NON-FARM DIRECTED EXTENSION

by C.B. Ratchford*

I. Introduction

It is clear from the "base" papers and the program agenda that this paper should be directed to the role of university extension with business firms directly associated with agriculture, which in modern day agricultural college terminology are called agri-business. For the purpose of this paper such firms are defined as those supplying goods, and services to farmers for agricultural production and those firms involved in the many processes between the farmer and the consumer. Such firms represent a sizable share of the total economy. The value added by this industry is over $100 billion with the on-farm business firms adding only about $13 billion.

While this paper is directed primarily to such business firms, there is another dimension to non-agricultural extension with farm people that, from my point of view, must at least be mentioned. This refers to the educational needs of farm people which are unrelated to their vocation of farming. This point will be discussed briefly in the final section of this paper but the brevity with which it is handled should not be interpreted as an indication of its importance.

II. Extension Should Work With Non-Farm Agri-Business

There are at least three reasons why university extension has an obligation to work with agri-business.

A. Legal Mandate

The original Smith-Lever Act and all subsequent amendments have stressed that extension was to be concerned with subjects relating to agriculture and home economics with all the people -- not just farmers. There can be no denying that agri-business firms are related to agriculture. This concept was reinforced with the agricultural marketing act of 1946.

B. Operational Mandate

One of the primary and continuous responsibilities of the Cooperative Extension Service has been to disseminate new research findings of the experiment stations and of the USDA to farmers, businessmen, and consumers. In the current fiscal year, approximately $49 million is being spent by the USDA and by experiment stations for research primarily of concern to agri-business firms. In addition, billions are being spent by a number of fed-

*Dean and director, Cooperative Extension Service, Extension Division, University of Missouri
eral agencies on research that has some bearing on the day to day operations of agri-business firms. This research is producing results which, if incorporated widely by industry, could change the present level of efficiency and gross product added to the economy.¹ There is no question that the Cooperative Extension Service has a mandate to be active in dissemination of at least the research of the experiment stations and the USDA that is of use of agri-business.

C. Assisting Farmers

One of the missions of the Cooperative Extension Service has been to help farmers. This mission has been the main justification for appropriations and continues to be the primary stated mission of the majority of extension services and extension workers.²

With this as an objective there are several reasons why extension has no alternative to working with agri-business. First, the entire process of production processing, and distribution of food is a continuum which increasingly is highly interrelated. Vertical integration and contracting for marketing arrangements and for supplies and services intensify the continuum concept.

Inefficiency in any part of the non-farm agricultural continuum can defeat the purpose of extension work, either in terms of increased benefits to farmers or to consumers.

Second, much of the new technology must be made available to farmers via industry. New chemicals, semen for artificial insemination, and hybrid seed, to mention just a few examples, are purchased by farmers only through industrial production, promotion, and sales even though the basic technology might have been developed by a state experiment station or by the USDA. Extension, by working with industry on using new technology, can assure a more rapid availability and adoption of new technology.

Third, the performance and efficiency of the marketing system for farm products can vitally affect the future of the entire agricultural industry, particularly when non-farm produced substitutes are becoming increasingly available. Not only should the marketing system for farm products perform efficiently and reflect at least part of the benefits of efficiency to farmers and consumers, but also it must reflect consumer signals quickly and accurately. One of the major examples where the reflection of signals throughout the system has failed to a large extent is the consumer demand for lean pork, and this undoubtedly is affecting the demand and hence production possibilities and income from the production of pork.

Many more reasons why extension has an obligation to work with non-farm agricultural business could be given. The above should suffice, however, to establish the point.

