The Economic Research Service: 22 Years Later

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Abstract

In this solicited article, Willard Cochrane, the U S Department of Agriculture's first Director of Agricultural Economics, assesses the mission, performance, and organization of the Economic Research Service (ERS) 22 years after its establishment in 1961. The current organization is satisfactory, and the agency has done an excellent job providing information on past trends, current situation, and short-term outlook. It has been less successful in anticipating important problem areas. Although ERS has a reservoir of good will among its clients, it does not have the hard support that interest groups sometimes give to their companion government agencies. Its future depends on providing quality economic intelligence that will cause its clients to view ERS as indispensable. Future problems may relate to funding, recruiting, and defining the Agency's role with respect to the Office of the Secretary of Agriculture.

Keywords

Economic Research Service, policy, U.S. Department of Agriculture

The various economic and statistical units that had been scattered across the U.S. Department of Agriculture (USDA) in the fifties were drawn into one grouping under my direction in the winter of 1961. They became the Economic Research Service, the Statistical Reporting Service, the Staff Economists Group, and the Management Operations Staff. I described the reorganization that brought this grouping into being in this journal in July 1961. With the advantage of some hindsight, I described and appraised it in the Journal of Farm Economics in May 1965 under the title, "Some Observations of an ex-Economic Advisor Or What I Learned in Washington."

Speaking specifically now with regard to ERS, we recognized at the time that putting together all the economics work of USDA into one service would leave it exposed to, and vulnerable to, numerous kinds of attacks. Disgruntled bureaucrats who lost units to the new ERS could be expected to engage in maneuvers, over time, to have those units returned to their agencies. A relatively large economics service without a large and powerful clientele base could get chopped into little pieces by the budget cutters, both in the Administration and in the Congress. And, there were powerful enemies of economic analysis and planning lurking about in USDA and the Congress dating back to the forties when the Bureau of Agricultural Economics (BAE) was the chief planning agency of the Department. They were just waiting to pounce on it, if and when the new service made its first blunder. But we went ahead with the consolidation of the economics work because we believed that the advantages outweighed the risks. The esprit de corps of the dispersed economic workers in USDA, as of January 1, 1961, was at a low ebb and we knew that their morale would be raised by bringing them together into one agency that understood and appreciated their efforts. We believed that such a consolidation with the increased intellectual interaction that would result would increase the workers' productivity and would improve the quality of their work. And we were convinced that sectorwide, or industrywide, studies could be conducted more expeditiously and more effectively where all the subbranches of the economics discipline were under the same administrative roof. Thus, the Economic Research Service was created.

Now in the winter of 1982-83, I have been asked to take another look at ERS—to appraise its past per-
formance, to discuss its problems, and to peer into the future to see what it holds for the Agency. I am pleased to have this opportunity because I believed that the organizing actions that we took in the winter of 1961 were good and proper, and I have always viewed ERS as one of the really strong economic research agencies in the Federal Government. Thus, some will say that this review and appraisal has to be biased. Perhaps it is. But if it is, readers will know the direction of that bias.

Before we can appraise the performance and make judgments concerning the future of ERS, we must be clear as to what it should or should not be doing—that is, what its proper mission is. And, we must be clear as to its organizational capacity to achieve its mission—that is, what its organizational structure is and how it functions. With regard to the first point, there is much misunderstanding and confusion. With regard to the second point, reorganization is an endless process in the Federal bureaucracy. Thus, it is important that we have a good understanding of the nature of the agency that we intend to scrutinize.

Mission

What is the proper role of ERS? On this question there is little agreement. Agricultural economists in academic institutions most often express the view that ERS should look and act like a collegiate department of agricultural economics, except that ERS is much larger and has no teaching responsibilities. In this view, the need for mission-oriented research, intelligence gathering, and dissemination is given low priority. The right of each staff member to have complete freedom in the choice of research projects and the conduct of that research is given the highest priority. In this view, a strong ERS is a collection of highly qualified, highly motivated economic researchers, each doing his or her own thing.

A new administration is likely to take a very different view of ERS. It is likely to look upon ERS as its private staff agency—one that can first help it sort out the economic consequences of alternative courses of action and can then help it develop logical and quantitative arguments in support of its policy decisions. In this view, ERS would come and go with administrations.

