

Pioneer organizers recognized

U.P. Farm Bureau is 20 years old



These couples were among the first Farm Bureau organizers in the Upper Peninsula.

"There's more to farming than plowing' and plantin' and —" Just the start of that sentence brought a smile to many gathered in Chatham on September 6. They had heard the sentence 20 years before used by Wesley Hawley as he went from county to county helping organize Farm Bureau in the Upper Peninsula. Some had driven 150 miles to be there for the celebration.

Clayton Ford, the first Farm Bureau member in the U.P., reminisced with the group about organizing efforts. He introduced the key couple from each county whom which he and Mrs. Hawley had worked to get county organizations formed. Mr. Ford has also served on the Michigan Farm Bureau Board of Directors representing District II.

Elton R. Smith, Michigan Farm Bureau President, complimented the group for participation in the organization. He said, "I congratulate you on your foresight of twenty years ago when you decided to organize within the Michigan Farm Bureau.

"That decision has been good both for the members here in the U.P. and also for the Michigan Farm Bureau. It has been good for you as members because it allowed you to have input into the decisions being made on how this great organization shall serve farmers. It has given you an active organization through which to work in solving your problems.

"It has been good for the Michigan Farm Bureau because it has increased membership strength and broadened membership involvement. Farm Bureau members here have always been active in contacting legislators. And through the years, many legislators representing the Upper Peninsula have contributed key votes on legislation vital to farmers.

"Members in the Lower Peninsula have come to know and respect you, too. Your leaders have always participated and contributed in a positive manner. Your views have influenced the activities of the Board of Directors, the Farm Bureau Women and many committees."

Larry Ewing, MFB Director of information told the members, "You have many records of which to be proud. You're always near the top in membership goal. You win a large proportion of program awards.

"Twenty years have seen many changes. Your challenge is to keep Farm Bureau flexible to meet the changes that will occur in the next twenty."

Also addressing the group were Franklin Schwiderson, District Director and Robert Wiseman, Executive Vice President of the Farm Bureau Insurance Group.

Regional Representative Hugo Kivi and members planned the event.

Oct. is co-op month



October has been proclaimed Cooperative Month in Michigan by Gov. William G. Milliken. The Governor recognized the contribution farmer cooperatives have made to the state's economy and consumers with economical high quality food products. Cooperative leaders attending the signing are [from left] Byron Carpenter-General Manager, Michigan Celery Promotion Cooperative; Eugene Erskine-Farmer Treasurer, Michigan Milk Producers Association; Robert Wiseman-Executive Vice President, Farm Bureau Insurance Group; Don VerWest-Economist, McDonald Cooperative Dairy; Kenneth Baushke-Manager, Michigan Animal Breeders Cooperative; Paul Darling-Farmer President, Lansing Production Credit Association; David Morris-Farmer President, Michigan Live Stock Exchange; L.A. Cheney-Executive Secretary, Michigan Association of Farmer Cooperatives.



Former Upper Peninsula district director Clayton Ford [center] was the first Farm Bureau member in the Upper Peninsula. Current U.P. Director Franklin Schwiderson [left] and MFB President Elton Smith joined Ford in remembering 20 years of U.P. Farm Bureau history.

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PRESIDENTIAL COLUMN



Dear Mr. President: Lift the grain embargo

(On Sept. 11 the latest government crop report was released projecting record harvests in most major commodities. Despite such evidence of more than adequate supplies, the administration extended the grain embargo on shipments to the Soviet Union through at least mid-October. In light of these events of serious consequence to farmers the following letter was sent to the President of the United States.)

September 16, 1975

Honorable Gerald R. Ford
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

The recent handling of the Soviet grain sales situation by your administration seems to be building up to a sellout of the American farmer. I appeal to you, as President, to be consistent with the principles of the market system which you defended for a generation as a Michigan Congressman.

It is hard to believe that an administration with a public commitment to integrity could call for full production from American farmers last winter and then, despite record crop prospects, deny needed export markets to those same farmers at harvest time. Farmers invested their money, their labor and their efforts in producing these crops. They, not union leaders, should make the decisions on selling the crops. This situation is severe. In fact, there has never been an issue on which all farm organizations have agreed upon so completely.

It had been our impression that your administration would not knuckle under to threats or bow to political expediency. It appears to farmers that you have knuckled under to George Meany and his demands. We also object to the interference that Mr. Meany ordered a resumption of the loading of ships because of negotiations with the Soviet Union. It was a court order that forced him to take such action.

As you have said, we need farm exports for a viable economy. You understand the need for grain exports. We are concerned that your decision to send a trade mission to the Soviet Union could be interpreted as, or even worse, lead to international commodity agreements. Such agreements have never worked, and the idea of them should be rejected.

Responsible farmers are not inclined to make threats, but they do act decisively on economic reality. If a continued export embargo, or threats of an embargo, take away needed foreign markets, farmers simply cannot afford to produce in the record volume that has been the pattern of American agriculture.

Of course, we could return to the old system of government maintained surpluses at a cost of billions of dollars to the American taxpayer. But does anyone really want that mess again? Farmers don't.

Farmers want to be independent and to produce at maximum efficiency. To do this, export markets must be available at all times.

Mr. President, in the interest of farmers, consumers and our foreign customers, please give us public assurance that the moratorium on grain sales is being lifted and will not be reinstated.

Sincerely,
Elton R. Smith
President

MICHIGAN FARM NEWS

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DONNA Ouch! Ouch!

Sometimes it takes being without something temporarily to develop a real appreciation for it. Like water or electricity or heat.

This summer I have developed a deep appreciation for my fingers. An accident with the lawn mower put a couple of them out of commission, teaching me a lesson in safety and my own vulnerability and, ultimately—that we human beings are blessed with a compensating flexibility that allows us to make adjustments when necessary.

For example, I always thought it took two hands to handle daily functions like doing dishes, taking a bath, peeling potatoes, and putting on panty hose. Allowing someone else to perform these tasks for the six months it would take to heal my digits was an insult to my independence, and a disgrace to my initiative. So I learned, my lack of dexterity and swiftness plaguing me in the process.

Shifting my creative gears was the real challenge. Somewhere along the way, I had gotten the idea that my brain bone was connected to my finger bones and my finger bones connected to the typewriter. Take away the latter two and the brain became paralyzed, seemingly incapable of producing one intelligible sentence, let alone a complete article. Utter nonsense of course, but it immobilized my creative powers temporarily.

The concern of my family,

friends and co-workers—even strangers—during this time was comforting. But explaining how such a ridiculous accident could happen to a supposedly intelligent person got to be a bit of a drag. There were times I wished I had a taped recording to switch on when the inevitable question was posed.

So it was refreshing—and revealing—that when we attended a recent gathering in Grand Rapids, not one of the large crowd asked, "What happened to your fingers?" You know why? It was the state amputees' golf tournament where one of the top winners of the two day, 36-hole event was a man with no arms.

Their determination and pluckiness, their compassion for their fellow men, and most of all, their ability to laugh at themselves when things went wrong, was an experience. The timing, for me, was great. I had dried my tears of pain and frustration, and was in the process of spraining my arm patting myself on the back for overcoming my "handicap." Big deal! It put things in their proper perspective, my proudly-flaunted "badge of courage" becoming nothing more than a large band-aid.

The moral of the story is: appreciate what you have. It could also be: appreciate what you don't have. Or; a physical handicap is better than an attitude handicap. Or; adversity builds character. Or simply: keep your hands out of the lawn mower.

A.D.&D. extended in most counties

Eighty percent of the County Farm Bureaus have elected to increase the Accidental Death and Disbursement benefits for their 1976 members. The members death benefits will be increased from \$1,000 to \$2,000. The spouse's death benefit will remain at \$1,000. A death benefit of \$500 for each child will be added. The dismemberment coverages for the member and spouse will remain the same as in the past. These coverages are provided through the Community Service Insurance Company, which is one of the Farm Bureau insurance companies.

Schedule of Benefits

	Member	Spouse	Child
Life	\$2,000*	\$1,000	\$500**
Two Hands	1,000	1,000	
Two Feet	1,000	1,000	
Sight of Two Eyes	1,000	1,000	
One hand and One Foot	1,000	1,000	
One hand and Sight of One Eye	1,000	1,000	
One Foot and Sight of One Eye	1,000	1,000	
One Hand	500	500	
One Foot	500	500	
Sight of One Eye	500	500	
One Index Finger	250	250	
One Thumb	250	250	

*\$1,000 in non participating counties
**None in non participating counties

Farm Bureau story told in Saginaw



MFB Information Director Larry Ewing [right] was one of several state, district, and county leaders and staff who discussed Farm Bureau on Saginaw's WSGW radio station. Saginaw County Farm Bureau purchased one hour of air time daily during the run of the Saginaw County Fair. The broadcasts were direct from the fairgrounds.

