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AGRICULTURAL ECONOMICS EXTENSION WORK IN 1937

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GENERAL SUMMARY

The growing complexity of our general economic and social order is resulting in a material shift in adult thinking and adult education in recent years. Problems of an economic nature are becoming more significant to farmers as the business of farming becomes more complex and more highly commercialized. Emphasis is being shifted from only a consideration of the efficient techniques of production to include also a consideration of what and how much to produce. A rapid increase in emphasis on agricultural problems of an economic nature in the extension program is a logical result.

In the final analysis most farmers must make their own decisions in endeavoring to solve their problems. Many such decisions have been made without an adequate knowledge of conditions and factors affecting the situation. Therefore the Extension Service is aggressively taking the responsibility of acquainting farmers with the economic facts prerequisite to an

DISTRIBUTION: A copy of this circular has been sent to each State extension director; State economist and marketing specialist; and to each agricultural-college library and experiment-station library.

intelligent analysis of the problems at hand. The educational work in Economics Extension involves helping farmers develop a more thorough understanding of the reasons for price and production changes, the methods and costs involved in marketing and purchasing, the need for formulating and utilizing sane and effective credit policies, the desirability of establishing intelligent land use programs and policies, the utilization of current economic information pertaining to production and marketing changes, and the methods of organizing and analyzing individual farm businesses and improving farming systems to insure the most satisfactory net farm income.

Consideration is also being given to the problems of farm tenancy, taxation, agricultural legislation, trade agreements and trade barriers, general price determining factors, agricultural-industrial relationships, and other such significant problems. Interest in these phases has been accentuated during recent years with the passage of agricultural legislation having to do with production adjustment, marketing agreements, soil conservation, land utilization, crop insurance, farm credit and farm security and similar major issues. Economic analysis and thinking is the lifeblood of these programs and has resulted in greatly increased responsibilities and duties of agricultural economists throughout the country. Land use planning alone is taking much of the time of the extension economists and county agents in almost every State of the Union. Such programs have necessitated better preparation and wider dissemination of economic background information, additional aid in formulating plans and methods for carrying on this type of activity, and increased assistance in developing and carrying out the attendant educational programs.

Quite rapid advances have been made in recent years in formulating more effective teaching programs. The trend has been toward making a more careful scientific analysis of the problems involved and devising methods of approach which would more effectively correlate the economics phases with the other phases of the teaching program. Quite naturally there is a wide variation in methods of approach in the different States. Every State program must be developed around the most urgent problems of the local farmers but the general purposes and objectives remain the same.

In bringing about such improvements in the teaching programs extension administrators and farm leaders are demanding much more assistance from extension economists in the preparation and interpretation of economic information pertinent to the program of other extension workers. Such assistance is rendered most effectively through participation in conferences of extension staffs, special leader training schools, schools held for county agents, home demonstration agents, club agents, teachers of vocational agriculture, farm leaders, and others. Both in the development of the various new fields in agricultural economics extension and in the wider expansion of established activities, national, regional, and state conferences have been found quite helpful in bringing about a greater consideration of the economic forces affecting agriculture.

Many and varied approved methods of extension teaching are used in an effort to meet the economic needs of farm people in the various communities.

Meetings, discussion groups, result demonstrations, tours, training schools, survey and analysis work, and educational committees are among the more common methods used in group teaching. Extensive use is also made of the radio and press, publications, circular letters, the telephone, illustrative material such as charts, graphs, film strips, motion pictures, and current reports in keeping large numbers of farmers informed. Many types of publications are being prepared and distributed. Federal and State economic-research bulletins, reproduced in simplified form, are continually being made available to farmers and others. Annual, seasonal, monthly, and weekly outlook reports, abstracts, and service letters are in use. Some States also distribute publications especially prepared for farm leaders, bankers, and other agencies serving farmers. The preparation of more and better material has also included the utilization of local farm-management data for adapting national and state material to local use, and in the preparation of data for county and community farm planning groups.

Not all of the economics work conducted and information extended is rendered entirely for the benefit of farmers and adult groups. The young people on farms are also taking an increased interest in economic information. Large numbers are keeping accounts on their own farms or those of their parents, and some are entering into a more or less formal business 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 follow, the factors to be considered in buying a farm, the advantages and disadvantages of farm life compared to that of the urban worker and to study the economic relationship between agriculture and industry. Commodity groups are studying farm management, marketing, and credit problems and are making tours to farms and market centers. Some are being taught to grade farm products and are learning to distinguish the difference between the various classes and grades of livestock and crops. In many States the older 4-H club members with advanced projects are required to expand the size of their projects until in practice they receive training in enterprise management.

Although the reactions of farmers, county agents, and other agricultural leaders are among the best indications of the expressed interest and value of economics extension work, there are other indications which set forth the scope of activities in this particular type of educational work. During the past year economics specialists devoted 16,600 days, county agents 130,000 days, and voluntary leaders and committeemen 146,000 days to economics extension field work. This work was conducted in over 100,000 different communities in which 117,000 meetings and demonstrations were held. In addition more than 130,000 farm visits were made during the year and individual assistance was given in economic planning, public problems, farm credit and finance, farm management, outlook, marketing and purchasing through 2,400,000 office calls. A total of 220,000 farmers were assisted in keeping farm accounts, 203,999 were assisted in obtaining credit, 110,000 others were helped in developing supplementary sources of income, while 292,000 individuals were assisted with their marketing problems. In addition 860,000 were indirectly benefited through rendering assistance to associations and organizations in which they held membership.

In summarizing we can say that the ultimate objective is to reach and assist as great a number of individual farmers with their economic problems and programs as is possible, and the central theme running through the entire program is:

1. To help farm people net a higher income and maintain a high standard of rural life.
2. To base all recommendations on facts and the best information available.
3. To correlate the economics phase of the work with the entire extension program, and
4. To assist in formulating and carrying out all agricultural programs involving economic problems.

The following pages include a more detailed consideration of the major economics extension activities carried in the extension program of 1937.

