EXTENSION ECONOMISTS IN A CHANGING AGRICULTURE

CHAIRMAN: LEON CAROIAN, OREGON STATE UNIVERSITY

Report of the Session

In order to channel discussion into manageable segments, Dr. Caroian asked four men to make brief, challenging statements on several aspects of this situation. Each was followed by a period of discussion on that phase of the extension economists' problems. This summary includes very brief condensations of the four statements and an indication of some of the points covered in the discussion.

Structural Changes in Farm Enterprises, by Frederick A. Hughes, farm management specialist, Pennsylvania State University.

There have been more structural changes in agriculture over the past 25 years than in any other period in our history. Extension workers must understand these changes and their implications in order to develop effective future educational programs.

The changes which will have the greatest impact on our educational programs can be classified into five categories:

1. The marked reduction in the number of farms, the associated increase in size of farms, and the concentration of farming in the hands of fewer but more capable managers. The decline of 2.3 million farms was mostly among those with less than $2,500 in sales. Average size increased by 104 acres. Farms grossing over $10,000 increased from 5 to 30 percent of all farms and from 39 to 70 percent of farm marketings. The total output of agriculture has increased more than 60 percent, while total inputs have remained relatively constant. Output per man-hour has increased 325 percent in the 25 years.

2. The tremendous change in the input mix in farming, characterized largely by the substitution of capital items for labor and by an increasing dependency upon sources outside agriculture for capital and other inputs. The composition of inputs changed drastically, as farm wage rates increased faster than prices of other inputs, and machinery and other capital-using inputs were substituted for labor. Total capital in agriculture has increased 370 percent in the past 25 years, while capital per farm has increased 700 percent.

3. The marked reduction in farm population and the farm labor force. The total hours of labor in agriculture decreased by 60 percent. Because of the increased size of farms, the hours of labor per farm decreased only 34 percent.
4. The apparent lag in farm income per worker compared to other sectors of the economy, in spite of an increase in total net farm income. Even though net income per farm has shown a steady increase over the 25-year period, disposable income per capita of farm population has not kept pace with that of the nonfarm population.

5. The trend to increasing specialization in agriculture, with the accompanying problems of risk, integration, and capital accumulation.

Discussion brought out these points: Recently there have been more 2-man farms, but there is little indication of an increase in very large farms. Farmers are committing themselves for much capital and sacrificing family income; perhaps they place too high a value on land ownership. We in Extension must not get so busy with the best operators that we are open to criticism for overlooking a large and needy clientele.

The Nature of Changes in Marketing, by Olan D. Forker, associate professor of agricultural economics, Cornell University.

Marketing firms are getting larger and more diverse and entail larger investments. Emphasis is on consolidation, merger, and increased efficiency at the firm level. But to me the more important changes at the firm level are these:

1. The activities of the large, successful, and growing agricultural marketing firms are becoming more market-oriented. Less attention is given to identification along commodity lines or along specific processes or activities. Growth and profits of individual firms are dependent on the firm's ability to develop and hold markets.

2. Most of the management and technical leaders of the marketing firms are professional people, highly skilled in their particular field. In many cases, the expertise of the modern agricultural marketing man is above that of his counterpart in the Agricultural Extension Service.

3. Problems of an agricultural marketing firm no longer fall neatly into commodity groupings. They are often complex, cutting across commodity lines. The resources necessary for a solution may involve the talents of several disciplines or areas of specialization.

Here are a few changes at the macro level which influence the role of extension economists in marketing:

1. The greater degree of concentration will result in a higher degree of secrecy and will make more obvious the conflicts of interest involved in particular problems.

2. Through integration and reorganization of the marketing channels, the process of price determination is becoming more complex and perhaps more inefficient.

3. Cooperatives are becoming more active in developing and attempting to hold markets. Some control large shares of local markets.
4. Labor is an increasing factor in influencing efficiency and in determining market shares, price levels, and margins.

5. The market orientation of individual firms is bringing about changes in procurement methods.

6. Group action in selling arrangements is now in effect in some areas and will be attempted in other areas.

Discussion brought out these points: An extension marketing specialist working with both farmers and a marketing firm must be extremely careful not to appear to align himself with either side. He must be competent; he cannot work in a specialized field with mediocre qualifications. He should keep in touch with research by commercial firms. Some firms hesitate to hire agricultural economists because of a feeling that they do take sides.

Implications for Extension Programs, by Raymond O. P. Farrish, associate professor of agricultural economics, University of Connecticut.

Changes in agricultural production and marketing are of two broad types. First, farms and marketing firms are becoming larger and more market-oriented. This increases the range of subject-matter areas in which Extension is called upon for assistance. It also increases the probability of Extension's being asked for assistance in activities contrary to the public interest. Second, farms and marketing firms are becoming more complex and sophisticated, thereby increasing the need for highly specialized work in extension.

A change in educational climate also has a bearing on the outlook for extension programs. This involves at least three factors: (1) the increasing use by industry of an educational approach to sales and service, (2) the significant increase in government aid to education and the associated growth of extension work by other institutions and other parts of the land-grant university, and (3) the growing number of educational institutions in the various states which are giving local people easy access to many types of information.

Thus, there are demands for a wider variety of services and more specialized services, but there is a high probability of increased competition by private and public agencies entering the educational field.

I believe that the optimum blend of extension programs in the foreseeable future will be in the direction of greater specialization, concentration, and depth in selected subjects; at the same time, they will retain a minimum educational capability over a wide range of subject-matter areas. The problem of attaining this optimum program mix will require establishment of priorities at the state and federal levels.

Discussion brought out these points: Working on a regional basis might be more effective for some extension activities than to be confined to state
lines. Several Midwestern states have joint marketing plans and some Southern states are thinking of joint employment of a specialist. Three Western states are considering a cooperative corporation, financed by the universities, which would hire and supervise specialists to cover the whole area. However, the basic objectives must be carefully studied before seeking a specialist for several states.

Implications for Organizing and Staffing, by D. Upton Livermore, project leader, Extension Economics, Virginia Polytechnic Institute.

Our 50 relatively independent state cooperative extension services are concerned with just about every facet of family, community, and business affairs, and in an astonishing amount of detail. As society changes, they must reshuffle and upgrade their personnel resources to meet the new needs of a more highly educated clientele, a clientele which is busily engaged in a dynamic and rapidly developing society. The state cooperative extension services are demonstrating a responsiveness to the need for organizational change that is every bit as dynamic as that of the society which they serve with educational programs.

Urgent and substantial progress is being made in upgrading the competencies of extension workers through recruitment, advanced academic study, and in-service training.

Every state cooperative extension service is different from every other, within a broad framework of law, educational objectives, and general organization. We are not concerned here with these differences among states. We are concerned with whether a given state is changing and adjusting to meet the demands of a changing industry of agriculture and the implications of this for extension economists.

Mr. Livermore then explained, with the assistance of visual aids, the changes in organization and staffing that are in process or contemplated at Virginia Polytechnic Institute.

While much of the discussion related to the illustration presented, these further points were brought out: There is much difference in opinion and policy among states regarding the employment of personnel jointly on extension, research, and teaching. Reapportionment of state legislatures may greatly alter the attitude toward Extension, change its potentials, and involve a new emphasis in subject matter.

The participants agreed that this type of a session was well worth repeating at other annual meetings of the Association. A time other than the last morning would likely result in better attendance. Some who had long distances to drive felt it necessary to leave early.

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