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## Economic Research in the Department of Agriculture: A Historical Perspective

By Gladys L. Baker and Wayne D. Rasmussen

Economic research in the U.S. Department of Agriculture (USDA) has achieved its greatest recognition in periods when agriculture and farmers have experienced stress and change. In 1922 the Bureau of Agricultural Economics (BAE) was set up in the Department to help find solutions to the disastrous post-World War I drop in farm prices. After BAE's solutions proved politically unacceptable, the Bureau focused mainly on economic analyses and market studies, and it handled most of USDA's work on standards, grades, crop and livestock estimates, foreign agriculture, and some other subjects. BAE's position reached a high point in the 1930's when its data and economic analysis formed the basis for major New Deal programs and policies. It was given responsibility for general planning in 1939. During World War II, it served war agencies as well as USDA, but afterward its influence declined because of effective opposition to some of its activities, including program planning. With its dissolution in 1953, economic research was divided between two USDA agencies and removed from policy planning. In 1961, the Economic Research Service was established. Currently, it supplies basic economic data, evaluates policy when asked to do so, and provides prompt answers to pressing economic questions.

Agricultural economics provided one answer to the political unrest of farmers in the 1890's and early 1900's. If farmers had not attained their goals through political action to influence prices, perhaps they could do so individually by applying economic ideas to their farm operations. In 1911, Henry C. Taylor, who defined agricultural economics as a distinctive field of research, wrote that its function was "to secure maximum net profits for the farmer and maximum well-being for the nation" (19).

The new discipline combined several lines of work. The gathering of agricultural statistics had been a major line of work of the U.S. Department of Agriculture (USDA) since its beginning in 1862. Before that, such efforts had been handled in the Agricultural Division of the Patent Office.

Farm management first developed in USDA, beginning in 1901, under the leadership of an agronomist, W. J. Spillman. Studies were made of farming conditions and practices, especially on the most successful farms, and plans were then prepared to help farmers adopt more efficient systems of farm management. This work was organized in 1905 as the Office of Farm Management (5, pp. 44-45).

Other lines of agricultural economic work were growing out of recommendations of the Country Life Commission. In 1913, both a Rural Organization Service and an Office of Markets were established in the Department. The first was to study rural economic problems in a broad way; the second was to carry out research, service, and regulatory work in marketing. In 1915, the two organizations were merged (5, pp. 73-80).

Meanwhile, Taylor had been developing agricultural economics as a field of research at the University of

Wisconsin, publishing the first agricultural economics textbook in 1905. A number of his students joined the USDA staff and he himself worked for the Department on the economics of irrigation and for the Census Bureau in planning the 1910 agricultural census. In 1919, Secretary of Agriculture David Houston appointed a committee of agricultural leaders to consider broadening the Department's work in farm management. As a result, the Office of Farm Management and Farm Economics was established on July 1, 1919, and Taylor was appointed chief. He became chief of the newly established Bureau of Markets and Crop Estimates on July 1, 1921, even as he continued on his previous job. All economic work was to be combined as soon as the Congress authorized Secretary Henry C. Wallace to take action (5, pp. 107-108).

### THE BUREAU OF AGRICULTURAL ECONOMICS

#### Origin and Objectives

The Bureau of Agricultural Economics (BAE) was established in 1922, a time of serious economic crisis for farm people. Secretary Henry C. Wallace, who consolidated the Department's economic activities in the new bureau, believed that if agricultural economists focused their research on the task, they could help farmers solve their price and income problems. He challenged agricultural economists to give up the detached seats of observation from which they hoped to provide the records to enable future economists to explain what had happened. Instead, he maintained, let them turn to research with the definite objective

of helping struggling farmers "work out their problems, not alone for their benefit, but for the benefit of the nation." A national program, he told them, should include consideration both of what was practical to do and what ought to be done to help agriculture bridge over the depression and build a stable and sound agriculture for the future (43).

As one of his first actions upon taking office, Wallace inquired into the economic work being carried on in the Department. On May 25, 1921, he appointed an economics committee of five bureau chiefs. He directed them to make a study of the economic conditions of agriculture, consult with agricultural economists from around the country, and draw up recommendations for handling the problems encountered. Henry C. Taylor, then Chief of the Office of Farm Management and Farm Economics and a friend of the Wallace family, had previously prepared a plan that would consolidate all economic work into a new Bureau of Agricultural Economics.

The committee of bureau chiefs, the outside agricultural economists, the farm organization leaders, and members of the agricultural committees of Congress who were consulted approved the proposal for consolidation. However, some members of Congress protested that the name "agricultural economics" was a "high-brow collegiate term" that would not mean anything to farmers. Secretary Wallace and Henry C. Taylor, who by this time was Chief of the Bureau of Markets and Crop Estimates, stated that agricultural economics was the one name that embraced all the activities and that it had the advantage of brevity. Taylor suggested that agricultural economics was also the most satisfactory name from the scientific point of view. He pointed out that the consolidation would allow for more effective organization of interrelated work. As an example, he said that he had found within the Department five different offices in three separate organizations studying price relations. By getting the eight or nine people working on the problem together and organizing a committee on price relations with a chairman in charge, the work could be done more effectively and efficiently.

Secretary Wallace defined the objective of the new bureau as inquiring into "every economic condition and force which has an influence upon either production or price, for the one depends upon the other." He stated that the work would begin with the study of farm management. The costs of production and distribution would be studied at each stage along the way. Marketing, he felt, was as truly a part of production as the growing of crops. The ultimate purpose of all the research, he suggested, was "to make sure that our people are abundantly supplied with the products of the soil at prices which will both sustain our agriculture and be just to the consumer" (31, 1923, pp. 512-560, 848-850; 32, 1923, pp. 57, 511-512).

As a result of efforts by Wallace, Taylor, and the committee of bureau chiefs, the Bureau of Agricultural

Economics was established in 1922. To head it, Secretary Wallace selected Henry C. Taylor, who had pioneered in the development of farm management and agricultural economics. In his testimony on February 9, 1922, before the House Subcommittee on Appropriations for the Department of Agriculture, Taylor said:

The real work of the new Bureau of Agricultural Economics is to put the farmer and the dealer in farm products in possession of the facts they need in order to act wisely in all these problems of production and marketing and to provide such service and supervision as will tend to establish efficiency and fair play in the marketing of farm products.

Marketing work had developed rapidly in those areas which promised to give immediate aid to farmers, such as the market news service and inspection work. The next important step, he suggested, was to develop research work in the economic problems of production and marketing.

The appropriation request divided the work of the Bureau into four categories: (1) farm management and farm practice, (2) cost of production and distribution, (3) marketing and distribution, and (4) foreign production and distribution (31, 1923, p. 512; 32, 1923, p. 57).

As first organized, the Bureau of Agricultural Economics had three production divisions: farm management; cost of production; and crop and livestock estimates. The marketing divisions included: cost of marketing, warehousing, city markets, and six commodity divisions. General divisions were agricultural finance; statistical and historical research; agricultural cooperation; farm population and rural life; land economics; and information. The Washington office had 990 employees and the field organization, with 148 branch offices in 79 cities, had 936 workers. The field staff and many of the employees in the Washington office were primarily concerned with regulatory and marketing services, which had grown out of research, rather than with research. However, a close interrelationship existed between these services and research. Henry C. Taylor, as bureau chief, had two assistant chiefs, Lloyd S. Tenny and William A. Schoenfeld, and a director of information (36, 1923, pp. 6-71).

During the first years of the Bureau, research emphasized the collection and analysis of data on production, price, and market for farm products. According to Taylor, the problem of adjusting the farmer's work to the market influenced research throughout the whole bureau. This problem required studies of demand, prices, costs, and other factors.

If the research was to benefit the farmer, the facts collected and their interpretation and analysis had to be made available in a form farm people could use. On April 20 and 21, 1923, the Bureau held the first of a still continuing series of annual outlook conferences. It was attended by statisticians and economists from the Bureau of Agricultural Economics, the Department of Commerce, the Federal Reserve Board, and nongovern-

ment research agencies. BAE's Division of Statistical and Historical Research prepared a summary of agricultural statistics for use by conference participants. Committees of conference participants were asked to prepare statements which would provide a basis for action by farmers to adjust production to probable market conditions.

The first outlook conference was based largely on the statistics obtained from crop reports. It was recognized that additional research on supply, demand, and price was needed as a basis for outlook reports. Further, studies should be made of the effect of industrial prosperity and employment on the demand for specific farm products. If farmers were to make changes in the use of their land, they needed more information on alternative crops which were in demand.

The agricultural outlook work guided research into new channels. It also resulted in regular publication of research results in a form that could be better understood by county agents, farm journalists, and others who could reach individual farmers. Summaries of research results first appeared on a regular basis in *Weather, Crops, and Markets* and *The Agricultural Situation*.

Secretary Wallace and Taylor hoped that farmers, if they had the benefit of facts and forecasts, would be able to independently plan their farming operations not based on prices at planting time but on probable prices at selling time. Taylor suggested that if production was orderly the problem of selling should become relatively simple. It was hoped that the policy of providing information to form a basis for individual and collective action would bring about over a period of time the necessary agricultural readjustments. The Bureau was providing both information and service in the form of technical advice to groups desiring to organize cooperatives and to individual cooperatives. Growth and readjustments in population would, Taylor believed, also help to bring about gradual recovery from the existing agricultural depression (25, 41, 1923, pp. 21-22; 28; 34).

### Early Political Involvement

The organization of the outlook service and the quality of research conducted by the Bureau contributed to Secretary Wallace's feeling that setting up the Bureau had been his most important accomplishment during his first year in the cabinet. But when agricultural conditions did not improve, he began to push BAE Chief Taylor to consider more drastic measures for solving the farm problem. In the spring of 1923, he asked how much wheat would have to be disposed of abroad to get rid of the surplus through an export corporation, as proposed in a bill introduced by Senator Norris. Statisticians estimated that about 50 million bushels would need to be exported.

