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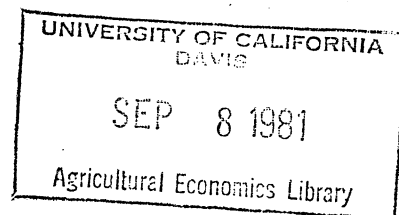
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AGRICULTURAL ECONOMISTS:
OUR QUANTITATIVE HISTORIANS

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AGRICULTURAL ECONOMISTS:
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The subject of this manuscript is agricultural economics research, and my objective is to provide a window to the food distribution business community. I approach this assignment with the sense that the profession and its association are no closer today to issues of critical importance to the business community, than was the case in 1975 when Carrol Bottum stated in his Fellow's address: "We need today in our universities, more individuals and groups with the ability and the courage to tackle fundamental issues facing U.S. citizens."

Indeed, the sobering assessment is that, aside from a small group of dedicated professionals, mainstream agricultural economists have become content with the role of quantitative historians, content to record and comment on the passing scene rather than to immerse themselves at the cutting edge of fundamental economic issues. This is a tragedy for a discipline so rich in promise.

To be sure, the role of quantitative historian is valuable, even indispensable for some purposes. The question is whether a profession dominated by this role will remain viable, whether it will attract the best and the brightest students, whether it will even maintain the critical mass necessary to truly be called a profession.

With this beginning, you might guess this analysis will be critical of the profession. You would be correct. Let me say though, that this is a statement from one who has been an active supporter of the Association (A.A.E.A.) for over ten years, a statement from one who has a genuine concern for our collective future.

Since everyone is a product of his environment to some extent, you are entitled to know mine. Food Marketing Institute is a non-profit association which conducts programs in research, education, and public affairs on behalf of its 1100 members -- food wholesalers and retailers and their customers in the United States and overseas. F.M.I.'s domestic member companies operate over 17,000 retail food stores with a combined annual sales volume of almost \$100 billion -- half of all grocery sales in the United States. More than two-thirds of F.M.I.'s membership is comprised of independent supermarket operators. Its international membership includes more than 100 members from 37 nations.

The Warning Flags

We are in the enviable position of being able to observe clear warning flags while there is still time to alter the course of our profession. However, if the warning flags are clear, the lead time is short. While we debate among ourselves, the world may yet pass us by.

Consider the following facts. First, I can find no agricultural economist in business who regularly reads the Journal (A.J.A.E.). Second, in spite of the fact that our nation has just gone through the most major re-evaluation of agricultural policy issues in recent times, I cannot think of one academic agricultural economist who made a major speech, authored a major paper, or who presented testimony which had a significant impact on the debate. And

finally, the funding sources which have so long afforded us the luxury of the intellectual backwaters are soon to atrophy. This is not a signal that we must merely step up our fundraising efforts. It is a signal that, as a profession, we need to modify our priorities.

Let us now take each in turn.

Like it or not, the American Journal of Agricultural Economics represents for many the dominant, if not the sole, image of our profession. This single fact does as much damage to the long term viability of the profession as any single issue before us today. The reason for this damage is simple. The Journal content contributes, over time, to the belief that Agricultural Economics, as a profession, is irrelevant to the needs of the business community.

Journal articles run heavily to the fundamental tools of analysis rather than their substantive application. Those articles which do touch on fundamental current issues suffer from a review process which makes their delivery too late for a meaningful contribution to timely debate. For a profession steeped in the time value of money, we have failed to recognize the time value of information in business and public policy decision processes.

It must be recognized that there is a strong need for articles which advance our tools of analysis. There is also a need to provide an outlet for thesis research which runs more heavily to training than to relevance. It should also be recognized that these functions must provide balance, not dominance.

This is said as a member of the immediate past A.J.A.E. Editorial Board. Our current state of affairs is not solely the responsibility of editors or reviewers. Since the only articles which can be reviewed are those which are submitted, the answer to our dilemma goes to the very heart of the rewards system of our profession.

To be sure, there is academic work which is timely and relevant for the business community. Several universities have a small cadre of agricultural economists who are respected and appreciated by those in food distribution. Some of these are found in research and teaching, some in extension. But the truth is that we have not found a constructive, highly visible outlet for their work.

Published research remains the glamour child of our profession, so much that we reward it without regard to content relevance. Extension economists, along with those who work closely with business in research or policy, have not found an equal seat at the academic table. This does not leave us well-positioned to deal with the future.

We turn now to the recent agricultural policy debate. While not all issues of fundamental importance to the business community are national policy issues, the failure to speak out in this debate certainly contributes to the image of irrelevance. Even those few who did assess policy alternatives restricted themselves, or were forced to restrict themselves, to the arithmetic of impact alternatives rather than to substantive comment on concept content.

It is true that economic analysis does not produce determinate solutions for policy questions. It is equally true that we must not allow this to become the soporific which prevents our even coming to the field of battle.

Finally, we turn to funding sources. We have just begun to feel the impact of the new budget climate. Our profession will not feel the full weight of this trend for two to three years. Nevertheless, the wheels are in motion. As long as the national mood remains on its current track, public funding of research will undergo a steady and predictable decline. Future

funding will therefore apply the razor of relevance to an extent which may yet surprise us.

The business community will support this funding decline even at the expense of a reduction in academic research in their own fields. Our own F.M.I. Board of Directors recently addressed this specific issue. Their conclusion was that inflation is our overriding national concern. National budget reductions are therefore a necessity, even where they impact the industry's own short-run interests.

