Idaho	3,493,542	6	Idaho	3,493,542
Colorado	3,430,129	7	Colorado	3,430,129
Kansas	2,707,489	8	Kansas	2,707,489
Montana	1,994,484	9	Montana	1,994,484
Oregon	1,948,739	10	Oregon	1,948,739

Source: United States Department of Agriculture, Census of Agriculture, 1997

Value of Dairy Products Sold (\$1,000)

	Value	State Ranking 1997	National Ranking 1997	% of State	% of Nation
Tulare	\$ 611,544	1	1	19.2%	3.2%
Merced	\$ 426,289	2	2	13.4%	2.2%
Stanislaus	\$ 352,450	4	4	11.1%	1.9%
Kings	\$ 241,097	6	6	7.6%	1.3%
San Joaquin	\$ 203,022	7	9	6.4%	1.1%
Fresno	\$ 182,710	8	11	5.7%	1.0%
Kern	\$ 96,490	9	26	3.0%	.5%
Madera	\$ 58,322	11	52	1.8%	.3%
San Joaquin Valley	\$ 2,171,924			68.3%	11.4%
California	\$ 3,177,770			100%	16.7%
United States	\$18,997,334				100%

Source: United States Department of Agriculture, Census of Agriculture, 1997

Value of Dairy Products Sold (\$1,000)

California with Valley		Rank	California Without Valley	
<i>California</i>	\$ 3,177,770	1	Wisconsin	\$ 2,746,950
Wisconsin	\$ 2,746,950	2	<i>San Joaquin Valley</i>	\$ 2,171,924
<i>San Joaquin Valley</i>	\$ 2,171,924	3	New York	\$ 1,459,707
New York	\$ 1,459,707	4	Pennsylvania	\$ 1,320,801
Pennsylvania	\$ 1,320,801	5	Minnesota	\$ 1,093,657
Minnesota	\$ 1,093,657	6	<i>California</i>	\$ 1,005,846
Texas	\$ 738,585	7	Texas	\$ 738,585
Michigan	\$ 645,713	8	Michigan	\$ 645,713
Washington	\$ 622,266	9	Washington	\$ 622,266
Idaho	\$ 557,339	10	Idaho	\$ 557,339

Source: United States Department of Agriculture, Census of Agriculture, 1997

Value of Fruits, Nuts, and Berries Sold (\$1,000)

	Value	State Ranking 1997	National Ranking 1997	% of State	% of Nation
Fresno	\$ 737,393	1	1	9.4%	5.8%
Kern	\$ 575,329	2	2	7.4%	4.5%
Tulare	\$ 609,490	3	3	7.8%	4.8%
San Joaquin	\$ 262,146	4	4	3.4%	2.1%
Madera	\$ 284,645	6	6	3.6%	2.2%
Stanislaus	\$ 229,105	8	9	2.9%	1.8%
Merced	\$ 172,632	9	10	2.2%	1.4%
Kings	\$ 47,120	22	38	.6%	.4%
San Joaquin Valley	\$ 2,917,860			37.3%	23.0%
California	\$ 7,822,769			100%	61.8%
United States	\$12,660,262				100%

Source: United States Department of Agriculture, Census of Agriculture, 1997

Value of Fruits, Nuts, and Berries Sold (\$1,000)

California with Valley		Rank	California Without Valley	
<i>California</i>	\$7,822,769	1	<i>California</i>	\$4,904,909
<i>San Joaquin Valley</i>	\$2,917,860	2	<i>San Joaquin Valley</i>	\$2,917,860
Florida	\$1,493,470	3	Florida	\$1,493,470
Washington	\$1,240,242	4	Washington	\$1,240,242
Oregon	\$ 307,917	5	Oregon	\$ 307,917
Michigan	\$ 231,595	6	Michigan	\$ 231,595
New York	\$ 185,078	7	New York	\$ 185,078
Hawaii	\$ 174,573	8	Hawaii	\$ 174,573
Massachusetts	\$ 148,247	9	Massachusetts	\$ 148,247
Wisconsin	\$ 140,140	10	Wisconsin	\$ 140,140

Source: United States Department of Agriculture, Census of Agriculture, 1997

Market Value of Livestock, Poultry, & Products Sold (\$1000)