AGRICULTURAL PLANNING AND LAND USE

The most significant change in approach to agricultural economics extension work in recent years has undoubtedly come about through the initiation of the "county agricultural planning" project. This educational and appraisal extension activity recognizes that the land itself is the foundation of the agricultural industry and that an intelligent appraisal of the land problems and potentialities and the development of sound plans for land use is the most fundamental step in any agricultural planning process. In this procedure a more thorough recognition is developed of the particular needs in specific type-of-farming areas and the systems of farming best suited to the peculiarities of each of such areas. Because of the importance of this work in its relation to public programs, and the nature of the work in regard to the kind of factual materials used, extension economists have contributed heavily in time and materials to the development of this work. This project makes possible the coordinated use of farm management, land use, outlook, and other subject-matter teaching materials and is sponsored by the Extension Service as a whole.

Since the beginning of extension work extension personnel in individual States and counties have been sponsoring organized activity to encourage a considered appraisal of the forces affecting the long-time welfare of agriculture as an industry and the development of plans and action to improve agricultural conditions. This was a logical outgrowth of our emergence from a period of new and unused land and a relatively self-sufficient type of agriculture into a period of mature agriculture with declining land productivity and a highly commercialized industry.

Public appreciation of the need for a very great expansion in this kind of appraisal and planning has been accelerated in recent years. Among

others, causative factors in this development have been (a) the progressive abandonment of former farm lands which are no longer sufficiently productive to be economically operated in our present commercialized type of agriculture, (b) the extreme financial distress of large groups of farmers in areas which through the appeal of abnormally high prices during the war period were opened to more intensive types of agriculture than the land could sustain, (c) the obvious physical deterioration of agricultural lands in other areas where an exploitative type of agriculture has been followed, and (d) the generally distressed condition of farmers ever since the rapid price declines of 1920.

The advent of governmentally sponsored programs, all directed toward an improvement in the status of agriculture with a somewhat different method of approach in each, has emphasized the need for a deliberate appraisal and planning process if the most satisfactory accomplishments are to be attained. A general recognition of this fact has been the compelling force creating the rapid growth in this type of activity in recent years and accounts for the very great emphasis placed on this procedure by agricultural extension workers during 1937.

Although the economic aspects of the problems involved occupy a very prominent place in such deliberations these phases cannot be most productively analyzed without due consideration to the physical, social, and civic implications of the problems. In view of this fact this particular type of extension work with farmers of the Nation is correctly considered as a responsibility of the Extension Service as a whole rather than an economics project.

In order to promote this fundamental educational and appraisal work a committee of farmers was organized in practically every agricultural county of the Nation under the local leadership of the county agricultural agent. They were started on the job of drawing up long-time plans for the agriculture of the area which, if adopted, would tend to insure the maintenance of the best possible condition in the land itself as well as in the economic and social status of the farm population.

Technical help was provided these committees through the personal assistance of technicians from the Extension Service, from the state agricultural colleges and experiment stations, and from the staffs of the various public agencies administering the different programs relating to agriculture. In addition to such personal assistance the Extension Service provided these committees with a wealth of background information pertaining to the land itself, to trends in agricultural developments, to forces affecting these trends, and to the various physical, economic, social, and civic implications of these forces and developments as they relate to the status of agriculture and the people engaged in the industry. All sources of such information available were drawn upon in providing these local committees with the necessary working tools in this appraisal and planning process.

In most instances the first objective of such committees was to prepare a land-use map for the different counties which would delineate local

areas presenting similar problems. This involved an appraisal of both the physical soil resources and the economic possibilities of each such area. Subsequent to this appraisal and location of areas presenting similar problems these farmer groups with the help of extension workers embarked upon the task of drawing up recommendations for the future use of such areas. Recommendations were made as to the adjustments necessary in present use and ways to bring about such adjustments, in order that conditions might be developed in each area which would insure the maintenance of the land in a state of productivity necessary for the use of future generations, and at the same time would insure an economic return to farm people which would make possible a satisfactory type of American farm life.

In considering ways in which these adjustments might be brought about full consideration was given to the extent to which individual farmers under their own initiative might accomplish the goals established. At the same time consideration was given to the need for agricultural programs involving group action and the sponsorship of governmental and other agencies, and the need for adjustments in the various programs now in operation in order to insure that such programs would not be operating at cross purposes and that the maximum gain toward accomplishing the objectives established might be attained.

Accomplishments from such an educational and fact-determining activity are difficult to measure statistically. However, formal reports received from 43 States indicate that approximately 2,200 county agricultural planning committees functioned during 1937. In these 43 States 951 counties were engaged in land-use mapping work during 1937, and in two other States from which formal reports have not been received between 25 and 50 additional counties did similar work. Approximately 1,038 counties have been revising their recommendations of previous years and giving their attention to specific problems not included in the formal outline of the project. In all these States the recommendations of these local committees have been useful to the Extension Service in the development of their current educational programs, and the results have been considered by other agencies in their program development. The educational accomplishments attained through this type of extension activity have been quite significant.

In addition to the interest aroused concerning our land-use problems through the county agricultural planning activities, other factors in recent years have resulted in a rapidly growing public concern regarding some of the broader land-use problems in their relation to a permanent agriculture. At least three of these major factors are:

- (a) The extreme economic distress experienced by farmers located in areas of low productivity with the attendant necessity for providing financial relief to such farmers, the abandonment of farms, the migration of farm families, and problems of taxation and local government resulting from wholly or partially abandoned areas.

- (b) The physical depletion of land resources through continuous over-cropping or improper cropping thereby resulting in partial destruction of large areas for agricultural purposes.
- (c) The attempt on the part of large numbers of farmers to develop types and systems of farming in areas not adapted thereto.

These developments are resulting in serious social and civic problems and offer a threat to the future welfare of agriculture and in turn to our social and economic order.

Extension activities, other than the county agricultural or land-use planning project, having to do with the economic phases of land use can be divided in three major lines of work.

