

WASHINGTON'S BILLION-DOLLAR SECRET: The Tree Fruit Producers Who Help Grow Our Economy

Apples, cherries, and pears aren't the only things the state's tree fruit growers produce. They're also cultivating billions of dollars worth of jobs and income just when our state needs all the economic help it can get. A new study shows that the industry generates nearly \$6 billion and more than 140,000 jobs for the Northwest economy each year.

Washington's tree-fruit growers¹ are generating more than first-rate food for our state, the nation, and the world. *The state's tree-fruit industry also produces nearly \$6 billion in economic value and more than 140,000 jobs for Washington families.*

Let's put that in perspective. The tree fruit industry has a greater impact on the state's economy than biotechnology, which employs about 19,300 Washingtonians and generates an estimated \$1.8 billion in revenues. Producers of tree fruit employ more people than Microsoft (28,000). And while the tree fruit industry is generating thousand of jobs in Washington State each year, about 80 percent of large Washington companies are sending work overseas, according to a recent report by Seattle University. That makes every job created here at home more precious.

The tree-fruit industry — production, packing, shipping, marketing, and export — is big business. It supports thousands of families, schools, and small businesses. It's important for public policy makers to understand this complex industry so that they know how their decisions will affect the state's economy. Yet very little information about this \$6 billion economic engine ever comes before state economists, agency rule-makers, and legislators.

That's why the Washington Tree Fruit Research Commission and the Washington State Horticultural Association commissioned a study to determine what the contribution of the tree fruit

industry to the regional and national economies actually is. Agricultural economist Dr. William S. Jensen conducted this study using data from the state Employment Security Department and the Internet, and data derived directly from the industry.

The study treated all fruit as either fresh packed or processed (juice, canned, frozen, etc.). The industry also sells fruit at roadside stands or weekend markets. However, that economic activity is not reflected in this study. Tourism and direct marketing, if included, would increase the final economic values of this study.

A bit to the tree-fruit industry is a bit on every family from the Canadian border to Oregon.

The tree fruit industry's impact on the state's economy is bigger than anyone expected. Over all, the boost to the state's economy is nearly \$6 billion. Every aspect of the industry grows the state and local economies:

- Direct and indirect purchases by business sectors comes to \$600 million,
- Total household income of owners and employees totals \$1.4 billion, and
- Business sectors impacted by household expenditures amounts to \$870 million.

The industry is even more vital to people who live and work in central Washington. In the Yakima Valley Region the economic impact is more than \$2 billion. In the greater Wenatchee area, it's \$1.5 billion. And in the Columbia Basin, the economic boost is over \$800 million. The tree fruit industry truly is the Boeing or Microsoft for families in these communities.

¹ Washington state producers grow a diverse crop of tree fruit, including apples, cherries, pears, apricots, peaches, nectarines, plums, and prunes.

Its 150-year history defines the culture of the region. A hit to the tree-fruit industry is a hit on every family from the Canadian border to Oregon.

The estimated annual employment associated with orchard economics? More than 142,000 jobs. Despite misconceptions to the contrary, these are not minimum wage jobs. Employment Security conducted a special survey in fall 2000 to determine wage rates just for apple harvesters.

Most people know the tree fruit industry employs orchard workers whose hourly rates for apples range from \$7.50 to \$12.88 per hour. But the industry also supports advertisers, trade export analysts, computer programmers, accountants, and graphic designers whose salaries are much higher. These taxpayers support schools and fire districts. Their volunteer time makes churches and hospitals run.

What does this mean for Washington policy-makers? *It means that no fiscal or policy rule or law is truly ready for adoption until policymakers consider its impact upon the tree fruit industry.*

The Legislature would not consider changes to the tax code, transportation rules, or environmental standards without first considering their effect upon economic engines like Boeing and Microsoft. Neither should policymakers adopt new laws and rules without considering their impact upon an industry that is the state's second largest employer and among the top ten revenue generators.

The economic power of the tree fruit industry reaches beyond the borders of central Washington counties and the state itself. It's a local industry that markets a high-quality product to people in virtually every corner of the world. It bolsters state trade at our sea- and airports. It combines the care and personal attention of centuries-old farming, with high-tech science like near infrared and remote sensing technology. In short, hard work, innovation, and strong leadership have made the tree-fruit business a world-class industry that produces jobs and income the state just can't do without.

The Researcher and the Research

Dr. William S. Jensen is a Professor Emeritus at the Lewis & Clark College of Business & Economics. Jensen has conducted numerous economic studies, including market and performance analysis for U.S. and foreign agriculture and fisheries industries.

The study analyzed the interdependence Washington's economic sectors by viewing tree fruit both as a commodity for consumption and as a factor in the production of itself and other goods.

Any commodity — whether it's airplanes, computers, or apples — supports other businesses, from the local grocery and department stores, to businesses that supply their industry with unique technology.

Jensen's study considered three aspects of this so-called "multiplier effect":

- 1.) The direct effect, changes in purchases due to the initial change in economic activity;
- 2.) The indirect effect, the change in the purchases of suppliers; and
- 3.) The induced effect, the change in consumer spending resulting from by the changes in labor income resulting from the direct and indirect effects of the economic activity.

Please find the full text of Dr. Jensen's report at www.wahort.org.