ROLE OF LAND-GRANT COLLEGES IN SUCCESS AND/OR FAILURE OF BARGAINING POWER PROPOSALS

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In previous sessions of this seminar, papers have examined the principles of monopoly and the economics of influencing terms of trade and conditions of sale in product and factor markets. These papers have provided a point of departure for discussing the probabilities of success or failure by food producers in reaping gains from bargaining power. Some will say we pass now from scientific objectivity to conjecture. Even so, the probability of success is fully as important as the size of the gains if success is obtained.

Paulsen and Kaldor rightly state that there is no scientific way to say what price targets ought to be; that these are related to the distribution of income and the rate of real income growth. One's position on income distribution and growth is based on goals and values. Therefore, people find themselves in conflict and disagreement. Reasonable people can reasonably disagree on these issues.

Whether proposals to improve the bargaining power of producers ought to fail or to succeed is a controversial issue. The determination of this issue can be influenced as much or more by the side effects outside agriculture as by the gains to producers.

The Issues

The exercise of bargaining power probably would involve a reduction in supplies and an increase in prices. The issues can be posed in terms of gains and losses as viewed by producers, consumers, and society as a whole. Each would gain or lose freedom of individual decision, and overall real income. Each voter, each group, and society as a whole must decide whether granting bargaining power to producers would increase or decrease his sense of well-being.

1. The producer probably would gain income stability and/or higher real income through the exercise of bargaining power. However, he would have to give up some freedom to choose (1) what to produce and (2) how much to produce. The main issues are: (1) To what degree is the individual producer willing to vest the power of these decisions in a central authority? (2) Is the gain in producer income and stability worth the loss in freedom to him?

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2. The consumer would pay a higher price for relatively less agricultural commodities. Alternatively, consumers, as is the case now, could have relatively abundant and cheap farm products and pay through taxes to support farm income. If we assume farm income is to be supported in any case, the choices are (1) between providing this income by taxes or by higher food prices and (2) between abundant food and less abundant food.

3. Society as a whole is concerned with the desirability of concentrating power to regulate the supply of a basic necessity of life such as food. Is it desirable to vest this important power in the hands of minority interests, or is this power safe only when in the hands of people acting through their government? Or is the society better off to avoid any concentration of the decisions affecting the supply of food?

4. The well-being of society is also affected by how the economic system grows and reallocates resources. Will improved methods of production still be rapidly discovered and adopted? Would resources move quickly to more productive, less wasteful uses? And finally does society feel that higher returns for producers of food are justified? Would society be better off if farm people received a return on their capital and labor closer to those levels achieved outside farming?

All the above issues are of public concern. They affect the position of individuals, groups, and society as a whole with respect to granting monopoly power to agriculture producers. In a democracy, the conflicting interests and positions of parts of society will be represented and the issue decided through the political process. The issues are dealt with either by action or inaction according to the beliefs of the people. These beliefs are influenced by the level of understanding the people possess concerning the problem situation, their goals, and the environment in which the problems must be solved. All public decisions, but especially complex decisions, have special implications for education.

The Role of Land-Grant Colleges

It is the business of the land-grant institutions to find and interpret relevant data pertaining to the developmental needs of the society it serves. On matters of public concern, especially on crucial public problems, the colleges can define the issues, clarify goals, and project the consequences of alternative responses. These are the essential ingredients of decisions by a free people. Rational and informed consideration of all of them by the voters enables a democracy to reach enlightened decisions. Educational service permits the people to arrive at decisions faster, make fewer mistakes, and limit the number of important problems that go neglected.

The problem that plagues educators in the land-grant institutions, and especially extension workers, is that the bargaining power issue contains conflicts of interest between the producing segment--the sellers--and the
consuming segment—the buyers. Educators are fearful of being counted on the wrong side when looking for constituency support to maintain their service. When the society needed rapid agricultural development to stimulate economic growth, the educators were on safe ground. Extension could be an end-of-the-line agency purveying the results of research to the users of new technology. Most research output was production technology, and Extension found this needed and popular. This process did not require much in program design because the research decisions were made outside the Extension organization. Many still cling to this notion today. The administrator of the Federal Extension Service, as recently as April 1, 1961, in discussing Extension's educational role, emphasized that, "Extension is the only organization delegated to work side-by-side with Federal and State research agencies—with responsibility to interpret, translate, and disseminate the results of this research to the people."  

