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Agriculture provides positive employment base, says report

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"Be wary of conventional wisdom."

So began Dr. Steven Hughes, addressing attendees at a recent Modesto breakfast presentation focusing on economic trends. He noted that too often people take oft-repeated statements as self-evident truths -- among these that the Central Valley's high unemployment rate is a consequence of its agricultural-based economy.

This, according to Dr. Hughes, a member of California State University, Stanislaus' Center for Public Policy Studies (CPPS), "invariably leads to one or both of the following conclusions: agriculture and food processing cause high unemployment, and/or agriculture is a barrier to job diversity."

However, CPPS research suggests otherwise.

According to Center studies, workers in retail trades and lower-end service jobs comprise the largest groups of the unemployed. These individuals tend to be relatively unskilled and poorly paid, and they often work part-time.

In contrast, agricultural and food processing employees work seasonally, plan to return to their jobs and, in the case of manufacturing, have higher earnings than a majority of workers.

The problem, notes the CPPS, is that the work patterns of these groups are not well captured in unemployment statistics.

These facts, which first surfaced in two publications issued by the Center -- Critical Links and Strategic Choices -- are still important today, as explained in an updated summary.

The CPPS research also shows that over the past two decades, job growth has been disproportionately driven by increases in area population. As a consequence, employment in retail trade and services in Stanislaus County increased to more than 40 percent of the

total, while during the same period, the share of all jobs in agricultural-related activities declined, and the number of seasonal positions remained static. Yet, the local unemployment situation since 1980 actually worsened.

The CPPS' summary report demonstrates that the relatively high unemployment rates are due principally to greater concentrations of low skilled workers and jobs -- not agriculture.

"In fact, industries in the region's agricultural cluster enhance the area's economic performance," says the report. "Their exports attract outside dollars which ripple through the economy and, in the process, generate local income and jobs for literally thousands of workers.

"To assume that this highly productive cluster is a roadblock to economic development is to grossly understate both its beneficial effects and the extent to which it has improved labor productivity through capital investment and the introduction of new technologies.

"What this means is that the region can diversify its economy by building upon its agricultural assets at the same time that it pursues other avenues of economic opportunity."

The May 29 presentation, held at Del Rio Country Club, was sponsored by CPPS and Wells Fargo Bank. Gary Schlossberg, vice president and senior economist for Wells Capital Management, was the featured speaker for the event, addressing the economic trends and challenges facing California and the nation.

Dr. Hughes also emphasized the importance of being wary of simple solutions to complex problems.

"There are no quick fixes that somehow will magically transform the region or take care of the employment and human resources issues facing it," he said.

He noted that the studies point out how today's economy often demands skilled workers and relies on knowledge as a source of value, and that this job-skills gap in the northern San Joaquin Valley combined with the jobs-housing imbalance could be a significant barrier to major economic growth.

"For the region to be competitive in this type of economy," said Smith, "it must first address the 21st Century human capital challenges."

He noted that both San Joaquin and Stanislaus counties are actively working to attract employers and that San Joaquin County has been particularly successful in achieving these goals.



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