



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Leaner Employment in Agricultural Processing and Marketing

Alex Majchrowicz and Jacqueline Salsgiver
(202) 219-0525

Employment in industries that process and market agricultural products declined 9 percent between 1975 and 1988 (the 13 years for which data are available). Total employment generated by agricultural processing and marketing firms in 1988 was over 3.2 million, or about 2.5 percent of all U.S. employment.

Industries involved range from grain elevators to bakeries, poultry processors, soft drink bottlers, and apparel and textile manufacturers. The largest sector is apparel and textiles, which employs over two-fifths of the workers in food and fiber processing and marketing. It was also the sector which lost the largest number of jobs.

Strong Links to the South's Economy

Agricultural processing and marketing is very important to State economies in the South. These industries generated over 5 percent of total State employment in North Carolina, South Carolina, Georgia, Tennessee, Alabama, Mississippi, and Arkansas (fig. 1).

The apparel and textile industries are responsible for much of

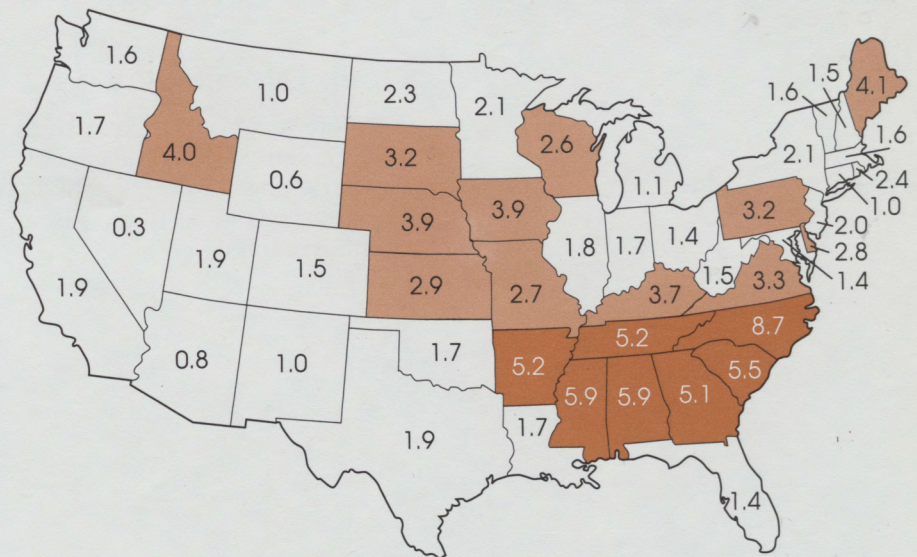
the agricultural processing and marketing employment in the South. For example, in 1988, they provided 6.6 percent of North Carolina's jobs and accounted for between 3.1 and 4.6 percent of total employment in South Carolina, Alabama, Mississippi, Georgia, and Tennessee. However, in Arkansas, meat processing, especially poul-

try, provided 2.3 percent of all employment.

Employment Lower Overall, But Some Growth Posted

Employment in agricultural processing and marketing indus-

Figure 1
Agricultural Processing and Marketing Has Strongest Ties to State Economies in the South



Agricultural processing and marketing's share of total employment, 1988

□ Below 2.5 percent ■ 2.5 - 5.0 percent ■ Above 5.0 percent

The authors are agricultural economists in the Agriculture and Rural Economy Division, Economic Research Service, USDA.

tries declined by nearly 330,000 jobs from 1975 to 1988 (table 1). Leather, tobacco, fats and oils, and beverage manufacturers lost the largest share.

Many of the declines occurred through mergers to improve efficiency and profitability. Other firms substituted capital for labor by investing more in automation. Additionally, heightened health concerns decreased domestic consumption of some goods, such as tobacco and alcoholic beverages, which caused employment in these industries to decline.

Not all processing and marketing industries reduced employment. Employment remained stable in bakery products manufacturing. Miscellaneous food preparations (which include items such as canned seafood, macaroni, and

snack chips) and meat products manufacturing gained jobs.

