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Cooperative Extension Work in Agriculture and Home Economics

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AGRICULTURAL ECONOMICS EXTENSION WORK IN THE UNITED STATES\*

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Agricultural extension work in the United States is organized, financed, and conducted cooperatively by the Federal Department of Agriculture, State agricultural colleges, county governments, and rural people. The key leaders in the work are the 2,750 agricultural agents, the 1,400 home demonstration agents, and 200 club agents located in the counties to deal with men and women, boys and girls directly on their own farms, in their own homes. Reinforcing those county workers are 1,100 specialists in the various fields of agriculture and home economics with headquarters at the State agricultural colleges and the United States Department of Agriculture.

In addition to the specialists the agricultural agents are assisted by 432,000 volunteer local leaders. Through these leaders, the practical results of Federal and State research and the best methods of farming learned from the best farmers themselves are widely disseminated to rural communities through publications, meetings, tours, and various other teaching methods.

Agricultural economics extension work has become a very important part of the Extension Service. There is at present a personnel of about 215 extension economists and an appropriation of \$800,000 devoted to economics extension work.

The constantly changing economic conditions compel adjustments in agriculture and multiply the importance of its business aspects. Adjusting production to demand, developing satisfactory marketing facilities, establishing equitable systems of taxation, and planning ahead to meet economic problems as they arise are all essential to the well-being of agriculture. This necessity of understanding the economic factors of production means that good farm management is now as essential as good crop or livestock production.

Agricultural credit facilities are also being reconstructed and new policies formulated. Public policies in our country and abroad are being adopted that affect markets of farm products and make adjustments on farms necessary. It is also now necessary to correlate the emergency adjustment policies so prominent the past few years with the longer time considerations.

These constantly changing economic forces have made extension work more imperative than ever for providing farmers with the needed information for making adjustments in the shortest time possible. To meet this need in America, 1933 witnessed the most aggressive teaching program ever undertaken to provide farmers with economic information. The task has been one of providing farmers quickly and effectively with timely economic information for understanding the problems of agriculture and the methods of attack. The Agricultural Adjustment Administration, designed to aid in correcting the maladjustments and to provide the necessary machinery for speeding up farm adjustments, was the largest contributing factor toward the increased dissemination and use of economic information.

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Since economics represents one of the newer phases of extension work, it might be well to enumerate some of the economic forces affecting agriculture that require a teaching program.

#### Important Economic Problems Requiring a Teaching Program

Although time will not permit much explanation, the more important problems affecting agriculture and about which farmers are requiring more and more information are in regard to price changes, changes in the organization of the farm business, transportation, systems of distribution, terminal markets, market demands, marketing costs, credit, purchasing, public problems, land utilization, and legislation.

Price changes under a commercialized agriculture are extremely significant to farmers. Prices are as important in determining income as are amounts of production. Maladjustments arising from changes in prices of things farmers sell and buy are as serious as crop failures. A highly commercialized agriculture results in the opportunity for greater income and the danger of greater losses. A farmer now can lose his farm more quickly as a result of price changes than formerly. The problem of the future trend of the general price level and its effect on farm and other prices is exceedingly important to farmers.

In considering the changes in the organization of the farm business under a commercialized agriculture, farmers may fail because the size of the business or kind of farming does not keep the labor and equipment properly employed, because of low rates of production, the expansion or contraction of the business at the wrong time, or from many other reasons. The proper organization of the farm changes with every new invention and requires continuous analysis and study.

Changes in forms of transportation may necessitate substituting one enterprise for another or even reorganizing the entire farm business. The use of the motor truck has resulted in new market outlets in some instances, while in others it has resulted in increasing competition for markets. In all instances, it has created a new demand for market information, better understanding of prices, grades, inspection services, and local and terminal assembling units.

Changes in the retail system of distributing perishable farm products from an independent local unit that bought direct from farmers to a large scale system with a central purchasing agency, is forcing farmers to develop local assembling and marketing organizations to meet changes in the retail distribution system.

