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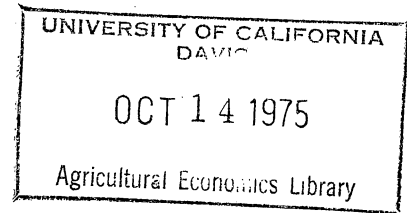
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THE RELEVANCE OF AGRICULTURAL ECONOMICS TO INDUSTRY

INVITED PAPERS SECTION

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Speaker No. 2: Claud L. Scroggs
Director of Economic Research
Southern States Cooperative, Inc.
Richmond, Virginia

Subject: The Relevance of University Research and
Extension Activities in Agricultural
Economics to Agribusiness Firms

THE RELEVANCE OF UNIVERSITY RESEARCH AND EXTENSION ACTIVITIES
IN AGRICULTURAL ECONOMICS TO AGRIBUSINESS FIRMS

Claud L. Scroggs

Concern about the relevance of work carried on by agricultural economists probably began three-quarters of a century ago with the appointment of Henry C. Taylor as the first professor of agricultural economics in a land grant institution. The dialogue has continued with changing emphasis during periods of depression, war years, overproduction, and structural changes that have occurred in the production sector resulting from the historic migration of farm workers to urban centers and out of agricultural employment. Castle in 1970 warned that flexibility in organizational structure of research and extension activities would be necessary if programs were to have great relevance to fast-changing and non-static problems. Johnson's scholarly address to this Association in 1971 argued that agricultural economics is not dead or dying just because the problems of the 1970's are different from those of a decade ago. Grove, Crockett, and Narrie elicited spirited viewpoints in their comments and replies regarding "irrelevance" as viewed by professional agricultural economists. With regard to work relevant to the economic problems of commercial agriculture, Castle (p. 832) correctly stated that studies on the farm firm and non-farm firm, performance of the industry, and commercial agricultural policy are areas of study experiencing the greatest decline as public concern and intellectual excitement are being generated elsewhere.

To explore further the opinion of Castle and to provide myself with an updated view of relevance of university research and extension activities in agricultural economics to agribusiness firms, I made a request by mail to the

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chairman of each department of agricultural economics at land grant universities in our nation. In addition, either by letter or by telephone, I requested viewpoints and opinions from administrators of land grant institutions, as well as a large number of economists employed by agribusiness firms, trade associations that are agricultural in nature, and farm organizations.

Responses received from 22 departments were most helpful in broadening my understanding and knowledge of present programs and activities beyond my scope of intimate facts related mainly to the southeastern states. In some instances, the information was sketchy and far from complete. From others, great pains were made to give detailed facts on all research and extension activities as well as the interrelationships of the teaching function with the other two. Interpretations and conclusions reached from study of this mass of information are totally my responsibility and an honest effort to bring into closer focus relevance to agribusiness firms as I see it. In performing this chore, I should point out that I do so as one who at one time wore the research and teaching hat at a land grant university. Moreover, my longer tenure has been as director of economic research for a regional farmer-owned cooperative which provides some 200,000 farmer-members with purchased inputs and some marketing services, backed up by feed manufacturing plants, fertilizer factories, and co-ownership of an oil refinery. Retail operations of the organization number something over 500 in five states and participation with other regionals ranges all the way from plant and animal research farms to mining of phosphate and potash.

This paper has five major purposes: (1) to examine the benefits to agribusiness firms directly and indirectly through better informed agricultural producers; (2) to present views on types of university research and extension activities that should be emphasized; (3) to discuss possible conflicts that exist between university activities and the programs of agribusiness firms;

(4) to explore the potentials and problems of joint university-firm research activities; and finally, (5) to bring into focus the viewpoint of agribusiness firms regarding the relevance of university research and extension programs.

Benefits from Better Informed Producers

From its very inception, a primary objective of the land grant college system has been to develop programs of research and extension activities that would result in better informed producers and to provide educational information relevant to production and marketing decision-making. With an ever-increasing demand for off-the-farm supplies and services, enhancement of the knowledge level and sophistication of farmer producers is a continuing challenge for agricultural research extension and activities. Deep concern about the extent to which the challenge has been met is attested to by the continuing dialogue about relevance.

