

Economies of Scale in the Operation of Florida Citrus Packinghouses

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INTRODUCTION

THE ROLE OF CITRUS IN THE FLORIDA ECONOMY

Citrus is the largest single agricultural enterprise in Florida. As an industry it accounts for approximately 35 to 40 percent of the state's cash farm income. The cash farm receipts of the 1956-57 citrus crop were roughly 221 million dollars. Total cash receipts from farm marketings for 1957 were approximately 636 million dollars.

In addition to the income received by the growers, the fresh fruit packinghouses incurred additional cost estimated at \$43,649,000 for factors of production. These costs included \$18,833,000 for packing materials, such as boxes, bags and liners; \$10,924,000 for wages; and \$4,402,000 for salaries and selling expenses; \$2,466,000 for direct costs, such as power, light, water and repairs; \$1,606,000 for indirect costs, such as taxes, insurance and depreciation; and \$5,417,000 for other costs, such as inspection and advertising.²

PURPOSE OF STUDY

The general purpose of packinghouse studies is to provide information to aid in increasing efficiencies and thereby reducing costs. This may involve (1) an analysis of the relative efficiencies of the different work methods, (2) the development of new technologies and analysis of their effect upon costs and (3) a study of the economies that may be associated with scale of operation.

Determining the most economical organization of a fresh fruit packinghouse involves studying a combination of the problems involved in picking, transporting to the packinghouse, pre-

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² Estimated from a sample of 43 Florida fresh citrus fruit packinghouses.