	Value	State Ranking 1997	National Ranking 1997	% of State	% of Nation
Tulare	\$ 798,858	1	2	13.3%	.8%
Merced	\$ 695,581	2	3	11.6%	.7%
Stanislaus	\$ 658,313	3	6	11.0%	.7%
Fresno	\$ 656,637	4	7	10.9%	.7%
Kings	\$ 324,401	7	27	5.4%	.3%
San Joaquin	\$ 314,142	8	29	5.2%	.3%
Kern	\$ 181,520	10	65	3.0%	.2%
Madera	\$ 119,381	12	*	2.0%	.1%
San Joaquin Valley	\$ 3,748,833			62.5%	3.8%
California	\$ 5,998,545			100%	6.1%
United States	\$98,808,993				100%

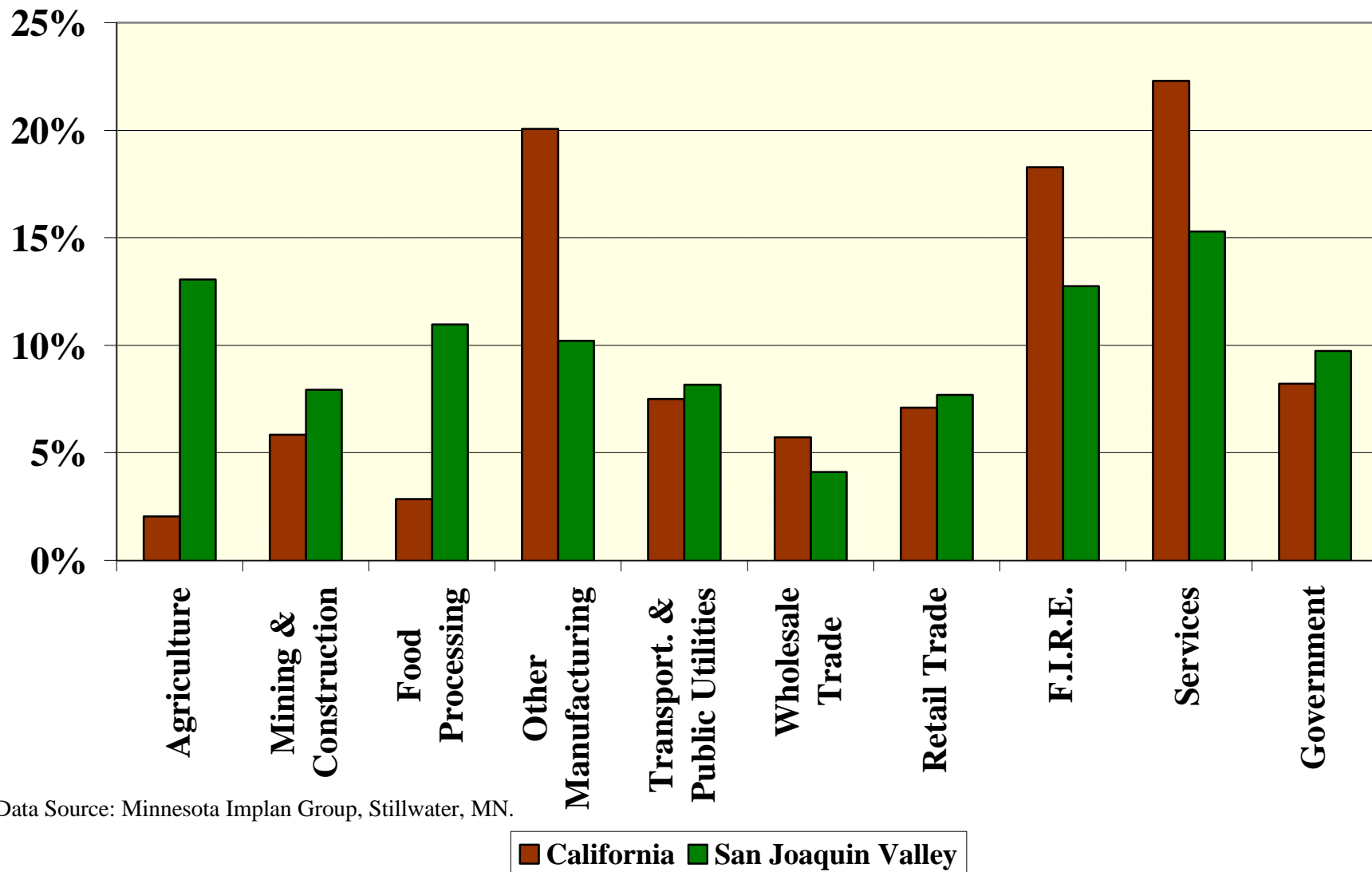
Source: United States Department of Agriculture, Census of Agriculture, 1997 *Not among top 100 counties