1. Classification of land into areas according to its probable best use, in cooperation with other agencies.

The classification of land seems to be a job which calls for the joint action of a number of groups, each contributing according to their knowledge and experience. Certain criteria have been established by research agencies, considerable comparative background has been accumulated by extension workers through their work in various parts of the States, and the farmers through their years of experience in working the soils can contribute from this intimate, practical knowledge. Consequently, the work of classifying land areas as to their potential possibilities is usually conducted as a cooperative project in which extension workers have their part.

2. Assembly of material pertinent to land use on a State and county basis.

Extension activities in the assembly of facts have usually taken the form of abstracting primary sources of information in such a way as to reveal the salient points in simple form. Detailed research studies, records of various agricultural program agencies, land survey material, census trends, and other such sources of information are utilized.

3. Developing a better understanding by farmers, bankers, local governmental officials, public service agencies, etc., of the different land classes, their characteristics, uses, problems, and adjustments needed.

There must be a more general understanding of the different adaptabilities of land if we are to prevent disastrous mistakes by individuals in establishing themselves; if we are to adapt our agricultural programs to the conditions that exist in the

various areas; if we are to properly direct the growth of public services, such as roads, schools, electric lines, etc.; and if we are to put our nonagricultural lands to their best use.

One of the most common methods of utilizing land-use information is in connection with land-use tours. There is no substitute for actually observing the conditions in the field. On such tours examples of proper and improper uses of land are visited and inspected and factual evidence presented showing the results.

Supplementing these tours, extension economists and county agents have held numerous general meetings, delivered radio talks, and prepared news articles on land-use problems. Much work has also been done through specially appointed farmer committees. Also land-use problems in their broader aspects as well as in their relation to individual farm management are considered in the various extension activities in the farm-management and outlook fields.

Table 1 gives a statistical presentation of extension activities pertaining to public problems and economic planning for the year 1937.

Table 1.--Public problems and economic planning
Extension results, 1937

Item	Number
Days devoted to line of work by:	
County extension agents	53,483
State specialists	7,451
Communities in which work was conducted	25,995
Voluntary local leaders or committeemen assisting	36,801
Meetings held	43,008
News Stories published	21,351
Circular letters issued	15,857
Farm and home visits	40,763
Office calls	1,490,823

FARM MANAGEMENT

In view of the present seriousness of price and market situations, the necessary long-time adjustments to changing conditions, and the various public programs directed toward adjustments in agriculture, a knowledge of the fundamental principles of farm organization and management is more essential than ever before. Also during a period when outside factors such as prices, market requirements, purchasing power of consumers, costs of

distribution, etc., seem to be dominant in influencing changes in farm income, farmer consideration of these factors as they relate to the business management of a farm is highly important.

Except for changes in emphasis, however, the job of helping a farm family make a better living from a farm, under the conditions that exist, is still about the same, and is the primary function of farm-management extension work. The approach being used may be summarized as follows:

1. Determining the factors influencing farm income, and the desirable systems of farming and practices needed for the various areas and conditions of each State.

The farm record projects of all kinds, together with local farm-management and enterprise surveys, have undoubtedly been the outstanding contribution in the farm-management extension field. It is through participation in these projects by farmers themselves, and through analysis of the results with farmers in general, that most of the farm-management teaching work is done.

Demands on the time of farm-management extension men in applying the information obtained from farm records, in broadening their contacts with farmers, in contributing to the programs of other specialists, etc., places a practical limit on the expansion of their record work and may even cause it to be curtailed.

There is also a feeling on the part of many that this record work should be more carefully regulated and confined to the areas where information is needed and in the numbers desirable from that standpoint, rather than allowing it to grow primarily as a service project.

At the same time it is becoming more generally recognized that the data obtained through farm records is basic to the development of the entire extension program. Consequently all specialists and county agents should be contributing to the gathering and analysis of such data. This would seem to be the more logical solution rather than a curtailment of the facts on which to build extension and other programs. It is essential to have both local and recent information on factors influencing farm income to do an effective extension job.

In a number of States where considerable general farm-management data are available, there is a feeling that the greatest need is for specific studies indicating the nature of local problems. Most of the farm-management studies seem to point to the same general principles of size, production, efficiency, balance, etc. It might therefore be desirable to follow up on one or more of these principles that seems to be most important.

For example, if size of business is the chief limiting factor, what can be done about it? Which of the various factors influencing size are the limiting ones? What proportion of the farms lack size? What is the average age of the operators, and what are the soil conditions on the small farms?

What are the possibilities of the region for improving size of business? Surveys of this kind can best be conducted by specialists, agents, and farmers cooperating together.

Much more data pertinent to farm management are now available than formerly. The AAA work sheets offer many revealing facts as to systems of farming. The type-of-farming census data in 1930 and the minor civil-divisions data in 1935 are valuable in interpreting present systems of farming and shifts from their former status.

There is need for reworking portions of research bulletins for specific field use at farmer meetings, thereby making the information more readily available and in a form more easily understood. Progress was made along all these lines in 1937 and plans were laid in several States for increased emphasis in future years.

2. Developing farm-management programs for the various areas and types of farming.

Where sufficient background farm-management material is available it is now being used in developing extension programs for the various types of farming within each State. This phase of the work seems to be growing about as rapidly as information becomes available. It is a type of work in which the farm-management extension man is only one of a group. Where it is being used most successfully the county agent leader or district agent serves as the person in charge of its development. It involves, however, a committee of farmers representing the type of farming, the county agent, and the specialist whose field of work is involved.

This phase of the work is a most effective way of bringing the results of farm-management work into use. The programs developed are sound and well balanced. They have the backing of farmers and specialists alike. They recognize problems as brought out by research and experience and state specifically what needs to be done to improve the situation.

3. Assisting individuals in making farm adjustments.

Having obtained the facts and helped to incorporate them into extension programs, there is still the big job left of helping individuals make the needed adjustments.

- a. Personal contact in returning records and surveys. Practically all record and survey work done by the Extension Service is based on the assumption that the results will be returned to the farmer cooperators and discussed with them by the specialist or the county agent. This type of contact is very effective for it makes possible not only discussing the principles of farm management with individual farmers but also makes possible relating these principles to accomplishments on their farm. The county agents are gradually taking over more and more of this responsibility.