¹One of the big national policy questions today is that of the desirability, of the need, and of the pinpointing of responsibility for disseminating research results from non-USDA-related projects.
²I grant there are reasons to question the validity of this assumption by interpretation of the extension laws and particularly in terms of results, because of the inelasticity of demand for farm products which has caused much of the benefits of efficiency to accrue to consumers. In spite of all arguments to the contrary, I still accept a basic mission of extension being to help farmers and will argue that it has and that it continues to do so immensely. Let us by-pass this argument, however, and simply assume that a basic purpose is to help farmers.
III. The Need and Desire of Agri-Business for Extension Assistance

"Need" is a relative term. By virtue of several comparisons, however, there is a definite need on the part of agri-business firms for educational assistance. For several years the U.S. Department of Commerce has promoted a concept of industrial extension. Several series of Congressional hearings, plus considerable back-up material prepared by the U.S. Department of Commerce, have demonstrated conclusively that the civilian segment of the American economy is lagging behind several of our major competitors in domestic and world markets in the adoption of new technology; namely, West Germany and Japan. In these comparisons, agri-business firms have shown no better than an average rate of performance. The implications of this situation for our national economy are obvious.

Another measure of need is actual performance in relation to potential. A number of studies by our colleagues in other universities and in the USDA have shown that, on the average, agri-business firms are not performing as efficiently as they could. One of the possible implications of this is that neither farmers nor consumers are benefiting as much as they could.

The expressed desire of agri-business firms for extension assistance varies widely, and is in almost direct ratio to their exposure to extension programs which help the industry to solve some of its problems. There are examples in several states where extension has worked for many years with almost every firm in a particular agri-business industry. These firms are not only strong supporters of the entire extension effort, but would vigorously fight any extension administrator who tried to stop or curtail the program with the industry. It is also easy to find states in which a particular industry feels that the total economy would be better served if extension work was abolished. Invariably, when a firm or an entire industry is in trouble in a particular section of the country, it alternately begs extension for help and blames it for its present condition. Also, agri-business firms which have not had close exposure to extension tend to feel that extension should serve as a sales force for their particular products, and if there should be a recommendation by extension which is interpreted as being detrimental to the firm's sales efforts, extension becomes the devil himself. Although this cannot be full documented, careful observation would indicate that the felt need on the part of agri-business and the actual use of agri-business of extension depends almost entirely on whether extension has directed, over a period of years, conscious efforts to assist that industry with its problems.

IV. Acceptance of Responsibility by Extension to Work with Agri-Business

In terms of policy, extension has unequivocally accepted the responsibility of serving agri-business firms. This was stated in the Scope Report and elaborated upon in "A Guide to Extension Programs of the Future." The unanimous acceptance of this responsibility by all extension administrators came some 12 years after serious efforts were made by some directors to secure this stand. It was the passage of the Agricultural Market-

ing Act in 1946 and its subsequent interpretations by the USDA that caused the Extension Committee on Organization and Policy to establish a marketing sub-committee in 1946. This sub-committee soon recognized that much of the marketing work must be done with agri-business firms. This sub-committee made a number of reports to its parent committee, but it was not until the acceptance of the Scope Report in 1958 that the Federal Administrator of Extension was in a position to assert to the Secretary of Agriculture to the Congress, and to the country that extension has accepted the responsibility of working with agri-business firms. While the Agricultural Marketing Act limited its funds to providing educational programs with marketing firms, it brought an acceptance at the same time by extension administrators of the responsibility to work with those business firms providing supplies and services to farmers.

Since 1958 the marketing sub-committee and ECOP have reiterated several times the intention of extension to provide educational programs to agri-business firms. In 1965 it is safe to say that extension administrators and most extension workers accept this responsibility.

As would be expected, the actual initiation of significant educational programs with agri-business firms has lagged behind the acceptance of policy statements to this effect. There have been a number of reasons for this lag, the primary one being the shortage of resources. Since widespread acceptance of the responsibility to work with agri-business firms, extension has been able to add few new positions, and most of the additions have been for earmarked programs, such as the safe use of chemicals program approved by the last Congress. Most extension administrators feel they have never had sufficient resources to adequately serve farmers and most farm organizations have agreed. They maintain that a substantial program with new clientele will require additional funds. In spite of limited additional funds and inadequate staffing for traditional programs, there has been a significant increase in extension manpower devoted to working with agri-business. The increase in the last eight years is sharp and significant in absolute terms. This is indicated by statistics released in the past year by the Federal Extension Service which have been made available to all states. While there has been a significant increase in such activities, staffing is still low in relation to workload, in terms of the manpower required to do the job, and in relation to staffing for work with farmers. In view of the shifts which have occurred, in spite of restricted resources, one must conclude that extension has seriously tried to live up to the responsibility it accepted for working with agri-business firms.