Most terminal and wholesale markets were built to facilitate railroad or water transportation. In many instances these facilities are not suitable to present-day truck movement of farm products. Old facilities are being abandoned and new terminal market organizations developed, for greater convenience to the growers, and a high degree of efficiency in the flow of products from the farm to the consumer.

Changes in the buying position of consumers resulting from improved transportation, city growth, home refrigeration, etc., tend to change consumer demands. What consumers want in a commodity, such as quality, package, amount and time of delivery, changes with changes in economic forces, generally. Not

only is the farmer interested in how to market what he produces, but he wants to know in addition, what the consumer wants in a commodity and how to produce what the market wants, most efficiently.

Marketing services generally have changed with transportation systems. Marketing now includes many intermediary agencies performing innumerable services. These services in many instances add more to the cost of farm products than all the costs incurred on the farm.

The problem of how to increase the degree of efficiency with which farm products flow from the farm to the consumer becomes increasingly more important.

It is now generally understood that the success of farmers' local assembling, shipping, processing, and marketing organizations requires assistance in maintaining efficient accounting systems and in presenting and interpreting for the management the facts necessary in locating the weaknesses in operation or through other means making the most intelligent decisions in the conduct of the business.

These organizations require constant assistance in assembling, collecting, analyzing, and interpreting information as to suitable location, equipment, volume of business essential to efficient operation, market information, consumer demands, grades, and inspection service.

In a self-sufficing type of agriculture, the farmer supplied most of his needs from his own establishment. He bought and sold but little so that a few dollars a year were sufficient to provide for the requirements of the farm and family. In a commercialized agriculture, money is required the same as that of any other business. Many farmers have large annual expenditures for labor, feed, seed, fertilizer, etc. Higher land values, more equipment, more Government services, such as roads, schools, health services and facilities, protection and the use of automobiles for the family, require increasing amounts of capital much of which is obtained through credit agencies. With the cost of credit representing one of the most important items in the expenditures of agriculture, farmers the same as other producers will continue to use relatively large amounts of credit. They also want it supplied at a reasonable cost and with full regard for the particular needs of agriculture. How to use credit profitably is now one of the farmers' most important considerations.

It takes several years to pay for many of the purchases that farmers have to make; ordinarily it takes a lifetime to pay for a farm. How high the price of an article is compared with the price of other things, what changes in prices may be expected, and how long it will take to pay for a purchase, are important considerations that every individual farmer faces. Cooperative purchasing organizations properly handled have aided farmers to take advantage of savings possible in the purchase of farm supplies and have also increased the tendency to buy in quantities and pay cash.

Though a better understanding of the problems of management on his own farm is still the farmer's most important concern, he cannot neglect the growing importance of the public problems affecting agriculture. Many of the services that farmers formerly went without or performed directly are now obtained through public agencies. Schools, roads, health services, and protection are pur-

chased through taxation. These services now represent a larger item of expense than formerly. The costs and serviceability of credit, insurance, banking, marketing, transportation, and many other service agencies affect farm incomes.

A balanced agricultural production, the highest efficiency of agriculture as an industry, and the personal interest of the Nation in the preservation of its natural resources depend to quite an extent upon a carefully developed public policy for the utilization of land resources. Such a policy involves local, State, regional, and national planning.

In a commercialized agriculture, high-yielding soils are important. Under present and prospective economic conditions, many farmers who have made the mistake of settling on poor soil may find it necessary to correct this mistake. It is essential that these and prospective farmers be provided with the information that will enable them to select good farms.

Changes in economic conditions which are responsible for development of competition from other areas, distance to markets, transportation facilities, and markets, determine the relative profitability of farm operations. These factors are continually changing, and information as to immediate and future relationships is necessary.

National policies with respect to international trade relations affect costs of production on the farm and markets for farm products. Economic changes taking place in other countries are tending to restrict our foreign market outlet.

