

MAINE STATE LEGISLATURE

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AGRICULTURAL DEVELOPMENT: A GOOD INVESTMENT

REPORT OF THE
COMMISSIONER OF AGRICULTURE
STEWART N. SMITH

TO THE SECOND REGULAR SESSION
109TH MAINE STATE LEGISLATURE

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AGRICULTURAL DEVELOPMENT: A GOOD INVESTMENT

Five years ago, in enacting PL 1975, chapter 584, the Maine State Legislature directed the Commissioner of Agriculture to report annually "with respect to methods of stimulating and encouraging the growth and modernization of agricultural enterprises in the State."

This is my first such report as Commissioner. I take your charge seriously.

Farming is very important to me. It is also important to all of the people of Maine. It is important to the State's economy and to our way of life. The industry's contribution to the State's economy is close to one and a quarter billion dollars annually of which in 1978 \$410.4 million represented direct income to more than 7,500 farm families, employing 10,000 farm workers. For thousands more individuals, farming generates off-farm related employment in processing, transportation and agri-service industries. In 1977 only pulp and paper stood ahead of food production and processing among the State's production industries.

Still, as many of you are aware, Maine agriculture faces a number of critical problems. The potato industry has been declining for two decades. Cultural practices have led to soil erosion and poor potato quality, and an antiquated marketing system has failed to keep Maine competitive with other production areas. The poultry industry is experiencing serious problems. One major processing plant is close to bankruptcy. Others are making investments outside

the State. The transportation of farm supplies and products is inadequate, and the State suffers a serious disparity in feed grain rail rates relative to our competitors. Necessary financing for entrance into farming and for maintenance of current operations may often be unavailable.

Still, I am not engulfed by these conditions. I believe that together we can turn the tide which seems to threaten us. I believe we can and must develop programs to stimulate and modernize Maine agriculture.

But a turn-around will not "just happen." Specific strategies must be devised, organized and implemented. The past has shown us that without a conscious awareness of where we want to go we will simply drift backward. Without a strategy and the will to make it work, there will be no significant change for the better. The Governor's bill, An Act Relating to Agricultural Development, which is now before you, is such a strategy. It arises from the conviction that the time has arrived for the State to commit, not just its rhetoric, but its support and its financial and personnel resources to Maine's agricultural and rural communities. It is time for the State to assume its proper role in agricultural policy and activity.

There are legitimate needs in Maine's rural communities which are not now being met. The Department of Agriculture can and should initiate and coordinate activities which will enable individuals to better organize and develop their own resources.

Many of you have heard me say 1980 must be the year of agriculture in Maine.

This year, therefore, you are being asked to commit additional resources to develop agricultural production, to implement the

recommendations of the Sheep Task Force, to build upon the priorities of the Aroostook Blueprint and proposals of the Loring Re-adjustment Committee, to achieve a breakthrough in feed grain transportation rates, to build a livestock industry and to increase our vegetable production by establishing storage and marketing co-ops. All of these require resources which, when in place, will be the catalysts for an expansion of agricultural production in Maine.

This year you are being asked to help open up important marketing opportunities for Maine products. We must re-evaluate marketing structures to develop a new marketing system for Maine potatoes, re-establish quality as the hallmark of Maine products, and stimulate more direct marketing activities. Again, when coordinated leadership and assistance are available we will begin to reclaim old markets and create new ones.

This year you are being asked to integrate Maine's interest in rural resources into the State's agricultural policy, and provide resources to address such issues as farmland preservation, financing of agricultural enterprises, cooperative storage and marketing structures, labor, energy and small scale farming. Very little attention has been given in the past to these vital ingredients in our farming enterprises. The viability of our agricultural and rural resources depends on your response and help this year.

Finally, you are being asked this year to authorize the consolidation and streamlining of our public service responsibilities.

If the Governor's agricultural development bill is enacted we will be able to assist Maine's agricultural community in significant ways.

We will be able to assign a competent person to work directly with those who want to increase their sheep and wool production, and to provide direction and stimulation in making sheep production a viable industry once more.

We will be able to do the field work necessary to help bring about centralized packing and storage in the potato industry.

We will be able to make a major contribution to developing the alternative transportation system the poultry industry must have in order to remain economically stable.

We will be able to help move Aroostook back into a crop rotation system with an opportunity for redeveloping a livestock industry.

We will be able to stimulate and coordinate projects for integrated pest management to serve the needs of our apple and blueberry growers, indeed of all of our farmers.

We will be able to develop specific activity in the Department in farmer-to-consumer direct marketing of farm products, and have a direct marketing specialist on board.

We will be able to put together and implement a comprehensive marketing strategy in cooperation with all segments of Maine agriculture, including a "buy Maine" and a Maine "seal of quality" program.

We will be able to study and develop long-term options for farmland preservation with a new staff position in the Soil and Water Conservation Commission.

What does the State get from this investment?

There is no doubt in my mind that the new resources we seek to provide will generate far more to the farm economy than their cost

to the State of Maine. For instance, an improved potato marketing system will mean, to many farmers, an added 25 to 30 cents a hundred-weight. But if it were only a nickel it would justify the entire additional investment of State resources.

Early analysis indicates an improved feed grain transportation system could save the livestock and poultry industry \$5 to \$8 per ton. A reduction of only \$1.20 a ton in such costs would justify the entire additional State investment.

We anticipate a 20 percent increase in livestock production. It would require less than a 1 percent increase to justify the entire additional State investment.

It would require only part of any one of the above activities to return in full the State's investment in the Agricultural Development Act.

When we calculate cost-benefit ratios, investment in agriculture is a sound investment. In reporting to you I have necessarily reported our needs. The Governor's bill for agricultural development is itself a tangible program for stimulating the growth and modernization of agricultural enterprises in Maine.

I look forward to working with you. With your support I will be able to present tangible progress when I report again in 1981.