The congressional view of ERS is not so easy to define. There are probably as many viewpoints as there are members of the Congress. But this much is certain: any research results produced by ERS that reflect negatively on a member's constituents will incur the wrath of that member. That is what happened in the forties. Certain sociological studies undertaken by the BAE reflected negatively on some rural communities in the Deep South, as a consequence, members of the Congress from those areas did not rest until the BAE was dismembered. But, it is also the case that each member of the Congress expects ERS to provide him or her promptly and cheerfully with information, data, and possibly a special report upon request. ERS is an important staff agency to the Congress.

Finally, ERS receives a steady stream of requests from farmers, farm leaders and their organizations, agribusiness firms, trade associations, food and nutrition organizations, church groups, students of all ages, teachers, and college professors for information, data, and reports. ERS serves as the basic intelligence source regarding the food and agricultural sector, worldwide, for our diverse national publics.

Thus, it is clear to me that the proper role of ERS is that of a staff agency. But, a staff agency to whom or what? In my judgment, ERS should be viewed as a staff agency to the Nation. It must be prepared to respond regularly and effectively, without compromising itself, to the economic analytical needs of the Office of the Secretary, it must understand and appreciate the intelligence needs of members of the Congress and find ways of satisfying those needs without coming into conflict with the administration in power; and it must recognize and anticipate the information and intelligence needs of a diverse national public and develop effective channels for meeting those diverse needs.

This set of staff activities represents no small order. To the academic who values complete freedom above all else, the staff agency role may seem demeaning. But is it? Certainly the role is different from that of an academic researcher. But, it is no less demanding in terms of analytical skills.

Let us consider briefly the substance of ERS staff work. The agency must:

1. In conjunction with the Statistical Reporting Service (SRS) and other agencies in USDA, refine and publish regularly all kinds of primary data for States, the Nation, and the
world relating to the food and agricultural sector (for example, production, stocks, and prices)

2 Conceptualize, compute, and publish all kinds of economic indicators (for example, parity price, resource productivity, and farm income)

3 Estimate, sometimes regularly, sometimes upon request, with the aid of research techniques ranging from simple estimating equations to nationwide econometric models, the impact of important independent variables such as the gross national product (GNP) on various agricultural variables (for example, farm prices or the consumption of beef)

4 Describe and analyze important institutional developments in the food and agricultural sector (for example, the family farm, milk marketing orders, the farm stamp plan, and the structure of the fertilizer industry)

5 Monitor resource use developments (for example, the expanding rural-urban fringe, the effect of soil erosion on productivity, and the increased competition for scarce supplies of water), anticipate and analyze problem areas, and be prepared to make policy recommendations

6 Describe the many sides of domestic rural development, identify and analyze its many problems, and be prepared to make policy recommendations

7 Simulate the international markets for agricultural commodities and estimate volumes of trade, international market price behavior, and the direction of product movements

8 Monitor and analyze developments in the Third World and anticipate food aid requirements, as well as other kinds of developmental needs.

9 Anticipate, define, and analyze problem areas in the food and agricultural sector at home and abroad (not covered above) that will require policy decisions in the years ahead

The substantive areas outlined above and the activities and projects that fall within them are all aimed at providing decisionmakers in the food and agricultural sector with information and intelligence bearing on those decisions. The leadership and the professional staff of ERS cannot decide one day that they will delete one of these substantive areas and add, say, an area concerned with organic farming. The information and intelligence needs of decisionmakers in the food and agricultural sector determine the working agenda of ERS. But the leadership and professional staff of ERS have all the freedom that they can use in selecting specific projects, in developing and employing analytical techniques, and in developing the means of disseminating information and intelligence. Thus, although the working agenda of ERS is determined in broad measure by the needs of the diverse publics which it serves, there is much room for research creativity and innovative ideas.

Organization

The reorganization that created ERS in 1961 divided the work of the agency into two principal groupings—domestic and foreign. The economic research agency of USDA for the first time placed emphasis on international developments and on the need to provide reliable information on those developments and relevant analyses of them. The domestic grouping was assigned to three divisions—economics and statistics, farm economics, and marketing economics. These were conventional units at that time and each continued the traditional kinds of economic work known in USDA. In the reorganization of 1961, human and social problems were played down and land and water resource problems did not receive a high priority. The first organizational decision was necessary for political reasons, the second resulted from the blind spots of those responsible for the reorganization, namely, me.