The shift in resources which has occurred is even more significant in view of the environment in which most extension administrators operate. Until quite recently, most cooperative extension workers felt it was part of their responsibility to serve as guardians and promoters of farmers. They felt that in order to be effective with farmers they had to identify closely with their values. Perhaps even today, many farmers feel that business firms with which they deal are their mortal enemies. They feel that it is the business firms which cause their economic woes, and further, that the firms are deliberately
driving them to their knees. Extension workers tended to accept this same philosophy in the past. Many of the extension programs of the thirties, and in some instances, even later, were designed to help farmers make a minimum use of agri-business firms, examples being home mixing of feeds and fertilizers, and direct sales of products to consumers. It has been just as hard for extension leaders to bring about a change in this philosophy as that experienced by deans and department chairmen in getting faculty committees to change curricula, course content, and direction of research projects. While the attitude of some 15,000 cooperative extension workers is not uniform, the vast majority today accept agri-business for the role it plays, that it is legitimate in our economy, and that it contributes to the welfare of the farmer.

As would be expected, the transition from antagonism to actively assisting agri-business firms occurred by evolution.

It is logical that the first step was to work with industry to help farmers. A good example was the work with all phases of the fertilizer industry to get farmers to use adequate amounts of the right types of fertilizer. Since until recently, almost all farmers were using less than the optimum amount of fertilizer, extension and the industry could work happily together on this project with no thought of conflict of interest. This example could be duplicated in many other industries. To a considerable extent, the same situation applied to marketing firms. Extension workers cooperated with marketing firms in getting farmers to change practices which affected quality or seasonality of production. Again, there was often a complete harmony of interest.

The second stage of extension working with agri-business was and continues to be the efforts to help the business firms to solve their problems. Here extension is endeavoring to do with business exactly what it has endeavored to do with farmers. The business firms have problems relating to technology, economics, and management just as farmers do. The initial contacts with many business firms were in the area of simple technology, just as early extension workers worked with farmers on simple technology. Very quickly, however, extension workers moved into areas of economics and business management.5

V. Some Pointers for Successful Extension Work with Agri-Business

There has been sufficient work in almost every state to indicate the way by which successful extension programs with agri-business can be mounted.

The most important point, by all odds, is using highly competent, specialized personnel. The most successful work with agri-business, in terms of results and acceptance, has been by highly trained state specialists. It is an exception when county staff members, with generalized training in agriculture, are able to effectively work with industry. It is not only a matter of professional competence, but also some remoteness from the local scene is important. Many business firms prefer not to have their serious problems known by a local person, who, in their mind, may have divided loyalties.

5It is my opinion that the emphasis on technological assistance to business firms is being under emphasized.
Except in those instances in which the interest of farmers and agri-business firms are completely in harmony, the method of approach is important. The approach of asking a business firm to make a change to help farmers is successful only if such an approach is in the immediate and direct interest of the business firm. The approach which is invariably successful is that of helping the firm to solve its problems and to increase its net income.

The educational methods with agri-business firms, generally speaking, must be more sophisticated than those traditionally used with farmers, although this difference may be quickly disappearing as farmers become better trained and more sophisticated. More extensive use can be made of group methods and particularly those activities which provide training in depth, such as conferences, short courses, and non-credit courses. Written material, particularly when beamed to a specific audience, is more effective with agri-business than with farmers. The old "method and result" demonstration are extremely effective; but for the result demonstration to be effective it must be clearly understood by the business firms that this is the purpose, and this fact must be established in advance of the demonstration being conducted. There is not as much natural "filtering down" within industry as there is within the farming community.