Market Value of Livestock, Poultry, & Products Sold (\$1000)

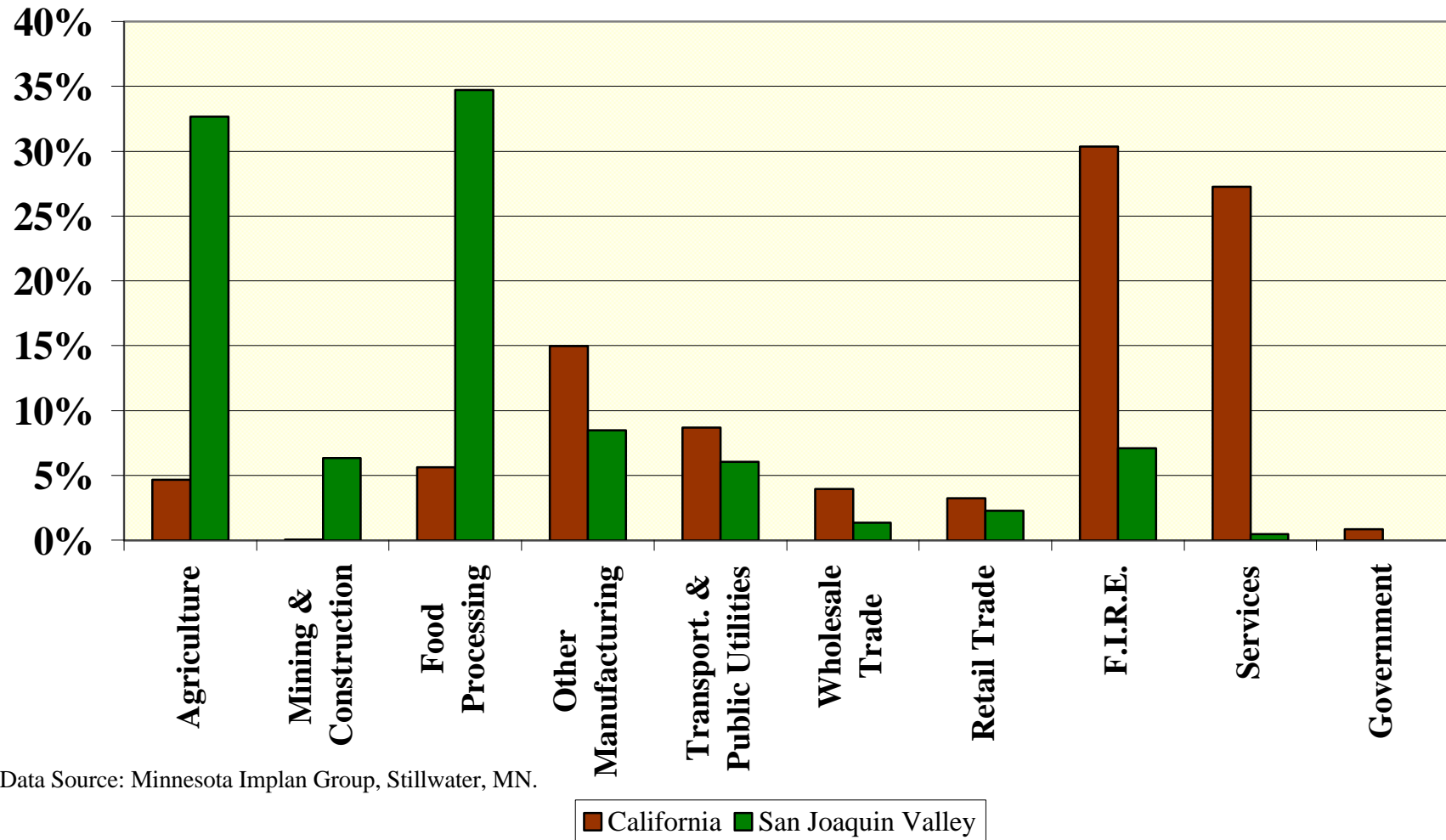
California with Valley		Rank	California Without Valley	
Texas	\$9,473,054	1	Texas	\$9,473,054
Nebraska	\$6,033,057	2	Nebraska	\$6,033,057
<i>California</i>	\$5,998,545	3	Kansas	\$5,985,364
Kansas	\$5,985,364	4	Iowa	\$5,760,625
Iowa	\$5,760,625	5	North Carolina	\$5,081,310
North Carolina	\$5,081,310	6	Minnesota	\$4,089,293
Minnesota	\$4,089,293	7	Wisconsin	\$3,939,578
Wisconsin	\$3,939,578	8	<i>San Joaquin Valley</i>	\$3,748,833
<i>San Joaquin Valley</i>	\$3,748,833	9	Arkansas	\$3,291,665
		16	<i>California</i>	\$2,249,712