MOVING?

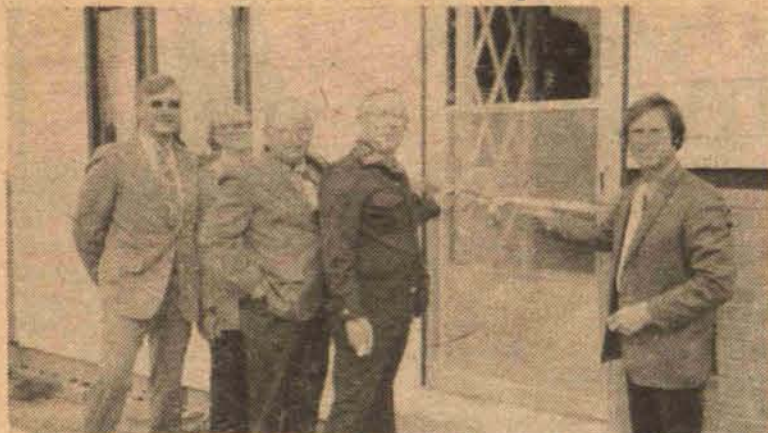
Planning to move? Let us know 8 weeks in advance so you won't miss a single issue of the Michigan Farm News. Attach old label and print new address in space provided. Mail to: Michigan Farm News, P.O. Box 960, Lansing, Michigan 48904.

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Address _____
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In Oceana County

New office opened



Carl Fuehring, Oceana County Farm Bureau President, cuts the ribbon to their new office as the following watch: [from left] Robert Wiseman, Executive Vice-President, Farm Bureau Insurance; Dan Reed, retired Secretary - Manager, Michigan Farm Bureau; Elton Smith, President, Michigan Farm Bureau; Ken Bull, District Seven Director, Michigan Farm Bureau. Nearly one hundred people attended the open house held September 22, as Oceana County became the 37th county to establish a county office program.

FB Women's scholarship goes to Atlanta youth

A 20-year-old Montmorency County student has won the Marge Karker-Farm Bureau Scholarship for the second straight year. The Farm Bureau Women's Committee sponsored scholarship goes to Walter R. Schlicher, son of Royce E. and Mary C. Schlicher. The Schlichers have a beef operation near Atlanta.

"I am very grateful and deeply honored to be selected to receive the scholarship for the second year," said the MSU animal husbandry major. Schlicher is a senior this fall and has been on the Dean's Academic Honor List this past year. He plans a career in the beef cattle business. The Marge Karker-Farm Bureau Scholarship is presented each year to a student from a Farm Bureau family who is attending MSU and enrolled in agriculture or an agriculture-related field.

Former MFB counsel gets high USDA post

Dale Sherwin, former MFB field man and legislative counsel, who has been doing liaison work with Congress for the U.S. Department of Agriculture (USDA), was recently named assistant secretary for international affairs and commodity programs. Secretary of Agriculture Earl L. Butz said Sherwin assumed his new duties Sept. 14. He most recently has been responsible for legislative liaison on behalf of USDA's Foreign Agriculture Service (FAS) regarding international trade and other foreign agricultural matters.

Sherwin moved to Washington as assistant legislative director with the American Farm Bureau Federation (AFBF) in 1970. He represented the AFBF at meetings of the International Federation of Agricultural Producers and worked closely with the U.S. Tariff Commission, the Administration and the Congress regarding international trade issues. In April 1973, Mr. Sherwin joined USDA's office of legislative affairs as chief legislative liaison officer with the U.S. Senate. Mr. Sherwin is married, has four children and resides in Alexandria, Va.



Dale Sherwin

Blue Cross/Blue Shield's efficiency defended

Blue Cross and Blue Shield has recently been criticized by the authors of an unpublished government study which claims the Blues operate less efficiently than commercial health insurers. A year old draft of the study commissioned by the Social Security Administrations Office of Research and Statistics said Blue Cross and Blue Shield plans have high administrative costs which increase the cost of health care. Although the criticism was aimed at all Blue Cross and Blue Shield plans, a spokesman for Blue Cross and Blue Shield of Michigan has labeled the findings of the report "absurd". He goes on to

say, "Historically, our plan here in Michigan has returned 95 cents out of every dollar in direct benefits to our members". "Any notion that our administrative costs are high can be quickly and convincingly destroyed. It's difficult to imagine how such a report can be issued, let alone discussed in a rational, factual manner." The spokesman also said that last February, Blue Cross and Blue Shield, nationally, were recognized as having operating expenses amounting to seven percent of income, with commercial companies' expenses totaling 20.9 percent of income.

He said an article last June in the National Underwriter stated the Blues had done "much better than the private insurers," in returning income to subscribers in the way of benefits, while keeping administrative costs low. Dorothy Rice, head of SSA's Office of Research and Statistics, said a final version of the study, now on her desk, will be published. Omitted after a review by 25 nongovernmental economists, however, will be "judgmental statements," she said. "Judgments should be made by other people," she said. "The Social Security Administration does research."

Ammonia plant in Canada

Canadian Fertilizers Limited has received an industrial development permit from the government of Alberta for construction of a second large anhydrous ammonia manufacturing plant to be built at its Medicine Hat, Alberta nitrogen complex, according to an announcement by R.R. Baxter, President of CF Industries, Inc. and Donald R. Armstrong, Executive Vice President of Farm Bureau Services.

CF Industries, a fertilizer manufacturing and distributing inter-regional cooperative, is owned by Farm Bureau Services and 18 other regional farm supply cooperatives in the United States and Canada. Already under construction at the Medicine Hat complex are two nitrogen manufacturing plants - a 1,200 ton-per-day ammonia plant and a 1,500 ton-per-day solid granular area fertilizer facility. Both units are expected to be completed during the latter half of 1976, with the second 1,200 ton-per-day ammonia plant just announced anticipated to come onstream early in 1977, Armstrong said.

"The granting of a permit for construction of the second ammonia plant at Medicine Hat is indeed welcome news for North America Cooperatives. The new unit will play a vital role in meeting the expanding nitrogen fertilizer needs of North American farmers," Armstrong added.

The Medicine Hat complex will supply ammonia and urea fertilizers to the owners of Canadian Fertilizers Limited, who in turn, represent some two million North American farmers. Approximately one-third of output of the Medicine Hat complex will be supplied to farmers in western Canada through Western Co-Operative Fertilizers, with the balance of the production helping to supply the nitrogen plant food needs of farmers in the United States and eastern Canada through CF Industries.

Essay Contest

Michigan Farm Bureau is pleased to sponsor a "Bicentennial" essay contest in cooperation with Future Farmers of America in Michigan. To enter the contest FFA members should submit a 250 to 500 word essay on the subject "Building Horizons on Our Heritage" to: Farm News essay contest, P.O. Box 960, Lansing, Mich. 48904 no later than November 15, 1975. The winner will be announced during the Michigan Farm Bureau annual meeting in Grand Rapids, December 9-12, with the winning essay being published in the January 1976 Farm News. First prize will be an all expense paid trip for two to the American Farm Bureau Federation annual meeting in St. Louis, January 3-8, 1976. The trip will be by Amtrak Turbo-train and will include a half day sightseeing tour of Chicago and a full day tour of St. Louis plus the convention activities. Second prize will be \$100 and third prize will be \$50.

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FARM BUREAU BICENTENNIAL COMMEMORATIVE PLATES



These 9 1/2" white china plates in red and blue printing are now available for purchase at \$2 each. Orders may be placed through County Farm Bureau offices. Remittance must be included with orders.



CAPITOL REPORT

Robert E. Smith

The Political Reform Bill



One of the major and most controversial bills that was passed this year was H.B. 5250 known as the political reform bill. The Common Cause Organization was instrumental in making this an emotional issue and presumably attracting quite a bit of public support for the legislation. However, now that it is passed, many people are beginning to recognize that some of it may be unconstitutional as an infringement upon personal rights and many provisions in it may be especially useful to certain political power groups.