In September, Secretary Wallace called in Taylor and challenged him further to help find a solution. According to Taylor, the Secretary said:

... while we as department workers should adhere to the national point of view, which we are certainly doing in striving to save agriculture from destruction, it does not follow that farmers as a class must adhere to the national point of view when other groups are not doing so. In fact, unless farmers as a class get busy and *fight* for their rights we in the Department will not long be able to take a national point of view because the point of view of other interests will dominate us.

In his response, Taylor outlined several possible attacks on the price ratio problem. The one that appealed most to Secretary Wallace (and to which he was probably already committed) called for the organization of an export commission to make the Nation's tariffs work in agriculture's behalf (26, pp. 591-595).

George N. Peek and Hugh S. Johnson, officials of the Moline Plow Co., had been vigorously promoting such a plan for several years with an eye to bringing about "equality for agriculture." Wallace now directed a BAE consultant, Charles J. Brand, former Chief of the Office of Markets, to draft tentative legislation incorporating the Peek-Johnson ideas. This bill, reworked by the Senate and House drafting sections in 1924, was introduced into Congress as the McNary-Haugen bill by Senator Charles L. McNary of Oregon and Congressman Gilbert H. Haugen of Iowa. Brand had the task of lobbying for enactment of the measure (16, pp. 38-59; 48, pp. 267-279).

Meanwhile, Taylor had fallen on hard times in the Department. President Coolidge first accused him of using a fact-finding trip to the Wheat Belt to stir up protest against the administration's policies. Then on October 24, 1924, Wallace died, leaving Taylor in an untenable position. The new Secretary, Howard M. Gore, former Governor of West Virginia, did not press the bureau chief to resign. But Gore's successor, William M. Jardine, who took office on March 5, 1925 as a strong opponent of the McNary-Haugen bill, wanted Taylor out. Taylor protested vigorously but ineffectually, refusing to resign. He was replaced in August 1925 by Thomas P. Cooper, dean of the college of agriculture and director of the agricultural experiment station at the University of Kentucky (21, pp. 259-262; 48, 243-244).

### Emphasis on Cooperative Marketing

While Cooper was in office, Congress, by the Cooperative Marketing Act of July 2, 1926, created a division of cooperative marketing in the Bureau of Agricultural Economics, replacing the Division of Agricultural Cooperation. The new division was to carry out research, and provide advisory service and educational assistance to associations of producers engaged in cooperative activities. It was also directed to advise groups of producers interested in forming cooperatives. Establishment of the division by the Congress agreed with Secretary Jardine's position that cooperatives offered farmers

an effective means of coping with the problem of surplus production.

With this emphasis on cooperative marketing, it was natural that Lloyd S. Tenny, who had been the assistant bureau chief in charge of marketing activities, should be promoted to the position of Chief of the Bureau. Cooper, whose leave of absence from the University of Kentucky had been for only 1 year, returned there on June 10, 1926. In his first annual report as Chief, Tenny stressed the importance of marketing research, particularly cooperative marketing (36, 1926, pp. 2-3):

Undoubtedly some of the most important problems of the bureau are in the field of marketing. Intensive research covering the physical and biological problems of production has been carried on for many years by the department, but it is only recently that the economic problems of production and marketing have been given the attention they deserve . . .

Perhaps the most outstanding work of the bureau in the field of marketing is in the field of cooperation. The work of the bureau in this field will be greatly enlarged during the current year in carrying out the provisions of the cooperative marketing act, approved July 2, 1926, which provides for the organization of a division of cooperative marketing . . . Through this division critical studies will be made of existing cooperatives to determine how they may function more effectively. Closer contacts will be maintained between the 12,000 cooperative organizations and this department. . . .

The emphasis given to marketing research and to marketing service and regulation also appears in the breakdown in the Bureau appropriations requested for fiscal year 1929. The amount asked for farm management and practice was \$382,250, and it included the special item, cost of production. But \$715,000 was requested for research in marketing and distribution. In addition, around \$3 million was asked for marketing service and regulatory activities, of which the largest single item was \$1,069,355 for the Market News Service.

For outlook work, designated a special project for the first time, \$68,220 was requested. Earlier, the work had been divided between staff assigned to farm management and to marketing research. In discussing the need for listing outlook work as a special project in the appropriation act, Tenny stated that he felt the logical place for outlook work was in marketing rather than farm management. He was convinced that "efficient marketing begins with efficient production . . . we can do a great deal toward the solution of the marketing problem by the process of education and control of production. . ." (31, 1929, pp. 794, 815-879).

It is interesting to relate Tenny's statement emphasizing marketing as interconnected with production to Taylor's statement that marketing was as truly a part of production as the growing of crops. Former BAE Chief Taylor had said that "farm management involved the study of the markets as well as the study of the

farm. . ." (32, 1923, p. 57). Thus, with Tenny as leader, farm management and practice included work grouped under the following four headings for fiscal year 1928: (1) land economics, (2) rural life, (3) farm management and cost of production, and (4) farm finance, credit, and rural taxation.

In 1947, Tenny gave a paper on the early years of the Bureau of Agricultural Economics. Almost entirely, he emphasized marketing, especially the service and regulatory activities. After briefly discussing the origin of the Bureau, he stated: "It's far more interesting to discuss some of the problems that were before us in these early days. Naturally my comment will be mostly in the marketing field. It was this work that Dr. Taylor had asked me to handle." (27)

Tenny's inclination to focus on marketing service and regulation during his period as bureau chief coincided with Congressional interest in this work, an interest existing particularly because of the work's demonstrable and immediate results. He included as a part of marketing research the demand and price research, work that became increasingly important to the Congress as the farm depression deepened. But another closely related line of study on cost of production remained part of farm management research. The Congress continued to specify that \$150,000 of the appropriation for farm management research could be spent for cost of production studies and it continued to ask for reports on this work.

### The Federal Farm Board

On July 16, 1928, Tenny resigned from the Bureau to become vice president of Associated California Fruit Industries, Inc. Nils A. Olsen, Assistant BAE Chief since May 1925, succeeded him. Olsen had also served as Director of the Division of Agricultural Finance (49, pp. 11-13).

Olsen had assisted Henry C. Wallace in writing his book, *Our Debt and Duty to the Farmer*, endorsing the principles of the McNary-Haugen plan. President Coolidge, an active opponent, was to veto McNary-Haugen bills in 1927 and 1928. These bills proposed machinery for selling surpluses abroad at world prices and products for domestic consumption at a fair exchange value.

President Hoover, who would succeed Coolidge in 1928, more adamantly opposed the McNary-Haugen plan. As Secretary of Commerce in the Coolidge Administration, he had been influential in the selection of William M. Jardine for Secretary of Agriculture in 1925. While president of Kansas State College, Jardine had vigorously opposed the McNary-Haugen bills and he had expressed confidence in cooperative marketing as the solution to the farm problem.

Before he became Secretary, Jardine had testified that he did not think the Department of Agriculture was suited to advise on the problems of cooperative marketing. Nor did he change his position after becoming Secretary. The administration plan to counter the

McNary-Haugen proposal, known as the Jardine-Tichner plan, called for organization of an independent federal farm board. The board would loan funds to cooperatives on the theory that they needed more credit to attract members. Cooperatives could carry surpluses from one season to another, thus avoiding depressing prices (16, pp. 83, 107, 115-117, 159, 179, 187-188).

Olsen, as chief of the bureau, gave full support to Secretary Jardine. However, as assistant chief, Olsen had advised Jardine on April 24, 1926 that cooperatives could not handle farm surpluses because they did not control large enough amounts of commodities to affect prices sufficiently. He had predicted that unloading the surplus problem upon the cooperatives would destroy them. The creation of mushroom organizations through Government loans would not be likely to succeed. But as Bureau chief, Olsen supported the Federal Farm Board, established by the Agricultural Marketing Act of June 15, 1929.

In his 1929 report as chief to Secretary Arthur M. Hyde, who had succeeded Jardine on March 4, 1929, Olsen stated that the Federal Farm Board had been set up "as a new instrumentality to assist in solving the problems of American agriculture," to "translate into action the results of service and research." The Board policy was to rely on the Bureau of Agricultural Economics for comprehensive, reliable information on all economic phases of agriculture. The Bureau's fact-collecting and research activities had already been broadened in response to the requests of the Board. The Federal Farm Board financed establishment of outlook services in the Southern States and worked with the Department to develop a program for land use. The Division of Cooperative Marketing was transferred from the Bureau of Agricultural Economics to the Federal Farm Board on Oct. 1, 1929 (36, 1929, p. 1; 15, No. 5200, Oct. 1, 1929).

The Federal Farm Board, interested in the possibilities of increasing foreign sales, specifically requested the Bureau to establish as soon as possible an adequate foreign agricultural service. The Board offered financial support for the work until a permanent provision for it could be made. In 1930, following the passage of the Foreign Service Act, the Division of Foreign Agricultural Service was established within the Bureau of Agricultural Economics. Eight years later, the division was transferred to the Office of the Secretary and in 1939 it became the Office of Foreign Agricultural Relations.

Olsen continued in his annual reports as BAE chief and in his testimony before Congressional committees to emphasize the value of the outlook service as a guide for farmers and the importance of cooperative marketing. Cooperation with the Federal Farm Board continued; the Bureau requested increases from the Congress to expand research on farm taxes, farm mortgage credit, price analyses, foreign competition and demand, livestock estimates, and land use. The appropriation request for 1932 submitted in November 1930 for crop and livestock estimates was \$1,200,000; for marketing

and distributing farm products, \$900,000; and for farm management and practice, \$480,760 (31, 1932, pp. 476-477, 492-493, 502-503).

Every year in his discussions of the agricultural situation, Olsen reported the critical problems facing farmers but he did not offer any new solutions. On January 5, 1932, in his requests for appropriations for fiscal year 1933, Olsen had to report that the Bureau's initial requests for funds had been decreased in the budget process as part of the Hoover Administration's drive for economy. Olsen stated that he recognized the difficult position the country was in because of the large deficit and that the Bureau had cooperated fully in 1931 by setting up and maintaining large reserves of funds from the appropriations. He insisted, however, that the Congress provide the full amount of the funds requested in the budget because of the unusual character of problems confronting agriculture. This was no time to sacrifice fundamental services for "If American agriculture ever needed them, it is now, and in the years to come."