Source: United States Department of Agriculture, Census of Agriculture, 1997

Shares of Total Industry Output California and the San Joaquin Valley: 1996



Industry Exports from the Region as a Percentage of Total Regional Exports: 1996

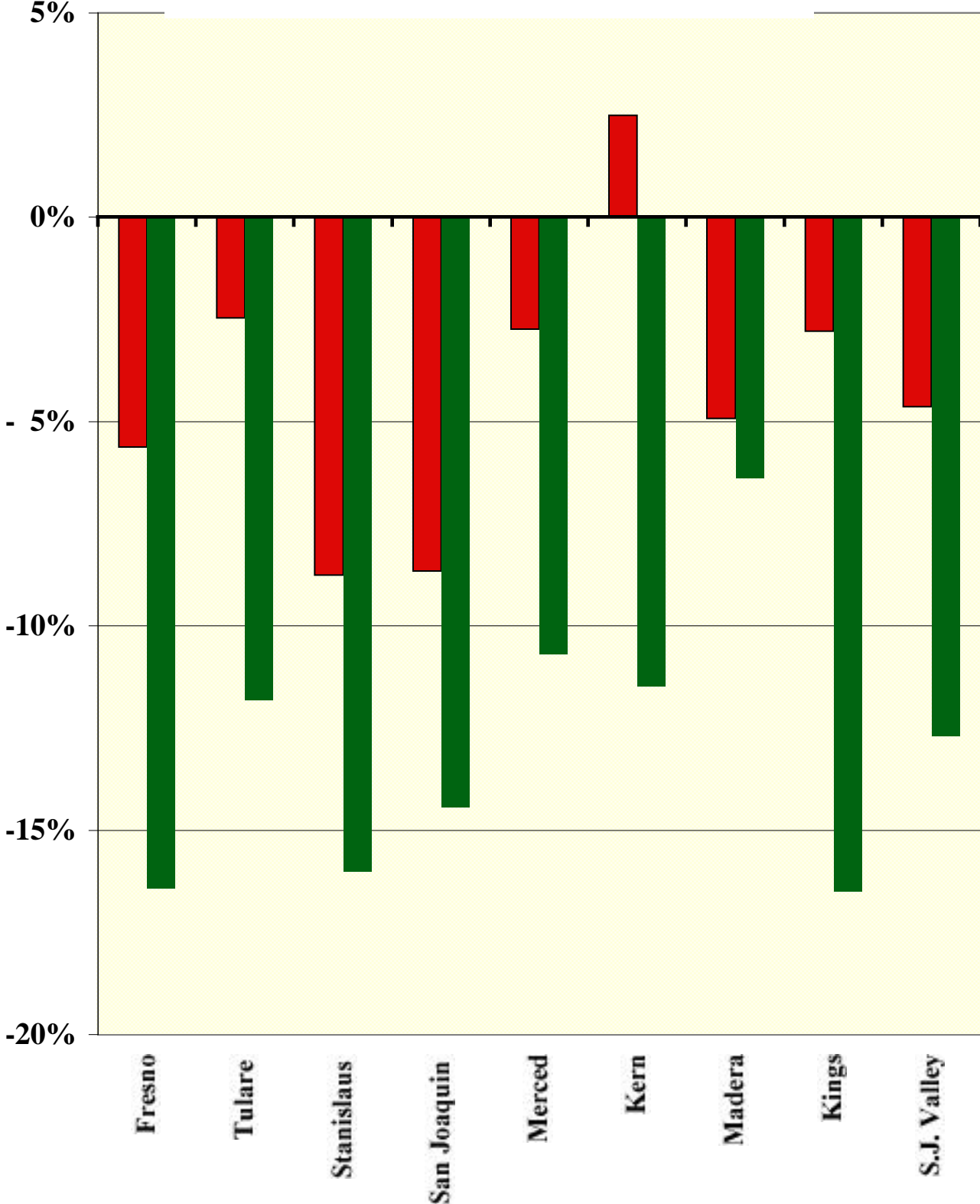


Employment Multipliers for the San Joaquin Valley: 1996

Industry	Employment Multiplier
Agriculture	1.50
Mining & Construction	1.99
Food Processing	3.88
Other Manufacturing	2.44
Transportation & Public Utilities	2.58
Wholesale Trade	1.77
Retail Trade	1.30
F.I.R.E.	2.03
Services	1.58
Government	1.37

Data Source: Minnesota Implan Group, Stillwater, MN.

