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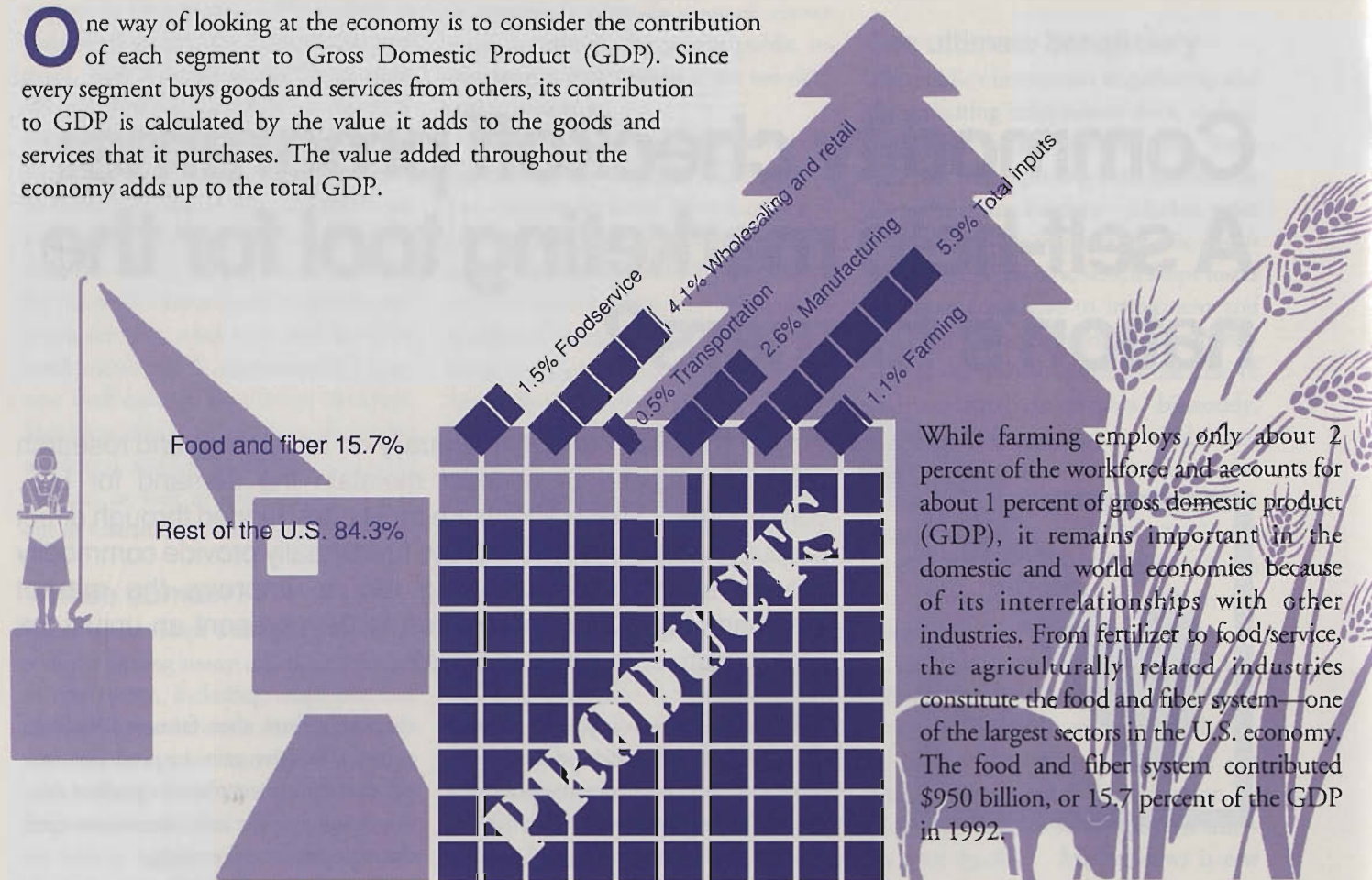
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## Graphically speaking