Congressman Michael J. Hart of Michigan, who had been a farmer, asked Olsen if he thought it would be possible to have "some control by law, or some law by which you could regulate production?" Olsen replied that in his judgment "it was not possible." Regulating production was a different thing than indicating that in light of world competitive conditions, farmers "might better grow a little less cotton." Hart challenged Olsen on the usefulness of outlook; "The farmer is on the very brink of destruction today, not withstanding all that information." To Olsen's reply that the farmer's critical situation was not caused by the information, Hart stated: "I do not think the information has hurt him any because I do not think he knows anything about it. Furthermore, the farmer does not need to be told that there is overproduction because he knows that anyway." Hart said that he did not think the outlook work was worth the money it cost (31, 1933, pp. 760, 763, 766-767, 787-790).

In December 2, 1932 testimony on the appropriation bill for fiscal year 1934, Olsen said he believed that Bureau activities were relevant to the economic crisis. "They are directed at that, but, in the second place, a great many of these services are aimed at preventing such as we have at the present time from occurring." He spoke of the Bureau's objective to build up "a continuing economic service which will keep before the farmers and the nation, the trend of developments in various directions, and on the basis of those facts be in a position to throw out lively warnings."

In his testimony, Olsen referred to a Senate resolution calling upon the Bureau to investigate how various plans for farm relief would work to raise hog prices. This, he stated, was the first resolution of Congress asking the Bureau to analyze a problem. Olsen said he was delighted to have the BAE render such a service, that he was willing to discuss a number of approaches to solving the depression in agriculture. These included: (1) bol-



stering prices by artificial means through credit or currency adjustments, (2) restoring markets and the purchasing power of consumers through reviving industrial activity, (3) increasing agricultural exports through large credits, accepting goods in return, or accepting gold in payments, and (4) increasing efficiency in production and marketing of products.

Congressman James P. Buchanan asked Olsen how the factories were going to put people to work. The BAE chief replied he was not ready to answer the question but that further adjustments in the cost of manufacturing might have to be made and that confidence needed to be shown by the banking institutions and by industry. It was, he said, fundamental that an improvement be brought about in the domestic and foreign markets for agricultural commodities. Congressman Hart of Michigan said, "That is one thing you and I agree on." Olsen retorted:

Before we are through, we are going to agree on 99 percent of the things we are doing over in that bureau. The trouble with you is that you have not been over there to see what we are doing. We can help you and your group more than you think, if you will only come over there and let us do it (31, 1934, pp. 753-783).

### Changes During New Deal Years

Henry A. Wallace became Secretary of Agriculture in 1933. He retained Nils Olsen as chief of the Bureau, as Wallace was not interested in replacing civil servants with political appointees. In addition, the new Secretary was influenced by the fact that Olsen had worked for and had been a friend of his father, Henry C. Wallace, when he was President Harding's Secretary of Agriculture.

But Olsen was not in sympathy with the New Deal programs. In 1935, without dissent from the Secretary, Olsen resigned and went to work for an insurance company. Wallace had felt the need to have a Bureau chief who was enthusiastic about the new programs, particularly the Agricultural Adjustment Administration (AAA). Thus, he selected Albert G. Black, head of the AAA's Livestock and Feed Grains Division and former head of Iowa State College's Agricultural Economics Department (22, 370-371; 20, pp. 77-78).

A new division of marketing research was established in the BAE in January 1935 to study problems of distribution and consumption, to focus on spreads between the farm price and the retail price, particularly as they were affected by New Deal farm programs. The annual report of the Bureau for 1935 pointed out that price spreads in foreign countries were frequently narrower than in the United States. Projects of the new Division included intensive studies of selected marketing agreements and of the effects of commodity processing taxes on consumers and farmers. These studies were made in response to requests from the Agricultural Adjustment Administration. Bureau economists also undertook a series of studies to analyze the relationship between the prices paid to farmers and the prices paid by consumers

for about 50 agricultural products. This type of research proved particularly popular in the Congress (36, 1935, pp. 23, 24).

Albert G. Black gave enthusiastic support to all the New Deal programs and complete personal loyalty to the Secretary. In his first annual report as chief of the Bureau, Black discussed at some length the coordination of the work of the Bureau with that of the Agricultural Adjustment Administration:

The adjustment program has relied to a considerable degree upon the data and analyses prepared by Bureau workers who have been trained through several years of experience in assembling and interpreting statistical data with reference to various commodities and preparing outlook reports.

Black took the position that Government economists should contribute directly to agricultural programs and policy. They must not be content only to correctly analyze a problem and propose a solution. He believed that an economist who makes the correct analysis and cannot sell it convincingly has done only half the job and should be fired for not completing the work. Further, Black stressed the importance of theorists and generalists:

Somewhere in the background but not too remote from current events there should be a group of economists who can devote their attention to a continuing development of theory. . . . This background of theory must be at any time the 'base line' from which those working in agricultural policy or upon programs or administrative problems must operate.

There is needed too a large number of well trained economists who can view policy and program problems in their entirety. The highly specialized technician cannot produce the most effective results in the policy field. The most sought for advice is from the man who is competent to judge the validity of the studies of the technician but who has sufficiently broad training to synthesize correctly these results and to relate them to findings entirely outside the field of agricultural economics. There is great need for men who have this ability for synthesis (8, p. 310; 36, 1935, p. 1; 20, p. 78).

Secretary Wallace, Under Secretary Wilson, and their assistants shared Black's feelings about the role of Government economists. A close working relationship grew between the Secretary's office and the Bureau of Agricultural Economics. Then, because of circumstances outside the BAE, Black was asked to transfer from BAE, first to the newly created position of Director of Marketing and later to the job of Administrator of the Farm Credit Administration. In October 1938, he was succeeded as chief of the Bureau by Howard R. Tolley (42; 5, pp. 246-250; 13, Mordecai Ezekiel, M. L. Wilson, Louis Bean; 47; 40, No. 782, Oct. 6, 1938 and No. 783, Oct. 6, 1938).

Howard R. Tolley had previously worked in the Bureau of Agricultural Economics as head of the Division

of Farm Management and Costs (June 7, 1922 to June 15, 1924; July 17, 1926 to September 15, 1928) and as assistant chief (September 16, 1928 to March 31, 1930). He had left in 1930 to become director of the Gianinni Foundation at Berkeley, California, after becoming disillusioned with what he considered uninspired leadership in the Bureau and the Department.

In June 1933, Tolley had been called to Washington to develop a program for fruits and vegetables for the Agricultural Adjustment Administration. He became Assistant Administrator and director of the Program Planning Division, first called the Division of Planning, in December 1933. As division director, he had a major part in developing changes in the program of the Agricultural Adjustment Administration and in drafting the Soil Conservation and Domestic Allotment Act that was enacted by the Congress after the Supreme Court invalidated the Agricultural Adjustment Act. Tolley became AAA Administrator in June 1936.

Tolley's experience in the BAE and in the Program Planning Division of the AAA equipped him to head the BAE as reconstituted in October 1938 as the general planning agency of the Department. This change had come about through a need to reduce the size and power of the AAA in relation to other agencies and the Office of the Secretary, and as a part of a general USDA reorganization. All "action administration was to be grouped around a single core of program planning." Responsibility for the marketing and regulatory work of the Bureau was transferred to other Department agencies. This work included the Market News Service and responsibility for regulatory legislation which had grown out of earlier research programs of the Bureau. Among such programs were warehousing, establishment of standards and grades, produce marketing, and trading in cotton futures.

The selection of Tolley for chief of the newly reconstituted Bureau did not entirely result from his demonstrated ability in economic research and program planning. He was also chosen because AAA's field office had criticized him and because the Secretary's office was dissatisfied with his performance as administrator of the Department's largest, most controversial action agency (38, No. 1539, Mar. 11, 1936; 40, No. 782, Oct. 6, 1938; 13, Howard R. Tolley, M. L. Wilson, Paul H. Appleby; 20, pp. 158-163).

### Reorganization for Planning

In his first report as chief, Tolley called fiscal 1939 the reorganization year for the BAE. He wrote that the period

witnessed transformation of the Bureau from an agency dealing in economic analyses and performing a multitude of statistical, service, and regulatory duties into an agency functioning with a Department-wide scope both as a clearing house for agricultural planning in the Nation and as an economic-research organization.

As reorganized, the Bureau had three essentially different functions or methods of attack:

- Continuation of the fundamental research program
- Collaboration with the Federal and State extension services and the State agricultural colleges "to the end that farmers themselves will participate in the development of plans and suggestions for agricultural programs"
- Assumption of "the responsibility for developing, in close cooperation with other bureaus and agencies in the Department, an integrated and continuing national agricultural program."

The third mission, Tolley suggested, involved the observation of the several action programs in the field and an "honest appraisal of both their shortcomings and their accomplishments." Tolley called the second and third functions essentially new efforts for the Bureau.

To assist the BAE chief, key men, called coordinators and later integrators, were selected to be in charge of six major groups of activities: (1) general planning; (2) rural welfare; (3) conservation and land use adjustment; (4) market planning; (5) agricultural outlook; and (6) program relations. The coordinators were members of the interbureau coordinating committee to which all plans, technical suggestions, and administrative proposals were sent. The proposals were to serve as the basis for the chief's recommendations to the Secretary's Agricultural Program Board. The heads of other Department bureaus served as members of the coordinating committee. Tolley chaired the committee and served as a member of the Agricultural Program Board. The committee operated through numerous subcommittees assigned to work on the solution of particular problems and terminated when they completed the work.

