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EFFECTS OF RESEARCH PRIORITIES THE NORTHEAST MARKETING AND COMPETITION RESEARCH PLANNING STEERING COMMITTEE

Olan D. Forker

The Research Program Steering Committee on Marketing and Competition was created in 1977 by the Northeast Experiment Station Directors. It was one of ten such committees asked to develop a master research program to identify research areas of high priority, coordinate and consolidate current research programs, implement new approaches, and coordinate future research plans. This particular committee was asked to cover research programs in "Marketing and Competition" (RP 6.03). The Master Program, still in the development stage, is an indicative plan. It is designed to indicate needed areas of research and priorities and suggests a mechanism for encouraging the allocation of resources in the indicated directions. The effect on research priorities will depend on how well we did our job, on how seriously the limited number of involved researchers take our suggestions, and on the impact we all have on the allocation of funds and human resources.

The Steering Committee members were appointed in August of 1977 by the Co-chairmen Olan Forker of Cornell University and James Pearson of ESCS, USDA in consultation with the Administrative Advisors, Horace Puterbaugh of ARS, USDA and Kenneth Wing of the University of Maine. The four of us were appointed several months earlier by the Co-chairmen of the overall Northeast Research Planning Committee, Dr. Steven King of ARS, USDA and Dr. Walter Thomas of Pennsylvania State University.

We tried to select members who would in total represent the broad spectrum of research interests in the Northeast States and the interests of producers, agribusiness and consumers. We selected 10 researchers from 10 different land grant colleges of the Northeast, two from the USDA (ESCS and CSRS), one from an industry association and one from an organized consumer group. With the administrative advisors and co-chairmen, total membership was 18.

Horace Puterbaugh USDA-ARS-NER	Kenneth E. Wing University of Maine
James Pearson USDA-ESCS	Olan D. Forker Cornell University
Richard A. Andrews University of New Hampshire	Lloyd Halvorson CSRS-USDA
Filmore E. Bender University of Maryland	R. L. Jack West Virginia University
Robert Christensen University of Massachusetts	A. R. Koch Cook College
Wallace C. Dunham University of Maine	William Levedahl University of Connecticut
Gerald Grinnell USDA-ESCS-NEAD	E. Linwood Tipton Milk Industry Foundation

Ellen Haas Community Nutrition Institute	U. C. Toensmeyer University of Delaware
Milton C. Hallberg Pennsylvania State University	Fred Webster University of Vermont

It is felt that the activities of the steering committee in and of itself will have an effect on research in the area. We met 4 times and wrote several working papers between meetings. The next to the final draft of our master plan will soon be distributed to the membership for review prior to another meeting in July where we hope to reach agreement on the content of the final draft. I will summarize briefly the guiding objectives, the research needs that we identified, the priorities and the implementation plan.

We felt it extremely important to have some guiding objectives for the Master Plan for Marketing and Competition Research. So we began by stating that the end result should be a food marketing system that is:

1. organized to provide consumers with an adequate supply and choice of wholesome and nutritious foods and built-in marketing services at reasonable prices;
2. organized to provide farmers with adequate information and ready access to factor and product markets;
3. efficient and innovative with respect to the processing and distribution functions;
4. sufficiently responsive to external stimuli so that adjustments are made consistent with resource limitations, environmental protection, and other goals of the public; and
5. in instances where the system, left to its own devices does not function consistent with the previous objectives, government programs should be designed to balance farm output and market demand and/or encourage needed changes in the structure and organization of the food and agricultural system.

Eleven Research Program Areas (RPA's) were considered to be the responsibility of the steering committee. I will list them and discuss only the highest priority research programs. I will also indicate the number of scientific man years now devoted (1976) to research in this area. They are:

1. Improvements of Grades and Standards (RPA 501). Much work has already been done on product characteristics as they relate to or are important to the producer and the marketing firms, however, little effort or at least little seems to be known about the identification of product characteristics that are useful to consumers. Ways to effectively communicate information to consumers needs to be developed. Most of the 15.6 SMY's in the RPA are in ARS in Beltsville.
2. Efficiency in Marketing Agricultural Products and Production (RPA 503). More SMY's (30.3) are devoted to this RPA than any other of the group. However about 2/3 are in the USDA, mostly ARS. Three high priority items emerged from our discussion here: (a)

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energy usage and pricing of alternative sources throughout the food sector, (b) the development of improved operating systems at all levels with the distribution of food through food service establishments of special concern, and (c) improved transportation technology and networks.