The Federal Production Adjustment legislation passed in 1933 was designed to increase the farmer's purchasing power and to provide the necessary machinery for speeding up farm adjustments. To enable farmers to make the most efficient use of this legislation, assistance is being given them in an understanding of what is being attempted, how it is to be done, the underlying economic principles involved, and how to adjust their farm operations to the new conditions. This has required an aggressive teaching program to provide the majority of farmers quickly and effectively with the economic information necessary for a better understanding of the problems of agriculture and the methods of attack.

These are but a few of the changing economic forces that are forcing changes in agriculture. The changes that took place in agriculture from the beginning of history down to the last century are insignificant compared with the revolution that has since occurred. Every new invention, every new trade policy, in fact, every new public policy is important to agriculture.

#### Some Important Considerations in Formulating a Program.

From this brief discussion of the economic problems on which farmers are demanding information, it is apparent that properly conducted research provides the very life blood of teaching and extension work. Though much commendable research along economic lines has been done in America, much is still to be done. Wherever agricultural economic research is based on scientific, statistical studies, it is receiving enthusiastic public support.

The farmer is concerned in the effect of all these changes and adjust-

ments on his own pocketbook or income, and he supports an economic information program if he feels it represents the most dependable information available to aid him in his search for facts and information on the basis of which he may more intelligently make his decisions and plans.

We must also keep in mind that this information is obtained and analyzed by one group of workers, the economists. It is given out to farmers mainly by another group, the county agents, and then used by the farmers themselves. The agricultural economist has a responsibility for both interpreting and presenting economic information in such a way that the individual farmer under varying conditions may find it not too difficult to understand or to adapt to his own farm.

The real educational job is that of giving farmers the economic background needed by them in order to make decisions as the problems arise. In the final analysis, most farmers will make their own decisions on ways and means of meeting their problems. In their own homes or alone on their farms the farmers' decision regarding their production program, their farm organization, plans for marketing, their investments, or the handling of credit will be made. Many of these decisions, however, are made without a full knowledge of existing conditions and the factors affecting the situation. With the Extension Service, therefore, rests the responsibility of giving farmers the best possible information which will serve as a guide for these decisions. The educational work along economic lines has, therefore, been that of aiding farmers in obtaining a more thorough economic background of the reasons for price and production changes, helping them to keep records and better understand their present farm organization weaknesses as well as strong features, and helping them to understand and evaluate different marketing methods and supplying them with the current economic information on production and marketing changes from day to day.

In our 20 years of organized extension work in the United States many things have been accomplished. The colleges and experiment stations have been enabled to gain the confidence and support of farmers. Through extension services practical farmers have also been able to present the real problems of agriculture to the scientific staffs of these institutions.

Only in recent years, however, are we beginning to learn how to formulate the most effective extension teaching programs. The trend has been toward a more careful defining of the real problems and the analysis of these on the basis of agricultural science and the present and probable future economic conditions. The translation of this analysis into a program for a county or community with a plan of work for putting the program into effect is now also being handled more clearly and correlated more closely in the development of extension teaching programs.

Is the program adapted to present conditions? Does it recognize agricultural trends? Is it closely enough tied up with research to make the best possible use of the newest material? These are some of the questions being applied as tests in developing extension programs.

The attempt is, therefore, to develop extension programs which are sound economically, adapted to local conditions, and make use of modern educational methods.

## Objectives and Program of Economic Extension Work

Quite naturally, there is a wide variation in problems and in the way this work is handled in different States. Every State program must be developed from the standpoint of the local needs of farmers, but the purpose and objectives are the same. We believe the objective is to help farmers to make more money by furnishing them with accurate information as to economic conditions, and by assisting them in studying and interpreting this information as it applies to the management of their own farm business. To accomplish this objective the farmer must be in a better position to decide on:

1. Outlook and prices.-The probable future trend of the general price level and its effect on farm and other prices.

2. Outlook and production.-Those enterprises that give promise of the best returns over a period of years.

The combination of farm enterprises that will make the most efficient use of labor, equipment, power, buildings, land, etc., and result in the greatest total net income for the farm as a whole.