In 1939, the Bureau had 12 divisions: agricultural finance, economic information, farm management and costs, farm population and rural welfare, land economics, statistical and historical research, State and local planning, program surveys, marketing and transportation research, program study and discussion, program development and coordination, marketing programs and coordination. The Division of State and Local Planning had been established early in 1939 to continue some studies begun in the Program Planning Division of the Agricultural Adjustment Administration. The Bureau's Marketing Research and Marketing Transportation Divisions were merged on May 19, 1939, into the Marketing and Transportation Research Division. The Division of Agricultural Statistics was transferred to the Agricultural Marketing Administration on July 7, 1939.

In the 1940 annual report, Tolley called the Bureau of Agricultural Economics "the medium through which the separate units of the Department plan the activities of the total Department of Agriculture. It is also the focus of the Department's social and economic research." The twin activities, he wrote, merge into a single endeavor. At the outbreak of war in Europe, the BAE's program was adapted to provide special reports of the war's probable effect on prices, supply, and production. However, the Bureau's ultimate goals remained unchanged (36, 1940, pp. 1-2).



## Adjusting to the War Years

On September 5, 1940, Claude R. Wickard succeeded Henry A. Wallace as Secretary of Agriculture. Unlike the two Wallaces, Wickard in his training and background had not developed faith in the ability of agricultural economists to help formulate agricultural policy. He had been a successful Indiana farmer and had served a term in the Indiana State Legislature before coming to Washington as Assistant Director of the North Central Division of the Agricultural Adjustment Administration. Wickard had moved up to become director of this Division, and on March 1, 1940 he became Under Secretary. His chief interest was in the agricultural adjustment program and he selected as immediate staff members people with whom he had worked in the Agricultural Adjustment Administration (9; 2, pp. 251-252, 291-292; 5, p. 273; 38, No. 1401, Feb. 2, 1940).

The problem of determining the Department of Agriculture's role in the national defense program confronted Wickard when he assumed office. In this area, competition soon developed between the BAE and the AAA. Tolley had been making plans for the adjustment of Department programs to defense needs. The extent of adjustment required, and the types of field organization needed, soon became a point of controversy. At the same time, Wickard had to face challenges to his authority from members of the National Defense Advisory Commission. The Agricultural Commissioner posed a threat in relation to the possible development of an independent food administration. The Price Commissioner wanted to establish an Office of Price Administration.

In Tolley's plans, the State and county planning committees would serve as the field organization of the Department for defense and war activities. Feeling that the committees were in a strategic position to coordinate agricultural programs in the field, he recommended that these committees give defense planning a high priority. AAA Administrator Evans and others in the agency protested that the State and county planning committees had not been involved in practical programs of interest to the AAA. Instead, its farmer committees should be given responsibility for any special defense activities.

On July 5, 1941, Secretary Wickard established new State and county defense boards to coordinate the defense activities. The chairmen of the AAA farmer committees were to chair these new boards, and the State chairmen were to report directly to the Secretary. This decision offered only one of the indications that Wickard would not give strong support to the Bureau of Agricultural Economics in its role of general planner for the Department.

However, Secretary Wickard was willing to make the Bureau responsible for production goals, and he called on it to establish an Interbureau Production Goals Committee. Also, on May 31, 1941, he asked the Bureau to establish an Interbureau Coordinating Committee on post-defense programs (9; 20, pp. 202-207, 214-215; 40, No. 921, July 5, 1941, No. 913, May 31, 1941).

But on December 13, 1941, Wickard further diminished the Bureau's planning role. He abolished the Agricultural Program Board, which had been established to review, evaluate, and make recommendations to the Secretary on the BAE's plans and programs. He replaced this board with the Agricultural Defense Board, to which the BAE chief belonged, along with other agency heads, as an ex officio member. The Secretary's 1941 memorandum also transferred the Division of Agricultural Statistics back to the Bureau of Agricultural Economics from the Agricultural Marketing Service.

Tolley's relationship to Wickard, which had never been close, became increasingly strained. On Feb. 25, 1942, the Secretary's office selected O. V. Wells to serve as a member of a three-man price committee designated to advise the Secretary on proposed price control actions. Wells became, in practice, the Department's liaison representative at the staff level with the Office of Price Administration. Such an appointment would previously have been given to the chief of the BAE and Wells would have served as an alternate. Tolley, feeling he could contribute more to the Department's war role within the Office of Price Administration, split his time between its Food Price Division and the Bureau from March to June of 1942 (40, No. 960, Dec. 13, 1941, No. 985, Feb. 25, 1942; 2, pp. 252-291).

Early in 1943, a separate War Food Administration was established in the Department but its Administrator reported directly to the President. The BAE handled economic staff work for both the War Food Administrator and the Secretary, and BAE data and analyses proved indispensable to wartime food and production programs.

While the Bureau's influence on policy and programs was declining, it was also being attacked by the American Farm Bureau Federation. The Federation, conscious of its origin in the Extension Service, feared the emergence of a rival farm organization as an outgrowth of the State and county planning organization. The Federation proposed the establishment of a nonpartisan Washington board representative of the Nation's agriculture to administer some of the Department's programs and to carry out the BAE's planning activities. State committees would administer the Bureau's state-wide planning program. The Washington board would appoint committee members from nominees made by State Extension Directors after consultation with farm organizations.

Although the Congress did not accept the organization proposed by the Farm Bureau Federation, it did cut the BAE appropriation for fiscal year 1942 by \$500,000. The following year, Congress prohibited the use of funds appropriated for fiscal year 1943 for State and county land use planning. This action had been recommended by the American Farm Bureau Federation to return the Bureau to its former status as a research and fact-finding agency.

These actions bitterly disappointed Tolley and others in the Bureau who had faith in the possibility of building a viable two-way planning process from Washington to the county and community and back to Washington.

Tolley attempted to save some of the planning process by drafting a letter for Secretary Wickard to send to the State Extension Directors. It would state that the Department believed in the basic objectives of the work and hoped that the States would be able to carry on without financial support from the Department. Tolley's draft also suggested that conditions might change after the war so that the Department could give assistance. Wickard did not send the letter. However, Bushrod Allin, in charge of the Agricultural Planning Field Service which had replaced the Division of State and County Planning on February 26, 1942, wrote to Bureau personnel in the field. He expressed confidence that the "democratic process would continue" in many States, and eventually rise to a new high. The work of the Service was discontinued on July 1, 1942, in compliance with the appropriation act for fiscal year 1943 (18; 10, pp. 85-89; 31; 42, pp. 416-418; 20, pp. 215-217; 31; 44, p. 168).

With State and county land use planning prohibited, the Bureau focused its efforts on contributions to wartime and postwar planning. Agencies and Departments throughout the Government used BAE research and statistics as a background for planning and program development concerning agriculture. An outstanding example was a major USDA project under the leadership of Sherman Johnson involving agriculture's capacity to produce.

### The BAE Under Fire

During the war years, the Bureau worked to devise a uniform, integrated system for making sampling surveys needed by the Department and other Government agencies. This system, called the Master Sample, included social as well as economic information. When completed, the Sample was to provide three nationwide samples of farms, each including approximately 100,000 farms and representing every agricultural county. Because the Sample involved information on social as well as economic conditions, it would soon come under fire. Attacks on research conducted for the Master Sample and on the Bureau's postwar plans for the cotton program in the South would bring an end to the Bureau's planning role in the 1940's and to Tolley's career in the Department.

"A Conversion Program for the Cotton South" proposed that cotton prices be allowed to drop to a level at which American cotton could compete with cotton in world markets and with synthetics in the United States. Government payments would be used first to pay farmers the differences between prices received in the market and parity prices. Later, these payments would be made to encourage farmers to convert to other crops and to seek other means of livelihood. Through this method and other inducements, the Government would attempt to restrict cotton production to the lands best suited for it and eventually to reduce the number of people and the amount of land involved in farming in the South. Heavy emphasis would be placed upon industrialization of the South and upon training programs for people who would leave agriculture.

Tolley encouraged wide and critical discussion of the conversion plan. Wickard discussed it in a general way in 1944 and 1945 before the House committees on agriculture, and the Bureau provided fuller explanations. The plan also came to the attention of Southern newspaper editors and college officials.

The plan aroused much controversy. Some economists praised it as did the National Farmers Union. The American Farm Bureau Federation condemned the plan. As the controversy increased, the leadership in the Department of Agriculture changed. Wickard stepped down as Secretary to head the Rural Electrification Administration. He was succeeded by Clinton P. Anderson (20, pp. 227-234; 36, 1943, 1944; 35; 30, pp. 94-102).

Anderson, a congressman from New Mexico, had made his reputation as chairman of the House Special Committee to Investigate Food Shortages. It was natural that Harry Truman, who became President after the death of Franklin D. Roosevelt in April 1945, would, after many years of service in the Congress, select a congressman to become Secretary of Agriculture. With Anderson's appointment, Truman returned the functions of the War Food Administration to the Department. When a part of the Department, it had, as was noted earlier, been under a War Food Administrator who did not report to the Secretary. The situation seemed to call for a reorganization of USDA and Anderson turned to Milton Eisenhower to chair a committee of consultants who were to draft reorganization plans. Eisenhower, then President of Kansas State College, had worked previously in the Department under three Secretaries—Jardine, Hyde, and Henry A. Wallace (15, No. 9577, June 29, 1945; 23, pp. 8-10; 40, No. 1106, July 3, 1945; 40, Unnumbered, to Members of Dept. Agr., Aug. 18, 1945).

Howard R. Tolley and O. V. Wells were among those called by the Eisenhower Committee to discuss the proper functions of the Bureau. When asked whether the planning function injured BAE prestige as a research and analysis agency, Wells replied that the research function and the prestige of the Bureau suffered when its recommendations went contrary to those advocated by pressure groups. Wells said he believed that an overall planning agency could not exist successfully unless it was headed by the Secretary of Agriculture. The Bureau, he stated, considered its fundamental jobs to be (1) to supply facts and figures, and (2) to contribute as a neutral administrative agency to such planning as was done in the Department.

In his appearance before the Eisenhower Committee, Tolley described the work of the Bureau as being in four categories: (1) statistics; (2) economic research; (3) program analysis; (4) planning. When Eisenhower said that some people felt the Bureau was being injured by the planning function, Tolley mentioned the possible desirability of having a Bureau member serve as secretary on a proposed program planning board for the Department.