It is my judgment that university research and extension activities that improve the knowledge of agricultural producers do benefit agribusiness firms directly and indirectly. If all agricultural producers were as well informed on technical, economic and business aspects of agriculture as the top five percent, most agribusiness firms could operate much more efficiently in both purchasing and marketing activities. Better informed producers could tell suppliers what production inputs they need instead of requiring suppliers' assistance in selecting alternative herbicides, insecticides, and the like. Well-informed farmers do a better job at enterprise selection for each year and at utilizing the futures market to hedge returns from marketing their products. Knowledgeable producers can produce a product better suited to market needs -- better variety, grade, staple length, moisture content, and the like -- and thus enhance his price and enable marketing firms to develop more sophisticated marketing programs.

Because of the lapsed time between production cost outlays and eventual payment to farmers for marketings, capital requirements for agricultural production have been escalating at unprecedented rates. This fact alone makes it essential for producers to be well informed about general business practices. In terms of accounts receivable, it would certainly aid business firms if all producers were better informed about, and able to understand, credit practices and operating policies of business firms, a definite weakness in today's scenario of producer-firm relationships.

Producers are both customers and suppliers of firms involved in serving the agribusiness sector. A lasting relationship between supplier/customer cannot be attained if one party has the other at a disadvantage. A condition of mutual trust must be established, and this comes about in various ways. One of the most important is knowledge -- an awareness of supply and demand, both domestic and farm, availability or lack of purchased inputs, changes in the general economic climate, and a host of technical factors associated with the complex business of agriculture.

Many firms involved in selling production supplies to producers must bear the cost of educating producers whose knowledge level is below that required to understand the technological and/or scientific facts relevant to the use of some products and services. To the extent that farmers are better informed, whether through extension or other educational efforts, costs borne by agribusiness firms can be reduced. In a cooperative, better informed producers can provide better board members and theoretically should improve the management of local, regional and interregional associations. On the other side of the coin, the poorly managed agribusiness firms should expect nothing but bad relations with better informed producers.

When misunderstandings result from pricing policies or situations due to producers' lack of knowledge, agribusiness firms are forced to expend personnel time and money that would not be required if all facts were known. Crothers in 1974 prepared a brief monograph which gave disgruntled producers in Maryland specific reasons for buyer discounts on high moisture corn. When producers saw extension-produced figures which they considered as legitimate and unbiased, pressure on grain buyers was reduced considerably.

Admittedly, in the short run many firms might not benefit from actions of better informed agricultural producers. For example, grain farmers could make marketing decisions that would run counter to the volume goal of a grain elevator, or market-wise producers of commercial eggs could cut layer numbers in an effort to overcome price-reducing surpluses and thus reduce the output potential for hatcherymen serving their segment of the industry. For the economic good of all concerned, however, in the long run the better informed agricultural producer is one who understands costs involved in doing business and better able to telegraph his needs more effectively to business firms with which he deals. By having a better understanding on the part of the agricultural producer, there can be a significantly decreased cycling. Peaks and valleys of cycles in purchases and sales can be smoothed out considerably. The producer can communicate more intelligently with the agribusiness firm in a variety of areas that would benefit both the farm and the business firm. Because of closer member relations and ownership ties, this particularly relates to cooperative firms.

Needed Research and Extension Emphasis

Representatives of universities who responded to my inquiry were poles apart regarding viewpoints on types of university research and extension that should be emphasized. Many were of the opinion that basic research would be

most beneficial to agribusiness firms, as well as producers and ultimately to consumers. This same group believed short-run benefits are derived from applied research but that only basic research could produce long-run benefits to all segments of the industry. Others felt just as strongly that all research and extension activities should be directed toward applied research and problem-solving. While some claimed their programs attempted to emphasize the "total systems" nature of the food industry or a balanced program serving all segments, others recognized that many agricultural economists at land grant universities have never really brought new realities of the agricultural structure into sharp focus in evaluating research and extension programs. For several, especially those struggling with the constant question of priorities in the use of limited resources, major emphasis was being given to the problems at the farm and "first" market level. With such wide differences in viewpoints and areas of emphasis of research and extension programs, it would seem that a dialogue about relevance has prospects for long tenure.

Perhaps a point of irrelevance would concern the "who" to be included in either current or future dialogues. This statement is prompted by a question to me recently from an industry of agriculture executive who wanted to know if an environmental resources specialist was the same as an agricultural economist. Title changes of researchers and extension specialists formerly known as agricultural economists may more aptly fit current assignments but are indeed confusing to agribusiness personnel unfamiliar with ever-changing land grant structure. The latest listing of department names which house the broad category of professional agricultural economists bear such names as Institute of Natural and Environmental Resources, Division of Resource Management, and such other titles that either do not include the word economics or the word agriculture. Of the 49 states (Alaska excluded), the departments at major land grant institutions include 25 that are known

as departments of agricultural economics and 8 that are known as departments of agricultural economics and rural sociology.