Efficient and profitable methods of production for individual enterprises

3. Outlook and purchasing.-What expenditures for farm and home purposes will give the greatest financial benefit.

The best sources and methods of purchasing seed, feed, fertilizer, equipment, and other supplies.

4. Outlook and marketing.-The time when it will be most profitable to sell the products of the farm and the marketing agencies best suited for handling such products. How to prepare the products for market, and the methods of assembling, grading, packing, and transporting that will give the greatest financial return for the entire crop.

5. Credit.-The kind and amount of production, marketing, and mortgage credit needed and the best sources for obtaining it.

6. Public problems and planning.-The changes needed in taxation, land utilization, and monetary systems; in marketing and credit facilities, etc. Methods of economic planning to obtain the maximum individual and social welfare.

To meet these objectives, educational programs dealing with outlook information, types and systems of farming, farm and enterprise accounts, farm finance, credit, and marketing are required. Such programs are extremely popular with farmers.

The new developments in production control and marketing agreement programs in the Agricultural Adjustment Administration and in establishing a farm credit program by the Farm Credit Administration have made necessary considerable adjustment or expansion in our economic extension programs. These call for the better preparation and wider dissemination of economic background information; for aid in formulating plans and methods for carrying out the immediate programs, and aid in developing and carrying out the follow-up educational programs. The new national farm credit program, being especially adapted to the needs of agriculture,

has demanded an enlarged educational program to show farmers how to make more profitable use of all types of credit.

Requirements of the various Agricultural Adjustment Administration production-control plans and of the Farm Credit Administration for financial statements of property values and indebtedness call for more accurate records of receipts, expenses, and records generally on the farm business to be kept by farmers. This means the inclusion of the farm account work in most county extension programs, and with a much larger group of farmers than heretofore. Some standardization of account forms has been necessary for making the information most useful. Supplying forms, and aid to farmers in keeping and using accounts has been greatly expanded.

Outlook and farm-management information are generally recognized as basic in any educational program for better planning in agriculture. Outlook reports deal with prospective prices or the factors affecting these, and are helpful to the farmer in determining the kind, quantity, and quality of a product as well as the time of bringing this product on the market.

There are, however, many factors the farmer must take into account in planning his production program besides prospective prices. Other farm-management factors which have an important influence on the production and marketing program of the individual farm include the size of the farm, topography, soil, labor supply, labor efficiency, improvements, and equipment. The personal characteristics of the farm operator, such as his knowledge and experience, his managerial capacity, his likes and dislikes, his physical strength and aggressiveness, must also be taken account of. Likewise, his marketing facilities, such as the kind of markets, distance to market, transportation facilities, and costs, are important factors in deciding production and farm plans.

Farm management is the one project in the extension program that is organized and projected from the point of view of the farm business as a unit. The adjustment programs are more and more being developed from this point of view. More attention to a consideration of the effect of various programs on the farm business as a whole will undoubtedly be given in the development of all future county extension programs.

The young people on the farms are also taking an increased interest in economic information. Large numbers are keeping accounts on their own farms or on those of their parents and are entering into a more or less formal partnership with their parents. Others are getting together in discussion or study groups to consider what type of farming would be most favorable for them to enter and how they would go about obtaining a suitable farm. The commodity groups are studying marketing problems and making tours to farms and marketing centers. Some are learning market grades and classes of livestock and crops. In many States the older 4-H members with advance projects are required to expand the size of the projects until in practice they receive training in enterprise management.

#### Methods and Results

All approved methods of extension teaching are used by the various States in economics extension work. Publications, meetings, training schools, the radio,

and the press are the methods most widely and generally used in reaching large numbers. Many types of publications are being prepared and distributed. Federal and State research bulletins prepared in simple form; annual, seasonal, monthly, and weekly outlook reports, abstracts, service letters, graphs, and charts are in use. Some States also distribute publications especially prepared for and sent directly to farm leaders, bankers, and other agencies serving farmers. The preparation of more and better material has also included the use of local farm-management data for adapting national and State material, the preparation of data for community farm-planning groups, and the providing of laboratory material such as mimeographed outlines, film strips, syllabuses, etc. Over 3,000,000 outlook and other timely economic publications were distributed in 1933.