In the fall of 1945, the Eisenhower Committee recommended that the planning function be moved from the Bureau to the Office of the Secretary. When drafts of the Secretary's memorandum described before were cir-

culated, Tolley thought it would, in effect, reconstitute the Bureau as it had been in the days of Olsen, chief from 1928 to 1935 (14).

Secretary's Memorandum No. 1139 issued on December 12, 1945, stated: "Responsibility for leadership in general agricultural program planning, including direction of the interbureau committees and working groups both in Washington and in the field is hereby transferred to the Office of the Secretary." The memorandum also announced transfer to the Extension Service of BAE responsibility for public study and discussion of broad agricultural problems and policies.

The Bureau would be the Department's primary agency for collection and dissemination of agricultural statistics and for economic research and dissemination of the results. As a staff agency of the Secretary, the Bureau was to coordinate the statistical work and the economic research of the Department. The Secretary's memorandum spelled out the number of assistant chiefs and divided among them the following areas of responsibility: (1) collection of statistics on crops, livestock, prices and income, and research on sampling and statistical gathering and evaluating techniques; (2) research on economic production; (3) research on income distribution; and (4) program analysis and service, and farm population and rural life. An associate chief would coordinate and improve all statistical services and economic research in the Department.

The memorandum also established the Situation and Outlook Board in the Bureau to provide the technical review and approval of all economic situation and outlook reports prepared within the Bureau or other Department agencies.

What explains these restrictions on the functions of the Bureau and the rearrangement of its internal organization? The changes came primarily because of the severe attacks on the Bureau and its leadership by the American Farm Bureau Federation and by members of the Congress. The Bureau's conversion plan for the South not only aroused a storm of criticism but it proved to be personally embarrassing to Secretary Anderson. On November 12, 1945, addressing a meeting of farm officials in Memphis, Tennessee, he warned of the dangers of high cotton prices. "The cost of production must come down if we expect to compete with other nations in the world market or if cotton expects to compete at home against the synthetics." When criticized for the address by Southern congressmen, Anderson quickly disavowed this speech and others on the subject which had been drafted within the Bureau of Agricultural Economics, leaving Tolley to absorb the bitter attacks. Senator Bankhead called the cotton conversion plan a waste of Government money and he suggested that Tolley wanted to remove owners of good Delta land so that Negroes could be placed there. Bankhead commented that the Congress thought it had stopped this type of change when it had prohibited funds for State and local planning.

Congressional anger also focused on a sociological study made in Coahoma County in Mississippi, con-

ducted in connection with the Master Sample Project. The study, entitled "Cultural Reconnaissance," contained references to race relations, white supremacy, and racial segregation. The report, marked "For Administrative Use," was to have been summarized and used as part of a nationwide study. The Director of the Mississippi State Extension Service obtained a copy of the study and called Secretary Anderson's attention to it, labeling it nothing but lies. Immediately after learning of the Coahoma County report, Anderson announced his decision to limit the functions of the Bureau.

But the changes made by Anderson's December 12 memorandum did not satisfy the American Farm Bureau Federation and the critics in the Congress. They demanded more severe restrictions. The Federation recommended to the House Subcommittee on Appropriations for the Department on February 6, 1946, that the Bureau be "prohibited from conducting social surveys, agricultural planning and promotion, and opinion polls except bona fide factual marketing studies and surveys of consumer attitudes and preferences with respect to the consumption of agricultural commodities." The Farm Bureau further recommended that no funds for this type of work be provided and that the regional offices be eliminated.

Congressmen Thomas G. Abernethy and Jamie L. Whitten of Mississippi charged that the Coahoma County study was one the Bureau had no right to make. According to Whitten, the study "slandered a fine people" and he suggested that the farmers might benefit if Bureau functions were limited to agricultural statistics. He threatened the Bureau with legislation to prevent it from making "vicious attacks" on a county and its people. Congressman Malcolm C. Tarver, chairman of the subcommittee on appropriations, insisted that treatment of Negroes was probably better in Coahoma County than in some industrial sections of the North. He stated that the Bureau must not be allowed to engage in any similar studies.

Critics focused their anger on Tolley as Bureau chief because he furnished statistics to the Office of Price Administration for price control purposes and he did not take a stand against imposition of a price ceiling on raw cotton. When Tolley said he had not been consulted on the proposed price ceiling, Tarver suggested that Tolley's duty as the Secretary's adviser on economics was to advise the Secretary whether it was requested or not. Asking what Tolley's advice would have been under the circumstances, Tarver said he had a right to raise the question because he needed to know just how much good Tolley was doing for the farmer:

I want to know whether you are working for the farmer or not, and whether you are active and alive in his behalf; whether you are fighting for him, or whether you are more interested in either looking after the consumer or in maintaining the salary levels of the organization which you represent.

In discussing the Bureau's role, Tolley called the Bureau of Agricultural Economics a statistical and economic

research agency. The Bureau, he stressed, was limited to making studies and carrying on economic research involving an analysis of the probable results of alternative lines of action. He explained that a distinction existed between a conclusion reached from an economic analysis and a recommendation as to what should be done. The Bureau gave advice when requested and furnished facts. It no longer had responsibility for leadership in general agricultural program planning.

But members of the subcommittee on appropriations did not recognize the distinction made by Tolley and continued to criticize him (38, Nos. 2082-5, Nov. 12, 1945; 31, 1947, pp. 33-36, 184-203; 20, pp. 231-234; 40, No. 1139, Dec. 12, 1945; 23, pp. 69-70, 133).

Before final Congressional action on the appropriation bill, Tolley resigned as chief of the Bureau. On May 14, 1946, Tolley told his staff that his main reason for leaving was his belief that his services would probably be more valuable in the Food and Agriculture Organization (FAO) than anywhere else during the next 4 years. He had accepted a position as chief economist and director of the Division of Economics and Marketing in FAO, an organization he had helped to establish. Congressman Whitten of Mississippi later stated that the appropriations subcommittee had been responsible for Tolley's departure from the Bureau (29).

Secretary Anderson chose Oris V. Wells to succeed Tolley. Wells, a career employee of the Department, had been associated with Tolley in the Program Planning Division of the Agricultural Adjustment Administration and in the Bureau of Agricultural Economics. Wells did not object to the limitations placed upon the Bureau by Secretary Anderson and the Congress.

On March 20, 1947, Wells reported to the House Subcommittee on Appropriations for the Department that the BAE's Division of Program Study and Discussion, the Division of Program Analysis and Development, and the eight regional offices with the jobs of the regional analysts had been discontinued. In addition, the Division of Program Surveys had been abolished and most of its functions transferred to a new division of special surveys, later renamed consumer surveys.

The number of research workers, full-time basis, Wells stated, had been reduced by about 100. But the number of statistical personnel, full-time basis, had been increased by about 80, or around 13.5 percent compared with fiscal year 1946, indicating an emphasis on statistics and a down-grading of research. The actual count of full-time employees in the Bureau had dropped to 1,226 as of December 31, 1946, compared with 1,386 on December 31, 1945. Total employees in the Bureau or agencies which had consolidated with it as of December 31, 1940 numbered 2,093.

In reorganizing the work, Wells said that he had had four objectives: (1) to center attention on the Bureau's function as the central statistical and economic research agency of the Department; (2) to simplify the general administrative structure of the Bureau; (3) to strengthen cooperative relationships with State colleges and State

departments of agriculture as well as with other bureaus and agencies in the Department; and (4) to review the entire Bureau program to eliminate less essential activities and center work in the field where it was most needed.

Wells stated that he would like to put before the committee his own general philosophy with respect to the Bureau:

I have looked on the Bureau of Agricultural Economics in the years that I have worked with it, and I still do, as a general service agency completely across the agricultural field. I feel that the Bureau of Agricultural Economics, and its companion bureaus, the Bureau of the Census and the Bureau of Labor Statistics, are the agencies which should be responsible for seeing that the administrative officials, the Congress, and the people are reasonably well informed across the entire economic field.

In explaining economic investigations, Wells said he felt that most of the work was designed to turn out statistics. These statistics, he said, required a more analytical approach and they had not become routine like the crop and livestock estimates. The number of economic studies had been reduced from 160 for fiscal year 1946 to 138 for fiscal year 1947, a further indication of a re-orientation of BAE's work (38, No. 1096-46, May 14, 1946; 31, 1948, pp. 350-377).

In January 1947, the Secretary's Office organized four overall policy committees on long-range planning to bring together plans of 17 subcommittees of the Program and Policy Committee. Wells took steps to ensure that the Bureau would not again be considered a policy agency. Since the chairmen of these four committees would be official spokesmen for the Department, he asked that no member of the BAE chair one of the overall committees. However, Wells agreed, at the Secretary's and Assistant Secretary's request, to serve as chairman of the Conservation Committee. This job, he said, would involve bringing together material prepared by other agencies. Each of the 17 subcommittees contained a BAE staff member, and these men supplied the data and made many of the calculations used by the four policy committees and the Secretary.

Congressman Everett Dirksen, chairman of the appropriations subcommittee, praised Wells during the 1949 appropriations hearings for the "vital job" he was doing. Congressman Whitten said "your Bureau has done an excellent job and should be commended—not only the Bureau but yourself" (31, 1949, pp. 362-363, 371-372).

On February 4, 1952, during testimony before the subcommittee, Wells again emphasized the technical and service aspects of the work classified as economic investigations. Only about 50 percent of the funds under this subappropriation were, he reported, used for "what we would ordinarily think of as research, and this includes a considerable amount of service research in connection with our outlook and situation work. . . ." He labeled the project on agriculture's capacity to produce as semi-service (31, 1953, p. 180).

Wells also reported further curtailment in economic investigations. Funds available for fiscal year 1953 would be reduced 15 percent from the level in fiscal year 1952, and the number and volume of commodity and situation reports had been cut about 20 percent.