Changing consumer tastes, health concerns, and increasing demand for convenience aided employment growth in these industries. For example, poultry processing industries benefited from consumer concerns about fat and cholesterol and their desire for prepared items that are easy to cook.

Some industries had uneven employment growth during 1975-88. The canned, frozen, and preserved fruit and vegetable processing industry, for example, added jobs in the late 1970's. Jobs then declined in the early 1980's, as the industry automated and as consumer demand for canned foods stopped growing. Employment rebounded in 1984-85, as demand increased for canned ethnic specialty foods, sauces and dressings, and dried or

dehydrated fruit and vegetables. Employment again began declining in 1987 due to job losses in firms producing frozen specialty goods, such as frozen dinners and pizza.

Rural Areas Gain Some Jobs

National employment trends in processing and marketing industries conceal differences between rural and urban areas. Despite the overall employment decline, such jobs increased in rural areas by 3.3 percent (almost 39,000 jobs) from 1975 to 1988. In contrast, processing and marketing employment declined 15.5 percent (some 368,000 jobs) in urban areas. Despite these trends, urban areas accounted for 2 million processing and marketing jobs in 1988, while rural areas had 1.2 million.

Jobs in Farming and Its Related Industries in 1989

Farm and farm-related industries provided over 23 million jobs in 1989.

While two-thirds of those jobs were only peripherally related to farming, jobs in farming and its closely related industries did have a direct effect on many local economies—providing 25 percent or more of total employment in 865 U.S. counties.

Get more information from *U.S. Farm and Farm-related Employment in 1989: Where Are Jobs in Farming and Its Related Industries Most Important?* stock #AIB-654. Order your copy by calling toll-free 1-800-999-6779 (outside the United States and Canada, please dial 703-834-0125).

Table 1
Few Gainers When It Comes to Employment in Processing and Marketing

Industry	Employment		Change ¹	
	1975	1988	Number	Share
	—1,000 jobs—		—Percent—	
Gainers				
Miscellaneous food preparation and kindred products	135	166	31	23
Meat products	305	358	53	17
Bakery products	221	221	0	0
Losers				
Canned, frozen, and preserved fruit and vegetables	194	187	-7	-3
Sugar and confectionery products	97	93	-4	-4
Warehousing	31	29	-2	-6
Grain mill products	115	106	-8	-7
Farm-related raw materials (wholesale trade)	152	138	-14	-9
Apparel and textiles	1,579	1,384	-195	-12
Dairy products	168	147	-21	-12
Beverages	199	165	-34	-17
Fats and oils products	44	31	-13	-29
Tobacco products	67	47	-19	-29
Leather products	230	133	-97	-42
Total	3,536	3,206	-330	-9

¹Differences may not total due to rounding. Percentage change based on actual, not rounded, data.

The largest contrast between rural and urban agricultural processing and marketing employment was in meat processing, which increased almost 58 percent (69,600 jobs) in rural areas but declined over 9 percent (16,900 jobs) in urban areas. Similar patterns of growth in rural areas but decline in urban areas occurred in manufacturing of bakery, fruit and vegetable, sugar and confectionery, and apparel and textile products (fig. 2).

The growth in rural areas and loss in urban areas suggests competition for jobs. In meat processing industries during the 1980's, for example, the closing of slaughter plants in urban areas of Iowa, Kansas, Nebraska, Wisconsin, and Minnesota caused the loss of several thousand jobs. But during the same period, new slaughter plants were established in several rural areas in southwestern Kansas and central Nebraska.