Rather than delving into types of university research and extension activities that should be given emphasis by land grant institutions, perhaps a more important question is: "What can agricultural economists do to promote progress in agribusiness?" Admittedly, this extends our parameters beyond university responsibilities and encompasses a broader base, including the public sector and its responsibilities toward improving the efficiency and effectiveness of the private sector. Economic intelligence, especially market intelligence, is most important to the operation of any business. In most instances the public sector has better access to economic intelligence and can analyze and disseminate this intelligence at far less cost than leaving it to businesses individually or even their trade associations. Moreover, government often needs this intelligence for its own operations. Intelligence is more than raw data. It also involves preparation of data in meaningful configurations or interpretations, in derivation of useful parameters such as elasticity coefficients.

As a working economist in an agribusiness firm, it is my opinion that land grant economists are doing a very poor job in supplying industry of agriculture firms with economic intelligence. There is no comprehensive and systematic approach for providing such intelligence. While there are some very fine monthly publications on outlook information and/or economic newsletters, the effort is largely haphazard and coverage of all facets of agribusiness is left to chance. In most instances, each professional proceeds largely independently. There seems to be no organized effort to create a team approach to the whole waterfront of economic intelligence needs. Badly needed is a nationwide approach to assessing the economic intelligence requirements of agribusiness firms and a coordinated effort

nationwide to meet these needs. If each of the 50 states is left to go its own way, the end product will be inferior and incomplete. At the same time, scarce resources are wasted through duplication.

Thinking beyond the area of economic intelligence, both business firms and farm firms should benefit from research projects seeking to reduce marketing margins by improving the efficiency of agribusiness firms. During my years with an agribusiness firm and based on the opinions of many plant managers with whom I have contact, economic and engineering studies on plant efficiency are considered to be generally poor although there have been a few good ones. Too often, it seems, the economists were trying to identify industry cost functions without really asking themselves who would use them and for what. Perhaps this is a reflection of lack of association with the real world and a carryover from the academic discussion of cost curves in classes and a preference for the "empirical." Such research does not develop or provide a methodology that students could take upon graduation to their employers and be able to go into their plants and show them how to reorganize their plants to achieve a higher level of operating efficiency. Total efficiency is a combination of physical efficiency and economic efficiency. The industry of agriculture needs scientists who have both abilities or interdisciplinary teams whose members have the expertise required.

College economists--teachers, researchers, and extension specialists--often have never had much contact with the real world. Most have only a textbook understanding of the firms and marketing system. An economist can learn as much if not more about economic phenomena and how our economy functions by actual contact and participation in economic activities as by detached studies. No person should get a PhD in marketing (or even farm management for that matter) until he or she has established credibility in a real world situation. This would require internships with business firms or in a real life operating situation in a public agency. While many

departments of agricultural economics are offering programs of internships or off-the-campus arrangements for learning-earning programs, especially designed for undergraduate students, there are pitifully few arrangements for internships in industry for PhD candidates. Such candidates could be given real problems to solve and the results just might be mutually helpful. Moreover, there is great need for post graduate internships that could be awarded to teachers, researchers, and extension personnel to undergird their level of expertise with real life experience.

Again, this is an area in which only the slightest progress has been made, and it seems to me there should be a comprehensive and systematic approach to ways by which our land grant professionals could gain better understanding of real world decision situations that confront both private and public managers. Out of this should come new advances in computerized decision models, better understanding of the kind of management information system that researchers should develop for agribusiness firms, be they large or small.

As an economist in an agribusiness firm, I recognize that the research work and thinking of college economists are most important in establishing the rules of "economic games" in our economy. State legislatures and commissions rely heavily upon them as a source of reliable and relevant information. Public agencies in this arena of "economic games" are often just regulatory agencies and develop a dangerous bias insofar as adjustments in the rules are concerned. With the role of government at all levels increasing, academic economists can easily go off "half-cocked" unless there is sufficient interaction between them and the business community for them to fully know all the concerns and all the parameters that must be understood in developing the public roles and framework under which business is forced to operate. This is another reason for requiring internships in business for those who are to regulate business or work for business.

