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Economics Newsletter

Economics Department

• South Dakota State University

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July 27, 1972

Dear Friends:

We are happy to be able to reinstate our Economics Newsletter and include you on our mailing list. As in the past our plan is to cover a wide variety of economic topics that should be of interest to those in virtually all occupations in South Dakota.

A real effort will be made by our extension, research and teaching staff to present and explain the major aspects of current economic concerns in a way that is as factual, fair and unbiased as possible. It must be emphasized, however, that where personal views and value judgments are expressed by any writer they are strictly his or her own and not necessarily shared by all other staff members.

This first letter will point out the range of economic information and capabilities available in the Economics Department and indicate how recent research findings and extension activities should be of assistance in our decision-making processes. While economics is not a commodity (sometimes we wish it were) economic decisions affect our lives just as surely, and often as directly, as the amount of rain that falls; production per cow, sow, ewe or acre; the markets available for our products; or the taxes levied upon us.

All the conditions mentioned above and many more influence our economic well-being in a variety of ways. Knowing how to change such conditions, if

indeed they can be changed, and how to manage our scarce resources is paramount and essential in achieving desired social and economic goals. It is our hope that these letters can help our readers achieve their particular objectives.

The decisions in regard to an individual staff member's prime responsibility, whether it be in teaching, research or extension, is often influenced by one or both of the others. For example, when a need of the people of the state is conveyed to our teaching, research or extension staff, such as the need to improve farm management decisions, a research and extension effort to meet the need is likely to follow, and what is learned from research will influence the content of the teaching program.

To perform these research and teaching functions, approximately thirty-five staff members are available with professional expertise in several areas. A list of these staff members and their particular responsibility is included at the end of this newsletter. Their prime concerns are in the areas of farm and ranch management; marketing of farm and non-farm production as well as the inputs for production; area planning and development; environmental control; transportation; water resource development; and public affairs, which includes such human concerns as how to finance education, highways and welfare programs with the fairest tax possible.

To carry out these tasks in a meaningful way for the people of the state, we are finding it increasingly important to not only work with individuals, but also formal and informal associations and groups.

As our economy becomes increasingly complex and as area and regional competition intensifies it is important that groups be organized and oriented in ways to support individual endeavors. It is also vitally important that information be available so that both individuals and groups can better anticipate future needs. Competent research can suggest ways of meeting such needs.

A major thrust of our Department is, and has been, in an area currently being referred to as "human resource development." For example, to help prepare young people for future economic opportunities, some forty different courses in General Economics, Agricultural Economics and Agri-Business are available to them. Last year alone the total enrollment in these courses exceeded 3,500 students. The experienced staff required to teach these courses is also available to the rest of the population in the state. Indeed, many workshops, seminars and off-campus courses have been given and are planned using the regular teaching staff on campus.

A few recent research and extension activities that appear to have real potential for improving the economic well-being of South Dakotans will be mentioned.

A major effort in recent years has been to assist farmers and ranchers in their management decisions. A procedural approach to management was

developed and is being used at the present time. By following the steps in "The Guidebook for Planning a Farm or Ranch Business," farm managers in South Dakota have realized nearly \$15 million additional net income since the program was initiated in 1965.

Total net income for 1,100 participants in the 1971 sessions alone increased nearly \$2 million because they determined what changes were needed in their farming practices or enterprises to more fully utilize their resources. It is estimated that South Dakota net farm income could be increased by an additional \$33 million by 1980 just by capitalizing on present knowledge and technology in farm and ranch management.

A recent livestock marketing study also indicated substantial income generating potential by expanding cattle feeding and beef processing activities in the state. South Dakota is a major exporter of both feeder cattle (over one-half million head) and a large supplier of feed grain. For example, the state produced enough calves in the 1960's to about double its volume of cattle feeding as well as a supply of feed grains sufficiently large to more than feed them out.

The study concluded that the difference between the cost of feed and feeders and the total sale value of finished animals (value added) could easily amount to \$80 per head. Thus, if an additional one-half million calves were fed out, the total value added could approximate \$40 million. In addition there is also the income generated from the meat packers' costs of approximately \$15 per head. Thus, each additional beef fed and slaughtered in the state could add about \$95 to the value of South Dakota's farm product exports. Again,

if an additional one-half million cattle were fed out a substantial income and employment effect could result.

Examples of other research findings and extension activities designed to improve the lives of our citizens are as follows: An economic analysis is underway to determine how to reduce costs of transporting agricultural outputs and needed inputs. Already it has been discovered that several million dollars can be saved on grain movements alone.

Alternatives are being considered for ways to reduce public and private costs of needed services through such techniques as merger, consolidation, reorganization and even tax reform. Organizational support has been and is being provided to help develop a cleaner, healthier and more attractive environment in which to live.

Our research work indicating direct and indirect benefits from water resource development and our extension participation in helping locate and assemble old cars for recycling are just two examples of activities that can improve both the economic and non-economic aspects of our lives.

Finally, advice, counsel and research findings relative to the feasibility of various types of agricultural processing plants and improving marketing structures and practices are available from several members of the Economics staff at South Dakota State University.

Again, we hope you will find these semi-monthly letters of interest and of value in your individual and community pursuits. Be assured that any comments and suggestions for ways to improve these letters will always be appreciated.

Most of the Newsletters will be two-page letters on one particular topic. Topics in the near future will be on such subjects as: "Grain Hedging", "Transportation Problems and Potentials", "South Dakota Taxation and Public Finance", "Meat Imports and Effects on U.S. Producers and Consumers", "Economic Implications of Weather Modification", "Agricultural Outlook for 1973", "Year-end Tax Management for Farmers", "Area Planning as a Tool for Development", "Changes in Marketing Channels", "Economic Aspects of Pollution and Environmental Control".

Robert Antonides, Extension Economist, has been given major responsibility for organizing, scheduling and sending the newsletters so any suggestions on topics to be included, additional names for our mailing list or other observations should be addressed to: Robert Antonides, Extension Economist, Economics Department, South Dakota State University, Brookings, South Dakota 57006.

Best wishes for good reading,

John E. Thompson, Head
Economics Department

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