The ‘Business’ of the Public Sector: Extension in Transition and the Balance of Powers

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Abstract
The paper addresses the public sector’s role in agricultural extension. The first part of the paper subtitled ‘Extension in Transition’ reviews the ideological and technological changes that have occurred since the 1980s and stresses the importance of educating producers and establishing a climate where they begin to organize themselves for profitable purposes. The second part of the paper subtitled ‘the Extension System as National Commitment’ examines the current reform measures affecting public sector extension and differentiates two distinct reform pathways, commercialization and democratization. Highlighted is the tension between the privatization of public sector extension systems and the call for institutional pluralism. The third part of the paper subtitled ‘Enhancing Capacities for What’ raises the question of the purpose of modern (public) extension services.

Keywords: Public Sector Extension, Agricultural Extension, Europe, Institutional Change
Introduction

At the center of this paper is the institution of agricultural extension, what in Europe is often called ‘advisory systems.’ The ‘business’ of the public sector is examined in light of government interventions aimed at reforming public sector agricultural extension. By the ‘business’ of the public sector I am referring to the public sector role in making choices and promoting changes in agricultural extension systems as well as to the programs for producers served by these systems. Forms of agricultural extension services have operated in both Eastern and Western Europe since the middle of the 19th century. In the UK the term university extension was commonly used in the 1840s (Mosher, 1976) and Cambridge University formally adopted a system for the establishment of extension centers in 1873 (Van den Ban & Hawkins, 1988). In Bulgaria the first agricultural schools were founded in 1883 and the Croatian/Slavonian Agricultural Society established eight regional extension services in 1842/43 (Zimbrek, 1997, as cited in Brent, 1999).

Extension as a function may serve different purposes, such as information dissemination regarding health, environmental protection and conservation, industrial public relations, and education as a continuing process. Agricultural extension, as the adjective suggests, is specifically concerned with agriculture and its development. For brevity’s sake, however, agricultural extension is often referred to simply as extension.

Generally the ones who benefit most from the enhancement of the capacities of agricultural systems and producers are the consumers. Institutional and producer improvements indirectly serve to reduce prices of food and fiber products. Formerly associated with the public sector, agricultural extension has now gone through a major transition. Today this institution tends to be broadly conceived as including “public and private sector activities relating to technology transfer, education, attitude change, human resource development, and dissemination and collection of information” (Marsh & Pannell, 1998, p. 2), as well as off-farm and on-farm players in agricultural industries. The term agricultural extension which formerly referred exclusively to the public sector is now used to include all extension-type services provided by public, private and non-governmental programs.

Agricultural extension lost momentum in the 1990s after the World Bank pulled back from the Training and Visit (T&V) Management System (Anderson, Feder & Ganguly, 2006). During the termination of T&V development, extension went adrift. With political pressures to withdraw or downsize services such as extension, several developed countries began to privatize their public sector extension systems -- e.g. The Netherlands, New Zealand, The United Kingdom, and Denmark, along with several middle-income regions and countries -- e.g., Brandenberg in Germany, Chile, Ecuador, Estonia, and South Africa (Rivera & Alex, 2005).

It soon became apparent that agricultural extension was becoming a ‘frontrunner’ (Rivera, 1999) in government efforts at public sector service reform. In the developing countries of sub-Saharan Africa, reforms affecting extension have been initiated for various purposes: to decentralize government extension services (as in Ghana), to promote demand-led projects (as in Kenya), to institute cost-recovery programs (as in Nigeria), and to privatize extension (as in Uganda).
As a result, Nagel (2005) was able to confirm that public extension was “back on the agenda.” Extension was in fact both back on the agenda and going through major transition – with calls to change some, if not all, of its purposes, direction and expertise.

Indeed, knowledge and information systems had come to be recognized as a fourth economic pillar along side those of land, labor, and capital. Knowledge is increasingly recognized as more important than physical inputs. Knowledge is what makes inputs productive and explains why some succeed where others fail, even when they have the same access or used the same amount of physical inputs (Ekboir, personal communication, October 3, 2000).

**Extension in Transition**

Extension’s purposes are changing. As Van den Ban notes (personal correspondence 28/01/2006), “if you ask farmers which information they need most, they often say information about markets; for which products and which quality of products can I get a good price, in which market and from which trader, at what time, etc.” (Van den Ban, personal communication, 2006l). A strong market orientation has taken place.