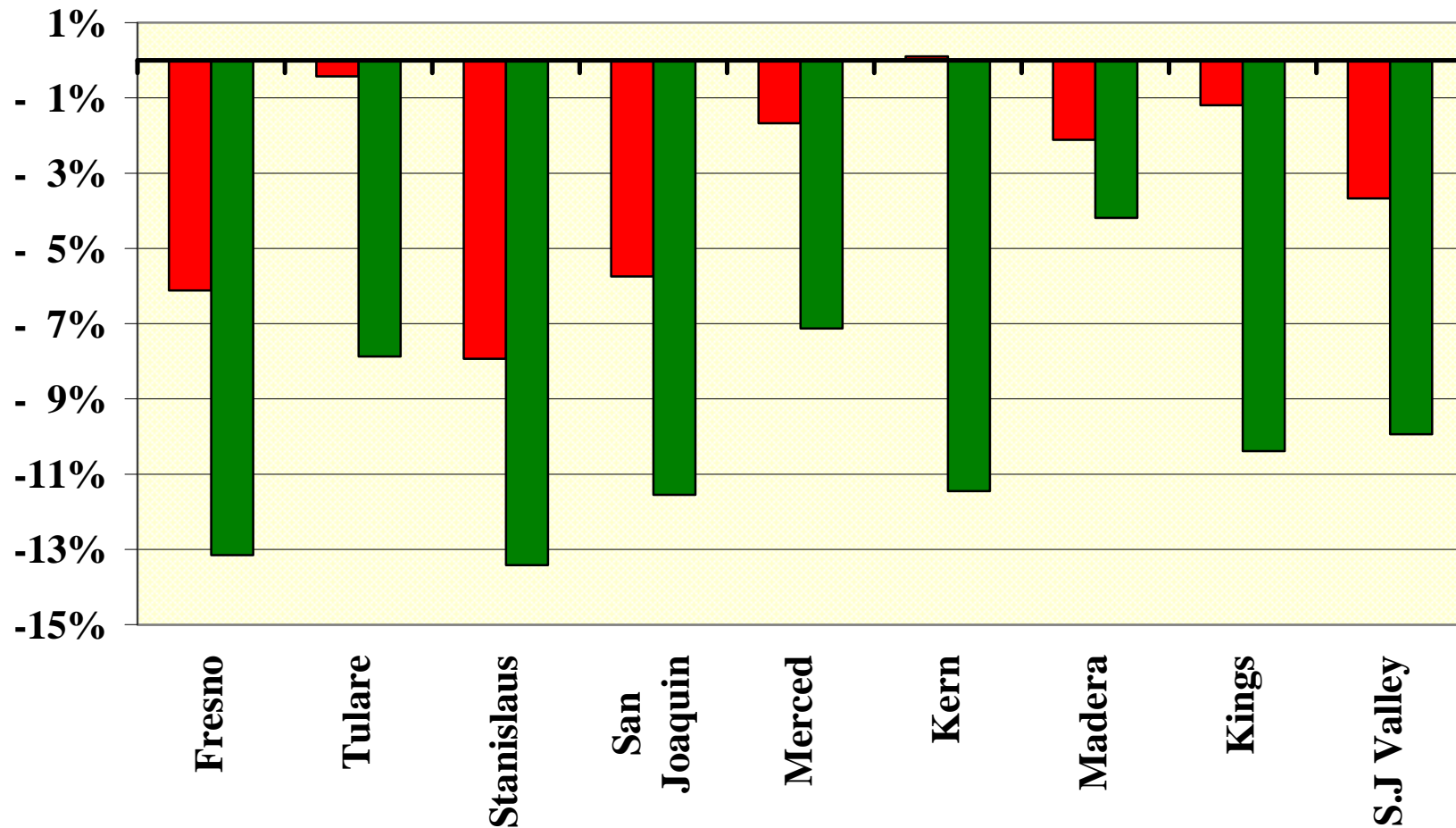
Change in Number of Family Farms: 1992-1997 and 1987-1997