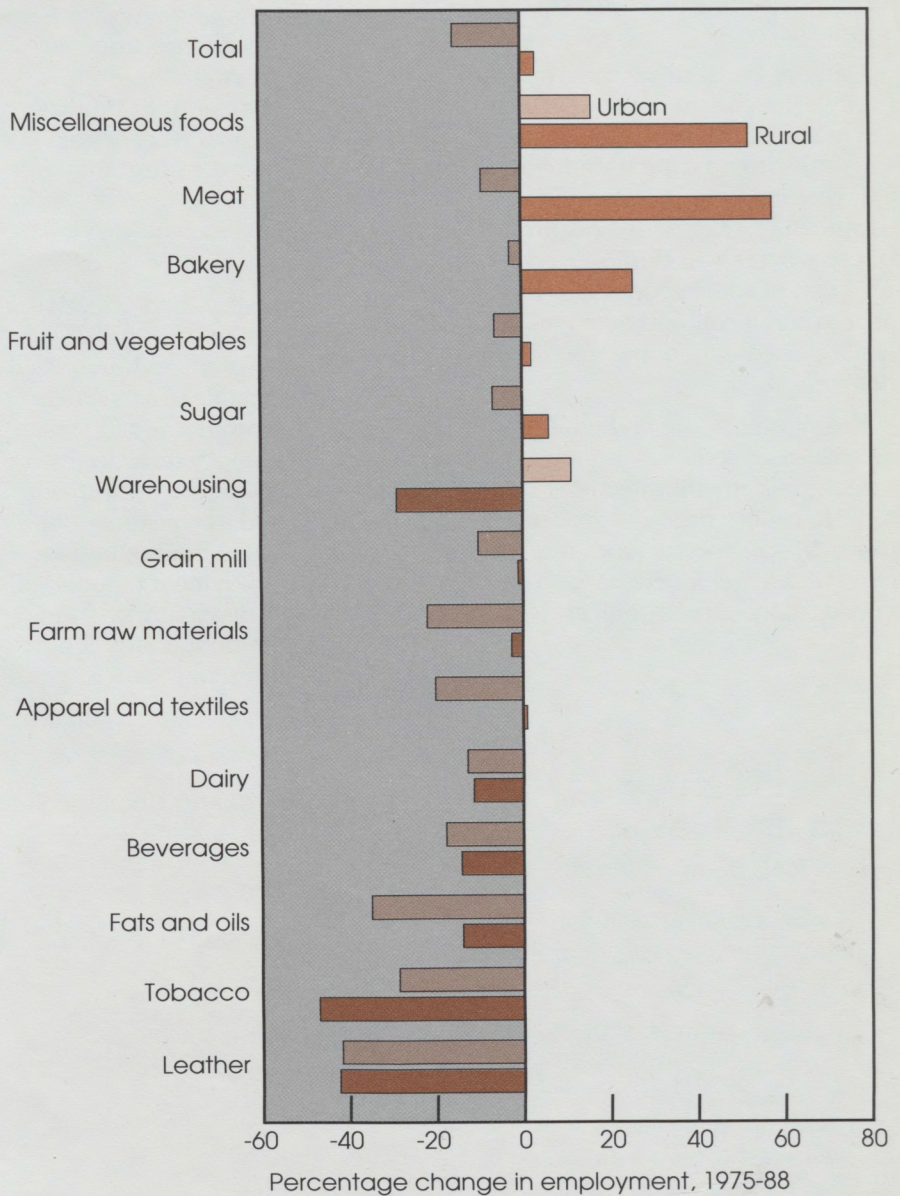
Contributing to the shift of slaughter plants was the expansion of the fed-cattle industry in the Central Plains. Also, slaughter plants in the urban areas of the Midwest closed in favor of newer plants in rural areas closer to the fed cattle.

Limited Prospects for Employment Growth

Future employment growth, particularly for food processors, may occur in some areas but at the expense of other areas.

As suggested by the shift of meat processing jobs, competition exists for these jobs as firms attempt to locate in the most profitable locations. Additionally, job expansion will probably be limited

Figure 2
Agricultural Processing and Marketing Fared Better in Rural Than in Urban Areas



to areas with strong links among related industries. For example, new jobs in industries processing prepared chicken items are increasingly tied to the expanding poultry

industry. Areas having strong links between poultry production and processing will benefit the most from increased consumer buying of poultry products. ■