Meetings are also of many and varied kinds. There has been a large increase in meetings held to discuss economic information and adjustments, and also an increase in the use of such material in all types and kinds of meetings held by subject-matter specialists, county agents, and other agricultural leaders.

Over one and one-half million people in 1933 attended meetings devoted to farm management, credit, outlook, marketing, or related subject matter. In addition, large numbers of farmers were supplied economic material in connection with the production control programs for tobacco, cotton, and wheat. Many thousand charts were also prepared and distributed for the use of those making contact with farmers.

For many years the State and Federal extension services have realized that farm and enterprise records interpreted in view of the outlook represent the most important basis for planning individual farm adjustments. To meet this need practically all the State colleges have prepared and make available a simple record book for the use of farmers. Assistance is also given in the summary, analysis, and uses to be made of records. For this year, about 400,000 farmers have obtained these books from their agricultural colleges. Many farmers not keeping records who are cooperating in production control programs soon realized the need of keeping a record of their farm business transactions for use in making out contracts and making proofs of compliance. The officials of the Agricultural Adjustment Administration also appreciated this need and have supplied 2,640,000 record books to farmers with control contracts for use in 1934.

In bringing about improvements in extension programs the entire extension force as well as farm leaders must understand these economic movements.

Much emphasis is, therefore, placed on economic background training. This is carried out through meetings and conferences of extension staffs, special leader-training schools, county census, farm business and market analysis work, individual instruction, and the use of economic material in county program planning. The schools are held with county agricultural agents, home demonstration agents, club agents, subject-matter specialists, teachers in vocational agriculture, farm leaders, and others. The purpose is to provide economic information and to develop a point of view that will further assist those in attendance, not only to present the outlook for agriculture and the adjustments needed in their respective fields, but also to develop their programs to meet changes in conditions. Schools are also held to analyze the services involved in marketing the principal products of an area, to develop a workable understanding of the fundamental problems of marketing, and to determine suitable methods of attack.

Marketing and grading demonstrations in major crop and livestock commodities are conducted for county agents, producers, marketing officials, and representatives of the trade interest, to illustrate the changes in demand for grade, weight, and quality as reflected in variations in market prices, and to analyze the factors in the general business situation affecting the volume and seasonal demand for the products.

The plan of national, regional, and State conferences and contacts of economic workers has been found quite essential. It is easier for the majority of extension workers to keep abreast of the time as regards production problems than it is in economic problems for the reason that the latter is not only a much newer field of work but undergoing greater changes also. In 1933, 2,500 leader-training meetings were held, attended by over 40,000 leaders.