The legislation affects everyone running for any type of office, whether it be at the state level, township level, school boards, etc. It also purports to control lobbying activities. The problem is that with present laws, there are those who refuse to follow them. Those who have operated illegally in the past, may continue to operate in an unlawful manner. While Governor Milliken has signed the legislation, he pointed out that the Act does not take effect until April, 1976, and that hopefully some necessary amendments can be made during the fall session starting October 13. For example, a last minute amendment permits unions and certain other organizations to transfer committee funds between their sub-units, which in affect, allows a circumvention of the campaign spending limitations. The following is a short summary of some of the provisions in the 71-page bill:

From the local point of view, such as school districts, townships, etc., the Personal Financial Disclosure section is the most controversial. The original legislation would have required complete disclosure by all state and local officials of sources and amounts of all income, investments and debts. However, as finally passed, the legislation requires the filing of a statement by all state and local officials disclosing (1) the source of all income, but not amounts, and (2) all personal and private debts, but not debts to financial institutions (banks, mortgage companies, etc.). The bill requires the following individuals to file financial statements with the Secretary of State:

Individuals holding state elective offices.
Justices and judges.
Appointed members of statutory boards or commissions which examine or license a profession or regulate a business.
State employees of the executive branch who were exempted from civil service.
County commissioners.
Chief administrative officers of a county (presently only Oakland Co.).
Appointed members of governing boards of institutions of higher learning.
Members of constitutional boards of commissions.
Sheriffs and undersheriffs.
County clerks and deputies.
County treasurers and deputies.
County registrars of deeds and deputies.
County drain commissioners and deputies.
County road commissioners.
City, village or township review board members.
Commissioners of public works and deputies.

Prosecuting attorneys and chief assistants.

The following individuals would be required to file financial statements with their county clerks:

City mayors and managers.
Members of city councils, common councils, or city commissions.
Members of planning commissions, zoning commissions, or state, region, county, township, village or city authorities.
Township trustees and supervisors.
Township constables.
Village presidents.
Village council members.
Township clerks.
Township treasurers.
School board members.
School superintendents.
City clerks.

Rural government exemption: Public officials (and employees) required to file financial statements would be exempted from filing if their city, village or township did not employ any full-time employees and did not maintain a regular office, providing the legislative body of any of these government units passed and submitted to the Commission a resolution approving the exemption.

The following information would be filed:

- (1) The name, address, and nature of businesses with which the official or a member of the official's immediate family was associated, and any entity in which the individual held the position of trustee. (An official would be "associated with a business" if he/she were a partner, director, officer, or employee of the business; if the official or member of his/her immediate family were a stockholder of close corporation stock worth \$1,000 or more at fair market value or representing more than a five percent equity interest; or if the official were a stockholder of publicly traded stock worth \$10,000 at fair market value or representing more than ten percent equity interest.)
- (2) The name, address, and nature of business of a person from whom income in the value of \$1,000 or more was received, except in cases where a confidential relationship exists by law. (This exemption applies primarily to attorneys, physicians and psychiatrists.)
- (3) The description (including nature, location and size) of all real property in the state which exceeds \$1,000 in fair market value.
- (4) The name and address of each creditor to whom the value of \$1,000 or more was owed, if the debt occurred: [a] as a result of something other than a retail installment contract; [b] from a loan made by a financial institution; [c] from a relative within the third degree of consanguinity; or [d] from a duly recorded land contract.
- (5) The original amount and the amount outstanding, the terms of repayment and the security given for each debt required to be reported. (This information would be kept confidential.)
- (6) The name and address of any person from whom a gift of \$100 in value or more was received,

and the circumstances of the gift.

The bill does not require the disclosure of specific dollar amounts.

Disclosure of Business Interests:

If an official required to file or a member of his/her family held more than a ten percent equity interest in a business, the following information about the business would be required to the extent that the official knew or had reason to know the information:

- (1) The name and address of, and the nature of association with any business in which the official's business held equity.
- (2) The description (including location and size) of all real property held by the business during the preceding year.
- (3) The name and address of each creditor to whom \$1,000 or more was owed along with the original amount and the amount outstanding, the terms of repayment, and the security given for each debt. Note: Debts arising out of retail installment transactions, accounts payable from loans made by financial institutions in the ordinary course of business, or from duly recorded land contracts would not be required to be filed. Creditor information would be kept confidential.
- (4) The name and address of any person from whom a gift of \$100 in value or more was received, and the circumstances of each gift.

Filing Dates

Financial statements would be filed before May 1 and would cover the period during the previous calendar year that the individual was a public official or employee.

Candidates for elective or appointive office would file a financial statement for the previous calendar year upon (or shortly after) submitting their names to the appropriate filing officials for nomination or appointment to office.

VIOLATION OF THESE FILING PROVISIONS WOULD BE A MISDEMEANOR WITH A FINE OF UP TO \$1,000 AND/OR IMPRISONMENT FOR UP TO 90 DAYS. THE COURT COULD ALSO PROHIBIT A PERSON FOUND GUILTY OF THIS PROVISION FROM ASSUMING THE DUTIES OF A PUBLIC OFFICE OR FROM RECEIVING COMPENSATION FROM PUBLIC FUNDS.

The law will be administered by a six-member all-powerful commission appointed by the Governor, with not more than three from the same political party. There will be limitations on campaign financing with a \$15.00 floor on the required reporting of contributions with a limit of \$1,700 for individuals and \$17,000 for the Governor's campaign.

The total limit on the election for the governor would be \$1 million. Public financing for the gubernatorial election is permitted with a voluntary \$2.00 checkoff from income tax returns. The state will match each \$1.00 of such contributions with another \$2.00 up to \$633,000. Major party candidates will receive equal amounts of state funding up to \$750,000. Minor party candidates will receive smaller amounts, based on a formula.

Other expenditure limits also apply in varying amounts to the Lieutenant Governor, Secretary of State, Supreme Court, statewide education posts, state senators and representatives, etc.

While this is a very brief summary, the ramifications of this legislation are immense and can be expected to be most controversial when the average citizen finds he must comply with the law regardless of whether he is appointed or elected to many commissions or positions that do not even receive compensation. The average citizen is also likely to be upset when he finds that the restrictions also apply to his spouse and immediate family.

Some lawyers in the Lansing area are saying that there are constitutional problems created by this Act inasmuch as it was passed in a most hasty manner just prior to recess. Very few understand its political impact.

FARM BUREAU POLICY DEVELOPMENT

Most County Farm Bureaus will have their Annual Meeting in October at which time the County Policy Development Committee will present a slate of resolutions. The State Policy Development Committee is also hard at work.

The Tenth Annual Statewide Conference was recently held in Lansing with an all-time-record attendance of county leaders. John Datt, Director of Congressional Relations for AFBF in Washington, D.C., discussed national and international affairs in some detail. He pointed out that this country is just now seeing the "full blast of welfare laws put on the books by the Johnson Administration." It is only now that the cost of the proposals of the New Society are being realized. For example, the food stamp program was not supposed to cost more than \$200 million... it is now between \$7-\$8 billion. Medicaid, Medicare, and other similar types of programs are rising in similar fashion.

He said that inflation is still the No. 1 issue with at least a \$60 billion deficit this year, and an expected \$80 billion next year, and the rate of inflation may rise as high as 14 percent.

In discussing agriculture policy, he pointed out that the situation is now different than any time in history, and that the government policy in the Thirties was designed to control production as it was the era of surpluses. Now the reverse is true... America is in a position of concern over adequate food supplies. The national farm policy will be a major issue during the 1976 election year. He reminded the Farm Bureau leadership that there are only approximately 5 percent farmers as opposed to 95 percent consumers.

From the area of international trade, he pointed out that PA 480, which has done so much to help provide support to needy countries, was originally written and supported by Farm Bureau. It has been an effective tool in the movement of agricultural commodities. He said that there were presently more people than ever in political circles who are making statements declaring that agriculture should be made an effective "public utility." Mr. Datt pointed to the EPA as being a "powerful bureaucracy" dedicated to clean water, clean air and clean everything. He raised the question as to how far such environmental bureaucracy will go and whether there will actually need to be permits to plow, and what will be the federal role in land use. The Udell bill that Farm Bureau successfully opposed this year will come back in another form next year.