- b. General farm-management meetings. The general meeting is probably much less used than formerly. It is still the usual way of returning the results of studies to the farmers in the areas studied, and to other areas where similar conditions exist. There is a tendency, however, to use the results in connection with various other activities rather than call meetings for that specific purpose. This is an important trend, for the integration of farm-management principles with other work usually greatly increases its effectiveness.
- c. Farm planning meetings. Special meetings have been held in many States to assist farm families in planning for the year ahead. These meetings place little emphasis on principles and on the analysis of problems except as they are brought out in the attempt to make cash receipts equal expenses. It is through meetings of this kind that many people are reached as it lends itself to a campaign approach concentrating the meetings in the early part of the farm year.

The inventory campaigns are a type of meeting that might be classed under this general heading, as they are designed to help farmers take stock of their situation and plan ahead for credit needs. With the requirements of credit agencies shifting more and more toward statements on ability to pay from yearly earnings in addition to net worth statements, there is pretty good reason to expect that these farm planning and inventory meetings may be getting closer together. A farm plan involves credit, and credit involves a farm plan.

- d. Farm management tours. In the field of teaching there is no substitute for the demonstration. In farm management this means tours to visit farms which are in themselves demonstrations of various combinations of enterprises and ways of doing things. The contrasts brought out by visiting several well-selected farms leaves an impression which can usually not be made in any other way.
- e. Individual farm visits by agents. During the year many county agents plan to visit a number of farmers and talk over problems with them. Some of these agents have developed special forms to enable them to make a quick analysis of the farm business. In this way they are able to make more worth-while suggestions for improvement.

The development of special simplified forms, and sets of key questions for the use of county agents, together with practice in actually reorganizing farm businesses is helping agents materially in making these farm contacts.

- f. Training 4-H Club members and older youth groups. Increasing emphasis is being placed on teaching prospective farmers the

principles of sound farm management. Four-H club members are being enrolled in farm-record projects in increasing numbers, and help is being given these club members in methods of analyzing and interpreting the records thus obtained and working out farm-management adjustments in light of the problems revealed. Personal contact with such organized groups is made by the economics specialist or the county agent whenever possible, and in other instances lesson material is being prepared for the use of club agents and club members where personal contact by the above-mentioned extension workers is impossible.

Table 2 gives a statistical presentation of extension activities pertaining to farm management for the year 1937 with comparisons for the two previous years.

Table 2.--Farm management extension results, 1937, with comparisons

Item	Year		
	1935	1936	1937
Farmers keeping -			
Farm records:			
Regular	60,406	51,390	49,557
A.A.A.	655,194	331,791	170,331
Enterprise accounts	70,454	48,152	45,579
Farm management changes -			
Based on accounts	73,271	57,386	46,216
Due to other influences	161,816	342,223	313,892
Farmers assisted with -			
Leases	67,568	87,866	67,074
Records:			
(a) On their farms	36,273	39,386	51,405
(b) At agents' office	200,699	134,748	112,153
Individual farm planning:			
(a) On their farms	17,778	24,203	32,622
(b) Office calls	82,769	167,496	173,689

MARKETING AND PURCHASING

Gradually increasing costs in the field of marketing and distributing agricultural products during recent years have caused farmers and ranchmen to become more keenly aware that the spread between food prices paid by consumers and the prices received by producers of food is rapidly reaching dangerous proportions. For example, in a recent release of the Bureau of Agricultural Economics, ^{/1} which considered the costs of distributing 58 selected foods, it is shown that the percentage of the consumer's food dollar which was paid for transportation, processing, marketing, and distribution

^{/1} Price Spreads Between Farmer and Consumer. B. A. E., April 1937.

has increased from an average of 45 percent for the years 1913-20 to 54 percent for the period of 1921-29, and to 61 percent for the years 1930-36. These increased costs are brought about largely through duplication in marketing methods and services, a lag in the change of fixed costs resulting from a falling price level, increased costs in packaging, processing, and advertising, as well as a certain amount of inefficiency, speculation, and excessive wastes in distribution.

In an effort to study the above problems more thoroughly, the marketing extension specialists, county agents, and other extension representatives were called upon for a greater amount of assistance during 1937 than ever before. As in past years, the type of assistance and services rendered to farmers in the field of marketing by the Extension Service varied considerably, depending upon the particular situations and the method of approach necessary in order to best assist rural folks to first understand and then attempt to solve their problems.

In reporting the activities and results of extension programs, it is found that much of the work has taken the form of field meetings, marketing schools, market tours, surveys and analysis work, exhibits, work with 4-H club and younger rural groups, in a consideration of the costs of distribution, market facilities and market outlets. Most of this marketing work can be discussed under the following general lines of activity.

1. Developing a better understanding of the distribution system by farmers, dealers, and consumers, how to use it, the changes taking place, its weaknesses, and the improvements needed.

In order to teach farmers effectively concerning market operations and practices, a number of States during recent years have followed the policy of conducting a large number of farm groups on tours to central and terminal markets for the purpose of observing and discussing with market officials the factors which make for either a strong or weak market. Such tours also make possible the studying of prices as an indicator of consumer demand and the grade of products which will command the higher prices.

In several States specialists have organized and taught a series of marketing lessons to adult groups of farmers for the purpose of bringing about a better understanding of the economic principles, practices, and factors that are involved in our system of distribution.

Numerous commodity-marketing meetings have been held with farmers to discuss certain problems in marketing and distribution which affect the prices received at the time of marketing. For example, several of the Western and Midwestern States during the past few years have held district and county livestock and wool-marketing schools where representatives of the Federal and State Extension Services, Farm Credit Administration, and officials of cooperative marketing associations cooperated in presenting a rather complete picture of the production and marketing problems involved with these products.