On the other side of the coin, large agribusiness enterprises can and do have highly qualified professionals on their payrolls. They provide expertise once only available in a few corporate enterprises or educational institutions. This evolving situation means universities must maintain closer touch with industry to maintain their relevancy. Some research and teaching or training must be done by industry, but universities must prepare personnel and guide long-term research efforts. Just as it is essential that internships be provided to students, researchers and extension workers, it seems vital that some reciprocity should be permitted by bringing industry economists back to the campus for sabbaticals or, perhaps, shorter stints for research and teaching assignments.

With programs of this type that develop closer rapport, college researchers and administrators would be closer to, and have a better understanding of, the agribusiness facet of their clientele. Moreover, the research economists would be better able to adapt their research programs to the growing economic research capability of business firms. On another front, and one that is carried out rather successfully on some campuses, in my judgment, most applied research programs in the entire college of agriculture should have some input from agricultural economists during planning and evaluation phases of their research efforts.

Conflicts Between University Activities and Agribusiness Programs

Based on my own experience, there seems to be little real conflict between university activities and programs of agribusiness firms. But, since we are discussing relevancy again as a part of our associations' program, some areas of conflict are evident and becloud relationships. Generally speaking, where such conflicts exist, they are not all encompassing and in many instances involve personalities rather than a whole department. Conflicts which do exist normally occur because universities and agribusiness

firms go their own separate ways without a coordinated effort. University research so often does not fulfill basic objectives which meet the practical needs of the industry. Thus, agribusiness firms perform their own research which often is considered to be less "pure" by college professionals. For example, my own organization, together with other regional cooperatives throughout the nation and Canada, has research farms for testing and evaluating feed rations, medicinals, farm chemicals, a multitude of farm supply items, as well as for the development of new strains of grains and forages - all of which involve economists as members of research teams.

Occasionally, a university uncovers evidence contrary to that reported commercially. When this happens, it is a signal to both parties to double-check their methodology and results and serves as a positive force for research in general.

Typical of the type of conflict that can arise is the result of land grant production specialists making recommendations without having received the assistance of economists in providing data on the economics of handling and storage costs of fertilizer materials at the retail level. For instance, in the marginal moisture areas of the western Dakotas where extensive agriculture is practiced, it might be shown by research that anhydrous ammonia may perform well on range land and small grains. While ammonia is a cheaper product to manufacture, that fact does not necessarily mean it will be the lowest priced material to apply. A dealer must invest in special storage, application equipment, additional labor and energy to apply the material. In areas where bulk blending plants already exist, the higher priced dry urea fertilizer may still be applied at a competitive price with existing equipment and manpower.

Probably the most controversial conflict today is concerned with the role and growth of agricultural consulting firms and how these might conflict with university faculty members who also, in some instances, engage in consulting. When extension service and research people consult and advise farmers, large producers, and business firms, they provide rather unique services which in some cases could be better handled by consulting firms. For example, individual feedlot operators are provided information unique to their particular operations by extension workers without fee, and in other cases there are university personnel who engage in consulting arrangements with feedlot operators of the same size. In situations of this type, a possible conflict revolves around the natural concern an administrator has over how much professional time can legitimately be devoted to a problem unique to a single firm. Just how far can a college go in making one-time studies and preparing unpublishable reports that are made available only to firms whose specific data have been used. To the extent that agribusinesses want "free" consulting and universities want "free" publishable information, then this can be interpreted as an area of conflict.

Having collaborated in many ways and especially by providing information on my organization to researchers and extension specialists, on occasion I have rather pointedly suggested that similar information should be obtained from non-cooperative agribusiness firms that are performing services similar to those we offer to farmer members. The answer received and expected was that the potential disclosure of trade secrets or organizational secrets which agribusiness firms may have are closely guarded. It would only be fair to point out, however, in areas of the country where major regional cooperatives are competing with each other at the local level, there is also reticence on the part of some cooperatives to be free with certain information. And, of course, a major conflict is the public interest issue orientation of research. Public economists, if they are to live up to their

responsibilities of serving the public interest, cannot become captive to any firm or group of firms in discharging their jobs.

Another area of conflict could be well related to one's philosophical leanings. I personally have rankled at many university research studies that in my view were unrealistic or were contrary to the economic interests of farmers. There is danger that some readers, including Congressmen, have implicit faith in what a college professor says and because of this danger, industry people with good reason become agitated by some college professor's writings or remarks. It could be argued that a professor is right when he says programs which raise farm prices or which give farmers "muscle in the market place" are monopolistic and, hence, contrary to the public welfare. But, he may also be terribly wrong if the rest of the economy is so imperfect that farmers also need monopolistic powers to achieve economic justice.