**Market Ideology**

The reforms being put in place today in their aim to increase farmer knowledge about markets are central to development. Privatization reforms result from the conservative ideology that came into being in the 1980s with President Reagan and Prime Minister Thatcher. That ideological shift represented a major reversal in development thinking from government leadership to private-sector hegemony — epitomized by the Washington Consensus (Williamson, 1989), a term used by Williamson to describe the ‘standard’ policy prescriptions he considered to be the reform package being promoted by Washington, DC-based institutions such as the International Monetary Fund, the World Bank and the U.S. Treasury Department. This new ideology initiated a transition from public-sector companies and services to private companies and services, a transition that Carney (1995) sees as going “well beyond one of privatization and entails a far more fundamental alternation of the relationship between the state and the individual, based upon a philosophy of liberalization and the primacy of efficiency” (p. 521). In essence, it was a move from the welfare state to privatization (Kamerman & Kahn, 1989). The public sector was weakened in its authority regarding products and services. Agricultural extension was debated as to whether it was economically a form of subsidy to farmers or simply a public service. It was a time heralding the privatization of information and the globalization of agricultural industry (Wolf, 1998).

As competition has increased, so has the “commodification” of agricultural knowledge and information (Buttel, 1991). Agricultural knowledge and information for production purposes came to encompass a wide range of activities in both public and private sectors. And agricultural knowledge was no longer considered a public good and free of charge. Producers began to live in a new age and a different world from that prior to the 1980s.

The ideological shift from welfare state to Washington Consensus was accompanied by other power shifts. Mathews (1996) notes national boundaries were being dissolved by inter-national electronic technology, underscoring the power shift from national limits to the modern development of telecommunications and the rapid expansion of non-state actors such as multi-national corporations. Both the ideological and e-technological developments of the past generation have
impacted extension and will continue to do so. Private-sector hegemony in agriculture and the privatization of agricultural extension systems are unlikely to abate.

**Linking Farmers to Markets**

Historically the main thrust of extension’s work has been to advance production agriculture. Recently, a shift in emphasis appears to be occurring, which places emphasis in the developing countries on linking farmers to markets -- in response to the current realities of global competition. Linking farmers to markets is not necessarily a new thrust but rather an emerging and imperative priority (Swanson, 2006). Its implication for producers, as well as for extension managers and field specialists, promises to change the content, skills and methods needed for training specialists who then become the trainers of producers (CRS/RII-CIAT, 2007). Such a shift also raises issues of producer education and establishing a climate where they see the benefits of organizing themselves. This new thrust requires specialists in marketing, processing and market information and collective action. According to Van den Ban “The need for this kind of information requires support from extension, which is very different from the support extension services provided in the past” (Van den Ban, personal communication, 2006).

Indeed, given the range of market situations it may not make sense for government to commit to any one option in advancing farmer linkages to markets. In the case of small-scale farmer development, for example, Berdegué and Escobar (2001) highlight three distinct situations among small producers: *market-driven*, where agriculture is a profitable and competitive enterprise; *market-oriented but asset constrained*, where small farmers may have incentives to embark on market-oriented agricultural innovation processes but lack the capacity to fully respond to that favorable context; and *context- and asset-constrained*, where households lack most types of assets aside from unskilled labor, and often possess very little land, minimal access to knowledge, and operate in unfavorable environments. These are important options to consider prior to committing to a market-driven option in the case of small producers (Rivera & Qamar, 2003). As Hazell et al. (2007) affirm: “Policies for smallholders need to vary by context” (p. viii).

“Extension,” according to Swanson (2006), “needs to shift some of its focus from food security to increasing farm income and rural employment” (p. 1). Swanson also maintains that for market-driven extension systems to be effective, decision-making must be decentralized. “For a decentralized extension system to be effective there must be formal stakeholder involvement in decision-making to increase accountability” (Swanson, 2006, p. 2). In this case, it is not structural decentralization being underscored but producer participation in the decision-making process. Swanson states, farmers will benefit from becoming organized into groups to achieve economies of scale in supplying high-value markets. As a result, farmer organizations become the basic building blocks of democratic institutions and will enable farmers to participate more fully in the political process (Swanson, 2006).

**Farmers’ Organization**

Farmers can benefit from group organization, which in turn can help them to become influential participants in the decision-making process of agriculture’s development and better able to establish profitable links to markets. As economist Lerman (2003) states, “In transition economies where the market environment is still underdeveloped and not fully
functional, the benefits of cooperation appear to be self-evident” (Lerman, 2003:17). However, he notes that the use of the word cooperative in Central and Eastern Europe has bad connotations, and that the old style of cooperative or collective has no relevance in the new free-market approach (Lerman, 2003). Some colleagues (e.g., Eicher, 2007; Ekboir, 2007; Ortmann & King, 2007) argue, however, that not all farmers want and will necessarily profit from association and cooperative organization. The CGIAR, World Bank, USAID and other international organizations are working to promote training programs that specify the benefits and problems inherent in farmers organizing themselves around certain specialties and value-added products other than the traditional commodities markets (Collion & Rondot, 1999).

