

State Should Be Processing Food It Grows

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The term "agri-business" generally is used to describe the production of food all the way from the farm to the consumer.

For discussion, let's define the production of food on the farm as "agriculture" and the remainder of the food delivery system as "agri-business." We may quickly realize that our agri-business is falling far short of its potential as a producer of new wealth.

The U.S. Department of Agriculture has just reported that the farm value share of the retail cost of a representative market basket of foods has dropped, due to lower farm prices.

Currently, agriculture gets 36 cents for production and agri-business gets 64 cents for transporting, processing, wholesaling and retailing. Most of what Oklahoma grows is shipped out as raw materials, to be processed and marketed by others, presumably at a profit.

Take breakfast cere-

als, which are not manufactured in this big wheat state. A 12-ounce box retails for \$1.03. Disregarding waste, by-products and other ingredients, we may figure that a 60-lb. bushel of wheat, now worth \$3.75 per bushel, ought to yield 80 boxes retailing for \$82.40.

Look at wheat another way. One bushel will yield flour for 146 one-pound loaves of bread. Our estimated 1981 crop of 197 million bushels is worth \$738 million at \$3.75 per bushel. If all were made into bread, it would yield 28 billion loaves worth \$15.4 billion at 55 cents per loaf. We make little flour and import a lot of bread.

Consider peanuts. Last fall the state's short crop sold for around 32 cents per pound. If it takes four pounds of peanuts to make 2½ pounds of peanut butter, growers

got \$1.28 for that amount. They could get more right now, but few have any peanuts to sell.

On the writer's pantry shelf is a 2½-lb. jar of peanut butter, processed in another state, that costs \$4.65, more than three times what an Oklahoma peanut grower received for four pounds of peanuts.

An ordinary man's shirt might contain a couple of ounces of lint cotton. Prices vary widely but \$12 seems to be near the middle. Cotton sells for 75 cents a pound. One pound of it might make eight shirts worth a total of \$96 retail. Because our cotton crop is shipped out as raw materials, Oklahoma doesn't get this agri-business.

Oklahoma has about 5.5 million cattle and calves, twice as much as there are people. We had only 325,000 cattle and calves on feed at the latest report. Last year only 535,000 were slaughtered in the state. Somebody else somewhere else fat-

tened and slaughtered most of the cattle and calves that went to market from Oklahoma last year.

Steers currently are worth about 66 cents a pound on the hoof and at least twice that amount on the counter. We sell most of our beef at the lowest price per ton and let others reap the agri-business.

Cowhides are quoted at 52 cents a pound. A heavy, thick hide might bring \$20 or \$25. We export practically all of our hides, as do neighboring states. How many pairs of shoes may be manufactured from one hide by shoemakers in Europe and Asia, then sold in local stores for \$50 to \$100 per pair? That's agri-business we're losing.

Not all of Oklahoma's farm products are unprocessed. Hay is our second-largest crop and most of it is used here for feed, as are sorghum grain, corn and oats. Most of the milk produced here is processed and probably

consumed within the state.

We don't produce as many hogs as we eat and sheep have declined in numbers because of stray dogs and coyotes that kill and eat them.

There can be no question that if Oklahoma industries processed more of the crops and livestock our farmers produce, the state's agri-business would capture much more of the consumer's food dollar than the 36 cents now ascribed to cash farm income.

Instead, we export our oil and gas to operate food factories in other states. We export our educated young people to run plants elsewhere that process our Oklahoma-grown crops and livestock.

Why are people in other states so much smarter than we are when it comes to seeing the potential profits in agri-business and taking advantage of their opportunities?