



## **Alliance Presents Important Economic Study at D.C. EPA Workshop** ***Western irrigated agriculture creates annual economic benefit of \$128 billion***

(WASHINGTON, D.C. September 26, 2012) Irrigated agriculture is one of the largest job providers and economic engines in the Western United States, according to an [initial study](#) released by the Family Farm Alliance. For a region that spans the 17 Western states, the total household income impacts derived from the “Irrigated Agriculture Industry” – which is made up of direct irrigated crop production, agricultural services, and the food processing and packaging sectors – is estimated to be about ***\$128 billion*** annually.

At a day-long workshop in Washington, D.C. last week hosted by the U.S. Environmental Protection Agency (EPA) on the importance of water to the U.S. economy, the Alliance unveiled its report, which was prepared and presented at the workshop by Dr. Darryll Olsen, Ph. D, a resource economist with the Pacific Northwest Project (WASHINGTON).

“Now more than ever before, there is a demonstrated need to provide federal policy-makers with a better understanding of irrigated agriculture and perhaps underscore a prudent framework for considering the value of irrigated agriculture within the emerging needs and demands for fresh water supplies for the new West and the Nation,” said Dr. Olsen. “The significance of the economic contribution can only be told by examining the production value of irrigated agriculture and how this production value makes up the foundation of our state and regional economies.”

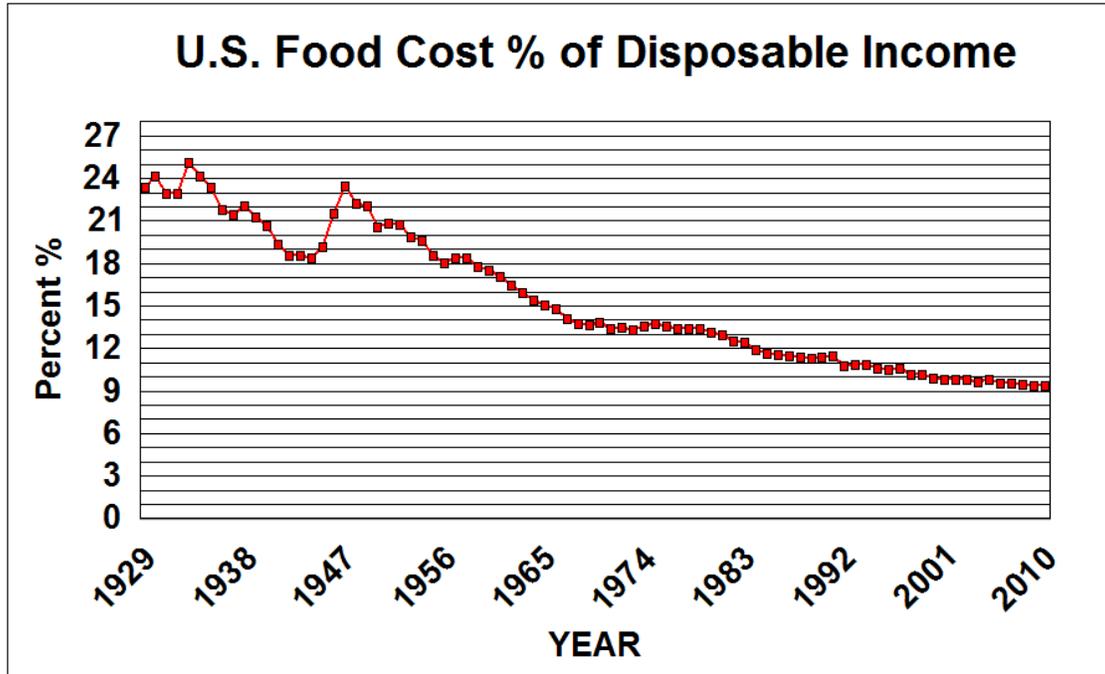
As part of its study on the importance of water to the U.S. economy, EPA last week convened a technical workshop to discuss the findings and implications of a background report they have prepared, and to solicit expert papers and presentations.

Olson and Alliance Executive Director Dan Keppen (OREGON) conveyed to workshop participants and EPA the Alliance’s belief that the number one issue for federal and state agricultural policy decision-makers should be to maintain America’s low-cost, 24-hours-a-day (every day) access to safe, high-quality food and fiber, made available in large part by Western irrigated agriculture.

The food security issue can be directly linked to general U.S. economic health, Dr. Olson told the 80 audience members invited to the workshop.

“The declining costs of U.S. household food purchases affecting discretionary income, over time, have contributed substantially to the national economy,” says Dr. Olson. “A significant portion of the U.S. consumer spending economy is driven by an availability of cheap food, allowing more household income to be devoted to consumer goods and services.”

No data set more clearly displays the impact of low-cost food supply to the consumer spending economy than the food cost relationship to U.S. disposable income reflected in a figure included in the Alliance report. During the Great Depression, roughly 25% of an American’s disposable income was spent on food. In 2011, that percentage had dropped to 6.7%, the lowest of any country in the world. In other countries, consumers spend much more of their disposable income on food, from 9.4% in the United Kingdom to 31.2% in Russia.



The Family Farm Alliance remains concerned that uncertainty and increased costs driven by federal water and natural resource regulations and related litigation are having a very real impact on the ability of Western farmers and ranchers to continue to produce safe and affordable food. Alliance representatives last week carried their message to Capitol Hill staffers and federal agency decision-makers.

“Food security should be better understood in terms of implications to the consumer spending economy,” said Keppen. “There are clearly foregone benefit impacts surrounding decisions affecting Western irrigated agriculture and the U.S. economy. This issue needs more careful thought and incorporation in water resource decision making.”

[Click here](#) for “The Economic Importance of Irrigated Agriculture”.

*The Family Farm Alliance represents family farmers, ranchers and allied interests in 17 states. Its members also include hundreds of other farm-related organizations, including irrigation districts, commodity associations, private water companies, consulting firms, law firms, and farm implement dealers.*

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## **The Economic Importance of Western Irrigated Agriculture, Water Values, Analysis Methods, and Resource Management Decisions**

### **Key Summary Points**

- In 2010, the total production (farm gate) value for the seventeen states comprising the Western U.S. region is about \$162 billion; about ***\$103 billion*** tied to irrigated agriculture.
- The total estimated irrigated acres for the Western U.S. states are currently about 42 million (production agriculture of some form, including pasture and harvested crops).
- Within the larger economy, the ***“Irrigated Agriculture Industry”*** predominantly consists of three major sectors: agricultural production, agricultural services, and the food processing (sectors).
- For the Western U.S. region, the annual direct household income derived from the Irrigated Agriculture Industry is estimated to be about \$52 billion. Taking into account the total direct, indirect, and induced impacts, the total household income impacts are estimated to be about ***\$128 billion annually***.
- The direct net benefits provided by irrigated agriculture represent the ***opportunity costs*** of economic tradeoffs made in water resources allocation decisions. Opportunity costs are the values (benefits) of what you give up to pursue some other alternative.
- There are other “opportunity costs” for decision makers to consider, when taking into account broader economic implications from Western irrigated agriculture. This might be termed the ***“silent opportunity costs”*** inherent to changes to Western irrigated agriculture that are reflected as ***changes to the consumer spending economy***.
- ***Food security impacts*** can be understood as the direct and indirect linkages to the economy derived from a low-cost food supply, making available large blocks of disposal income to the consumer spending economy; and the availability of high-quality food sources provided by Western irrigated agriculture.
- Recognize that there are ***“silent opportunity costs,” or foregone benefit impacts surrounding decisions affecting Western irrigated agriculture and the U.S. economy.***