



United States Department of Agriculture

A Brief History of ERS and the Outlook Program

*Adopted from Virginia Tech Training Session
6/17/2021*



ERS' Roots and Renaissance

- Foundational Times (late 19th century into 20th)
- Bureau of Agricultural Economics (1920-30s)
- Presidential Intervention (1950s)
- Reimagined Agency (1960s)
- Consolidation and Dissociation (1970s)
- Expansion (to 2000s)
- Consolidation and Rebuilding (2000s to present)



Forecasting Foundations

“The vital need of today is a clear and searching glance into the future, a forecast of crop results which shall fairly indicate them in advance.”

-Jacob Dodge, Chief Statistician, USDA 1889

- Repeated economic downturns from end of Civil War to the end of the 19th century emphasized need for informed farm marketing
 - Not without scandal
 - Crop Reporting Board founded in 1905 in response
- Presidential commission (1906) recommended USDA begin forecast, early *Outlook* activities to level playing field



Early USDA Market Information

Goal was to provide market data and information that would help farmers make judgments and decisions to help increase their knowledge, and hence, profits

Firsts:

- 1912--official forecasts of production prior to harvest
- 1913--Annual situation reports
- 1915--*Market News* report was issued at Hammond, LA reporting the prices and movement of strawberries.



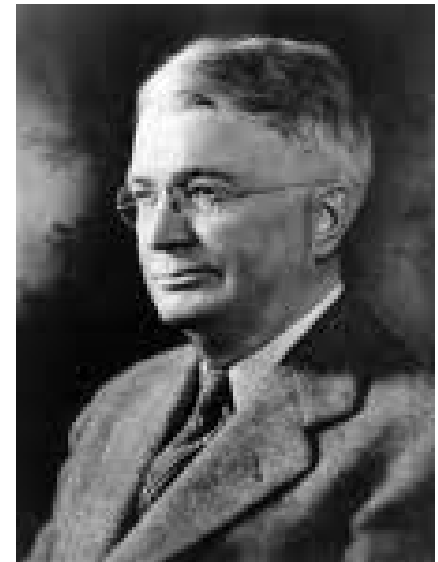
New Statistical Methodologies Developed to Aide Farmers

- Pre-harvest forecasts useful for marketing, not so for planting
 - Could not help prevent surpluses
- 1917, Bureau of Statistics & USDA oversaw survey of wheat farmer planting intentions
- Intentions to plant surveys for many commodities followed
- 1922-Bureau of Crop Estimates (former Bureau of Statistics) joined with Bureau of Markets to become the **Bureau of Agricultural Economics**



Strong Leadership Shaped the Bureau of Agricultural Economics

- Taylor's leadership that the Bureau of Agricultural Economics (BAE) began the greater focus on and concern regarding the outlook for commodity markets and market relationships
- Focus was very much on production, prices, costs, and markets for farm products
 - “From the individual point of view, forecasting is the basis of wise farm management and marketing. From the national point of view, it is the basis of a national agricultural policy”
 - “The farmers were not to be told what to do but given the facts they needed in order to act intelligently”



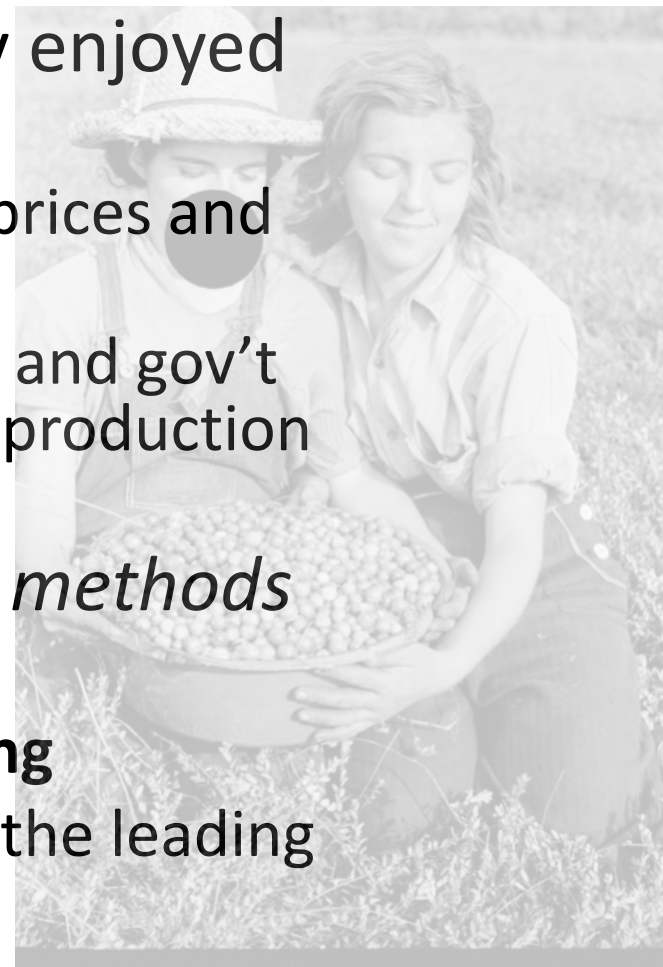
But How to Get The Information to Farmers, Ranchers?