Since 1961, ERS like most agencies in USDA, has undergone numerous reorganizations, some minor, some major. In the early seventies, under one administration, a strong effort was made to eliminate formal organizational units below the division level. All the research personnel and work were assigned to temporary research program areas, each headed by a team leader and each area to disappear upon completion of the research program. In the late seventies, under another administration, the work of the Economic Research Service, the Statistical
Reporting Service (SRS), and the Farmer Cooperative Service was combined into one service—the Economics, Statistics, and Cooperatives Service (ESCS). Then, ESCS became ESS—the Economics and Statistics Service—when the cooperatives unit was split off as the Agricultural Cooperative Service. Under the current administration, ESS was dissolved to recreate ERS and SRS. Fortunately, these reorganizations passed without doing too much harm to the work of ERS.

The current organization is described graphically in figures 1-5. In the judgment of this writer, this organization is a good one. The various organizational boxes and their descriptive titles suggest two important things: first, ERS has the organizational coverage to deal with all the important economic and social problems that might arise in the food and agricultural sector, worldwide, and second, it has the organizational capacity to produce the information and analyses (both economic and social intelligence) required under the nine substantive areas outlined earlier in this article. Of course, whether it performs as required in those areas will depend on (1) the quality of its leadership, (2) the skill and creativeness of its professional staff, and (3) the financial support which it receives.

Performance

How has ERS performed since 1961? From discussions I have had with past directors of agricultural economics, I reach the conclusion that ERS has performed exceptionally well as a staff agency to the Office of the Secretary. This does not mean that all has been smooth sailing. The proper staff relation of ERS to the Office of the Secretary has not, I believe, yet been developed. But this failure rests as much in the Office of the Secretary as it does with the leadership of ERS. Some administrations have made little use of ERS in its staff capacity, others have treated it as their own private staff agency. Through all this, ERS has delivered the economic intelligence basic to rational decision-making in the Office of the Secretary. No Secretary of Agriculture since 1961 need have been in the dark regarding the consequences of decisions by his agricultural administration if he had made proper staff use of ERS.

It is somewhat more difficult for an observer from the hinterland to judge how effective ERS has been as a staff agency to the Congress over the past 22 years. But since I have heard of no big flareups and since I know personally of the efforts of Nathan Kofsky and M. L. Upchurch, former administrators, to provide congressional committees and members of the Congress with effective staff work, I would judge that the performance of ERS in this regard was at least adequate and perhaps excellent.

With regard to the performance of ERS in providing staff work to the diverse publics of the national society, I should like to consider two different aspects of that work. First, it is difficult for me to see how ERS could have done a better job in recent years in providing those publics with relevant refined data, economic indicators of all kinds, and short-term outlook and analyses than it has. Publications such as Agricultural Outlook, World Agricultural Supply and Demand Estimates, and Economic Indicators of the Farm Sector and the information and data they contain are excellent. No doubt there is room to improve the reliability of the published data and estimates, particularly the foreign data and estimates. There always is. But the diverse American publics are blessed with excellent economic intelligence with respect to past trends, the current situation, and the short-term outlook for the food and agricultural sector worldwide.

Second, ERS has been much less successful, in my judgment, in anticipating, defining, and analyzing important problem areas in the food and agricultural sector at home and abroad that require policy decisions now and in the years ahead. There has been a leadership failure in this respect. I refer here to division heads, section heads, and senior professionals as well as administrators and their deputies. The general public has received little in the way of insightful guidance from ERS with respect to future problem areas of importance.

There may be any number of reasons for this failure: (1) the natural timidity of bureaucrats in their quest for survival, (2) the preoccupation of the leadership of ERS in the seventies with reorganizations, (3) the increased specialization in the agricultural economics profession generally and the drive on the part of individual researchers to learn more and more about less and less, and (4) the lack of any generally ac-
Figure 1
Organization of the Economic Research Service

Office of the Administrator

Data Services Center

National Economics Division

International Economics Division

Natural Resource Economics Division

Economic Development Division

Figure 2
Organization of National Economics Division

Director

Associate Director

Inputs and Finance

Agricultural History

Economic Indicators

Food and Agricultural Policy

Animal Products

Crops

Fruits and Vegetables

Farm Economics

Food Economics

Figure 3
Organization of International Economics Division

Director

Assistant Director (S&O)

Assistant Director (Research)

World Analysis

Trade Policies

Agricultural Development

North America and Oceania

Eastern Europe and USSR

Asia

Western Europe

Africa and Near East

Latin America
accepted theory regarding the development of American agriculture.

