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# **The Mission of the Agricultural Cooperative Service: A Discussion**

***Bernard L. Sanders***

Torgerson's paper is divided into three sections: "Commitments," "Crises," and "Possible Futures." The first section directly addresses the mission of the Agricultural Cooperative Service (ACS). The second section identifies the decline in real financial support for accomplishing the mission. The third section identifies five operational considerations for the ACS program (i.e., how to use its limited resources to accomplish its mission). A theme that appears in each section is consideration of expanding the authority (mission) of ACS, along with enhancing its funding, to provide assistance to nonagricultural cooperatives.

The first section of the report reviews the legislative mandate and the historical precedence for the purpose of ACS. Conducting research on cooperative theory and organization, providing technical advisory services to organizing and organized cooperative organizations, gathering and reporting statistical data, and creating educational programs are clearly within the mission of ACS as these activities apply to agricultural producers. The application of such services to parties other than agricultural producers within the mission of ACS is identified as being less certain. Torgerson does, however, develop arguments for the need to provide such services, as a public good, for entities other than agricultural producers. His primary focus is on assisting communities for purposes of rural development.

Rural development can easily be tied to support for the needs of the agricultural producer. Economic activity in an agricultural community in most cases: (1) supports agricultural production and marketing, (2) provides supplemental employment for agricultural producers and/or family members, or (3) is a transitional fix for the displacement of labor in agricultural production. Including rural nonfarm groups in the mission of ACS, therefore, appears to be easily defensible. Expanding the mission to metropolitan community activities or to international ones, as Torgerson suggests, may be more questionable.

The paper also attempts to justify the services of ACS as "public goods." The arguments presented are based on the benefits to the public derived from cooperation. This is not sufficient, however, to justify the services as "public goods." Arguments should have been presented in support of the

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differences in impact between providing the services by means of the public sector versus through the private sector. This approach also would have helped to explain the resource "crisis" that Torgerson refers to in the second section of the paper.

In the arguments given in the paper for "public sector encouragement of cooperation," Torgerson states that decentralization is a precept for cooperative organization. He further translates "decentralization" to "local" control and "local" ownership. The implication would be that numerous, small, independent cooperatives are more beneficial than larger but fewer cooperatives. Are the benefits of economies of scale and market power being overlooked? Why has Torgerson shifted from an emphasis on "user" control and ownership to "local" control and ownership? I also was forced to pause for a moment when reading that a "public good" justification for ACS activity is "by exercising self-help initiatives, cooperative members are less dependent upon governmental programs."

The second section of the paper reviews the decline over the past decade in the resources devoted to research, education, and technical assistance about and for cooperatives. The dramatic changes that have affected agriculture, cooperatives, and organizations such as the Agricultural Cooperative Service are well known and well documented. The negative economic forces first hit agriculture and then spilled over onto cooperatives with equal but lagged impact. The forces exerting downward pressure on the public organizations—such as the land-grant colleges and ACS—were mostly associated with the general economy and its inability to continue to fund growth in public programs.

Both agriculture and cooperatives have experienced a turnaround and feel a strong sense of continued future improvement. This does not mean, however, that economic dislocations no longer exist. Noticeable restructuring, especially in the cooperative community, is likely to continue. The opportunity for the private sector to increase funding for research, education, and other programs for cooperatives appears to be promising.

In light of the deficit problems, increased funding for public programs does not appear to have the same future as that of private sector financed programs. The Torgerson paper does not address the options of ACS tapping the private sector for funding or alternatively promoting private sector programs as a substitute for publicly funded programs. The emphasis in the paper on the "public goods" aspect of ACS programs may be a hindrance to further pursuit of such alternatives by ACS.

Given the arguments in favor of the mission of ACS in the first section of the paper and identification of limitations on resources to fulfill the mission in the second section, it would be logical that the last section would address the issue of priorities (i.e., how to best achieve the mission with limited resources). The final section, however, begins with the statement that five options would be presented for extending the ACS program. The paper omits the arguments for and methods of achieving increased public funding.

The first option, "expanded authorization," and the last option, "international program involvement," both recommend expanding clientele that would be served by ACS. In the first option, the ACS services currently

offered would be extended to rural nonfarm clients and in the other option to foreign clients. In the case of the rural nonfarm clientele, Torgerson emphasizes that legislation or formal directives would be required, suggesting increased public funding, and states that the traditional clientele groups must support the action. In the case of extension to foreign clientele, no mention is made of the need for authority, the need for increased funding, nor the need for support from the traditional clientele. Perhaps a clarification of the nature of how international programs involvement is to be undertaken would be helpful.

The other options: (1) expanded programs of cooperative research agreements, (2) linkages with cooperative and/or agribusiness centers, and (3) expanded use of exchange programs are all options for working with others to deliver the services of both ACS and the other participant. Given the scarcity of resources available to all organizations involved in providing research, education, and technical advisory services to cooperatives, collaboration among these organizations would undoubtedly be productive. The pooling of resources and the focus on mutually agreeable objectives should be productive in achieving the mission of ACS as well as that of the other organizations involved.

In summary, there is probably little disagreement with the traditional mission of ACS. The degree of public funding to support the achievement of that mission is a matter of considerable public debate outside the U.S. agricultural cooperative community. Although those of us who are a part of that community can easily see the priority of the ACS mission, it is less apparent to others. A focus on how to establish priorities for use of the resources available to ACS would have been very helpful. Perhaps that can be the subject for the next paper.