- Annual outlook report and conference
 - First conference on April 20-21, 1923
 - Focused on crop reports and the preparation of statements of advice to farmers on production adjustments
 - By 1925 the outlook conference coverage expanded to include:
 - Hogs, Cattle, Sheep, Dairy, Poultry, Tobacco, Wheat, Corn, Cotton, Fruit, “Truck crops”, Feed and forage crops, Domestic demand, Agricultural competition, Demand in foreign markets



BAE Energizes the Field of Agricultural Economics

- Post WW1, most of U.S. economy enjoyed prosperity, but...
 - Farms suffered from rapidly falling prices and oversupply
 - Economic distress spurred research and gov't action to help farmers make better production and marketing decisions
- *Rapid development of new quant methods at BAE using vast historical data*
 - Especially in field of **price forecasting**
 - BAE economist published widely in the leading journals of the day



The Interagency Process Began at BAE

- In 1945, a Secretary's memorandum established the BAE as the **primary** USDA agency for collecting and disseminating agricultural statistics
 - Created an Outlook and Situation Board, whose chair was named by the chief of the BAE.
- The Board was charged with responsibility for the technical review and approval of all outlook reports, and the BAE was to:
 - “...supply the Secretary's Office and other agencies of the department statistical data and economic analysis relating to current and proposed USDA programs and activities”



Overstepping and Opposition Leads to BAE Dissolution

- Over time, role of BAE became more interventionalist—less descriptive and more prescriptive
- By the end of WW2, social tide had turned against centralized federal agricultural planning
- 1953—USDA centralizes ag policy planning and reassigns BAE functions to new agencies (AMS and ARS)



Outlook Program Reborn as ERS

- April 3, 1961, ERS created by Secretary's Memorandum 1446, Supplement 1

We won't have anything but trouble if we put all you economists together."

James Whitten, U.S. Congressman 1941-1995

- ERS created along with NASS predecessor the Statistical Reporting Service (SRS)
- Staff Economist Group established
- "...assists the Director in the development of short-and long-range economic research and statistical research"
- **ERS had less power, less influence than BAE**



Interagency (ICEC) Process Evolves, WAOB Formed

- 1963 ICEC membership includes Economic Research Service, the Farm Service Agency, the Staff Economists Group, and the Foreign Agricultural Service.
- In 1977 all the functions of the ERS Outlook Board were transferred to the **World Food and Agricultural Outlook and Situation Board**.
- In 1980s, Board added estimates of total foreign production and trade and changed report name to the familiar **World Agricultural Supply and Demand Estimates** (WASDE) and shortened the board name to “World Agricultural Outlook Board.”



Interagency Participants

Farm Service Agency
(FSA)

Economic Research
Service



Agricultural Marketing Service
(select commodities)

Foreign Agriculture
Service (FAS)

World Agricultural
Outlook Board (WAOB)



BAE and ERS Ideals Remain Intact: Public Data for the Public Good

- USDA data and information have value in decision-making and role as a “public good.”
 - Large scale provides inherent advantages in collecting data
 - More objective and potential respondents may be more forthcoming (and can be required to provide information)
- If left only to the private sector...
 - suppliers would not be able to recoup their costs,
 - resources for such activities would be under-allocated,
 - society’s well-being, as a result, would be reduced



Decisionmakers Rely on Outlook Reports and Data

MTED Product	Publication Frequency	Audience
Commodity Outlook Reports	Monthly, Biannual, Annual	Policymakers Agricultural Industry Organizations Statistical Agencies Financial Institutions Trading Firms Global News Organizations Commodity Analysts Foreign Governments Popular & Ag. Press Academic Institutions Other USDA Agencies & More
Data Products	Monthly, Quarterly, and Biannual	
Trade Outlook Data Products	Quarterly	
Special Articles, Amber Waves, Charts of Note, Staff Analyses, Stakeholder Interactions, ++	Frequent	



What Has Our History Taught Us?

- ERS and its Outlook-oriented outputs were created and continue to provide the agricultural sector with useful, actionable information that improves decision making and overcomes information asymmetries, levels the playing field, and supports farmer profitability
- ERS has historically been a leader in developing agricultural economics methods, particularly as they relate to price forecasting
- ERS and its analysts must adapt and change to the times and stakeholder needs to remain relevant



What is Our Role in ERS' Legacy?

- Continue to **invest** in skill set development
 - Investments in our skills and methods are an investment in our stakeholders and U.S. agriculture
- Work to **enhance** the integrity
 - Reliability is our calling-card and helps us to earn the public's trust of our data products and forecasts
- Seek to provide **unbiased** assessments of the markets
 - Avoid prescribing policy, instead seek to inform, educate
 - Be an “honest broker” of economic information
- Continue to respond to **stakeholders** and adapt to their evolving needs





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Thank you