Transportation problems were outlined, especially the issue of the bankrupt railroads and what the federal government's policy should be. If the Conrail system now being proposed does not work, this would

(Continued on page 11)

New fertilizer law signed



Governor Milliken signs the fertilizer bill [H.B. 4431] into law [PA 198] as supporters look on. L to R - B. Dale Ball, Director, Department of Agriculture; Rep. Stanley Powell, principle sponsor of the legislation; Bob Smith, Michigan Farm Bureau Legislative Counsel; Larry Smith and Don LeCureux, Board members of the Michigan Plant Food Council; and John Sexson, President of the Plant Food Council. The legislation updates and modernizes Michigan's fertilizer laws. The Department of Agriculture has the authority to regulate the manufacturing, distribution, sale, labeling, and advertising of fertilizer and soil conditioners.

NATIONAL NOTES

Albert A. Almy

After recess issues



Much publicity has been focused recently on the controversy over U.S. grain exports to the Soviet Union. This issue has deep implications for all segments of agriculture. It also has serious implications for consumers, labor, shippers and the economy of our nation.

For example, exports contribute 20 percent, or \$1 out of every \$5, of gross farm income. Exports save consumers money by avoiding storage costs if the government were forced to purchase commodities to maintain support prices. Exports provide thousands of jobs for persons who would otherwise be unemployed. The national economy benefits because of each \$1 returned to the farm sector from exports, an additional \$1.33 of output is created in the rest of the economy.

As this column is being written, there is no indication of the outcome of the current issue involving union refusal to voluntarily load U.S. grain on ships bound for the Soviet Union or the President's moratorium on further exports to that country. However, Michigan Farm Bureau and the American Farm Bureau Federation have been deeply involved in this important issue. MFB President Elton Smith has made several appearances to tell agriculture's side of the issue and help create a better public understanding of the need for exports. The AFBF has met with top government officials, including the President, Secretary of State, and Secretary of Labor to

tell of agriculture's concern and need for export markets.

The export issue is also very much alive in Congress. Several bills have been introduced that, if enacted, would require some form of government control on export sales of agricultural commodities.

One of the bills, H.R. 9299, would establish the CCC as the seller or marketing agent for all export sales of wheat, corn, sorghum, barley, oats, rye and soybeans to the Soviet Union. The CCC would also be given authority to acquire commodities on the domestic market to meet future export sales and provide for the security of domestic supply. If H.R. 9299 were enacted, the private grain companies engaged in export sales would become agents of the federal government insofar as export business is concerned.

Another of the bills, H.R. 9199, would require that no agricultural commodity could be exported to any foreign country unless the person exporting the commodity has submitted an export registration statement to the Secretary of Commerce and the Secretary has approved the statement. Before giving approval to exports above a prescribed level, the Secretary would be required to publish a domestic food price impact statement.

Michigan Farm Bureau has recently sent each Michigan Congressman concise information on the importance of exports to all citizens and the nation, and expressed opposition to any proposal

that would limit or control exports of agricultural commodities.

EPA PERMIT PROGRAM

The Federal Water Pollution Control Act of 1972 required the Environmental Protection Agency to establish a permit program for control of discharges from point sources. On July 5, 1973, final permit program regulations were issued. These regulations covered pollutants discharged from agricultural point sources. The term "point source" was defined to include any pipe, ditch, channel, rolling stock and concentrated animal feeding operation from which pollutants are or may be discharged.

The term "concentrated animal feeding operation" was considered by EPA to mean those operations with 1,000 or more animal units. Concentrated animal feeding operations of this size or greater are required to apply for a permit if pollutants are discharged into navigable waters. Smaller animal feeding operations are not required to apply for a permit unless identified as a significant contributor of pollution.

Shortly after the regulation was issued a national environmental group filed suit in Federal District Court alleging that EPA should have required all animal feeding operations to obtain a permit

regardless of size. On March 24, 1975, the court issued a memorandum opinion against EPA and on June 10, 1975 issued a final judgment.

The final judgment is far reaching and affects agriculture well beyond animal feeding operations. It requires EPA to publish proposed regulations by November 10, 1975 and final regulations by March 10, 1976 to include within the permit program all point sources in the concentrated animal feeding operation category.

Also, the final judgment requires EPA to publish proposed regulations by February 10, 1976 and final regulations by June 10, 1976 to include within the permit program all point sources in agriculture. This requirement goes far beyond animal feeding operations and will probably include tile outlets, waterways established under conservation programs, etc.

Public hearings have recently been held by EPA to gather input on how the permit program should be expanded to include animal feeding operations. Farm Bureau participated in the hearings and will continue to have input during this development process.

Currently, the Michigan Water Resources Commission administers the EPA permit

program within the state. However, it is feared that if permits are to be required of most farmers and municipal storm sewers the WRC will not be able to administer the permit program because of personnel and budget limits. This could result in the federal EPA administering the permit program.

FEDERAL LAND USE

Earlier this year, the House Interior and Insular Affairs Committee rejected a federal land use planning bill. Farm Bureau opposed the bill, and following the Committee vote it was felt by most Washington observers that federal land use planning legislation was dead for the remainder of the 94th Congress.

It is now expected, however, that the Senate Interior Committee will consider a Senate version of federal land use planning legislation this fall. The bill, S. 984, would provide \$800 million in land use planning assistance grants to states over an eight-year period. To receive the funds, states would be required to include specific federal criteria in their land use planning programs. Farm Bureau is opposed to federal involvement in land use planning except on a grant-in-aid basis without requirement for federal criteria to be a part of state plans.

FBIG releases A.D. & D. figures

Death and injury can come in many unusual ways, according to the records of the Accidental Death and Dismemberment Program written by FBIG for Michigan Farm Bureau members.

Incidents ranging from a bee sting to suffocation by mud have been verified as causes of death among members of county Farm Bureaus participating in the program.

Since the program began in 1967, accidents took the lives of 232 Farm Bureau members, resulting in claims totaling \$229,573.

During 1974, accidents killed 19 participants in the AD & D program, which provides a blanket insurance policy for paid-up Farm Bureau members in participating counties. In cases of death of a member or a spouse, FBIG pays \$1,000.

Payments for dismemberments vary, depending on the type of injury. Last year, claims totaled \$6,750 for 18 dismemberment injuries.

What is the main cause of death and dismemberment among the participating members?

A study of the records for a four year period—July, 1971 through June 30, 1975—revealed 80 deaths and 74 dismemberments. Farm machinery mishaps alone accounted for 23 of these deaths and 37 of the dismemberments.

Falls took the next highest toll, with a total of 21 death claims paid. Fires caused eight of the deaths; drownings six; and hunting mishaps and industrial accidents, one each.

A category listed as "other" accounted for 19 deaths. Circumstances surrounding the deaths of this category varied considerably and were often unusual. For example:

An autopsy confirmed that one death resulted after the victim suffered an epileptic seizure and suffocated in some mud. Two deaths were caused by stings, one by a wasp and the other by a bee.

One farmer died from inhalation of silo gas. Another person was crushed by falling wood, while one victim died after choking on some meat.

Snowmobile mishaps accounted for three of the deaths in the "other" category, and carbon monoxide from a faulty furnace claimed one victim.

Equally as curious and varied are the accidents that caused some of the 22 dismemberments listed under "other".

Almost half involved the loss of a thumb or fingers in miscellaneous machinery, including lawn mowers, power tools, and even a washing machine wringer.

Two victims suffered eyesight damage while buzzing wood. One person's hand was amputated by a motor fan blade, and another lost a foot from gangrene after stepping on a rusty nail.

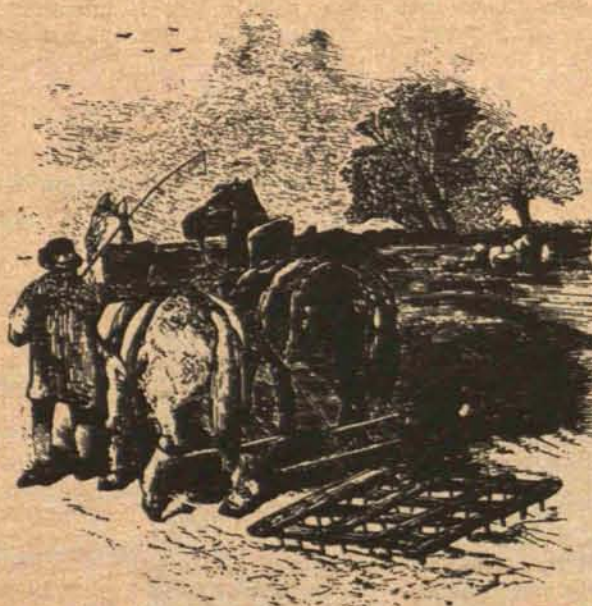
The 19 deaths in 1974 were limited to 15 counties: Allegan, Antrim, Bay, Berrien (2), Calhoun, Gratiot, Mason, Monroe, Presque Isle, Saginaw (2) St. Joseph (2), Sanilac, Tuscola (2) Van Buren, and Wexford.