In the wake of this trend, there has been a great deal of discussion about whether industry will step up its own research expenditures. Speaking for one industry group, I can tell you that food distributor and manufacturer trade associations are jointly funding several hundred thousand dollars of new productivity-improving research this year.

None of this new research funding has gone to universities. It has flowed instead to the large accounting firms and to the large, nationally known consulting firms. I will have more to say about the reasons for this in the next section.

Suffice it to say at this point that our profession has two, perhaps three, years to prepare for a harsher budget climate. If mainstream agricultural economists remain as our quantitative historians, future M.B.A. students will gain a valuable new case study of a profession which preached the concept of Marketing Myopia to its students, but languished because it failed to apply the same concept to its own destiny.

Thoughts on Research Priorities

This paper should close with an upbeat since there is much which could be done.

Perhaps the most fundamental issue facing the industry and our customers is productivity improvement throughout food distribution as a total system. Rising labor costs, rising energy costs, the advent of new technology, and a ten-year history of declining productivity have brought this issue to the top of the food distribution industry agenda.

The major productivity breakthroughs yet to come will be extraordinarily difficult to attain. Since each sector in the distribution channel optimizes from its own point of view, one would expect to observe the classic case of suboptimization for the total system. This is indeed the case, see Wilson. As a consequence, the truly major breakthroughs must cut across traditional sector boundaries.

Technical complexities, employee interactions, industry relations issues, and economic realities all become equally important. An analyst who would move in this arena must become actively involved with industry to bring about the changes indicated by analysis.

This argues for a broad understanding of the detailed workings of the food distribution system. Meaningful change cannot be brought about without a thorough understanding of the system itself. This is the starting point for those wishing to become more involved with industry.

Indeed, this is the first reason why industry funding for new research tends to flow to accounting and consulting firms rather than to universities. Quite apart from the important issues of image discussed earlier, with top accounting and consulting firms there is no need to train the professionals in industry relations. Particularly sensitive in any major systems improvements are the delicate interplays between manufacturers, distributors, and brokers. The subtleties involved here cannot be learned without close industry contact.

Consider this for a moment. All professional agricultural economists in business have a thorough understanding of the academic community, for they are a product of it. Very few academic agricultural economists have an equal understanding of the business community. This puts our academic brethren at a substantial disadvantage.

The second major reason for the private funding flow to accounting and consulting firms is back-up. If the primary analyst must withdraw from the project unexpectedly, these two types of organizations are capable of providing timely professional back-up. Few agricultural economics departments have this degree of internal organization. This is particularly true of those departments functioning with chairmen as opposed to department heads.

The third and final reason for the funding flow is project management skill. Major projects require not only top level analysis, but total project management skill as well. This involves knowing how to develop and contain a budget, knowing how to organize large groups of industry committees for maximum input and involvement, and knowing how to handle an essential, although sometimes hostile, press.

Our academic colleagues would certainly be well-advised to examine the organizational techniques, project management skills, and team approaches of our largest accounting and consulting firms.

One other image issue deserves mention. The recent agricultural economics research on food distribution most widely known among industry economists is that of critics of the industry. This is not to say the industry cannot tolerate its critics. Once again, it is a question of balance. The profession cannot expect a positive image in the business community when it is silent on the relevant issues, surfacing only to find fault with the system itself. Those who would change the industry for the better should consider channeling

their energies in a constructive vein, identifying meaningful opportunities for improvement rather than to serving as a purely negative voice.

Conclusion

The impression must not be left that meaningful academic and business interactions never occur. There are excellent examples to the contrary.

Perhaps the most recent is Project MUM. This was a cooperative effort to standardize fresh fruit and vegetable shipping containers carried out between the United Fresh Fruit and Vegetable Association and three branches of the U.S.D.A.: the Office of Transportation, the Agricultural Marketing Service, and the Science and Education Administration.

On the side of personal industry involvement, Dr. Eric Oesterle just completed a very fruitful year in residence at Food Marketing Institute on leave from Purdue University. Other examples could be cited. There are many academic economists throughout our profession who could qualify for this list.

The point is that this and similar work remains the province of a minority of dedicated professionals within our discipline. Until they are rewarded adequately within the boundaries of our profession, the mainstream of Agricultural Economics will remain irrelevant to those in the food distribution industry.

To be sure, a researcher may become so close to the industry that objectivity is lost. But if we view one end of the spectrum as loss of objectivity through too much industry contact, and the other end as irrelevance through too little, the profession is still firmly planted in the irrelevant half. There is, therefore, little to be feared from increased involvement.

A meaningful shift toward the center of the involvement spectrum would do much to correct the substantial image problem of our profession. It would also do much to maintain a viable profession in the face of a radically changing budget climate.

If such a shift is to occur, it must be highly visible. Since the Journal plays such a key role in projecting the image of our profession, it is an obvious candidate for reform. If reform is too much to ask within the current structure, then it is now time for a separate companion journal. No other single act would be as effective in redirecting the mainstream of our profession.

If you take nothing else away from this discussion, take the notion of the industry involvement spectrum. Ask yourself where your own total Agricultural Economics Department is located along this continuum. I do not think you will be pleased with the answer.

You have heard a personal view of the current location of the profession along this continuum. Your own view may be different. However, if you will give some thought to your own department's position versus the optimum location, I do not think we will differ in the direction of movement needed. I think we can safely conclude that, as a profession, our priorities must change.

The mainstream of our profession must become more relevant and more responsive. In short, if the market for our research publications remains other agricultural economists at land grant universities, then the sun has already set on this profession.

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United Fresh Fruit and Vegetable Association, "Project MUM: Trade Practice Recommendations for the Fresh Fruit and Vegetable Industry," 1981, Washington, D.C.

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