New problems in marketing have come with the development of good roads and motor-truck transportation. Extension specialists have found that it is necessary for them to establish and maintain market-news services in county agents' offices located in areas producing perishable products. Such services consist of listing the names of growers having products for sale, as well as the amount, price, and grade of the products. The names of the buyers who market the products by truck are also listed, and a contact between prospective buyers and sellers is made.

More States have been giving a great amount of emphasis to the importance of teaching 4-H Club members and members of young people's groups some of the principles, practices, and methods of marketing and cooperation during recent years. This type of program has taken the form of assistance in organizing and conducting schools for training 4-H Club members in the principles and fundamentals of general and cooperative marketing, in training club leaders in the use of marketing information and materials, in giving instructions in the grading and stapling of cotton, and in assisting in schools held for the purpose of teaching club members and rural youth groups the fundamentals of organizing and operating cotton pools and auction sales. State essay contests on cooperative marketing have been sponsored by cooperative organizations and the Extension Service in some States. Several States have prepared handbooks on the principles of cooperation for 4-H Club leaders to be used for teaching purposes. Marketing specialists have also given much emphasis to preparing and presenting teaching material on cooperation, marketing, price trends, and other economic information at 4-H Club summer camps, and a few specialists have rendered a worth-while service to club members by classifying livestock projects in the order of their prospective profitableness from a market standpoint.

2. Assisting in establishing and servicing cooperative business organizations.

A large percentage of the work conducted by specialists and county agents in the field of marketing takes the form of service work to cooperatives and in some instances to independent marketing agencies. Generally, the approach to such work is through surveys and analysis work in order to obtain the facts regarding the various situations. Such surveys and analysis take into consideration management policies, volume of business, financing, membership relations, sales practices, potential volume of business in the territory, competition and other factors affecting the costs of operation.

For several years, a great many cooperatives have requested such help from State extension specialists, and more recently specialists have taken an active part in presenting the findings from surveys to the membership of cooperative associations at special or annual meetings in addition to acquainting the managers and directors regarding the facts pertaining to their associations. In some instances, the requests from cooperative associations have made it necessary for marketing specialists to supply such organizations with continuous current information that pertains to their business.

In connection with the business management programs of cooperatives, marketing specialists have conducted educational programs on operation problems. Schools have been held for managers, directors, and leaders to teach principles of better business management and efficiency in operation. Specialists have assisted many office managers in establishing more adequate systems of records and accounts for their associations and have helped to train the office help to use the new systems.

Another type of help has been to prepare financial statements of receipts and expenditures for cooperative associations and assist in interpreting such statements for the information of officials and members. Moreover, specialists and county agents have worked with association officials in many instances in devising methods of keeping the membership informed regarding the operations and problems of their organizations. This type of work is becoming more pronounced with the realization of its importance from a management standpoint.

Assistance has also been given in helping to prepare bylaws, incorporation papers, membership agreements, and marketing contracts for associations in the process of organization. Many associations that have been operating for several years are being assisted in revising their articles of incorporation and bylaws to conform with the Capper-Volstead Act and similar laws which have been passed by State legislatures during recent years. In some States marketing specialists and county agents have assisted cooperative marketing and purchasing committees to draw up revisions of their State marketing laws, and the committees have asked the legislatures to change the State laws to conform to the Federal act.

What has been said of service work with cooperatives applies to other marketing and purchasing associations. The purchasing associations have been given a proportionately larger share of the time devoted to this type of work during recent years because of the rapid expansion of this type of organization. This growth is in keeping with increasing costs of distribution and with the effort of rural people to eliminate some of these costs by purchasing their supplies on a cooperative basis. The method employed has been quite effective from the standpoint of many communities and especially so in purchasing certain commodities.

It should be mentioned in this connection that with the widespread interest in consumer cooperatives that exists at the present time, information and data pertaining to this type of association have been assembled and analyzed, and helpful information has been extended when and where demanded. A number of States have prepared radio talks, bulletins, circulars, and mimeographed articles on this subject for distribution.

One other type of assistance which has been rendered cooperative groups is that of leadership to State and county cooperative councils. Marketing specialists have helped in planning programs, holding and participating in council meetings, and in a few instances have served as executive secretaries of State cooperative councils. In a number of instances

specialists, in cooperation with county agents, have fostered cooperative councils by encouraging and assisting agricultural agencies in the organization of such institutions. This has been done for the purpose of increasing interest in the cooperative movement and to create a better understanding of urgent problems facing those engaged in the marketing of agricultural products.

3. Improving quality of farm products.

In order to improve the quality of farm products to be marketed, an increasing number of States are holding joint production and marketing meetings. This type of meeting has also resulted in the establishment of improved varieties and in the use of better seed and breeding stock in producing more desirable products for market. As a follow-up to this type of program, many grading demonstrations have been held for the purpose of not only teaching others how to grade the products to be marketed, but also to show the importance of grades as a basis of selling and the relationship between grades and price.

Emphasis has been placed on the necessity of supplying the consumer with the kind and quality of products in demand if satisfactory prices are to be received at the time of marketing. Work of this kind has been conducted with fruits, vegetables, cotton, tobacco, grains, wool, livestock, poultry, eggs, and dairy products. In a number of States the expansion of grading work has necessitated the holding of schools for the purpose of training students to qualify as Federal graders and in assisting marketing agencies in sponsoring grading and shipping-point inspection for commodities shipped to distant markets.

4. Improving market facilities.

In a number of the Eastern and Southern States the marketing specialists and county agents have rendered considerable assistance to producers in studying their local and terminal marketing facilities and making recommendations to producers and other interested parties who have to do with making the needed improvements. Congested conditions on old market sites have made it necessary to establish new produce markets in many of our larger cities. Other cities are faced with similar problems, and extension representatives are taking a leading part in collecting and disseminating the facts regarding the situations in order that satisfactory solutions to the problems may result.

Other and similar problems which have been studied and assisted with are the determination of the potential production of agricultural products in certain areas in relationship to the consumer demand for such products, the need for new marketing machinery, the effecting of economics in our present marketing systems, the economic factors involved in the marketing of farm products in large terminal market areas, and the analysis of spreads between farm prices and retail prices of some commodities.