3. Supply, Demand and Price Analysis — Crop and Animal Products (RPA 506). About 5 SMY's work in this area, eighty percent at Universities. Continued work on the development of new methodology is needed. But the committee felt that the most emphasis should be placed on the analysis of marketing margin behavior. That is, how responsive are marketing margins to changes in availability of inputs and how do margins behave during periods of rising and falling prices.
4. Competitive Interrelationships in Agriculture (RPA 507). Only 2.6 SMY's were devoted to this area of research in 1976. Many factors influence the competitive position of agriculture within the region and affect the cost of food to the consumer. Of high priority for research are questions associated with transportation costs, government regulations and chain store purchasing policy.
5. Development of Domestic Markets for Agricultural Products (RPA 508). Better understanding of the impact of public food programs was given high priority under this RPA. Only 2.2 SMY's are currently involved, one-half in the USDA and one-half at the SAES's.
6. Performance of Marketing System (RPA 509). Probably most important here is the need to improve the theoretical and methodological tools for assessing market performance and its causal factors. But also of importance is a better understanding of the impact of government regulations. This in an important RPA in that 12.8 SMY's are currently involved with 1/3 in ESCS and 2/3 at the SAES's.
7. Group Action and Market Power (RPA 510). A high priority item here is the concern over the impact of labor union policies and practices on market performance. Practically no resources are devoted to this research area at this time.
8. Improvement in Agricultural Statistics (RPA 511). This is a national problem — it is also an integral part of all research efforts, not unique to the marketing and competition area. Practically no resources are devoted to this research area either.
9. Foreign Market Development (RPA 601). Almost two SMY's are devoted to this research area. For the Northeast as a whole it was felt this had relatively low priority, however, it might rate quite high for particular states.

10. Structural Changes in Agriculture (RPA 807). The committee discussion here surfaced two felt needs: (1) a better understanding of the interrelationship between the farm and marketing sectors and (2) a better understanding of the financial requirements of the farm and marketing sector and how to best satisfy those requirements.
11. Government Programs to Balance Farm Output and Market Demand (RPA 808). Of major concern here is the need for research on price instability at the farm and retail levels and the distributional impact of government farm and food programs.
12. One area that the steering committee felt was not adequately covered or emphasized under the current RPA system was that related to transportation systems. So they suggest another important area of research and call it Physical Distribution Systems for the Food Sector.

The report of the steering committee will have substantially more detail. A suggested allocation of research dollars and SMY's among research program areas is currently being developed by the steering committee which will also be included in the report.

As I said earlier our strategy was to develop an indicative plan. The final determination of funding and priorities within each state will be the responsibility of the researchers and administrators within the state. For an indicative plan to have an effect on research, a tremendous amount of communication is necessary. The Steering Committee has a suggested plan for influencing the outcome. It is as follows:

1. A wide distribution of the committee report.
2. A symposium to discuss the report with the Northeast Directors and Department Chairmen.
3. An annual review of the report and progress by the Steering Committee.
4. An annual meeting of researchers involved in this area of research to discuss and verify regional goals and priorities and exchange ideas.
5. A review of regional research project proposals by a subcommittee of the Steering Committee to provide input into the direction of regional research efforts.

I have several observations about research coordination efforts:

1. The final authority and responsibility for priorities and individual research efforts must be at the level of the individual researcher and the individual state.
2. More must be done to motivate, encourage and develop meaningful and relevant research in the Northeast in the Marketing and Competition area.
3. The only reasonable way to coordinate and influence, with the above two constraints, is through an indicative process, which by its very nature requires a substantial amount of time and effort to have an impact.