Source: Census of Agriculture, 1987 and 1997

■ 1992-1997 ■ 1987-1997

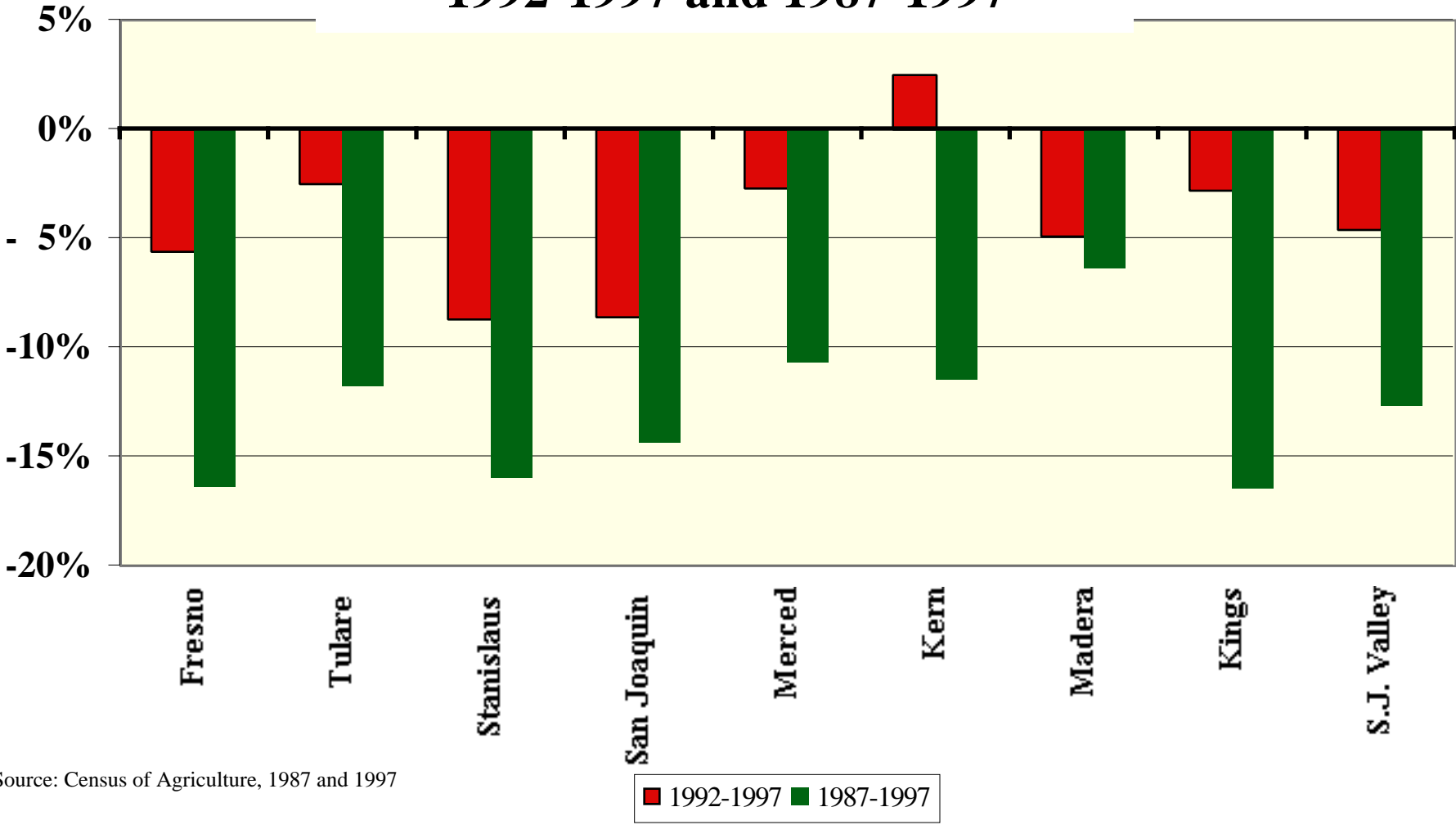
Change in Number of Farms: 1992-1997 and 1987-1997



Source: Census of Agriculture, 1987, 1992, and 1997

■ 1992-1997 ■ 1987-1997

Change in Number of Family Farms: 1992-1997 and 1987-1997



Land in Farms (Acres): 1992-1997 and 1987-1997