In the future just as in the past, there will be conflicts between economists on the one hand and farmers, farm leaders and industry people on the other--much of which will be totally unnecessary. As scientists, economists should be able to disagree without being disagreeable.

Potential for Joint University-Firm Research

Joint university-firm ventures have long been envisioned as highly desirable and with unlimited potential. However, it is a type of activity that is more or less in its infancy. Someone needs to give thought to developing more useful ways of interaction between business people and researchers. Business people are not satisfied and they do not think it is enough to be asked what they believe to be research needs and problems. Would it not be better to discuss important decisions to be made by private firms and public agencies and what kind of new knowledge is needed for intelligent decisions? And, further, would it not be useful to discuss the goals of firms and the goals of society in an area of activity and what

needs to be known to develop optimum systems or strategies, with differences in goals and values frankly discussed? Without such dialogue, researchers tend to become too immersed in their ivory tower theories and lose touch with reality.

Problems

Joint university-firm research has not been used as much as it should because university personnel are frequently not problem-oriented. In the future and because of budget tightening processes, I firmly believe university people will become more concerned with joint university-firm approach as they become more aware of constituents who can help them. Frequently in the past, academic people have had sufficient funds that enabled them to ignore non-academic opportunities.

Probably the most vexing and difficult problem confronting joint research is related to time and scope of research undertaken. Whereas the university usually looks at the longer range point of view, industry tends to emphasize the short-run. Moreover, industry interests often by necessity limit the scope of a problem to a few alternatives, as opposed to the general consensus that university researchers should consider a much broader range of alternatives. If a proper perspective is maintained by all concerned, there should be no conflict between these points of view.

With scarcity of public funds, it is essential that agribusiness firms should share costs of joint research activities. In turn, agribusiness firms will be interested in projects that are regional in nature, and this means many administrators will have to compromise on the present rather hard-nosed opposition to research funding outside their geographic boundaries. Many business firms make grants to the university and extension research, and from these is expected maximum mileage. In this regard, industry may expect more than is sometimes possible and do not always recognize problems faced by researchers in finishing projects that have been inadequately funded.

Benchmarks of Success

A good relationship between universities and agribusiness firms generally is possible if firms are organized in trade groups that invite extension and research people to participate in their activities. My personal appreciation and understanding of such benefits has resulted from my 16-year affiliation with the market research committee of the American Feed Manufacturers Association. Just last year, for example, that committee was hosted by the Department of Agricultural Economics here on this campus and with key research and extension people prominently involved in the two-day program.

Probably one of the longest continuous examples of successful joint activity could be credited to the Tri-State Committee for Education and Research, which is composed of land grant economists in Mississippi, Alabama and Louisiana for research and extension activities with farmer cooperatives in the three-state area. A comparable four-state committee is functioning quite effectively with joint efforts with cooperatives in the States of North Carolina, South Carolina, Georgia, and Florida. Two days from now I shall be meeting with a group of extension researchers from five states in the Mid-Atlantic region, as well as representatives of USDA, the American Institute of Cooperation and state councils of cooperatives. Our purpose is to plan the first program for a five-state committee involving Virginia, West Virginia, Delaware, Maryland, and Pennsylvania. I should point out, however, that for this chore I shall be wearing the hat of chairman of the education committee of the Virginia Council of Cooperatives.

Because of a recent experience with an educational pilot project, the agribusiness firm I represent is convinced of benefits that can be derived from joint university-firm research activities. Following extensive planning

by a multi-state committee made up of a state extension specialist from each of the five states served by Southern States Cooperative, two representatives of the Federal Extension Service, a representative of USDA's Farmer Cooperative Service, and the President of the American Institute of Cooperation, this committee worked with key staff from our retail operations and from personnel and management training. In the initial planning sessions of the chief executive officer, the assistant general manager, and the executive in charge of retail distribution were included in the deliberations. Between July 1972 and September 1973, the team from the public agencies conducted a total case analysis of one local farm cooperative in each of the five states. As a result of these studies and the identification of problems, the extension research team and the Southern States staff team prepared a program format and subject matter for seminars which were held for all local managers, the regional staff and selected central staff or approximately 300 individuals. There were three seminars with eight professors involved. These were not programs the extension service built on its own. Southern States had a major input and say-so as to what was needed. Each seminar was a school on managing, to teach managers to grow with the business so it will not level off in gross volume or even deteriorate. For the fiscal year following the seminars, remarkable improvements in cost control and operating efficiency were reflected in lower handling cost per unit. The lower handling cost, coupled with greatly increased volume, produced the largest net savings for retail points in history. The actual decrease in percentage of operating costs per dollar of supplies handled was: In farm supply cooperatives, from 18% to 15.2%; in petroleum cooperatives, from 17.6% to 15.4%; in petroleum branches, from 17.1% to 15.7%; in farm supply branches, from 19.1% to 16%.