In Central and Eastern Europe and the New Independent States (NIS) of Central Asia several governments have not yet established the necessary conditions for farmers to organize themselves. In Uzbekistan, for example, there are no self-initiated farmer organizations, and although farmers can now lease land from the government to farm, the collective-farm arrangements have not substantially changed since the demise of the Soviet Union, and are largely managed by traditional centralized means. Little has changed for the members themselves. This appears to be the case also in the Ukraine and Russia where “the majority of subsistence plots are still tied, in some way or another, to a particular collective enterprise” (Lerman & Csaki, 1998:12).

Case studies in the Royal Tropical Institute bulletin 376 (Wennick, Nederlof and Heemskerk, 2007) point out that farmers’ organizations provide research and extension services to farmers, organize the purchase of inputs and sale of products, mobilize resources, and represent the interests and provide a collective voice for farmers. In a case study from Eastern Europe in the Baltic country of Estonia, Hanna and Loolaid (2004) note that farmer organizations have been instrumental in the development of advisory services.

The Extension System as National Commitment

Today there is much talk about value chains and value-added products, all operating in a globalized marketplace. The institutional development of agricultural extension is of significance for this reason but also because it highlights different pathways in agricultural system reform and development.

Pathways in agricultural extension reform

There are at least two main and competing pathways in the reform measures being promulgated today, one toward commercialization of agriculture and the other pathway toward participation of producers and participants in the production/marketing processes. Sometimes these pathways overlap; sometimes they do not.

Privatization is the obvious example of the commercialization pathway. Decentralization is an example of promoting the participation of lower-levels of government in the nation-wide authority and budgeting of extension. Participatory and demand-led services are examples of the effort to integrate producers into agricultural decision-making processes.

Decentralization indicates the drive toward greater participation in government at lower levels of authority and within administrative services such as agricultural extension. This pathway purports to advance democratic principles of participation and one area of balance of powers. The promotion of producer participation in
extension decision-making processes is another example of this democratizing principle.

The tensions between these pathways, underscored at the 2007 18th ESEE European Seminar on Extension Education conference held in Prague (Rivera, 2007), may of course be seen as overlapping but not entirely. These tensions point up the importance that may be attributed to extension as a social technology (Cimoli et al., 2006) engaged in promoting innovative activities and distributing social skills.

**Pluralism**

The trend toward privatization of public sector agricultural extension services was matched concomitantly with the call for extension pluralism, which is the promotion and advancement of multi-institution, public and private (and community and NGO) extension systems. Different extension providers have distinct tendencies, except when government supplements privatized services with parallel efforts to carry out other agriculturally important tasks, such as oversight of chemicals in the environment (as in the case of The Netherlands and more recently in the U.K. Agricultural Development Advisory Service, ADAS). This call for pluralism was in some instances a response to the general thrust toward privatization.

Privatization of public-sector extension, as a reform measure, tends (but not always) to lead to a one-purpose system, not the optimality argued for by agricultural economists Hanson and Just (2001). In discussing the potential for transition to paid extension, Hanson and Just (2001) argue that “a universal movement toward paid extension is not in the public interest.” They conclude that “optimality calls for a mix of public, private, and paid extension including policy support of private extension” (5). In short, they advocate a pluralism of providers in a one-sector (agricultural) privatization system.

There appears to be agreement among professionals, but not yet among policy-makers, in favor of extension’s reform toward (multi-institutional) pluralism. The mixture of public and private extension activities exists in many countries, and no longer constitutes a new idea of the extension system (Schwartz, 1994). This introduces a serious need for coordination – “both in delivering services to clients and in arranging support for the services” (G. Alex, personal communication, June 9, 2007).

In the final analysis, it would appear that what is needed is not simply pluralism in terms of sectoral diversity but rather a multi-purposed pluralism aimed at clear-cut division of purposes and targets among the public, private and non-governmental sectors regarding agricultural issues (e.g. production, natural resource management, and the environment) as well as health, family planning, etc. Pluralism would then reflect differing agricultural and other related problems, interests and concerns. In a sense, extension pluralism would become a third pathway, combining purposes that include the trends toward both commercialization and democratization.