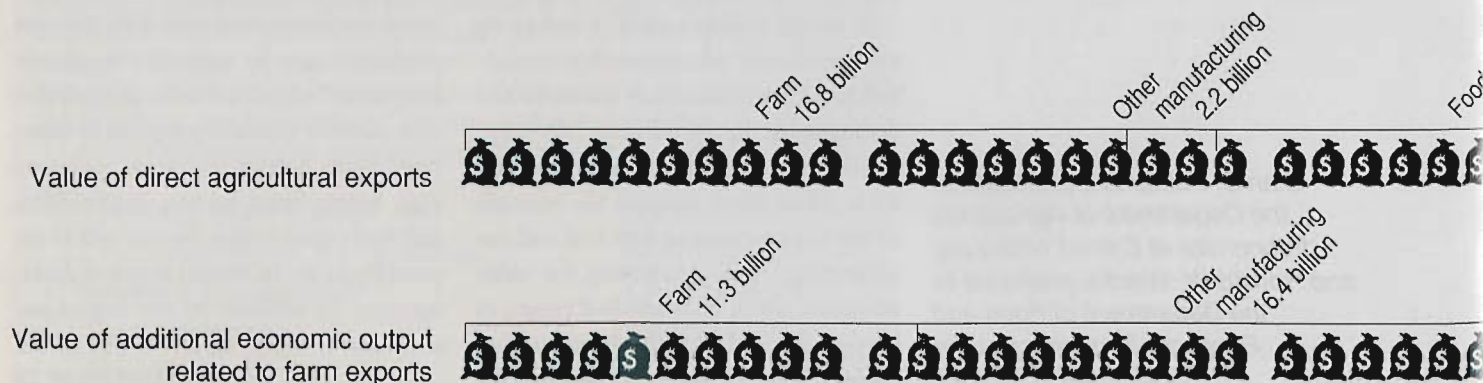
# Linking agriculture to the economy

One way of looking at the economy is to consider the contribution of each segment to Gross Domestic Product (GDP). Since every segment buys goods and services from others, its contribution to GDP is calculated by the value it adds to the goods and services that it purchases. The value added throughout the economy adds up to the total GDP.



## Farm exports stimulated added economic activity in 1992

USDA's Economic Research Service estimates that each dollar earned from agricultural exports stimulates another \$1.44 of output in the U.S. economy. Thus, the \$42.9 billion worth of exports in 1992 generated an estimated additional \$61.7 billion in supporting activities required to produce and transport products for export. ■ This additional economic output includes the business activity needed to produce the supporting goods and services for export. For example, farmers rely on purchased inputs,



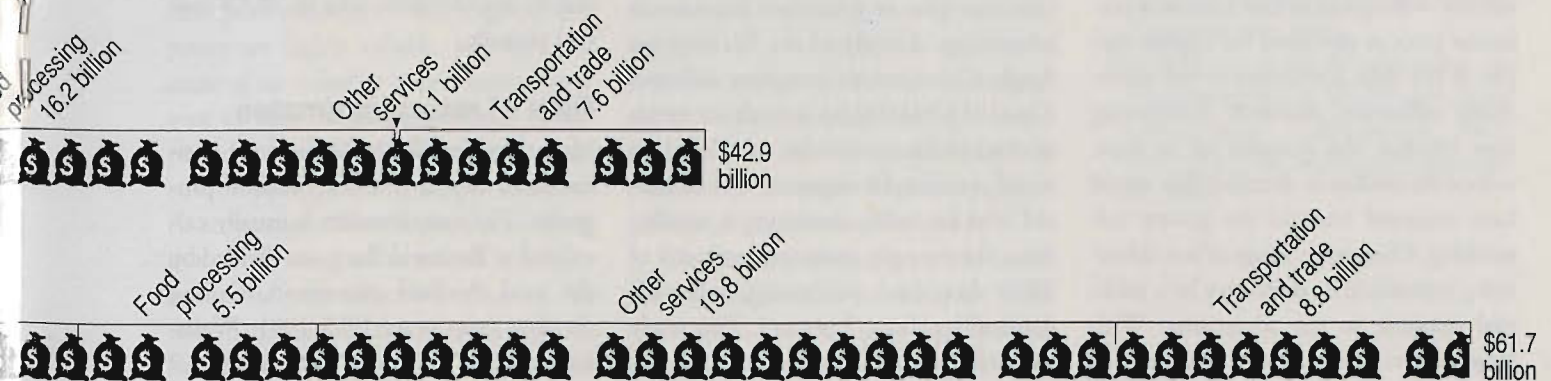


■ by Kathryn L. Lipton and William Edmondson. Kathryn Lipton is an agricultural economist with the office of the deputy administrator, ERS; William Edmondson is an economist with the Agriculture and Rural Economy Division, ERS.



The food and fiber system accounted for 18 percent of the total U.S. workforce. Food manufacturing and distribution (manufacturing, transportation, wholesaling and retailing, and foodservice) employed almost 16 million workers or nearly 13 percent of the U.S. workforce. About 6 percent of those workers were in the food wholesaling and retailing industries and just over 4 percent were employed in the foodservice industries.

such as fertilizer and pesticides to raise grain, while companies processing exports buy metal for cans and energy to run their plants. Similarly, transportation companies generate economic activity directly by hauling or shipping farm exports, but also indirectly as they purchase the vehicles and fuel used to move exports to port. Approximately 82 percent of the additional economic activity related to farm exports was earned by the nonfarm sector. ■



Source: U.S. Department of Agriculture, Foreign Agricultural Trade of the United States, Econ. Res. Serv. Sept.-Oct. 1993.