5. Marketing agreements.

With the development of marketing agreements, sponsored by the Agricultural Adjustment Administration, and somewhat similar programs sponsored by State legislation, marketing specialists and county agents have developed a considerable amount of teaching material and have held a large number of meetings for the purpose of discussing with producers the economic basis and necessity for such programs.

Table 3 gives a statistical presentation of extension activities pertaining to marketing for the year 1937 with comparisons for the two previous years.

Table 3.--Time spent in field of marketing extension (marketing, buying, selling, and financing), 1935, 1936, 1937.

Item	Year		
	1935 <u>Number</u>	1936 <u>Number</u>	1937 <u>Number</u>
Days devoted to work by:			
Extension agents	19,641	21,335	22,116
Specialists	1,844	2,248	2,581
Communities in which work was conducted ...	13,160	14,951	17,036
Voluntary local leaders or committeemen assisting	8,550	10,935	12,460
Days of assistance rendered by voluntary leaders or committeemen	20,578	22,314	22,766
Meetings held	18,101	16,247	16,415
News stories published	7,793	8,661	10,594
Different circular letters issued	4,792	5,980	6,573
Farm or home visits made	29,762	36,981	38,206
Office calls received	272,984	253,116	267,168
Marketing associations or groups assisted in organizing during the year	1,057	1,631	1,090
Marketing associations previously organized	4,674	5,024	5,637
Membership in associations and groups organized or assisted	752,376	775,061	860,239
Individuals (not in associations) assisted with problems of -			
Marketing	239,347	267,172	292,138
Standardizing, packaging, or grading	45,733	45,736	46,491
Locating markets and transportation ...	61,139	71,135	73,054
Use of current market information	126,807	132,472	140,918

OUTLOOK

The outlook project is primarily one of currently assembling and making available the economic information needed in order to make possible intelligent adjustments to probable future conditions. Most of this information is centered around general economic conditions or commodities. It involves keeping up to date on what is happening to the general price level and factors influencing it; the probable supplies of the various farm commodities; the purchasing power of consumers as influenced by business conditions; changes in market demands and development of new outlets; and the various measures designed to regulate prices and crop movements.

This project constitutes one of the major educational activities of the Extension Service in the economics field. Outlook work is basic to the work of practically all extension personnel and for that reason occupies a prominent place in the extension programs of all States. In addition to the formally organized outlook program carried by economics specialists and county agents, increased effort is being placed on encouraging other subject-matter specialists to incorporate pertinent outlook information into their production programs. Likewise outlook work has become an important part of the educational activities bearing upon the various public programs directed toward improving agricultural conditions and extension workers are devoting considerable time to training the personnel employed by such agencies and in providing them with outlook material.

The major activities carried in most State outlook projects are as follows:

1. Preparation of economic handbooks designed to show the longer time trends of basic price situations influencing the agriculture of the State.

These handbooks are usually prepared annually for the purpose of ready reference and the training of extension workers. The emphasis is placed on a pictorial presentation through carefully selected charts recommended for use by extension workers.

2. Writing an annual State outlook report.

This work is usually done in cooperation and consultation with others in the extension staff. The outlook report is for popular consumption by farmers as contrasted to the handbook which is designed for the training of extension workers and farm leaders.

Attendance at the National Outlook Conference is considered essential by State workers prior to the preparation of these annual outlook statements. At the national conference an opportunity is given to study the latest information in conference with those who prepare much of it, to give suggestions for improving these data, to study methods of using outlook material with farmers, and to improve the effectiveness of the work by exchange of information, ideas, and points of view with those from other States.

3. Training schools for county extension workers and extension specialists.

Subsequent to the National Outlook Conference most States hold outlook training schools for extension specialists and county agents in order that all may be currently informed as to the latest economic developments and effective methods for transmitting this information to farmers in general. Such schools are essential both from the standpoint of the significance of such information to all extension workers and because of the relative newness of this type of extension work as compared with extension work in production techniques. These schools are usually organized on a regional basis in order to avoid too large a group and in order to concentrate more thoroughly on those aspects of the outlook situation of particular significance to the various groups with more or less common interests.

4. Preparing and making available timely economic information throughout the year.

Because of the current nature of outlook materials, most States have developed services designed to furnish certain facts regularly through the year. These services are in the form of special releases, either monthly bulletins covering a variety of things, or special commodity statements at the time of year when they are of greatest interest. Also releases are prepared for special groups such as key bankers, dealers, etc., picking out those things in which the group is interested. Such material is used by extension workers generally in connection with various types of extension meetings as well as through the press, the radio, and other means of reaching farm people.

5. Integrating outlook information into extension programs.

It has already been pointed out that one of the primary functions of "outlook" as a project is to make available the type of information needed in most of the other projects. Outlook is an important part of farm management, marketing, credit, and other fields of work. When used in connection with regular meetings and activities it becomes more timely in nature and its value and application can be easily explained.

Outlook material of a longer time nature is basic to all planning activities. There has been considerable expansion in the use of material of this kind, and also that of a local nature in the form of county and regional trends.

Some of the various activities wherein outlook information is used continuously are:

- a. Determining factors influencing farm income.
- b. Developing farm-management recommendations.
- c. Farm planning with groups and individuals.
- d. Determining advantageous periods for buying and selling.
- e. Establishing market facilities.

- f. Analyzing credit needs.
- g. Making long-time investments.
- h. Classification of land.

Table 4 gives a statistical presentation of extension activities pertaining to outlook for the year 1937 with comparisons for the two previous years.