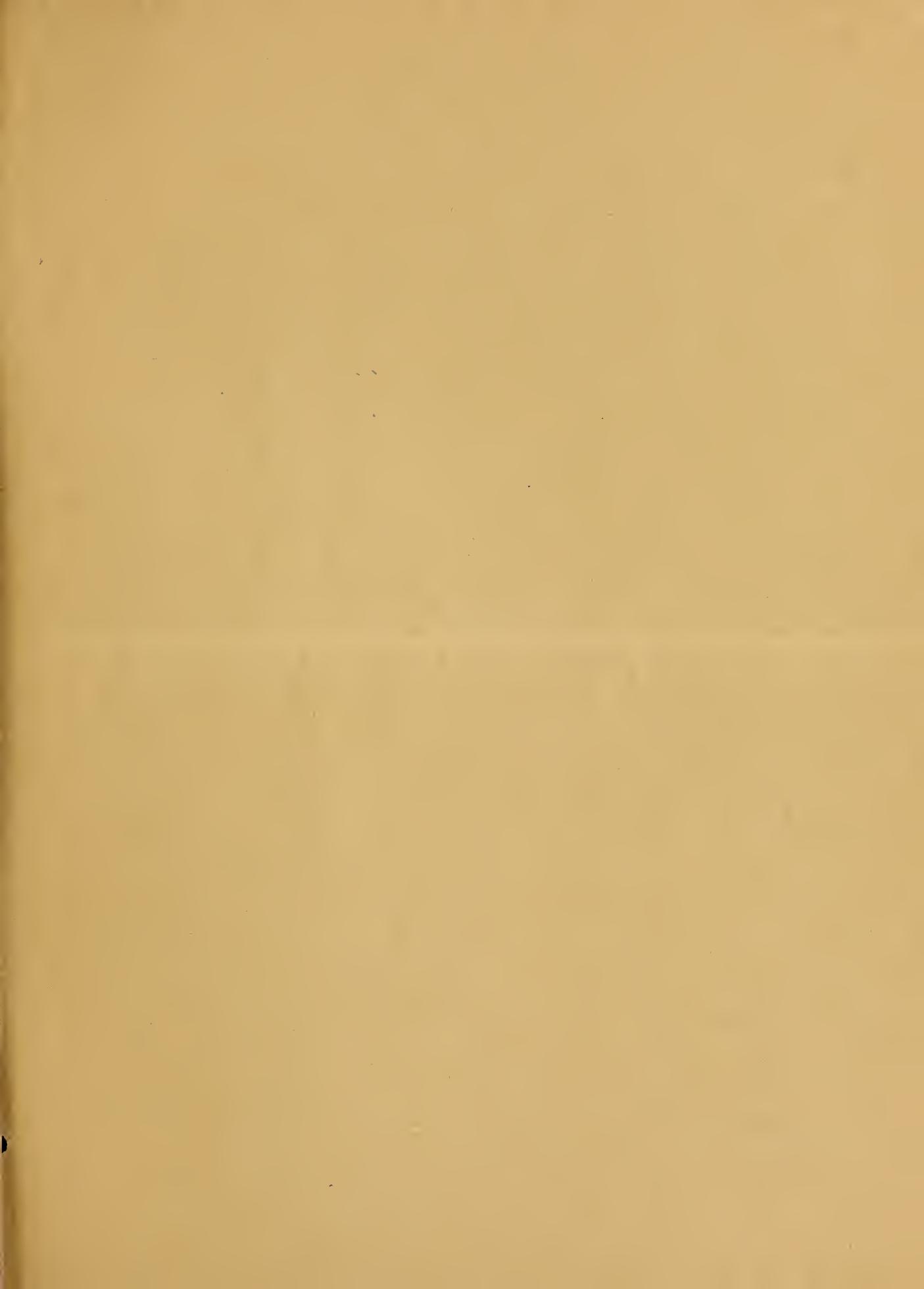
Though the reactions of farmers, county agents, and others are among the best indications of the large interest in and the value of economic work, there are certain other indications of the size and scope of activities which for lack of time will be stated very briefly. In 1933 economic specialists devoted 9,700 days, and county agents 87,000 days, to economic extension field work. They assisted 220,000 farmers with farm enterprise, inventory, or survey records, and 190,000 farmers reported making changes through records and other farm-management recommendations. A total of 538,000 farmers were assisted in obtaining credit, over 700,000 different farmers were assisted in using outlook as a basis for readjusting farm operations, and 930,000 members of marketing associations were given some type of marketing assistance.

The ultimate objective is to reach a large majority of the farmers, but as an intermediate step it has been necessary to acquaint extension workers, farmer leaders, bankers, and others who have contact with farmers, with farm-management, outlook and other economic information and its uses.

The central theme running through this whole program has been:

- (1) That we do economic work to help farmers make more money.
- (2) That the individual farmer is interested primarily in his own income
- (3) That we should base our recommendations on facts.
- (4) That we should correlate outlook with other economic subject matter and with the whole extension program.
- (5) That we encourage all farmers to keep and use farm records.
- (6) That we make the dissemination of timely economic information a continuous year-round activity.





## Agricultural Economics Extension Work in the United States

H. M. Dixon

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EXTENSION SERVICE STATE PLANS



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