Charles F. Brannan had succeeded Clinton P. Anderson as Secretary on June 2, 1948. Secretary Anderson returned to the Congress to serve as Senator from New Mexico. Secretary Brannan retained O. V. Wells as chief of the BAE and allowed him free rein in administering it. At Brannan's request, Wells organized and chaired a seminar on national agricultural policy. Its objectives were to sound out Departmental thinking and to discuss current facts, trends, and problems involved in determining agricultural policy. Five of the twenty USDA officials who attended regularly were economists. Two were members of Wells' staff.

The plan which emerged from the meetings and from the Secretary's convictions became known as the Brannan plan. The Secretary told staff members they need not espouse the plan but should be able to explain it. Some of the five economists disagreed with important aspects of the plan, aspects which would have substituted an income standard formula for the parity formula and would have provided compensatory payments to producers of perishable crops when prices did not measure up to the standard. The new income standard would also have been used for basic crops supported by loans. The American Farm Bureau Federation and many members of Congress denounced the plan. Use of income payments received the most bitter opposition in the Congress. But such a scheme has been used for a number of crops since 1965 (38, No. 1148-48, Jan. 2, 1948; 11, pp. 21-63; 32, 1950, pp. 129-130).

### Demise of the Bureau

Ezra Taft Benson became Secretary of Agriculture as of January 21, 1953. The first Secretary of Agriculture in a Republican Administration since Hyde served in Hoover's Cabinet, Benson had ideas on Government programs diametrically opposed to those of Brannan. Benson's plans for a major reorganization of the Department, announced on October 13, 1953, called for the abolition of the Bureau of Agricultural Economics, dividing its functions between two new agencies—an Agricultural Marketing Service and an Agricultural Research Service.

The plans were protested by a hastily organized committee of agricultural economists that included the Bureau's first chief, Henry C. Taylor; Howard R. Tolley, then with the Ford Foundation; and Raymond J. Penn of the University of Wisconsin. This committee offered a compromise plan after it became apparent that the Secretary would accept "no sweeping departures" from his plan no matter how strong the objections and that the "top men in the BAE had already accepted it . . . ." But the committee compromise was rejected, and after the

reorganization had taken effect, the committee's views and the views of other economists appeared in an article entitled: "The Fragmentation of the BAE" (45). The economists' argument contained several points:

- The need existed for a strong program of fundamental, longer run research—as distinguished from operations and program research pointed at immediate improvement
- It was important that the research be carried on in a unit removed from action, service, and regulatory work to preserve its objectivity and freedom from pressures
- Farm management research should remain within agricultural economics and
- A type of organization like the BAE would give agricultural economics a high standing and it would attract people of first-rate ability.

Paul Appleby, who had been Henry A. Wallace's administrative assistant, also criticized the reorganization:

It would seem fair to say that the Secretary of Agriculture will be more poorly served than he has been in the past whether he knows it or not. It may also be asserted with confidence that the Department of Agriculture has become a place much less attractive to first rate economists. These things are of concern not only to economists (4, p. 12).

"The Fragmentation of the BAE" began with a section by O. V. Wells defending the changes. He stated that three underlying principles had activated the Secretary's committee on reorganization:

- The decision to make lines of authority as clear as possible and to limit the number of people reporting at each level of authority within a reasonable working limit
- "The decision to organize the various Services or program agencies in such a way as to provide for a concerted or team attack on certain broad problem areas facing farmers and businesses handling farm products rather than particular commodities"
- "The decision to adopt a uniform nomenclature which not only starts with the use of the overall term 'Service' . . . for the larger aggregation but which also gives units and individuals performing similar functions the same descriptive titles, including the elimination of all the old bureau names" (45, pp. 2-3).

The reorganization, effective November 2, 1953, put the assistant chief for production economics, along with all work relating to farm management and costs, land economics, and agricultural finance in the Farm and Land Management Division of the Agricultural Research Service; there, most of the work was organized in a production economics branch.

All marketing and transportation research was transferred to the Marketing Research Division of the Agricultural Marketing Service (AMS). The assistant chief for prices and income, along with statistical and historical research work on farm population and rural welfare, was transferred to the AMS Agricultural Economics Division. The assistant chief for agricultural estimates, along with the entire crop and livestock estimates staff, went to the AMS Agricultural Estimates Division.

Wells stated that he felt the reorganization offered agricultural economists more opportunity for research and program assistance within the Department than they would get in any other form of organization advanced in recent years. Agricultural economists and statisticians, he said, had responsible roles within the Agricultural Research Service, the Agricultural Marketing Service, and the Farmer Cooperative Service (FCS), which had been a part of the Farm Credit Administration. FCS remained in the Department when the Farm Credit Administration became an independent agency on December 5, 1953.

To his own staff, Wells advanced the theory that economic research would fare better in a big operating agency where it would not have to fend for itself in the budget process. On November 2, 1953, he became Administrator of AMS as part of the reorganization (7; 40, No. 1320, Supp. 4, Nov. 2, 1953; 45).

The theory seemed to be borne out that it would be easier to obtain appropriations for research when it was part of an action agency than when it stood alone. However, part of the ease with which Wells secured increased appropriations for research came from his good relationships with Congressional committees. The amount spent on marketing research increased from \$4,303,736 in 1952 to around \$7 million in 1958. The appropriations for economic and statistical analyses increased from \$866,000 to more than \$1½ million in 1958.

But appropriations were not increased without questions and criticisms concerning the expansion of research in certain areas. For example, in 1955, Congressman Whitten stated that research was so popular with the committee, the public, and the press, that sometimes "we let a lot of farfetched things get into the picture in the name of research." He seriously questioned the research project on the levels of living for low-income groups, stating that it was not the kind of research most people had in mind when they wrote letters asking for more research. He doubted whether the Congress wanted such research when it made the appropriation. Whitten also questioned whether money should be spent for studies on agricultural labor relations (31, 1956, p. 1025).

Wells' inclination to limit research involving social and psychological problems and his personal popularity kept him from having serious problems with the Congress. But the Administration changed in 1961 and Orville Freeman came to the Department with restoration of the Bureau of Agricultural Economics as one of his major objectives. Wells could have remained as head of AMS. But, like Tolley before him, Wells left the Department for the Food and Agriculture Organization.

## THE ECONOMIC RESEARCH SERVICE

On April 3, 1961, economic research within the Department was concentrated in the Economic Research Service (ERS) created by Secretary's Memorandum 1446, Supplement 1. In establishing ERS and another new agency, the Statistical Reporting Service, both under a

Director of Agricultural Economics, Secretary Freeman said:

They will put renewed vigor into providing better information to U.S. farmers, ranchers and consumers and to foreign countries on agricultural needs both in the United States and abroad. This also will help the Department develop a food budget that will give hard figures on normal needs of food and fiber for our own people, supplemental needs for distribution to the needy, and overseas needs in terms of our foreign economic program (38, No. 1019-61, Apr. 3, 1961).

Nathan M. Koffsky was chosen to head the Economic Research Service. A career civil servant, he had worked in the BAE from 1934 to its abolition and then he had transferred to the Agricultural Marketing Service. There he had been deputy administrator for economics and statistics; prior to that, Koffsky had worked mostly in the farm income field (38, No. 1019-61, Apr. 3, 1961).

The new Economic Research Service differed from the Bureau of Agricultural Economics in two vital respects. First, it reported to the Director of Agricultural Economics rather than to the Secretary of Agriculture. Second, the collection of crop and livestock estimates became the responsibility of the Statistical Reporting Service. In addition, a Staff Economists Group was established which, in the words of the first Director of Agricultural Economics:

assists the Director in the development of short- and long-range economic research and statistical work required by the Secretary of Agriculture, undertakes analytical studies of current and proposed agricultural programs, and represents the Director in the economic and statistical review of program actions.

Thus, the ERS administrator, unlike such early BAE leaders as Henry C. Taylor, Howard R. Tolley, and O. V. Wells, stood two steps away from the Secretary of Agriculture. As for crop and livestock estimates, the administrator could ask that certain things be done. The BAE chief could have directed that they be done (12).

The Economic Research Service included work previously assigned to the Agricultural Marketing Service, Agricultural Research Service, and Foreign Agricultural Service. These activities were reorganized under a deputy administrator for agricultural economics and a deputy administrator for foreign agriculture.

## Initial Work Areas

As first announced on April 4, 1961, the Deputy Administrator for Agricultural Economics was responsible for four divisions: economic analysis, marketing economics research, market development research, and production economics. The Deputy Administrator for Foreign Agriculture was charged with the agricultural regional analysis division and the development and trade analysis division. Within 2 months, the divisions reporting to the Deputy Administrator for Agricultural Economics had been reduced to three: economic and statistical analysis, farm economics, and marketing economics.



During his first year as administrator, Koffsky appointed a number of committees to consider problems involving more than one division. The major committees included: automatic data processing, agriculture and economic growth, economic projections, foreign economic development, and rural development research.

On December 4, 1962, the Resource Development Economics Division was established to conduct the economic research and service work related to "institutional and group activity in the use, development, conservation, and management of rural resources. This will include economic development, rural renewal, river basin and watershed programs, and resource policy." The new Division consisted of two branches from the Farm Economics Division, which was renamed the Farm Production Economics Division (37, No. 15, Dec. 4, 1962).

When the Economic Research Service was established, the only new task specifically assigned to it was the development of a "food budget." A formal plan and procedure for the "1962 World Agricultural Situation" was issued on September 18, 1961. A preliminary report was issued in March 1961, while "The World Food Budget, 1962-66" appeared in October. These documents were valuable both in supporting and giving direction to a policy decision which had already been made—to greatly increase the overseas shipments of American agricultural surpluses. The praise which the World Agricultural Situation received led to its regular issuance.

Since ERS was established after Congressional hearings had been held on 1962 appropriations, the administrator had almost a year in which to set up his formal organization and to determine and assign lines of work. Generally, however, the lines of work were those that were followed earlier. Koffsky stated that the economic research programs were "directed toward finding answers to current and emerging problems of agricultural production, marketing and distribution" (31, 1963, p. 1130).