Table 4.--Extension work on outlook work alone in 1937, with comparisons

Item	Year		
	1935	1936	1937
	Number	Number	Number
Days spent by agents and specialists	5,908	8,395	9,464
Communities in which work was conducted	8,968	10,995	14,125
Local farmer leaders assisting with outlook work	4,413	7,041	7,885
Outlook meetings held	5,183	6,191	7,795
News stories published	3,443	4,348	5,686
Circular letters	1,953	2,638	3,069
Farm visits	5,541	7,464	7,808
Office calls	82,332	78,863	109,665

FARM CREDIT

The very nature of farming as an industry and the system of land tenure common in this country makes sound financing one of the paramount economic problems of farmers. Realization of this fact has become more widespread as a result of the distressed financial condition of so many farmers in the two decades which have elapsed since the World War. During the past several years the Extension Service has aggressively developed educational programs looking to the development of a more thorough understanding on the part of farmers of the principles of sound credit and sound financing and the dangers of unsound and unwise credit practices. These developments in the educational field closely parallel new developments in the field of farm credit itself.

The most significant achievement in recent years in the field of farm credit has been the development of a complete credit system especially adapted to farmers' needs, through governmental assistance in the establishment of a cooperative credit system including long-term mortgage credit, intermediate or production credit, and marketing, purchasing, and farm business service credit for farmers' cooperative associations.

The establishment of a specialized system of credit for agriculture, under the supervision of the Farm Credit Administration, has resulted in several fundamental improvements. First and most important probably, direct and permanent machinery has been created to utilize investment funds of

national money markets, rather than local deposit funds. Thus dependability of credit is assured. Second, the terms of credit secured are based upon the nature of farming operations so that farmers can secure funds when needed and repay them when most convenient. And third, the cost of credit to agriculture has been adjusted more perfectly to money market conditions and risks in farming, resulting in costs lower and more uniform.

Credit is now recognized as an essential element not only in the individual farm business, but in the establishment and operation of farmers' cooperative business organizations for marketing, purchasing, and other services. The factor of financial management has become an essential qualification for farmers on their own farms and in their cooperatives. Extension programs are being broadened to include farm finance and credit as a part of their instruction and service to farm families and to the directors and managers of farmers' cooperative associations. The objectives of this service are, broadly:

1. To assist farmers in analyzing their credit needs from the standpoint of what is both safe and profitable.
2. To fit credit into sound farm and home management plans.
3. To acquaint farm families with sources of credit and the mechanism of procuring loans and making sound repayment plans.
4. To make business analyses of farmers' cooperative business associations, and assist in planning financial programs designed to further the services rendered to members and to safeguard their own investment as well as borrowed funds.
5. To plan savings and investment programs consistent with the farm business and family living plans.
6. To develop greater incomes, higher standards of living, and greater security in the ownership and operation of farms.

Effective conduct of extension work in farm credit involves close relations with all extension activities affecting the farm and home in order that credit may be integrated with and reinforce programs in farm and home management.

The trend toward a long-time program intended to serve all farmers through information on farm financing, which was evident in 1936 reports, continued through the year. These programs helped farmers make sound decisions on whether or not to use credit, on where to get loans on terms best suited to their needs, and how to handle their financing for greatest advantage to themselves. Three-fourths of the States reported definite undertakings by extension economists in farm credit and several others mentioned incidental work. About the same percentage of county agricultural agents participated in credit activities, and while the proportion (about one-fourth) of home agents taking part was much smaller, the number almost tripled in 2 years.

A very large part of the credit work was associated with cooperation in some form with one of the credit agencies. This cooperation was in the form of assistance in direct educational efforts for farmers, in granting credit for projects promoted by extension people, in opportunities for informing the personnel of the credit agencies concerning agricultural problems affecting their business, and in joint consideration of the financial problems of individual farmers.

The development of the financial statement as a foundation for credit grew out of inventories taken as the beginning for farm records. The introduction of credit information is quite general in outlook work. Farm-management summary schools and similar meetings have been used to develop the relationship of financing to successful handling of the farm business. In individual farm planning demonstration meetings farm credit was presented as a means of making needed adjustments in improving the farm business. Discussion groups took up credit as one of the problems for consideration by community meetings. Frequently 4-H club members individually or in groups were led to improve their projects through the use of credit and thus received training in financing farm operations. The plan for including a few land-bank borrowers in record keeping - farm planning work was tried out in eight States in addition to the two beginning this work in 1936.

The recognition of the need for such special education is shown by the series of training meetings for county agents in farm financing put on in one State, and a 3-day training school in farm management and related problems given by extension and college people for Farm Credit Administration personnel in another State. Likewise, farm management and other economic material was presented to a number of bankers' meetings. County councils on credit were also developed in one of the Western States, made up of all representatives in the county of credit and educational institutions. Another instance of this type of work was providing information for rehabilitation supervisors and other workers for the Farm Security Administration.

A sound financial structure for farmers' cooperative business organizations received increasing attention during the year. Much more time is being taken by farmers both in reorganizing going cooperatives and in setting up new organizations. Usually the marketing specialist of the Extension Service and a representative of the district bank for cooperatives are called on for help in both preliminary studies and in setting up the organization. Some organizations of this kind where the farmers were not able to provide in cash a sufficient share of the initial capital have been financed through the Farm Security Administration.

Table 5 gives a statistical presentation of extension activities pertaining to short- and long-term farm and home financing for the year 1937 with comparisons for the two previous years.

Table 5.--Extension activities in short- and long-term
farm and home financing

Item	Year		
	1935	1936	1937
	Number	Number	Number
Days devoted to line of work by:			
Extension agents	16,398	12,317	9,666
Specialists	850	1,085	905
Communities in which work was conducted ...	14,321	12,199	13,397
Voluntary local leaders or committeemen assisting	7,194	5,048	4,090
Days of assistance rendered by voluntary leaders or committeemen	12,141	8,929	8,666
Meetings held	13,902	8,526	6,296
News stories published	5,445	3,801	3,126
Different circular letters issued	2,937	2,000	1,122
Farm or home visits made	14,568	12,716	9,416
Office calls received	489,855	276,640	245,387
Farmers assisted in:			
Making inventory or credit statement	102,220	67,355	51,787
Obtaining credit	430,107	245,280	203,812
Making mortgage or other debt adjustments	39,879	57,523	26,169
Farm-credit associations assisted in organizing during the year	670	1,240	242

GENERAL ECONOMIC PROBLEMS

Trade Agreements and Trade Barriers

The falling off of foreign trade in the United States from the high levels attained during the World War and the following decade, to the low levels for the years 1931-33, has engendered increased interest in this subject. This decline in foreign trade in the United States has been brought about partly by foreign countries increasing tariffs and erecting trade barriers against our products and partly by the change of our status from a debtor to creditor nation following the World War. In order to combat this situation the Federal Department of State has launched a program of reciprocal trade agreements with foreign nations for the purpose of scaling down tariffs and improving trade relations.