Bicentennial Farm Features

A Special Series from Sperry New Holland

Incentive Was Always Needed For Farmer To Produce More



"Give us a market and remunerating prices and we can raise an amount of produce that will astonish the world."

Does this sound like something a modern-day mechanized farmer might say as he makes his cropping plans in the mid-1970's?

Actually the statement was made well over a century ago by a farmer in Scottsville, N.Y.

It illustrates that incentive was always a major consider-

ation in the minds of farmers in planning their agricultural production levels.

The New York Sate farmer went on to say that he was gratified to see a better system of farming taking the place of the old, careless and slovenly method previously followed in Western New York.

"This is to be attributed chiefly to the liberal prices obtained for our produce for the last few years, thereby

producing in the farmer a stimulus to exertion, which he does not often feel when prices are so low as barely to pay the cost of production," he said.

His comments were echoed by another farmer from Dorchester County, Md.

"The last 10 years have been marked by a decided reformation in the farming operations of this county," he wrote.

He cited how the most primitive agricultural implements have been replaced by equipment, such as the Drag-harrow. Manuring was then looked upon as an idle loss of time and money, he said.

"But now, how things have changed. Every farmer is striving to outstrip his neighbor in the largest yield of crops, in manuring and in all the improvements in farm machinery."

Today, as the American farmer is again called upon to play an ever larger role in helping to feed a hungry world, these words of a century and a quarter ago are more timely than ever.

As back in the 1850's, the farmer is ready to do the job that needs to be done. All he needs is the incentive in the form of a fair and balanced return for his increased effort.

Farm Bureau around the state

Discussion Meet



Throughout the state Young Farmer District discussion meets are being held to determine who will compete at the December Annual Meeting for state honors and a chance to go on to national competition at AFBF Annual in January. The District 1 meet, held in Kalamazoo Sept. 9, was won by [from left] David Elsey and Art Kreutzman with Larry Leach and Vern Lewis runners-up.

Leadership Training



An all-day leadership training meeting for district 2 Farm Bureau Women was held in September at the Hillsdale County home of Mr. and Mrs. Le Jean Marshall, under the direction of District Women's Chairman Mrs. Barbara Kimerer. F.B.'s training officer, Jesse Taggart, explains principles of leadership.

Saginaw County Fair



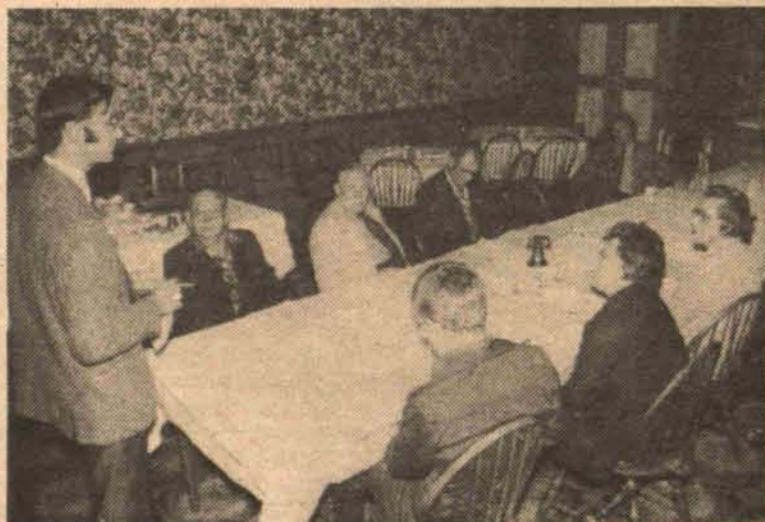
Saginaw County Farm Bureau Women sponsored and staffed a display at the Saginaw County Fair in September. The display featured food samples of different farm products each day and was considered the most popular "people pleasing" exhibit at the fair.

Policy Development



Over 40 district 10 members gathered in Gaylord for a policy development meeting, heard MFB Legislative Counsel Bob Smith state that, "all of Farm Bureau's accomplishments over the years started with policy."

Membership Campaign Managers



Thumb regional representative Ken Wimmer explained details of the 1976 membership campaign to county campaign managers from the Thumb and Saginaw Valley regions Sept. 16 in Frankenmuth. Campaign Managers present on a perfect bean harvesting day were, Mrs. Erna Varner, Midland; Mrs. Margaret Boyne, Tuscola; John Whitmer, Gladwin; Gerhard Kernstock, Bay. Five regional campaign manager's meetings are being held through the end of October.

Meet me in Surprising ST. LOUIS

The city with everything!



Site of the AFBF National Convention

January 4-8, 1976

It bills itself as Surprising St. Louis, and if you haven't been to the Gateway of the West, you'll be surprised to discover a wealth of national treasures in St. Louis; the Old Courthouse, scene of the Dred Scott trial prior to the Civil War; the Old Cathedral, officially designated the Basilica of St. Louis, King of France, and the oldest cathedral west of the Mississippi; the Goldenrod Showboat, lone surviving showboat from the turn of the century and designated a national historic landmark; Eads Bridge, the world's first steel bridge; and the Jefferson Memorial, with exhibits of the Lewis and Clark Expedition memorabilia and Colonel Charles A. Lindbergh's trophies.

The 630-foot Gateway Arch, a recent addition to St. Louis' attractions, is the tallest national monument in the U.S., and the fourth most visited in the world.

Who hasn't heard strains of "Meet Me In St. Lo-oey, Lo-oey",

reminiscent of the 1904 St. Louis World's Fair - the greatest gathering of all where Americans first tasted an ice cream cone, ate a hot dog and drank iced tea.

Special arrangements are being made for Michigan Farm Bureau members to journey to St. Louis for the 1976 American Farm Bureau Federation annual convention by Amtrak. Enroute the group will visit the sights of Chicago and enjoy a leisure train trip. In addition to the many activities of the convention (which will be AFBF's salute to our nation's bicentennial celebration) Michiganders will partake at the usual Michigan breakfast and tour the sights of St. Louis.

Sooo, plan now to board the Amtrak train at the station of your choice and join your fellow Farm Bureau members in surprising St. Louis. Space is limited. Deadline for firm reservations is November 30, 1975. For more detailed information submit the coupon below.

DRIVING? TAKING A BUS?

If you plan to provide your own transportation to the AFBF convention, and desire hotel reservations with the Michigan group, these reservations are due by November 30, 1975.

BONUS --

Combine business with pleasure or pleasure with pleasure! Take a post-convention cruise of the Caribbean with stop enroute at Disney World. OR, should you desire try your luck on a post-convention tour to Las Vegas. See ad on page 10. Use the handy coupon for further details.

Mail To: Kenneth Wiles, Manager
Member Relations
Michigan Farm Bureau
P.O. Box 960
Lansing, Michigan 48904

(CHECK ONE)

I am interested in the St. Louis Tour _____

I am interested in a post-convention tour to Las Vegas _____ Caribbean _____

I am providing my own transportation, but desire hotel reservations _____

Please send further details to:

Name: _____

Address: _____

County of Membership _____ Phone No. _____

Policy in farm labor crucial

Recent changes in farm labor laws are making Farm Bureau policy development decisions in that increasingly important area more crucial than in the past, says M.J. Buschlen, Michigan Agricultural Services Association manager. MASA is a Farm Bureau affiliate.

"A few years ago exemptions in the labor laws limited the application of most laws to farms where large numbers of workers were employed," Buschlen notes. "However, recent changes in the laws have removed most of the numerical exemptions and exclusions to the point where most farmers who employ any labor, even casual employees, are subject to some labor laws."

Buschlen has suggested that County Farm Bureau consider resolutions on the following issues:

1. Workmen Compensation laws at both the state and national level are being overhauled. The changes being proposed greatly increase the benefits and the cost. It is estimated that premium costs may double.
2. Michigan Minimum Wage: Proposals are presently being considered to provide overtime for agricultural workers. Many farmers who employ only ONE regular hired man, and occasionally hire extra help, are now subject to the Michigan Minimum Wage Law.
3. The Fair Labor Standards Act (Federal Minimum Wage):

Many farmers allow children under 12 YEARS OF AGE to work and ALLOW CHILDREN 12 AND 13 YEARS OF AGE to work without written parental consent. There are severe monetary penalties for these violations under the Fair Labor Standards Act.