The work was divided into three projects for accounting purposes: farm economics research, marketing economics research, and domestic and foreign economic analysis. Koffsky requested an increase of a million dollars over his 1962 budget of \$9.4 million. The areas in which the increases were requested indicate, at least to a degree, his views of the comparative importance of the work.

Not surprisingly, considering Koffsky's previous work in the farm income field, the largest increase—\$595,000—was requested for farm economics research. Of this sum, \$190,000 would expand economic studies of rural development, \$280,000 would strengthen economic research in land and water conservation and development, and \$125,000 would increase research in farm size.

No change was proposed in the marketing area. The increase requested for domestic and foreign economic analysis was \$435,000. Of this, \$185,000 was in situation and outlook work and \$250,000 was in the foreign area, including foreign markets.

None of these increases were recommended by the House Appropriations Committee while the Senate Com-

mittee recommended an increase of \$500,000. As finally passed, the 1963 appropriation granted \$90,000 more, for studies on the "economies of farm size and numbers and on domestic agricultural and outlook reporting" (31, 1963, pp. 1127-1195).

The greatly increased emphasis by the Federal Government on exports under P. L. 480 and the use of some of the P.L. 480 funds for market development and for economic development in the less developed countries offered new opportunities for ERS to demonstrate the value of its research. During the early and mid-1960's, a number of long-term ERS studies of supply and demand in foreign countries proved especially popular with U.S. exporters.

The Agency for International Development (AID) financed much of the research work by the two divisions concerned with foreign developments. In March 1963, the Foreign Development and Trade Division agreed with AID to undertake a major research project: "Factors Associated with Differences and Changes in Agricultural Production in Underdeveloped Countries." The ERS team organized to undertake the research produced its first major report, *Changes in Agriculture in 26 Developing Nations*, late in 1965. This report, a spectacular success, added greatly to the respect accorded ERS research in the international development field. Thus, the administrator could focus his requests to the appropriations committees on other areas, since much of the foreign research could be financed by transfer funds.

ERS requested an increase of \$772,600, about half of it to cover increased pay costs, in the 1964 appropriation. Koffsky proposed other fund increases and shifts as follows: \$209,800 for estimates of land requirements; \$200,000 less in marketing economics; \$125,000 for outlook and situation reports; \$90,000 for farm income estimates; \$93,300 for research on Common Market trade in farm products; and \$110,000 for longer range prospects for foreign demand and trade in farm products. These proposals, taken as a whole, foreshadowed an increased emphasis on the general area of farm economics research, including farm production, rural development, and natural resource economics; and a decreased emphasis on marketing research.

The House Appropriations Committee recommended a net increase over 1963 of \$320,850, most of this to help meet pay and postal increases. The only substantive increase was \$110,000 for research on foreign trade expansion and the Common Market. The Senate Committee recommended an additional \$133,700 over the House figure to cover the full amount of pay costs. In the final act, a total of \$9,912,000 was appropriated—a compromise between the House and Senate versions (31, 1964, pp. 1089-1135; 32, 1964, pp. 786-808).

Administrator Koffsky asked for an increase of only \$229,200 for 1965, to cover mandatory pay increases, and the House Committee recommended this amount. However, the Senate Committee recommended an increase of \$1,329,200 over 1964, including \$500,000 for

economic research on pesticides and \$600,000 for accelerated cost-of-production research on cotton. These additions were included in the final appropriation of \$10,576,000. Subsequently, an appropriation to cover increased pay costs brought the total to \$10,922,000 (31, 1965, pp. 205-260; 32, 1965, pp. 352-374).

Obviously, the farm economic area, which included the work being done by the Farm Production Economics Division and the Natural Resource Economics Division, plus that to be done in the proposed Economic Development Division, was receiving most of the increases in appropriations. The marketing economics area was declining; price research, as related to support programs, had been important, but had become less so.

### New Emphasis in the 1960's

The shift in focus to farm economics reflected the directions in which the President and the Secretary of Agriculture were looking in the 1960's. The goals of the "Great Society" included improvement in the physical environment and a concern for the poor. A disproportionate number of people who were sometimes called the "hard core" poor lived in rural areas. Thus, the Economic Research Service was called upon by the Director of Agricultural Economics, the Under Secretary, and the Secretary to provide background and backup economic material for programs to upgrade the rural environment, provide for rural development, and overcome poverty in rural America. Greatly expanded programs were developed, with the help of ERS studies and data, in all of these areas. However, President Johnson later decided to deemphasize such expensive programs until the United States won the war in Vietnam.

These new pressures caused by the war and Great Society programs led to a reevaluation of the place of basic research, priorities in research, and the field organization. Such rethinking, of course, is ongoing in management of a research program.

In a memorandum of February 19, 1964, Koffsky stated that it was ERS policy "to support a balanced program of fundamental and applied research." He set out a plan for giving some people in ERS special research assignments to concentrate on fundamental, basic, or pioneering research. But little came of this plan (37, No. 26, Feb. 19, 1964).

On June 10, 1965, Koffsky issued a memorandum on the field organization. One particularly interesting sentence read:

The time is approaching when the staff of the Service must further concentrate its people and facilities to improve the quality of its research product, to reduce further the fragmentation of research effort both in Washington and in the field, and to more effectively mobilize our people, in concert with our cooperating agencies, for more effective research.

While awareness of the problem was evident, solving it was difficult. And though ERS management recognized

the need to assign priorities to research, doing so proved hard.

In 1964, Director of Agricultural Economics Willard W. Cochrane resigned to return to the University of Minnesota. In reviewing his experiences, he pointed out that the Economic Research Service had no pressure group backing it and would always have problems in obtaining appropriations. Many Congressmen would oppose it unless its research results turned out "right." Administrators of the Department's large agencies would be anxious to carve up ERS to add parts of it to their empires. The staff work demanded of ERS—planning and appraising other people's programs—would often lead to difficulties. Without strong support from the Secretary of Agriculture, ERS would have a difficult time surviving (38, No. 1887-64, June 5, 1964).

Cochrane was succeeded in June 1964 by John A. Schnittker, who had headed the staff economists group in Cochrane's office (38, No. 1887-64, June 5, 1964). About a year later, Schnittker became Under Secretary of Agriculture (38, June 1, 1965). Nathan Koffsky succeeded him as Director of Agricultural Economics. In August 1965, M. L. Upchurch became administrator of ERS. Upchurch's long career with ERS—aside from service with the U.S. Army and 4 years of teaching at Oregon State University—had been mainly in the field and in the area of farm production economics (38, No. 2524, Aug. 13, 1965). Walter W. Wilcox became Director of Agricultural Economics in January 1967 and was succeeded by Don Paarlberg in January 1969.

On August 13, 1965, the Economic Development Division was created. Administrator Upchurch stated the new division had resulted from a conference held at Front Royal, Virginia, and from a report of a program evaluation committee. The major part of the new division came from the Resource Development Economics Division, renamed the Natural Resources Economics Division. The Development and Trade Analysis Division was renamed the Foreign Development and Trade Division to differentiate it from the Economic Development Division (37, No. 40, Aug. 13, 1965).

During Upchurch's service as administrator (he retired January 8, 1972), the trend towards emphasizing the work of the divisions grouped under the "farm economics" heading continued. As noted, this trend had started under Koffsky.

The tone for ERS appropriations had been set between 1962 and 1965; there would be little or no money for new research projects. From 1966 to 1972, the substantial increases almost entirely represented additional funds for pay raises voted by the Congress and signed by the President. Congressman Whitten said in 1967, quoting an earlier statement of his own: "You insist on having a Bureau of Agricultural Economics. It is my judgment it costs you about a million or a million and a half dollars a year to carry that title, because it is hard to sell. I still stick to that viewpoint" (31, 1968, p. 752). As evidence, only rarely did an appropriation increasing funds for a particular line of economic research get through

the Congress. Additionally, fewer people were employed by ERS in 1972 than in 1962.

As new projects developed within ERS, persons were shifted to them from previous lines of work. Practically speaking, such changes presented difficulties. The administrator, however, had some flexibility in appointments because funds could be transferred from other Department agencies. These fund transfers increased substantially in the last half of the 1960's, particularly in the foreign, natural resources, and economic development areas. Such funds provided 56 man-years of employment in 1965, 123 in 1968, and 80 in 1972. However, transfer funds could be, and at times were, cut off or decreased any year by the transferring agencies.

A problem that Koffsky had faced during his time as administrator—the relationships between basic research and problem-solving research—continued during Upchurch's administration of ERS. In testifying on the 1967 budget, Upchurch called ERS the economic intelligence arm of the Department—apparently the first use of this term in appropriations hearings. He said further:

American farming and many aspects of the economic and social conditions of rural life are changing rapidly. Change requires adjustments so farmers, other rural people, their leaders, and policy-makers in executive and legislative branches of Government need the best and most complete information we can provide to make these adjustments most rationally.

The administrator listed eight areas that he considered most important for ERS research: fundamental structural changes in farming, changes in commercial farming, farm finances, income position of the family farmer, decline in use of farm labor, employment of land and water resources, rural welfare, and export markets (31, 1967, pp. 6-8, 33-51). In general, Upchurch continued to emphasize the problem-oriented approach. In testifying on the 1969 appropriations, for example, he said: "Our studies are designed to help farmers and other rural people with economic problems" (31, 1969, p. 273).

But during the 1970 appropriation hearings, Upchurch expanded the ERS horizon:

Our basic and continuing task is to provide the economic intelligence . . . that is necessary for understanding of the significance and meaning of changes taking place on farms, in related processing and marketing industries, and in rural communities, and to provide evaluations of the consequences of alternative courses of action in solving agricultural problems. In addition to this basic core of economic research we are being called upon increasingly by the public, the Congress and other agencies of the Federal Government for economic information related to very specific questions or to the solution of specific problems (31, 1970, pp. 604-605).

Here, he attempted in a limited way to distinguish basic economic research and information related to the solution of specific problems.