While methods are somewhat different, there are two basic principles that extension learned in working with farmers that apply to work with agri-business firms; namely, using the problem solving approach and involving the people who must take action in program development.

Another principle which has been basic to work with farmers but which is even more basic to work with agri-business is staying with the information developed through research. Many county agents have been able to "fly by the seat of their pants" in advising farmers, and by so doing, have filled many voids in a satisfactory manner. Such an approach is quite dangerous in working with agri-business firms.

VI. Some Problems in Extension Work with Agri-Business

Some extension workers, after highly successful experiences in working through industry to influence farmers on matters such as using more fertilizer, have concluded that the way to do extension work with farmers is through industry. Extension must never sever its direct line of communication to farmers. It is desirable to reinforce the direct line, wherever possible, by working through industry. It is as likely, however, that it may not be in the interest of farmers to buy a particular product from a particular firm as it is in their interest to buy it. As farmers approach the optimum use of a particular input, the possibility of conflict between the interest of farmers and business becomes increasingly possible. Extension must thus maintain at all times a direct channel to farmers and to industry, and be in a position to advise each on their best interests, and at the same time, be in a position to advise against a possible course of action by either.
There is a possibility and even a probability that extension workers assisting industry will take the same attitude toward that industry that traditional agricultural agents have taken toward farmers; namely, that they can do no wrong. Recognizing that at any one time an extension service may have staff members who are primarily concerned with farmers, and others who are concerned primarily with industry, somebody in the organization must be in a position to continuously look at the total structure of the agricultural economy. Efficiencies and monopolistic tendencies must be identified, and alternatives for either farmers or industry to overcome these must be outlined. Extension is publicly supported, and in the final analysis, public interest must come first. It is perhaps too much to ask that one individual be concerned day in and day out with the interest of a particular group, and to some extent his effectiveness depending on being so identified, and at the same time to look at the over-all structure. This can be avoided for the service as a whole, however, by having some staff members who are free to look at a total situation and to let the chips fall where they may.

The extension administrators, seriously trying to serve farmers and agribusiness at the same time, must be prepared to deal with divergent views within the staff. I recall being chairman of a dairy committee some years ago, with the membership consisting of farm management specialists, economic marketing specialists, dairy production specialists, and dairy firm technology specialists. The divergence of views was astounding. Many hours were required of the administrator to bring views of the group together in planning for the future of the dairy industry.

VII. Non-Agricultural Extension Work with Farm and Rural Non-Farm People

The final paragraphs of this paper are totally unrelated to the preceding part. They do, however, inject a significant point of view. Many of the most significant educational needs of farm and rural non-farm people today are totally unrelated to the broad field of agriculture. Farm people have a major stake in the structure and efficiency of local government, particularly since most such units of government are financed solely through real estate taxes. They are concerned with formal educational opportunities for their children. They need to know how to be participating citizens in an effective manner. Within a generation, farmers in many states have become a small minority group, and they desperately need guidance on how a minority group can achieve its goals within a democratic society. The majority of young people on American farms will live and work in a society which is urban from both a physical and an attitudinal point of view. Increasingly, group action is required to achieve goals, and farmers with their tradition of rugged individualism are generally ill-equipped to organize for community action. Unfortunately, most of the rural areas of the country are cultural and artistic deserts.

One of the real tragedies has been the tendency to confine cooperative or agricultural extension to rural areas and general extension to on-campus and urban areas. Also, cooperative extension has generally been restricted to agricultural fields, while general extension has concentrated on non-
agricultural fields. There is no question that agriculture has a great contribution to make in urban areas. It is unfortunate that more consideration has not been given to the knowledge in colleges of agriculture in urban planning and urban community development activities. It is equally as tragic that non-agricultural subjects have not been made available to rural people. I am not trying to sell any particular organization, but it is imperative that the knowledge of the colleges of agriculture be made available to all people, and that the knowledge of other colleges, particularly in the arts and cultural areas, be made available to all people.

This final point could be discussed ad infinitum. I hope, however, these comments offered have made the point.