But, on occasion, ERS has attempted to take an intensive look at emerging problems. In the early seventies, the agency made projections of world food supply and demand to 1985 and then undertook to define and describe the problems that could emerge. The study identified certain prospective food problems, but it was more or less a projection of the conventional wisdom of the time and failed to have any significant impact.

In the late seventies, the Office of the Secretary pushed ERS into an intensive study of the changing structure of American farming. One publication that resulted from that study, *Another Revolution in U S Farming?,* had an eye-catching title and did a good job of describing the changing structure of American farming with the attendant increased concentration of productive resources into the hands of fewer and fewer and larger and larger farmers. It also listed a number of forces which have contributed and continue to contribute to this concentration. But one does not come away from this report with either an operational explanation for the continued concentration or a feel for what society might do about the development, if anything. A more insightful report, *A Time to Choose,* issued by the Office of the Secretary, but based in large measure on ERS research, got caught in a change of administrations and failed to have a significant impact.

ERS has made an effort in the past, but it continues to fumble with its staff mission of anticipating, defining, and analyzing important prospective problems.
of food and agriculture. Either through timidity or lack of vision, it has not provided the diverse American public with the insights which they require regarding emerging problems in the food and agricultural sector to think constructively about those problems and then to make rational decisions.

Problems

Every organization has its problems. Let us now look at specific problems confronting ERS. Because ERS has no hard-core clientele group (for example, the milk producers or the wheat growers) to support it in its budget battles on Capitol Hill, it has chronic budget problems. Basically, it depends on the largesse of the political administration in power and the general good will of a large number of interest groups and publics. This is uncertain support at best, and it can crumble fast in the face of stiff opposition.

As a consequence, the total funding support of ERS, in real terms, has declined modestly, but steadily, since 1978. The total number of professionals in ERS has declined steadily and significantly since 1975. Assuming that the average quality of the professional staff has not changed over this period, ERS has significantly less capacity to achieve its missions in 1983 than in 1975. A continued erosion of funding support and professional staff will damage ERS severely. Thus, the chronic budget problem of ERS is approaching a critical stage.

Related to the budget problem is the relationship of ERS to the Office of the Secretary. From 1975 to 1978, ERS has been so completely dependent on the initial budget decision in the Office of the Secretary that one of the important staff functions of ERS is providing economic intelligence and analysis to the Office of the Secretary. How well ERS performs in this function can have two important consequences. First, it may determine the success or failure of the economic policies of the administration in power, and second, it may determine how generous the Office of the Secretary will be in its funding support for ERS.

But, this relationship is not determined solely by the actions and responses of ERS. It takes two to tango. Some Secretaries of Agriculture make little or no use of ERS staff work. They prefer to lean on personal intuition and economic ideology. Other Secretaries seek to monopolize the time and personnel of ERS in providing staff work for their administrations. Henry Wallace even made the BAE the central planning agency of USDA. This policy was a disaster. Once the principal economic agency of USDA becomes identified as the author and proponent of the economic policies of an administration, it must rise and fall with that particular administration.

The problem confronting each administrator of ERS and his lieutenants in this delicate bureaucratic relationship area is the following: how to be an effective staff unit to the Office of the Secretary (that is, how to provide that office with the economic intelligence and analysis required to make rational economic decisions) without becoming closely identified with the specific policies and programs of that administration. The successful administrator of ERS must maneuver the agency along a narrow edge in which ERS provides the Office of the Secretary with the “right” amount of good economic staff work, but in which ERS does not become a captive of that particular administration. And, that is no easy task.