Thus Extension has been the link which translated research into increased agricultural production. However, the value to producers of additional production capacity has been eroding away. In fact, the major income benefits of the educational and research effort have accrued more to the consumer than to the producers. These farm people are the ones the agricultural colleges look to for support, though they are becoming proportionately less influential in deciding the public's level of support for research and education. At the same time, non-agricultural leaders seek research and education on problems of economic and social growth. The institution is not sure whom it ought to serve.

With difficulty, land-grant institutions are establishing themselves as responsible to the objective interests of the society as a whole. Thus, we find the land-grant institutions in a state of transition, uncertainty, and confusion. The challenge and opportunity remains for the land-grant institutions to make an educational contribution to the whole of society in the areas of greatest need. Of particular need are solutions to problems which hang over both farmer and nonfarmer. With respect to bargaining power, land-grant institutions could identify and explain the basis of the conflict of interests. They could interpret the issues and make projections and forecasts of possible alternatives. For example, they could help co-ops, producer groups, commodity associations, and marketing firms to better understand market demands, quality control, and consumer preferences. They could help consumers and agribusiness firms understand the nature of agricultural supply, components of costs of food, and the farm income situation. From such knowledge and through adaptation and compromise, they could reach a decision about increasing bargaining power and also about the volume, character, and quality of supplies and the level of income for agriculture.

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Estimate of Land-Grant College Readiness and Capacity to Deal with Issues

Let us look at several conditions that are essential to the success of gaining bargaining power for producers. Keeping these in mind, we can then estimate the capacity of the land-grant colleges to help.

1. Producers have to agree on who is to be the bargaining agent.

2. The bargaining agent must also meet with the approval of the consumer.

3. The terms of trade (essentially price targets) have to be decided. How and by whom these are decided is also an issue.

4. The use of excess resources must be decided, since their use influences economic wealth and growth.

5. Black marketing must be avoided.

These conditions show how essential is a fairly general public understanding if satisfactory decisions are to be achieved. It seems essential that the explanation of such information as direct effects, side effects, long-run and short-run consequences, and implications of the bargaining power proposals be consistent from state to state. At present, there is no adequate system within the land-grant colleges for providing consistent intelligence to the several states. Neither is there such an organization outside the system.

An example will serve to emphasize the difficulty of providing consistent, nationwide information. The Secretary of Agriculture feels that under the omnibus farm bill, "It would be the responsibility of the Secretary of Agriculture to consider the...potential effects on our economy as a whole and the national welfare..." (i.e., of farm program proposals.) It is doubtful that the same interpretation would be made by some farm organizations or by workers, for example, in the land-grant colleges in the New England States. These states have a parochial view of agriculture, as do states in our area. They define their area as a deficit production area (not producing surpluses), and they favor low feed-grain prices. They believe such prices will improve the competitive position of their broiler factories and dairy farms. Other areas also have views out of perspective with the industry as a whole.

Conclusion

The land-grant college system in the immediate future can make but a limited contribution to improvement in the understanding of society of the

3 Address, Secretary Orville L. Freeman, National Press Club, Washington, D. C., April 17, 1961.
situation and alternatives in bargaining power. It will, therefore, not contribute very much to the resolution of the issues on either side.

These institutions are not in this position by choice. Some have made viable educational efforts and most have the desire to do so. What is lacking is a system for providing a consistent and constant stream of intelligence data, accurately interpreted in terms of the essential problems to which the society must respond. It is not likely that enough institutions will work together to get a large degree of national understanding. Without this clarity and total perspective it will be difficult to have effective educational program alternatives conceived, programmed, and carried out.

Some work will be done, but its scope will be limited. Society may, in addition, acquire a measure of understanding from other sources, especially from commodity groups. This understanding may be biased in the direction of the self-interest of the commodity group leaders, but society has in the past moved to decisions with this kind of information. Whether these decisions are good or bad depends on your point of view.

Summary

The issues related to bargaining power are such that the interests of producers and consumers are in conflict. For these conflicts to be reconciled in the national interest, the public and producer groups must understand the situation. Conceivably, the land-grant institutions could perform this educational function. To do so they would need additional research; even more important, the findings would have to be interpreted in terms of the ultimate goal—the general national welfare. But the land-grant college system has no adequate internal mechanism for developing such interpretations. Nor does it, as the logical next step, have a process for developing alternative educational program systems to make a viable national educational effort. Therefore, it is not likely in the immediate future that an adequate and coordinated national educational effort will be mounted. The land-grant college system will not make its optimum contribution to the resolution of problems arising out of attempts of producer groups to gain bargaining power.