**Enhancing capacities for what?**

Both privatization and the advancement of participatory and democratic processes are important directions in the developed as well as in transitional economies and the less developing world. However, the increasing corporate hegemony globally in the food and fiber industry raises the issue of control of the world’s life industry.

Today only a few companies in seeds and processing control those markets, upwards of 60 percent. This is perhaps
inevitable in a complex globalized economic agricultural system. Given the globalization of agricultural industry, major companies with worldwide offices and facilities appear to be needed to accommodate modern agriculture. However, economists are often fixed on major commodity products, ignoring how bountiful small agriculture can be (Thompson, 1986; Rosset, 1999).

**Corporate hegemony**

Corporate mergers and increasing control of major parts of agriculture, what Monsanto has termed the life industry, is taking place (RAFI: online at www.RAFI.org). I have no answers to global corporate control or to the seeming inevitable factory approach to farming – given population and increasing demand for products. Rather, I simply underscore the narrowing toward a few international companies controlling seeds, processing methods, and other agricultural technologies, which is not so different except in scope of control.

From 1985 until the present, the private sector has been expanding full-tilt, producing giant transnational enterprises and retailers that basically control production and sales of commercial products for agribusiness, food and pharmacy (Genet, 1991; Heffernan 1999; Spitzer, 2003; and Hendrickson & Heffernan, 2007). Even in the food distribution area, ten firms controlled the world’s top grocery retailers in 2006, led by Wal-Mart Stores, with annual sales at $312.4 billion – more than three times more than the second retailer on the list, Carrefour (Hendrikson & Heffernan, 2007).

Five gene giants already controlled about 2/3rds of the global pesticide market, 1/4\textsuperscript{th} of the commercial seed market, and virtually 100% of the genetically engineered seed market in 1999 (Heffernan). During the previous decade, the worldwide value of corporate mergers and acquisitions increased from US $462 billion in 1990 to US$3.5 trillion in 2000, roughly 12% of total world economic output (ETC Group, 2001).

The life-industry corporations are powerfully promoting the industrialization of agriculture and the advancement of the assembly-line process of food manufacturing. Private sector companies are also rapidly patenting new gene research and bioengineering technologies. They command their own agricultural information systems (Kalaitzandonakes, 1998) and the competition between companies for control of agriculturally related intellectual property is fierce.

While recognizing the importance of big industry in the global economy, the power of the corporate sector in agricultural development is obvious and both directly and indirectly affects everyday habits in eating and where and how we shop. Mass production and food chains, like supermarkets, tend to shape the way we think about food and the way we become used to factory-produced food and monolithic chains for selling it. It is not an exaggeration to say, the world has become dependent on these industries to produce and transport the food and fiber required by nations of consumers.

At the same time, the size and power of the industry alerts us to its very existence as a dominant power in society -- in agricultural development as well as politics. At the same time that we see its importance as an industry, we also note its influence on the direction of government economic policies over the past 30 years (Krugman, 2007). My own sense is that politics trumps economics, and that policy direction guides the general thrust of the economy, indeed that is the premise underlying this paper.

If market philosophy is to prevail and farmers effectively link to markets, then farmers will require the conditions and
training to help them develop a new concept of cooperation other than that they currently tend to associate with previous collectives and government cooperatives of the Soviet years. Of course, this would alter the direction and purpose of current public sector agricultural extension services.

**Government Policy**

Generally speaking, the function of public sector extension is to take action to transfer and exchange information with either a broad or narrow range of clientele (or target population). This ‘clientele’ refers to agricultural producers, rural communities, or urban populations and depends on government policy. While extension’s function may be clear, its purpose will often enough differ from country to country and even from place to place within a country. An inordinate amount of academic literature exists, including my own, arguing one way or another what extension should or should not be for any one particular purpose. Colleagues often debate whether public sector extension should promote only production agriculture, or one or all of the following: rural development through non-agricultural micro-enterprise development, sustainable agriculture and natural resource management, youth development, policy education, producer organization programs, and/or consumer protection. In some countries, Egypt for example, extension undertakes family planning as one of its purposes. Also, extension is being challenged to respond to the HIV/AIDS epidemic (Qamar, 2003).

Public sector extension is what governments want it to be. Extension is defined by policy and by the actions taken (or not taken, or inadequately performed) consequent to policy delivery (GTZ, 2001). Whether the instrument of government (or the extension agency) is capable, qualified and motivated, to carry out the government mandate is a distinct, though equally crucial question. The *realpolitik* question nonetheless is: what do governments want public sector extension to do, if anything?