4. TEMPORARY UNEMPLOYMENT INSURANCE is now available to many farm workers. Legislation is being considered to make Unemployment Insurance, for farm workers permanent.
5. Legislation is being considered that would allow the UNIONIZATION of hired farm workers.
6. O.S.H.A. - Five Federal Safety Standards are now in effect. Several more safety standards are being considered (e.g. control of noise, dust, etc.) The state of Michigan is preparing to take over O.S.H.A. with more safety standards and more inspectors.
7. If you own a labor camp and ALLOW IT TO BE OCCUPIED, you, in effect make it public property, the occupants are tenants whether they pay rent or not. The occupants may invite ANYONE into the house they occupy.
8. The need for a LABOR EDUCATION program especially designed for farm employers appears to be obvious if farmers are to understand the many labor laws.

Caution required

Tanks and pits pose danger

Michigan farmers face a potential death trap when working around animal liquid manure tanks, milk house drainage pits and other organic waste storage units.

"It is generally not realized that gases generated by the organic wastes are harmful to humans and animals. Several deaths in Michigan have been attributed to gases from these tanks," says Dr. Richard G. Pfister, Michigan State University Extension safety engineer.

Liquid waste traps small bubbles which are low in, or devoid of, oxygen. When the liquid is agitated or distributed by pumping, these gas bubbles are released.

"Research indicates that as many as 27 gaseous compounds are generated in liquid manure as bacterial decomposition occurs. Some of these gases, such as methane, carbon dioxide, ammonia and hydrogen sulfide, are extremely hazardous," Pfister says.

These four gases may create an environment which may be without oxygen, may be highly explosive, may be poisonous or a combination of all three conditions.

Methane is colorless, odorless, lighter than air and burns readily. In a concentration of 5 to 14 percent, it is explosive.

Hydrogen sulfide has a rotten egg smell. "It is extremely poisonous and in concentrations of more than one-tenth of one per-

cent, may cause serious disability or death. It is heavier than air so it is almost always present in any pit containing decomposing organic material," Pfister says.

The gas tends to paralyze the diaphragm and victims usually collapse at once. Would-be rescuers are often overcome as they try to aid the victim.

Carbon dioxide is an undetectable, colorless gas which is one and one-half times heavier than air. Ammonia is colorless, lighter than air and has a pungent odor. Both can suffocate a person.

"Any closed space can harbor dangerous gases. Underground tanks or pits, which by their nature cannot be ventilated easily, are potentially most dangerous. Silo pits, septic tanks, even well pits can harbor deadly hydrogen sulfide," Pfister says.

However, poisonous gas and suffocation are only part of the danger associated with an open pit. Open units with inadequate covering are potential traps for humans and animals, especially if they breathe the gases as they go near the edge. Stout fences should be built around the perimeter of these pits, he advises.

When the tank contents are agitated or pumped, large quantities of gas are released so it is essential that natural or mechanical ventilation is at a maximum as work around the tank begins.

"All pits and tanks should be treated as if they contain explosive

gas. They could be full of methane, petroleum vapors or even enough ammonia to create a violent explosion," Pfister says.

Smoking, lighted matches or open flames must be kept out of the area until the tank has been thoroughly ventilated.

Pfister advises the following:

-Use portable fans (preferably explosion-proof) to force air into the pit, removing heavier-than-air gases and blowing out poisonous gases. In confined housing barns where pits are beneath slotted floors, turn on every fan in the barn. It is much better to have livestock get a little cold as the cleaning process begins than it is to lose a life.

-Do not enter a liquid manure tank that is being emptied unless a self-contained air breathing unit (similar to the type used under water) is worn. A rope should be tied around the waist of the person going into the tank. The other end should be held by someone outside the tank, so that if the person inside is overcome, he can be hauled to safety without endangering rescuers.

-Workmen should always work in pairs and under no circumstances alone.

-If an operator feels faint, he must be gotten into fresh air immediately. Be prepared to give artificial respiration.

-Install ladders with safety rungs on all liquid manure tanks or other organic storage units for use in an emergency.

"Observe consumer buying patterns," farmers told

It's too soon to predict whether the marked changes in consumer buying patterns during the past year will be permanent fundamental trends, says Clarence Adamy, president, National Association of Food Chains.

"But it's critical for the farm industry to join the food distribution system in closely observing and analyzing consumer purchase patterns," Adamy urges.

Adamy spoke on how consumer buying patterns could affect farm management decisions during the National Institute on Cooperative Education sponsored by the American Institute of Cooperatives at Michigan State University, July 31.

Most business failures -- both farm and nonfarm -- are due in part to an inability to predict

change, explains John W. Allen, MSU agricultural economist and chairman of one of the institute sessions.

"In order to foresee broad forces that could affect management decisions, farmers must include outside viewpoints such as Adamy's when they assess the future," Allen says.

"During the past 12 months, consumers have markedly changed their purchase patterns," Adamy says. "Shoppers are buying few boxed brownie mixes and other highly-processed foods. Instead, sales are up for the raw products to make baked goods at home."

Highly-processed and specialized foods are down by 15 percent, Adamy says. At the same time, raw product sales are up by 11-13 percent. (The overall sales

volume in tonnage of supermarket products is down slightly, he adds).

As prices have increased for highly-processed foods such as instant potatoes and toaster pastries, retail sales of those products have gone down, Adamy says. With price increases of carbonated beverages (soda pop) and other products sweetened with rising-priced sugar, marked changes in sales figures show that consumers are turning from soda pop to lower-priced powdered soft drinks.

"As prices of margarine and butter changed between early 1974 and early 1975, so too did consumer purchases of those products."

Since changes in what shoppers buy naturally change the mix that retailers buy from farmers, it's critical for both facets of the food industry to closely observe and analyze the degree and permanence of changing purchase patterns, Adamy concludes.

FBS investors get \$963,000 in interest & dividends

Over 15,700 investors and stockholders recently were recipients of \$963,000, which represents Farm Bureau Services, Inc. and Farmers Petroleum Cooperative, Inc. annual payment of interest on debentures and dividends on dividend bearing stock.

Of this total amount, \$187,500 was paid by Farmers Petroleum to its 5,400 stock and debenture holders and \$775,000 was mailed by Farm Bureau Services to their stock and debenture holders.

"We are pleased to make these

annual payments," stated Donald R. Armstrong, Executive Vice President of both Farm Bureau Services and Farmers Petroleum. "And it is gratifying to note that the number of investors for both cooperatives has grown also" added Armstrong.

Farm Bureau Services, Inc. is a Michigan Farm Bureau affiliate and a major supplier of farm supplies and world wide marketer of Michigan grown grain and beans. Farmers Petroleum is the largest farmer-owned cooperative and distributor of farm petroleum supplies in Michigan.

Counties can get U.S. Flag

Michigan Farm Bureau is announcing a recognition program for County Farm Bureaus who do an outstanding job of promoting the \$200 Reward Sign Program.

An American flag, with stand, will be presented to all County Farm Bureau's who have 20% of their regular members enrolled in the Reward Sign Program by January 1, 1976. A Betsy Ross flag will be presented to the county with the highest percent of regular members enrolled in the Reward Sign Program in each region by January 1, 1976 (County must obtain at least 20%). Either flag may be kept by the county or presented to a school, church, 4-H club, FFA chapter or other service club.

farmers of the week

QUALITY FARMING OPERATIONS • AGRICULTURAL/COMMUNITY INVOLVEMENT



Milton Brown

1000+ per year Isabella County cattle feeding operation * Executive committee member of Mich. Cattle Feeders * Past president of National Livestock Feeders Assoc. * Chairman of Mich. Beef Commission.



Richard Carncross

300 acre Hillsdale County family cash crop farm * Master of Michigan Grange * Member of the Board of CROP of Church World Services * Extensive 4-H work.



John Gardner

Eaton County laying hen (45,000) operation * Member of Charlotte school board * Immanuel Nursing Home board * Farm Bureau member.



Dean Pridgeon

1500 acre Branch County corn and hog operation * Vice President, MFB * Member of Mich. Natural Resources Commission * Township supervisor for 12 years * Local bank director * Elder in Presbyterian Church.

sponsored by

MICHIGAN FARM RADIO NETWORK AND FARM BUREAU INSURANCE GROUP™

For safety's sake

Watch flowing grain

Flowing grain may be more deadly than quicksand -- it can pull a six foot man under the surface within 20 seconds and suffocate him in four minutes.