In this connection, the new Economic Analysis Staff (EAS), which is much like the former Staff Economists Group, should contribute to a stable and productive relationship between the Office of the Secretary and ERS. As may be recalled, the Group was comprised of three to five policy-oriented economists who, under the direction of the Director of Agricultural Economics, were engaged in policy formulation and program planning. Such a unit had two important advantages for ERS. First, it provided personal contact points in the Office of the Secretary that could define the type of staff work needed from ERS and then effectively use the staff work provided. Second, it provided a buffer between the political activities in the Office of the Secretary and the ongoing staff work of ERS. But creation of EAS is not the responsibility of ERS management. It is the responsibility of the Assistant Secretary in charge of economics. ERS leadership can, however, promote the idea whenever the opportunity arises, and certainly, it should not oppose the idea.

The Economic Research Service, like any “think tank” or research unit, has a continuing problem of locating, hiring, and holding highly qualified, highly motivated professional workers. There is, however, a
special problem in the area of agricultural economics, and possibly in other areas of economics as well. The big name graduate schools in agricultural economics are not interested in turning out graduates to work in a mission-oriented staff agency. Those schools are interested in turning out highly trained, highly specialized research workers who seek to ply their trade in discipline-oriented situations. Thus, the top students in the top graduate schools are seeking positions in other big name graduate schools where teaching loads are light and where they have great freedom in using their sophisticated skills in a highly specialized research category. Note, I did not say using their sophisticated skills on important economic problems. I said, and I repeat, using their sophisticated skills in a highly specialized research category.

In such a graduate training environment, where are the administrators of ERS going to find highly qualified, highly motivated professional agricultural economists to work in their mission-oriented staff agency? The recruitment of such young professionals is not, and will not be, easy. Several not too promising options are open to administrators. They may recruit graduates at the Master's level who have acquired certain technical research skills and train them on the job to be effective staff economists. Or they may, with considerable effort, locate graduate students who are unhappy with their current graduate program, with its heavy emphasis on specialized, disciplinary research, and who would like to escape to where the action is. Such students are generally viewed as malcontents and are likely to get poor recommendations from their professors. Or, they may hire graduates from less prestigious schools (who may be late bloomers and very bright) and mold them through on-the-job training into effective staff economists. But this latter approach has limitations, as there is now a tendency for the less prestigious schools to try to out-do the prestigious schools in research methodology and discipline-oriented research. In short, then, there are ways to beat the present day graduate training game plan, but the recruiters will have to work hard and know what they are doing to succeed.

This problem can be illustrated and perhaps even be dramatized by reference to the contents of the October 1982 issue of Agricultural Economics Research (AER). Each of the four articles in the October issue would be judged, by current standards, as pieces of high-quality research. They are also highly specialized, they emphasize technique developments, and they are discipline-rather than problem-oriented. One of them might well win a prize as an outstanding piece of research. And the author of one of them might receive an offer of a tenured position at a big name university. But John E. Lee, Jr., is not going to receive any help from the October issue of AER in his struggle to increase the funding support for ERS before the House Subcommittee on Agricultural Appropriations. Secretary Block is not going to receive any help from the October issue in dealing with the surplus problem that now confronts him. The beef producers are not going to receive any help in making production adjustments to deal with changes in consumer tastes and preferences for beef. Church groups are not going to learn how to acquire and distribute American farm surpluses to the downtrodden at home and abroad. And medium-sized commercial farmers are not going to receive any guidance as to whether they should sell out now to their large aggressive neighbors while they still have some equity in their places, or fight the often losing battle a while longer.

Now the authors of the articles in the October issue of AER can say with justification, "We were not trying to answer such questions in those research efforts. We were trying to advance the science of agricultural economics." And that they were. But Secretary Block, Jamie Whitten, or I can also ask with justification, "Who is going to combine these four specialized pieces of disciplinary research with the hundreds more that are being produced across the Nation in our institutions of higher learning, together with vast amounts of data that are available, together with the institutional developments that must be taken into account, to provide answers to the types of questions raised above?" The older professionals who have done this kind of integrating work are becoming a scarce commodity. And the graduate schools are turning out a graduate product that, for the most part, is not interested in such a nonelegant integrating activity.