While policymaking in developing countries tends to be the prerogative of central authority, in less centralized countries, as Röling and Pretty (1997) point out, it is in practice “often the net result of the actions of different interest groups pulling in complementary or opposing directions” (186). Röling and Pretty stress that the lack of interaction among citizens and the reliance by central authorities on coercion and control is the reason that so many, especially environmental, policies have failed. One example of this kind of failure occurred in Madagascar (Laub-Fischer, 2002) with a community forest project until finally the central authorities began to adopt a facilitating role, leaving ownership and management of the forest in the hands of the community.

Debate about what government *should* want extension to be and do covers a broad array of ideas and approaches. Even among those who espouse agricultural production extension, differences rage, as underlined in an earlier paper on “Global Developments Shaping Extension” (Rivera, 2001). Arguments reveal two basic and conflictive perspectives: the view that considers agribusiness as orthodoxy with tenets based on agribusiness economics (Freeman, 1989), and that which views agriculture as best understood and practiced within the context of the environment and natural phenomena (Edwards et al., 1990). Notable is the increasing number of people who are becoming concerned about agriculture from an environmental perspective, alarmed by its contribution to the degradation of the planet’s land and water resources (IAASTD, 2008).

In short, the purpose that governments propose for extension differs...
widely. At the same time, governments are encouraged to consider various options regarding how its systems might perform (Rivera, Qamar, & Crowder, 2001). Ultimately, as claimed in the present paper a balance of powers is to be preferred, with various institutions contributing to the advancement of agricultural and rural knowledge.

**Conclusions**

Agriculture’s trend toward private sector control of the industry is also greatly impacting the public sector and its view of agricultural extension. The ideological shift from the welfare state to private-sector hegemony is evident. Technology has reduced the limitations of state frontiers. But neither shift has resulted in what was once referred to as the demise of the nation state. Indeed, the so-called demise of the nation state is grossly exaggerated. On the contrary, the state still determines what an institution such as extension will be; it determines whether, or if, agricultural extension will be privatized and whether or not a national pluralistic system will be put into place.

Throughout this presentation I stress the role of the public sector and the issues confronted in terms of privatization and the development of what I see as the more optimal system of agricultural extension. Economists, albeit with cautionary notes, are also beginning to argue for re-expansion of the role of the state as an essential ingredient in policy development, regulation and the provision of basic services, as well as in facilitating export growth (Khan, 2006). Meanwhile a plethora of reform proposals are currently impacting agricultural extension. Some are clearly directed toward democratization but most maintain a major thrust toward commercialization. And while these different pathways may be considered to be overlapping, I suggest they incorporate opposing tensions.

With respect to the emerging thrust to link farmers to markets, I think more than ever that it is important to promote education, encourage farmer organization and ensure participation of producers in agricultural processes. Farmers, especially in the developing countries, lack organization and too often have little defense against exploitation by market situations in which a few buyers control the demand from a large number of sellers. This raises the question of what capabilities do they need to protect their interests and increase their income. While this may not be the case in developed countries such as Germany, it tends to be the case in the developing countries.

But even in developed countries, agricultural producers in livestock production (especially in the poultry and hog industries), are confronted with significantly changing relationships as to their contractual relations with companies and their role in farming – whether their future points toward their continuation as independent producers or to becoming company-directed field managers? We see this in the tendency away from marketing contracts, whereby farmers previously controlled the production of products, and increasingly toward ‘production contracts’ where companies provide the inputs, processing methods, and output standards, and the farmer becomes a manager of the production system.

Agriculture is increasingly systematized which, like development in general, has advantages and disadvantages and is strongly impacting the demands on agricultural extension systems regarding efficiency and direction. As noted, the present market-oriented ideology and the advancement of e-technology are also radically affecting the priorities and promise of agricultural extension. Extension is not so much in transition as undergoing overhaul.

Ultimately my concern is with the imbalance of power that I observe currently
affecting the development of agriculture and public sector systems of extension. Just as in research we are taught to hold “doubt” as our main principle -- questioning statements that purport to be truth, so I think we must question the power relations of any one societal sector—whether government, industry or producer organizations. This conviction leads me to conclude that the real business of the public sector is ultimately to advance and maintain some sort of societal balance of powers. By balance is meant that no one sector entirely controls our future, and that extension has an important role to play in (1) the effort to link farmers to markets and (2) to provide information and group-organization knowledge to farmers with an eye to helping them to see the benefits, if they exist, of organizing into member-owned, functioning associations or groups. The expectation, or hope, is that they will then become increasingly educated to their importance for the economy and their influence on social development (World Bank, 2008).

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