"It's almost impossible to free yourself at any depth above your knees. From the time it's realized you're in trouble, it takes only two or three seconds before you're trapped," says Dr. Richard G. Pfister, Michigan State University Extension safety engineer.

A flat bottom grain bin turns wrong side out as it unloads with the flow off the top and down a center cone. It forms into a vertical flow path and rapidly increases speed.

Grain that has been stored too wet or has moisture migration in the bin tends to form a top crust. A bin that empties from the bottom may form a bridge of grain over an empty spot resulting in a thin, unstable surface.

Caked masses of spoiled grain may pile up vertically and fall in an avalanche that may cover the operator. As grain bins become larger, the risk of being covered increases. Spoiled grain also in-

creases the chance of respiratory reaction to dust or molds.

For safety measures to be used around all grain bins:

--Always shut off the unloader before stepping on the grain surface.

--Install ladders inside all bins.

--Pocket fuses or lock the control circuit off before entering a bin with automatic unload equipment.

--Use a rope and safety harness with two men on the outside who can lift you out.

--Wear a respirator when working in dusty or moldy grain.

--Be alert for blocked flow, crusting, bridging and cavities.

--If trapped in a bin or silo, stay near the outer wall and keep moving. Try to walk the grain down until flow ceases.

--Do not depend on a second person to shout instructions for equipment start or stop. Equipment noise may block out commands or cries for help.

Talk to your children, co-workers and neighbors about the hazards of flowing grain. Your lives may depend on it.

FBIG sponsors freedom essay

Eighth graders from area schools will join thousands of other Michigan students as they express their views of America in the seventh annual Freedoms Foundation essay contest, sponsored by Farm Bureau Insurance Group (FBIG).

The contest, open to all eighth grade students in Michigan, begins October 13 and ends November 14. In the last competition, more than 4,000 students from 200 Michigan schools participated, including several local students.

Started in 1968, the annual contest gives Michigan's young

people a chance to seriously consider their role in America's future through "America and Me" essays.

The top three essayists from each school will be awarded honor certificates, and each participating school will receive a plaque engraved with the name of the first place essayist.

Each school's first place essay will be entered into statewide competition from which the best essays in the state will be selected. A panel of high level officials, headed by Governor William G. Milliken, will then determine the

top three winners in the state.

Savings bonds, ranging in value from \$500 for first place to \$50, will be awarded to the top ten winners in the state. In addition, large display flags will be presented to the schools of the top three state winners.

As sponsor of the annual essay contest, Farm Bureau Insurance Group has received the George Washington medal from the Freedoms Foundation at Valley Forge five years in a row. Information on the contest will be available shortly from any FBIG agent.

Farm Bureau on the air

The following radio stations carry Accent Agriculture, a 13½ minute public affairs program focusing on the issues and events affecting Michigan farmers and consumers.

- WATC Gaylord
- WFYC Alma
- WMPC Lapeer
- WION Ionia
- WALM Albion
- WKLA Ludington
- WTVB Coldwater
- WOAP Owosso
- WBRN Big Rapids
- WABJ Adrian
- WCER Charlotte
- WCBY Cheboygan
- WKPR Kalamazoo
- WHGR Houghton Lake
- WHFB Benton Harbor
- WAGN Menominee
- WSTR Sturgis
- WSMA Marine City
- WKYO Caro
- WDOW Dowagiac
- WIDG St. Ignace
- WCSR Hillsdale
- WJPW Rockford
- WSOO Sault Ste. Marie
- WNIL Niles
- WMIC Sandusky
- WSMM-FM Sault Ste. Marie
- WION Ionia
- WJML Petoskey
- WLDR Traverse City
- WRBJ St. Johns
- WLRC White Hall
- WPLB Greenville
- WTRX Flint
- WKNR Battle Creek
- WSHN Fremont
- WLEW Bad Axe
- WCRM Clare

- WPHM Port Huron
- WSGW Saginaw
- WIDG St. Ignace
- WRBJ St. Johns
- WSTR Sturgis
- WJOR South Haven
- WIOS Tawas City
- WBMB West Branch
- WMIC Sandusky
- WCSR Hillsdale
- WJML Petoskey
- WHMI Howell

Farm News In-Depth is an in-depth report on the issues affecting Michigan farmers. It is a two minute program carried daily.

- WCRM Clare
- WKAR East Lansing
- WFYC Alma
- WMAM Marinette
- WPAG Ann Arbor
- WCER Charlotte
- WHAK Rogers City
- WKPR Kalamazoo
- WLKM Three Rivers
- WFUR Grand Rapids
- WNIL Niles
- WXOX Bay City
- WGN Chicago
- WWJ Detroit
- WLDR-FM Traverse City
- WMTE Manistee
- WWAM Cadillac
- WBCH Hastings
- WAOP Otsego
- WCEN Mount Pleasant
- WDDB Escanaba
- WDMJ Marquette
- WLRC White Hall
- WGHN Grand Haven
- WPHM Port Huron
- WCMR Elkhart, Ind.
- WJBL Holland
- WABJ Adrian
- WTHM Lapeer
- WKZO Kalamazoo
- WSGW Saginaw
- WHFB Benton Harbor
- WPLB Greenville
- WHGR Houghton Lake
- WKYO Caro
- WBMB West Branch
- WOAP Owosso
- MFRN Milan
- WBCM Bay City
- WSTR Sturgis
- WJCB Gladwin
- WVOY Charlevoix

- WPAG Ann Arbor
- WBCM Bay City
- WKYO Caro
- WCER Charlotte
- WCRM Clare
- WTVB Coldwater
- WDDB Escanaba
- WHTC Holland

WATER PROBLEMS?

HOW MANY OF THESE WATER PROBLEMS DO YOU RECOGNIZE IN YOUR HOME?

- RUST
- CLOUDINESS
- ODOR
- BAD TASTE
- SCALE CLOGGED PIPES
- POOR LAUNDERING RESULTS
- LIME DEPOSITS ON FAUCETS
- SPOTTED AND STREAKED DISHES



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Let us check your water supply and recommend the proper solutions to your problems at no obligation. Just bring a small sample of your tap water.

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Automatic Water Conditioner

Model UC-XXX, 210,000 Weekly Grain Capacity

\$299.00
Regular \$339.00 Value

Filters out rust, iron, chemical tastes, odors, sediment and dirt. Water tastes better, looks better. Improves food and beverages prepared with water.

Ban rust with an **Aqua-Aid** Water Filter **\$19.50**

Regular \$24.50 Value

Bottle Water Quality for Less than a Penny a Gallon!



Cartridge Included

YOUR RELIABLE LOCAL CO-OPERATIVE — THE PLACE TO GO NOW FOR THE BEST WATER CONDITIONING EQUIPMENT KNOW-HOW

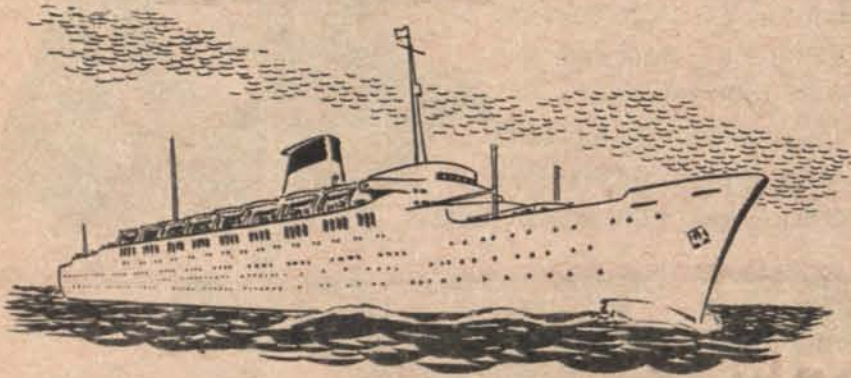
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FARM BUREAU SERVICES, INC.

THIS YEAR

AFTER AFBF MEETING

SAIL THE CARIBBEAN



- After the convention in St. Louis, join your Farm Bureau friends and catch a late afternoon flight to Las Vegas. Upon arrival you will transfer to the new Las Vegas Marina Hotel and Casino.
- During your stay in Las Vegas you can swim, sun, sightsee, see the shows or try your luck at the famous casinos.
- Three fun-packed days in exciting Las Vegas for only \$255.29 from St. Louis.
- For more information contact Ken Wiles, Michigan Farm Bureau, Box 260, Lansing 48904.