Because of the misunderstanding and misconception on the part of some agricultural interests as to the fairness of trade agreements to domestic producers as well as to their purpose, need, and economic justification, economic extension specialists and county agents have given a great deal of time to studying their underlying economic reasons and conditions, the premises on which trade agreements are based, and the results which have been obtained through their use. Such information has been extended quite generally among

farmers and ranchmen in a number of States by means of extension schools, discussion type meetings, personal contacts, and other extension methods in an effort to help agricultural people understand the economic situation as a basis for such programs.

Although we generally think of tariffs and trade barriers in connection with foreign trade, considerable attention is being given at the present time to tariffs and trade barriers applying to domestic trade, which, in a good many instances, have resulted from the passage of State and Federal legislation. Reference is made to such laws as those applying taxes to chain stores, the Patman-Robinson Act, the Resale Price Maintenance Act, the sanitary inspection and sale of milk and other dairy products, State excise taxes on some food products such as oleomargarine, State laws governing the size, length, and capacity of trucks, port of entry laws, plant and animal quarantine laws, State grading and standardization laws, and many others.

Although the foregoing legislation was supposedly passed for other reasons, they have resulted very frequently in favoring one group of agricultural producers, agencies, individuals, or organizations to the detriment of others. Such laws which voluntarily or involuntarily penalize one group of producers for the benefit of other groups many times create inefficiencies in our system of distribution. By such action free trade between States is destroyed and costs of distribution and costs to consumers are increased. Efficiency in distribution is penalized rather than encouraged.

These situations raise some very important and difficult questions as to proper regulation, State and Federal responsibilities in legislation, and the ultimate effect of legislation and other practices which create inefficiencies. Although not many economic extension specialists have conducted programs centered around the problems of interstate tariffs and trade barriers, it is quite evident that as more information and facts are collected on the subject, this type of work is becoming more important.

The Price Structure and Monetary Policies

In a period of falling prices we become unusually conscious of the influence of changes in the price level on all our activities. Also, the success of many of our agricultural programs, in terms of actual results accomplished, are largely conditioned by the price policies of this and foreign countries.

The importance of price changes to an industry like agriculture with a large fixed investment in relation to current income, is one of the main reasons why extension workers have taken considerable responsibility in developing a better understanding of the price structure, its problems, and the adjustments needed in national price policies. Such educational programs include discussions on:

1. The characteristics of our price structure; the general price level, flexibility and inflexibility of various

prices, "administered" and "market" prices, the relationship of the prices of individual commodities to the general price level, pointing out the significance of all these things to agriculture.

2. Present price relationships in regard to costs and prices received in various industries.
3. The causes of changes in the price level; the basis of our monetary system; the nature and characteristics of gold as a measure of value, the influence of changing the price of gold, the monetary programs of foreign countries, the influence of credit regulations, etc.
4. Alternative possibilities in monetary policy, desirable adjustments in the price structure, and the significance of a stabilized price level.

Farm Tenancy

Agricultural problems peculiar to the operation of farms under a tenancy system have received the consideration of extension workers since the beginning of the Extension Service. Considerably increased emphasis on these problems has developed in recent years with a growing recognition of the rapid increase in the number of tenant-operated farms throughout the country, the greater difficulties which tenant farmers are experiencing in attaining to farm ownership, and some of the economic and social disadvantages associated with certain types of tenancy operations.

The extension approaches to these various problems may be classified into the following categories:

(a) Developing a general understanding on the part of farmers of the advantages and disadvantages of tenant farming, the evils resulting from improper tenancy arrangements, the desirability of written and equitable leases, and similar pertinent matters. Such educational work is usually promoted through general meetings, special landlord-tenant conferences, and preparation of printed material on satisfactory leasing arrangements.

(b) Providing lease forms suitable to different types and systems of farming in any given State and encouraging the adoption of such lease forms by individual farmers. Lease forms thus prepared make provision for an equitable distribution of costs and returns between landlord and tenant, make provision for a definite system of land use in line with both soil conservation and income requirements, and provide for the legal safeguarding of the interests of both landlord and tenant. Such lease forms are made available through the offices of county agents as well as direct from State extension specialists in farm management and are widely distributed through general meetings on tenancy problems.

(c) Preparing lease forms to meet special conditions at the request of individual landlords and tenants. A considerable amount of such special service work is done in most of the States.

(d) Cooperating with State tenancy commissions, State planning boards, and research departments in gathering facts pertaining to tenancy situations and problems and arousing public interest in the situations demanding consideration.

Taxation and Rural Government

Much of the educational work in taxation carried on for several years by the Extension Service was continued in 1937. Facts concerning problems relating to property taxes, income taxes, school taxes, highway taxes, sales taxes, and other forms of taxation were assembled and information disseminated through meetings and publications. The farmer's interest in the tax problem and trends in taxation were popular topics. Discussion groups played an important part in this phase of educational work during the past year.

Increasing interest in problems surrounding rural government have resulted in an increase in extension work in this field in some States. Various town and county officials have gone to the Extension Service for assistance in arranging and taking part in programs of training schools for local officials. Discussion group leaders have sought assistance in studying various phases of local government. Numerous requests for speakers on problems in the field of local government were received during the year from other farm groups, civic organizations, and service clubs.

During the past 5 years considerable research has been done in this field and this has made it possible to give direct assistance to local officials in their towns and counties. The completion and revision of tax maps, demonstrations in preparing county budgets, installation of systems for recording county tax delinquency, preparation of town zoning ordinances, the adoption of town budget systems, and the development of efficiency standards for county hospitals are other types of assistance rendered during the year.

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