

Implications of Outlook and Use of Outlook Information  
for Extension Education Programs in Farm Management

by Ray Prigge\*

In approaching the area of outlook economics I feel a little like the Farm Management Specialist--a balloonist who misjudged the wind one Sunday afternoon and ended up across Lake Erie in a Canadian field. As he lay in the basket half stunned, a Canadian rushed up. The balloonist asked, "Where am I?" The Canadian replied, "You are in an off-white colored basket, three feet in diameter in the middle of a grass-legume meadow." The Farm Management Specialist responded, "Are you an outlook economist?" The Canadian said, "Yes, how did you know?" "Because the information you have just given me is completely accurate, very confusing and totally useless!"

The above story, while certainly exaggerated, does perhaps provide some indication of the frustration that non outlook extension economists encounter when trying to obtain, interpret and use outlook information as an integral part of extension education programs. The following remarks will attempt to explore some of the interrelationships between outlook information and its usage in extension education programs.

The Extension Economist as Client

The extension economist can be viewed as a client for outlook information. A well briefed extension economist can be effectively used

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to disseminate basic outlook principles and information to a broader diversity of audience than may be reached by the outlook economist directly. The extension economist also often requires up-to-date and accurate cost and price projections to integrate into many non outlook extension programs. Thus, it appears that mutually supportive relationships between outlook and non outlook extension economists are called for.

Extension economists have often found it useful and necessary to obtain outlook information for specific programs, i.e., a Pacific Northwest program developed at Oregon State provided a mechanism for assisting cow-calf producers to evaluate a number of different marketing options-- selling feeder calves, switching to a cow-yearling program, backgrounding, wintering, grazing as yearlings, custom feeding, etc. Accurate and current outlook price and cost information is absolutely necessary for the producer as he makes his decisions to sell or retain ownership of his cattle. While not absolutely necessary for the extension economist teaching the above program, accurate and current outlook information is important for enhancing the credibility and effectiveness of his presentation.

Several programs using a modification of Bill Pietsch's computerized set aside evaluation were presented in Idaho this past spring. Current price information was an integral part of each of these presentations.

The extension economist can also serve as a client of the outlook economist by providing not only current outlook information to his audiences, but also the educational setting in which to emphasize the continuing need to obtain and use such information. Many non outlook extension economists make it a practice to emphasize the need for the farmer to update and revalidate the price and cost information



appropriate to his operation. Sources of information--including the name and location of the outlook economist--are regularly provided to participants at commodity oriented meetings.

#### Legitimization of Outlook Data

Under some circumstances the extension economist may be a more effective extender of outlook information than the outlook economist. Probably everyone here has observed and been gratified by the noneconomist (county agent, livestock or crop specialist, etc.) who has utilized basic economic tools in working with a farmer or farm audience. In a very real sense the livestock agent who can give an example of enterprise budgeting of a cow-calf operation or an example of the use of partial budgeting for evaluating artificial insemination versus conventional breeding of the beef herd may be better listened to and his advice more respected than that of the economist. (Of course our county agent and other extension personnel in-service training programs are designed to bring about the above type of result.)

It may also be true that the non outlook extension economist working on a regular basis with an audience of potato or grain growers or ranchers may be perceived as more credible--because of working relationships developed in non outlook areas over a period of time--than the outlook economist.

#### Need for Additional Data

In addition to the fairly short run data needed by most extension economists for educational programs similar to the ones previously



mentioned, many economists need intermediate and longer term projections and trends of economy, costs and prices. Such information is critical to satisfactorily making investment decisions, doing enterprise analysis and longer term cash flow and financial projections. Understandably the difficulty of projecting accurate outlook information increases dramatically as the time frame of the projection increases. Nevertheless such information is of prime importance to farmers and to the extension economists serving them.

#### Interpretation of Longer Term Trends

A service that outlook economists can provide other extension economists is to identify longer term price-production-policy interrelationships for use in commodity oriented extension programs, enabling farmers and ranchers to be better informed about potential changes in their respective industries. An example might be the U.S. Government's "Dietary Goals" program. If enacted it would affect the demand for cattle and swine and would also likely result in basic changes in the feedlot and feeding aspects of the meat industry. Advance informed projections of the impact of such programs on local beef and swine prices would be extremely useful in assisting a state's producers to minimize the disruptions from such an event.

Another example of the type of useful information that outlook economists can provide other extension economists is a projection of the impact of consumer resistance on beef prices. If for instance, survey and historical data indicate that consumer resistance to beef prices occurs at, say 55¢ per pound, this may then translate to a maximum



sustainable price of 60¢ for yearling steers and 65¢ for feeder calves given current cost of gain of say, 45¢ per pound. If such fairly complex relationships could be developed, kept updated and provided to non outlook economists, farmers could be materially assisted in their attempts to profitably market their products. Such information could lead to a more realistic understanding of the price potential for farm products--perhaps leading to a reduction in the number of farmers holding out for 70¢ calves, \$6 wheat and \$10 soybeans.

### Conclusions

The non outlook economist is a consumer of outlook information and can be instrumental in extending such information to much wider audiences than the outlook economist may reach. Perhaps you as outlook economists need to, from time to time, "educate" us on some of the basics of product prices and the factors affecting those prices.

We do need good current outlook information included in our educational programs. Don't hesitate to inform us of what is developing and push us to use it in our respective programs.