Without question, the research-based seminars or workshops contributed much to closer control over expenses and more intelligent management. The extent of the contribution would be difficult to compute, but records show the organization handled 26% more dollar volume on 11% more dollars and salaries and 3% more employees. Most of this is attributed to the training service. Not only has the efficiency of our retail distribution system been improved, but through such improvements we have been better able to serve our farmer-members and enhance their farm income through greater patronage refunds.

This benchmark effort in joint activity is now being replicated throughout the country for the benefit of other agribusiness firms and farmers they serve.

Agribusiness Better Served by Extension

It is my judgment that extension orientation toward agricultural industries is saving the colleges of agriculture from a rather complete isolation from agribusiness. Reference is made to the extension specialists rather than extension field staff. The latter who operate on the county level are deeply involved in administration of Federal projects and have little time or expertise to offer, even to smaller business firms.

I know I do not speak for myself alone when I say the majority of economists in agribusiness firms feel that agricultural economics as practiced on the university campus virtually has "no market" for its research--other than among other university economists. I am concerned that too many of them have lost interest in farmers and in farmer businesses. In the vernacular of the day, their intellectual "high" seems to attain a level of satisfaction through quantitative analyses of masses of data, which provide the opportunity for constructing economic models, utilizing computers, and thus keeping busy without bothering anyone.

Having served on the most recent ad hoc committee for evaluating the Association's Journal, I feel I have a good reading of viewpoints about the Journal, not only from industry of agriculture scientists but from land grant research and extension personnel as well. There definitely is a strong feeling that the Journal is not the place where one can find relevant research reported, and few if any decisions are reached by agribusiness firms on the basis of Journal articles.

Because of the lack of communication between the "doers" and "users" of research, I am firmly convinced the "ivory tower" characteristics of some university research is primarily due to the fact that the potential users do not darken the door of the researcher or the research administrator. Thus, we have highly theoretical investigations and too much untested research. Theory definitely has its place, but it should be tested in practice. Theory should be used as a tool and not be viewed as an end in itself. From time to time university researchers and their graduate students have forwarded completed reports and theses to me with the suggestion that their content offered much that would be helpful to my firm in decision-making. Frankly, on occasion, these studies have been affront to my intelligence. Recently, for example, I received a thesis from a Master's candidate which had already been approved by his committee and his degree awarded. True enough, in typical fashion for a budding econometrician, he presented page after page of highly mathematical formulas as his model unfoled. However, because of his lack of knowledge about the real world of the commodity he had chosen to write about, he had completely overlooked an important variable and thus, in my view, had produced a worthless piece of research. Frankly, I did not pass it on to the Department head who had responsibilities involving that particular commodity, as the graduate student had requested me to do, because I was ashamed of the fact that such research was coming

out of a land grant university and from an agricultural economist.

As an industry economist, I continue to be disturbed when research reports hot off the press are based on economic data that may be five or seven years old. And, at the same time, rigid analytical tools have been used in producing inferences. This is further disturbing when I know too well the data series used in the analysis are recognized by most industry researchers as quite flabby and far from providing accurate measurements of the segment of the industry under study. Certainly, this type of research does not enhance the credibility of agricultural economics research at land grant colleges and offers no help to agribusiness decision makers in planning or plotting alternative courses of action.

Summary

In summary, it is my view that university research and extension activities that improve the knowledge of agricultural producers do benefit agribusiness firms directly and indirectly. Our continued discussion of the relevance of such activities is a reflection of great differences in viewpoints on needed emphasis, a segmentation that cannot provide the economic intelligence so badly needed by all facets of the industry of agriculture. Conflicts between university activities and agribusiness programs do exist, but are not insurmountable if communications are improved and if all concerned recognize that relationships conducive to a coordinated effort can be reached only by traveling a "two-way" street. By overcoming such conflicts, perhaps the doors will be opened to greater potential for joint university-firm research. Finally, extension economists--through their research and related activities--are providing the most relevant services to agribusiness firms. Campus research of agricultural economists, especially that reported in our association's Journal, does not offer a major input to decision-making by agribusiness firms.

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