So, it turns out that ERS does have a serious staffing problem. Where is the leadership of ERS going to find highly qualified, highly motivated, problem-oriented economists willing to spend a lifetime in a staff agency like ERS? Somehow, somewhere the
leadership must find such professionals or the agency will be in trouble, deep trouble

Future

What of the future? ERS is here to stay, I think. In its role as a staff agency to the Nation, ERS has supplied economic information, intelligence, and analysis over the past 22 years to a wide range of people and groups: the Office of the Secretary, members of the Congress, Washington-based consultants and interest groups, farm organizations, State extension workers, teachers from grade school to graduate school, agribusiness firms, church groups, individual farmers and individual consumers, and a wide range of international groups and organizations. From my reading of the past performance of ERS as an economic staff unit to a wide array of persons, groups, and organizations, I conclude the following: Most of these people, groups, and organizations feel that ERS has done a good job, but that it could do better. Thus, there is a large reservoir of good feeling in the Nation and the international community for ERS. But this reservoir of good feeling does not represent hard-core support for ERS such as numerous special interests provide for their companion Government agencies (for example, the National Association of Conservation Districts for the Soil Conservation Service).

This reservoir of good feeling is something that can be built upon, but as of 1983, it does not represent a force which could save ERS if or when the crunch comes to dismember the Agency. I don’t predict with any degree of probability that such a crunch will come, but there is always the chance that it will. There is always a chance that a Secretary of Agriculture will come to office with strong populist leanings who holds all intellectual activities in contempt, and who would seek to destroy ERS and all its works. There is always a chance that a Secretary of Agriculture will come to office from the far right who holds the view that the only legitimate role of Government is to provide police and fire protection, preserve the sanctity of contracts, and perhaps provide some indirect subsidies to very large farmers, and who would take actions to weaken or destroy ERS. And, there is always the chance that some published piece of economic intelligence or analysis would infuriate some powerful special interest group and cause that group to use its power both in the Administration and in the Congress to destroy ERS. In these and possibly in other ways, there is always the chance that a crunch will develop in which ERS is either seriously weakened, dismembered, or totally destroyed.

In the judgment of this writer, the future of ERS depends upon how the leadership and the professional personnel of ERS perceive their Agency. If they hold the view that the provision of economic information, intelligence, and analysis to the Nation is important, then they will be motivated to do high-quality staff work and the chances are good that their staff work will, in fact, be of a high quality. In this connection, I have in mind more than the willingness of a few professionals to run a computer printout over to the Office of the Secretary late on a Friday afternoon. I have in mind the perception on the part of all ERS professionals of the importance of all research activities outlined under the nine points in the second section of this article.

If, further, the leaders and the professionals of ERS hold the view that doing staff work is exciting, which it can be, then the chances are good that they will be creative in their staff efforts and that their final product will be of excellent quality. Where this is the case, we can expect the good will toward ERS on the part of the many and diverse publics and clientele groups to metamorphose into a feeling that the work of ERS is indispensable to their activities and operations. In such an atmosphere, ERS may expect to survive and prosper because such a strong feeling on the part of those relying on the staff work of ERS cannot help but be transmitted to the budget decisionmakers in the Administration and in the Congress.

But, if the leaders and professionals of ERS hold the view that staff work is drudgery that must be endured (as teaching is often viewed in universities) to win the free time to undertake specialized, discipline-oriented research (that they hope will be published in some learned journal and thereby win for the authors the plaudits of their economist peers), then it is certain that ERS staff work will be of mediocre quality and will be so viewed by user groups. In such an atmosphere, the future of ERS is not bright. The current good will toward ERS will wither away, and
if and when the crunch comes to dismember or destroy ERS, there will be little or no support for it. ERS has never had a special interest group to fight its budget battles, and in the scenario under consideration, the general support for ERS would be too weak to make any difference to those wielding the dismemberment knives in Washington.

In conclusion, the future of ERS belongs to the leaders and professionals within it. As of 1983, the Agency has an observable base of good will on which to build. But, this base is soft, it does not represent a power base which can be used to expand the activities of ERS in the next few years and to protect it in periods of adversity.

How then is ERS to build on its base of general good will? It must do so in the same way that such a base was created in the first place. It must provide economic information, intelligence, and analysis to the diverse clientele groups in such forms and at such times as meet the needs and expectations of those groups and publics. The leaders and professionals of ERS must become so proficient in providing staff work to the nation that such staff work becomes indispensable to the operations and activities of its diverse clientele groups and publics. In such an atmosphere, there will be no question about the survival of ERS. In such an atmosphere, it will grow and prosper. And, it will grow and prosper because it is providing a much needed service.