

# Changes In Pa.'s Agribusiness Economy Mirror Change Nationwide

UNIVERSITY PARK (Centre Co.) — Pennsylvania agribusinesses are following trends set by other resource-based and manufacturing industries in the state, but have not been hit as hard by job losses, said a researcher in Penn State's College of Agricultural Sciences.

"The number of Agribusiness jobs and companies is declining, in both production and processing," said Dr. Steve Smith, associate professor of agricultural economics. "But these declines are small compared to those in industries not related to agriculture."

Smith and Dr. Theodore Fuller, adjunct assistant professor of agricultural economics, used data from the Pennsylvania Department and the Department of Labor and Industry to compare trends in the Pennsylvania agribusiness economy with other manufacturing industries.

Pennsylvania's economy has undergone drastic changes in the past 15 years. "Manufacturing employment declined in all years but two from 1980, resulting in a net loss of 375,000 jobs, or more than 28 percent of total manufacturing employment," Smith said.

"In rural areas, the major employment declines occurred in manufacturing industries unrelated to agriculture or forestry," Smith said. "Job losses in these industries were five times greater than in traditional rural resource-based industries. The industries underlying the decline were the same industries on which rural economic diversification and job

## N.Y. Farm Bureau Meets Growth Objective

ALBANY, N.Y. — 23,812!!! New York Farm Bureau has surpassed its 1994 membership goal by 448.

According to David Whitmore, organization director for the state Farm Bureau, "This is the most member families we've ever had and it looks like we will top 24,000 in just a few weeks."

He said, "The growing member numbers mean increased legislative clout on correcting the critical issues facing agriculture and rural New York, like soaring property and business taxes, skyrocketing workers' compensation premiums, and attacks against the rights of private property owners. Farmers and their rural neighbors recognize that they can only solve their problems by working together as a group — and Farm Bureau provides the vehicle to make that happen."

For information about joining Farm Bureau, call (518) 436-8495 or write to Organization Department, New York Farm Bureau, Inc., P.O. Box 992, Glenmont, N.Y. 12077-0992.

growth had been based in the 1960s and 1970s."

Throughout this period, total nonfarm employment in the state grew by 6.3 percent, with all the net increase coming since the mid-1980s. "This was due entirely to growth in private service-producing industries," Smith said. "Manufacturing, government, and mining had net job losses."

Traditional rural industries also continued a long-term decline, including farm production employment and agriculture-

related manufacturing. "Farm employment decreased by about 11 percent from 1975 to 1987, and the decline has continued," Smith said. "The number of farms and amount of land in farms also have declined."


At the same time, agricultural output has increased, indicating that agricultural industries are adopting labor-saving technology. "Poultry output and hog output have expanded by about 20 percent and 30 percent, respectively, since the mid-1980s," Smith said.

"Long-term increased in milk production have continued, accompanied by growth in the greenhouse and nursery industry. Growth in mushrooms has been especially strong. The only significant declines have been in beef cattle, apples, and corn for grain."

Food processing employment as a whole declined 5.5 percent from 1975 to 1990, a loss of almost 5,000 jobs. Most job losses were in dairy products, bakery products, fats and oils, and beverages. Food processing industries

that gained employment were meat products, miscellaneous products, and sugar and confectionery products.

These changes in the manufacturing and agribusiness economics signal a major change in the character of Pennsylvania's general economy, both rural and urban. "Pennsylvania certainly has less of the heavy industry for which it was known," Smith said. "The economy has become much more diversified and more like the nation's as a whole."



**MILK CHECK**  
**THOMAS JURCHAK**  
 Dairy Specialist  
 Lackawanna County

SCRANTON (Lackawanna Co.) — After nine weeks of counter-seasonal price increases of nearly 12 cents, prices on the National Cheese Exchange plummeted 20 cents during the last four weeks.

Prices were expected to drop with increasing dealer inventories and milk production, and the first sign came with just a half-cent, cheese-price fall on April 22.

The next drop was 4 cents on barrels the following week, and then a 5-cent price drop came during the first week of May.

Disaster really struck on Friday the 13th — prices went 10 cents lower.

That put block prices down to less than \$1.20, and barrel prices less than \$1.21.

Previous high prices, coming just a month ago, were nearly \$1.40 for blocks and more than \$1.37 for barrels.

While a price drop was predicted, the suddenness was a shock that completely changed the market situation for the rest of the year.

Even without further losses, the 20-cent fall could translate into a \$2 drop in the Minnesota-Wisconsin Price Series within the next two months, and be reflected in the farm price by mid-summer.

Right now, the barrel price is higher than the block price, which is the reverse of normal pricing.

That reversal alone would indicate that further price adjusting will occur, and the trend downward will continue.

The long anticipated increase in milk production came in April, but

started back in March, according to revised estimates.

For April, milk production was 1 percent more than a year ago, ending nine consecutive months with production lower than year-before levels.

Wisconsin and Minnesota continued dropping production at the same rate of 7 percent and 5 percent, a trend they have maintained since last fall.

The Northeast stayed even, with Pennsylvania down 1 percent, and New York up 1 percent. But that is still a lot of milk in this market.

The big increases came from the South and West, with California up 8 percent, Washington 4 percent, Florida 7 percent, Texas 11 percent, and Idaho production up 15 percent.

Milk was moving out of the South to Midwest plants for processing.

Cheese prices weren't the only ones affected by increasing milk production. Butter prices dropped below support levels and increased volumes were being offered to the Commodity Credit Corporation.

Non-fat dry powder, for the first time this year, was purchased by the CCC during the first week of May. Since then, nearly three million pounds has been offered for sale.

### Enjoy It Now

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The M-W made another record high for the month, and this higher price will be feeding into your milk check for the next two months. In fact, the higher milk prices you've had so far this year are part of the reason for the increased production.

However, production increases may not be finished yet — the upper Midwest hasn't kicked in yet with a new forage crop that will bring production increases in that region.

In Federal Order markets in Pennsylvania, April-milk farm prices will be increased by \$1 to \$1.37 over last year's price, and it can be expected to climb further in May.

As in other years, how well you fare the rest of the year may well depend on the kindness of the weatherman.

It will be difficult to endure crop losses on top of lower milk prices, so spending must be kept to a minimum, until you know.

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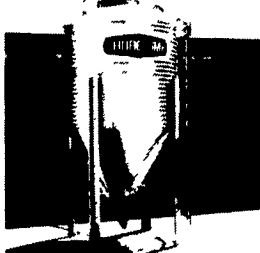
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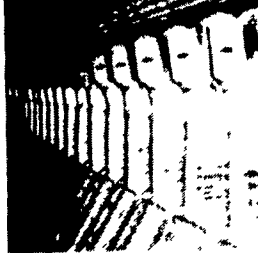
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