Over the years, however, the Congressional subcommit-

tees on agricultural appropriations have seldom referred to the relationship of basic and problem-solving research. Indeed, they have assumed that all research was directed towards problem solving. The accumulation of "basic" data was regarded as useful if the material might be needed in connection with some specific problem.

When Upchurch left ERS at the beginning of 1972, the agency seemed to have three functions:

- Supply basic economic data
- Evaluate policy as required
- Provide prompt answers to pressing economic questions

ERS also had support from the Secretary of Agriculture and from other agencies inside and outside the Department. It was receiving substantial sums in transfer funds for particular jobs of economic analysis. As for the regular ERS budget, the Congress continued to be critical. The administrator sometimes seemed to be on a treadmill where great effort was required merely to remain in place.

### Changes in the 1970's

The appointment of Quentin M. West as successor to M. L. Upchurch on January 9, 1972, led to the consolidation on February 6 of the Foreign Economic Development Service (FEDS) into the Economic Research Service as the Foreign Development Division (40, No. 1763, Supt. 1, Feb. 18, 1972). West, who in 1956 had joined the Foreign Research and Analysis Division, then part of the Foreign Agricultural Service, had become administrator of FEDS upon its establishment December 1, 1969 (40, No. 1668, Supl. 1, Nov. 26, 1969).

In his first appearance before the House Agriculture Subcommittee of the House of Representatives, West requested an additional appropriation of \$1 million for fiscal year 1973. This sum included \$400,000 for rural development; \$400,000 for research to expand agricultural exports; and \$200,000 for the economic analysis of programs relating to agriculture then being considered by the Environmental Protection Agency (31, 1973, Pt. 3, p. 698). Several Congressmen complimented West on his presentation. The agency received increases of \$200,000 for research on foreign economic conditions, and \$275,000 for the economics of predator control.

The next year, West proposed a reduction of \$275,000 for cost/benefit analysis of predator controls, an increase of \$100,000 to improve estimates of marketing margins, and an increase of \$115,000 to improve estimates of farm income and related statistical series, for a net decrease of \$60,000. Eventually, the Congress granted the increases requested, and it also appropriated \$275,000 for predator control. Not less than \$200,000 of the total appropriation was to be available for work on matters before the Environmental Protection Agency.

While presenting his proposed 1974 appropriation, Administrator West reported on a major ERS reorganization. Congressman Whitten questioned its necessity:

"You have the same crowd doing the same work, and you rearrange it and explain it on the chart telling us how much better it is, which indicates how bad it was. What was wrong with it before?" West replied: "I found it difficult to effectively manage with the existing organizational arrangement." He explained how he believed the new organization would be more flexible and efficient in adjusting workloads and shifting emphasis as priorities changed (31, 1974, Pt. 2, p. 71).

The reorganization became official on July 8, 1973. It had been in effect, for all practical purposes, several months before final approval, and the changes had been studied since early in 1972. West first had asked the division directors and other selected people to make proposals for reorganization. Second, he appointed an advisory committee, made up of representatives of ERS, other Department agencies, agribusiness organizations, agricultural universities, and other groups, to review the research programs of the divisions in the food and fiber sector. This committee and the ERS committees reported to the administrator in November 1972. The reports were considered in a broadly representative ERS conference on November 28-30 of that year. Attention focused on two major topics: the agency's mission and its organization.

On January 16, 1973, West proposed major changes in the Economic Research Service. He outlined the changes in detail in a memorandum to all ERS employees dated January 26, 1973. Work was divided into two major groups: food and fiber economics, and resource and development economics. The divisions of farm production economics, marketing economics, and economic and statistical analysis were abolished. Their branches were also generally broken up and reestablished as "groups," later "program areas," in two new divisions: commodity economics and national economic analysis. These, together with the Foreign Demand and Competition Division, made up the food and fiber economics group. The resource and development economics group included the community and human resources, natural resource economics, and foreign development divisions.

Administrator West stated that one objective of the reorganization was to do away with the field-Washington, D.C. distinction. The point was emphasized by the appointment of a few program area leaders to work outside Washington. While "divisions" were kept as organizational units, although with major changes in their composition, the former branches were replaced by "program areas."

During 1973, a number of other changes took place. The Economic Development Division was transferred to the Rural Development Service and back again (40, No. 1800, Feb. 12, 1973 and No. 1832, Dec. 4, 1973). There were serious proposals to transfer one or both of the divisions concerned with foreign agriculture to another agency, but the decision was made in the Office of the Secretary to keep them in the Economic Research Service. On April 28, 1973, market research functions were transferred to ERS from the Statistical Reporting Service

to conform with guidelines from the Office of Management and Budget calling for a clear separation of research and data collection functions (31, 1975, p. 112). With the establishment of the Office of Communication in the Department on January 22, 1973, each agency was directed to set up its own information office (40, No. 1798, Jan. 22, 1973). The new Division of Information within ERS began functioning as such on July 8, 1973.

The reorganization coincided, in general, with an emphasis on "management by objective" throughout the Executive Branch of the Federal Government. In this concept, objectives would be set at the highest administrative levels, and persons and funds would be allocated in a manner to best meet these objectives. Management by objective was emphasized in the ERS reorganization. The major decisions would be made by the administrator and a planning staff, decisions at the next level would be made by the division director and a planning staff. The program areas would be adjusted as necessary; some people would be assigned to task forces or to a matrix group to complete particular assignments.

As one result, the administrator's and division directors' staffs were increased substantially. West believed this move was necessary for him to maintain control of programs and to attain ERS objectives by reallocating funds and personnel at frequent intervals.

By the end of 1974, the reorganization had given the administrator a control over economic research greater than that of any previous administrator. More research capacity was being directed toward solving economic problems facing the Nation in the agricultural sector, although some problems arose. The new structure, for example, did not fit neatly into the general civil service concepts of organization and troubles were experienced in establishing positions at desired levels. More important, as compared with earlier division organization, the separation of the commodity-oriented and aggregative program areas responsible for situation and outlook work into different divisions led to some "stickiness" in the exchange of information.

By 1974, West appeared to be overcoming some of the previous problems ERS had faced in securing appropriations. The Subcommittee of the Committee on Appropriations of the House of Representatives recommended substantial increases in the 1975 appropriations. The bill, when finally approved, provided increases of \$75,000 for transportation research, \$670,000 for cost of production studies, \$385,000 for improving forecasting, and \$275,000 for studying the impact of predators on Western livestock.

The Congress, in the Agriculture and Consumer Protection Act of 1973, assigned some definite responsibilities to the Department's economists. In the future, more so than in the past, levels of target prices and commodity loans would depend on economic estimates. In addition, the act required annual studies of the cost of production for wheat, feed grains, cotton, and other commodities.

The new organization received a severe test in 1972-

1974, as farm prices and income and food costs rose sharply and production dropped. In the spring of 1973, the administrator appointed an ERS task force to review ERS forecasting procedures and recommend needed improvements. After preliminary discussions, responsibility for the study was assigned to Jim L. Matthews and Richard C. Haidacher. As part of their preliminary conclusions, they stated:

While many deficiencies in the forecasting activity that existed prior to July 1, 1973 were helped significantly by the ERS reorganization, some still remain and some new ones have been created. The basic problem which still remains is an inadequate framework for global analyses . . . . In addition, the problem of coordination among program elements in the forecasting activity is greatly magnified (unpublished manuscript, Agricultural History files, ERS).

Before completion of the task force assignment, Karl A. Fox of Iowa State University appraised food price forecasting during 1973, on behalf of the Council of Economic Advisors. He saw the ERS reorganization as resulting in "major improvements, given time and resources" (unpublished manuscript, Agricultural History files, ERS).

Another task force, mainly ERS staff members, was established in 1974 to study methods of making situation reports more effective. Some of its recommendations became effective in 1975. Later in 1974, the administrator appointed a task force on farm income estimates, consisting mostly of economists from outside USDA and chaired by R. J. Hildreth of the Farm Foundation.

Such task forces, whether made up of members from inside or outside the organization, fit in with the tradition of the administration of economic research. They have served as a means of communication and as sources of recommendations for making ERS more effective.

There is no reason to believe that the administrative organization of economic research in the Department of Agriculture will remain static nor that shifts in emphases in research areas will not occur. Particularly changes seem likely since there seems to be no clear method of organizing economic research which is obviously superior to any other, just as no final answer exists to the economic problems of the American farmer. Administrative organization of economic research and areas of emphasis in that research will continue to alter to keep pace with a changing American agriculture.

#### *Secretaries of Agriculture*

Henry Cantwell Wallace, 1921-24  
Howard Mason Gore, 1924-25  
William Marion Jardine, 1925-29

Arthur Mastick Hyde, 1929-33  
Henry Agard Wallace, 1933-40

Claude Raymond Wickard, 1940-45

Clinton Presba Anderson, 1945-48  
Charles Franklin Brannan, 1948-53  
Ezra Taft Benson, 1953-61

Orville Lothrop Freeman, 1961-69

Clifford Morris Hardin, 1969-71  
Earl Lauer Butz, 1971-

#### *Heads of Economic Research Agencies* (Bureau of Agricultural Economics, 1922-53; Economic Research Service, (1961- )

Henry C. Taylor, 1922-25

Thomas P. Cooper, 1925-26  
Lloyd S. Tenny, 1926-28  
Nils A. Olsen, 1928-35  
Albert G. Black, 1935-38  
Howard R. Tolley, 1938-46

Oris V. Wells, 1946-53

Nathan M. Koffsky, 1961-65

Melvin L. Upchurch, 1965-72

Quentin M. West, 1972-

#### *War Food Administrators*

Chester C. Davis, 1943  
Marvin Jones, 1943-45

#### *Directors of Economic Research*

Willard W. Cochrane, 1961-64  
John A. Schnittker, 1964-65  
Nathan M. Koffsky, 1965-66  
Walter W. Wilcox, 1967-68  
Don Paarlberg, 1969-

Source: (5; personnel records, U.S. Dept. Agr.).

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