

Economic Development Extension Service: A Model for Future Economic Growth

It is a known fact that economy grows through innovation and investment in human capital. America's public universities have always been prized for Research and Development leadership and are proven incubators of new ideas. But policy makers mistakenly believe that tax cuts are the way to grow our state and local economies. As a result of this misguided policy, funding for public universities has been on a steady decline. Universities have been making up the shortfall through tuition increases, making college education unaffordable. In the end, everyone suffers. Universities suffer, students and families suffer, and our economy suffers.

America is famously entrepreneurial. Why not develop an economic development extension service, modeled after the extraordinarily successful agriculture extension service? Just as local agriculture extension agents took new seeds and fertilizers developed by universities directly to farmers, economic development extension agents could take new technology innovations directly to entrepreneurs.

What is this agriculture extension service anyway?

It is a result of three key Acts:

- The Morrill Act of 1862 that established land grant colleges in every state and placed instruction in agriculture and home economics in higher education.
- The Hatch Act of 1887 that established agriculture experiment stations.
- The Smith-Lever Act of 1914 that established cooperative agriculture extension services which took the research and education programs developed by USDA agriculture experiment stations and the state land grant colleges to farmers.

Today the **cooperative extension service** is a program to help people use research-based knowledge to improve their lives. All universities engage in research and teaching, but the nation's [more than 100 land-grant colleges and universities](#) have a third critical mission — extension. “Extension” means “reaching out” and, along with teaching and research, land-grant institutions “extend” their resources, addressing public needs with college or university resources through non-formal, non-credit programs. These programs are largely administered through thousands of county and regional extension offices, which bring land-grant expertise to the most local of levels. Extension's engagement with rural America helped make possible our agricultural revolution, which dramatically increased farm productivity:

- In 1945, it took up to 14 labor-hours to produce 100 bushels of corn on two acres of land.
- By 1987, it took just under three labor-hours to produce that same 100 bushels of corn on just over one acre.
- In 2002, that same 100 bushels of corn was produced on less than one acre.

The agriculture extension service continues to play an important role in American life — rural, urban, and suburban. With its unprecedented reach — there's an office in or near most of the nation's approximately 3,000 counties — extension agents help farmers grow crops, homeowners plan and maintain households, and children learn skills to become tomorrow's leaders.

How Can We Establish an Economic Development Extension Service?

Our economy has transformed several times over — from agriculture to manufacturing, from manufacturing to service, and from service to knowledge and information. At each stage our economy grew through innovations such as the steam engine and electricity. We now live in a knowledge-based global economy. Harvard economist Lester Thurow, in *Fortune Favors the Bold*, argues that this new economy is a direct result of the emergence of 6 new industries — 1) micro-electronics; 2) computers; 3) telecom; 4) new materials (e.g., hydrogen fuel cell); 5) biotech (e.g. human genome); and 6) robotics.

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Our future economic growth will depend on how well we do in these six industries. To ensure that we maintain our economic leadership in the new knowledge-based global economy, we should establish an economic development extension service. Such a service will have three parts —

1. Establish economic development grant universities.
2. Establish economic development experimental stations.
3. Establish economic development extension services.

Just like land grant universities, we believe each state should have at least one public college or university designated as an economic development grant university. We also believe that in each state there should be six economic development experimental stations, each corresponding with the six new industries specified above. To take the innovations to entrepreneurs, we should establish an economic development extension service in each county so that economic development research, education, and innovation can be delivered directly to entrepreneurs at the most local level.

Such a program can be established in partnership between federal, state, and local governments. The funding will come from all three levels of government. We believe that the cost of such a program will be cheaper than current programs consisting of tax cuts and subsidies given in the name of so-called economic development. We believe that state and local governments waste \$50 billion in tax subsidies given to big business in the name of “economic development.” The amount being wasted at the federal level is even greater. Today, economic development subsidies are given with no strings attached, no recourse, and no results. We must close these tax loopholes and invest in an economic development extension service.

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