OR

WING OFF TO LAS VEGAS

- After the St. Louis convention, join your Farm Bureau neighbors and fly direct to Florida for a day of fun and sun at Disney World. Then, leave from the Port of Miami on board the luxurious M/S Boheme for the most fantastic Caribbean cruise ever.
- Ports-of-call include Puerto Plata and Cap Haitien on the mysterious island of Hispaniola, quaint St. Thomas in the Virgin Islands and exciting San Juan, Puerto Rico.
- It's all yours for under \$800 A full week of fun and sun in the beautiful Caribbean.
- For more information, Contact Ken Wiles, Michigan Farm Bureau, Box 960, Lansing, 48904.



(COST BASED ON PRESENT AIR FARES)

International grape meeting held



The American Farm Bureau Federation and the Ontario Grape Marketing Board have held a joint grape growers meeting for a number of years to discuss grape varieties, production practices and market outlook. Delegates from the state side met with their Canadian counterparts at St. Catherines, Ontario in August. The continued dialogue has given grape growers a real appreciation for the problems of producing grapes and international trade. Max Hood, Van Buren County Farm Bureau president [far right] has represented Michigan at the meeting for the past seven years.

CROP will hold auction in Gratiot

Gratiot County Youth Fairgrounds will be the sight of a major benefit auction for CROP (Christian Rural Overseas Program) World Hunger Appeal Oct. 18 at 10 a.m.

MFB is represented on the board of CROP by Women's Department manager Helen Atwood.

Proceeds from the auction will be used by CROP in its efforts to fight hunger in needy areas of the world.

New and used items (except clothing) in saleable condition are wanted for the auction and can be brought to the Youth Fairgrounds, south of Alma, the week of Oct. 13-18 between 10 a.m. and 10 p.m. daily.

Capitol Report

(Continued from page 4)

mean nationalization of our railroad system. He pointed to the erosion of the federal highway trust fund and that the 4¢ per gallon gas tax which is presently used for the highway interstate system may be cut by 2¢, 1¢ of which would go to the federal general fund and 1¢ returned to the state. Farm Bureau presently opposes such a raid on highway funds.

Other areas that were discussed include education, farm labor, and the answering of numerous questions from the audience.

Other speakers during the day included James C. Woodruff, Deputy Director, Public Utilities Division, Department of Commerce. He pointed out that Michigan is a have-not state and that we must import 95 percent of all gas and petroleum, and 100 percent of coal and uranium that is used. He made it clear that the energy crisis is real and time should not be wasted trying to find a conspiracy or looking for a scapegoat. He said in his opinion the attitude in Washington, D.C. is an absolute disgrace and there is not a shred of energy policy emerging from Congress. He said that there are 33 committees and 65 subcommittees holding hearings on the issue.

Dr. Jacob Hofer, Associate Experiment Station Director, MSU, spoke on "farmers, food and research." He exploded some of the myths that are being fed to the public and decried those who say that animals should be eliminated from the food chain. He pointed out that "expert advisors can be just as biased and pigheaded as anyone else." He said animals are not inefficient, but rather they harvest a great many crops in the form of roughage that the human being cannot consume. Sixty percent of US land is non-crop land. Only

animals can harvest the food that grows in the form of pasture.

He spent time discussing the affects of pesticides, fertilizer, etc. He said that agriculture cannot live with the "zero tolerance philosophy," and that we cannot continually impose new restraints on agriculture. He said part of the problem in agriculture is the declining amount of agricultural research. For example, Michigan research investment is less than 1/2 of 1 percent of the farm value of food. In 1940, 40 percent of the USDA budget was spent on research; in 1955, this had dropped and in 1975, only 3.8 percent. Research has resulted in the phenomenal production of agriculture and it is essential that it be continued and expanded.

Martin Rauscher, Manager, Human Services and Resource programs, Michigan State Chamber of Commerce, spoke on the welfare issue. He pointed out that one person in every nine now receives some type of welfare for their keep. This totals some 932,000 Michigan citizens, costing nearly \$2 billion. He pointed out that legislation is needed to remove the abuse from the welfare system and that at least \$100 million more could be saved a year. He also pointed to the fact that Michigan's welfare benefits are higher than any other state. He mentioned the petition drive of the Citizens to End Welfare Abuse Committee headed by Robert Young (R-Saginaw).

Numerous other subjects were covered during a series of short reports from various Farm Bureau staff members including M.J. Buschlen, farm labor issues; Don Armstrong, transportation issues and "price later" agreements, etc.; Al Almy, land use and federal mandated "208" studies, etc.; and Robert Smith, marketing issues, taxation, etc.

Objects to current plan

Save railroads group meets

Michigan Citizens to Save Rail Services has urged Congress to postpone abandonment of 1,100 miles of state rail lines under the massive ConRail reorganization plan until more accurate data can be assembled on actual railroad use.

Michigan Farm Bureau is a member of the citizens group with legislative counsel Al Almy appointed as MFB'S representative.

The recommended moratorium, during which 100 per cent federal subsidies should assure continued operation of imperiled rail service, was adopted at a state-wide rally of farm, business, and community leaders in Lansing.

The citizens group told Congressmen at the conference that Michigan communities face grave economic damage unless the ConRail plan is modified. The committee charged erroneous freight data was used by the U.S. Railway Association for the ConRail plan and that economic impact on jobs and industrial growth was ignored.

Congressmen Robert Traxler, Garry Brown, and Robert Carr attended the one-day "rail crisis" meeting and seven others sent aides. Traxler told the citizens committee that Congress, which must act on the ConRail plan by Nov. 9, probably will adopt the proposal but he hopes amendments will soften the effects on Michigan.

Williams Ralls, Okemos, co-chairman of the citizens group, said the adoption of more accurate accounting methods will prove many threatened lines are essential and potentially profitable. He said abandonment without re-study would be a tragic

setback to Michigan's economic recovery.

The citizens rally, attended by 175 local community leaders, also urged continuation of a modified federal subsidy program for up to two years after the rail line re-evaluation is completed.



cooperatives--
pioneers in serving america

Supply



Report

By Greg Sheffield, Marketing Manager FBS

PATRONAGE — There's good news from Farm Bureau Services for farmers doing business with their local supply co-ops. Farm Bureau Services has paid a total patronage refund for the last fiscal year ending in June of \$1,951,765. This refund, tangible proof of service to farmer patrons, goes directly to the local supply co-ops and to farmers serviced by FBS Branches. Allocated credits of \$1,561,412. and cash refunds of \$390,353. are the results of farmer purchases, use of the Michigan Elevator Exchange and egg, fowl and pullet marketing services. The total volume was \$211,622,832.

FERTILIZERS — Now that the facts are known, we've confirmed that farmers used less fertilizer during the last spring season. Export business for fertilizers at high prices by non-cooperative fertilizer manufacturers has fallen off, and manufacturer's inventories have been increasing. Fertilizer, phosphate and nitrogen prices have decreased somewhat since the last report. Farm Bureau Services is working with dealers to make sure they can be competitively priced and to enable them to serve farmers during these changing events.

If natural gas is decontrolled or becomes short, then nitrogen prices, dependent on natural gas, will move up. There's a strong likelihood this could happen according to present information.

CHEMICALS — Farm Bureau Services has developed a strong position with chemical manufacturers and is confident that its dealers will be well supplied with the chemicals they need. This is the time of year that

chemical suppliers make presentations and outline their proposed systems and pricing structure. Farm Bureau Services will be negotiating with these suppliers to make sure their farmer patrons have the latest and most efficient chemicals and sound pricing through their dealers.

HARDWARE — Building supplies are readily available and structures are being built in increased numbers. Farm Bureau Services Building Centers are ready to give good prices and engineering and building help to farmers for all types of buildings. Farm Bureau buildings have "diaphragm strength" built into the construction and have been highly evaluated at Michigan State University. Farmers needing building supplies, or who have an interest in a building, should look for special prices now and through the end of the year. The quality, in terms of durability and convenience, are unsurpassed at Farm Bureau Building Centers since they are using the latest engineering practices and highest quality materials.

Water conditioners, in a new special program, are now available from participating Farm Bureau Services dealers. CO-OP automatic water conditioners are available at \$299. The regular price was \$399. These water conditioners have unusual efficiency and durability. One feature, showing their quality, is that the warranty on these CO-OP automatic water conditioners extends even to later owners.

Paints, for both indoor and outdoor use, are available at Farm Bureau dealers with excellent buys for

farmers. Should there be dry weather during October, outside painting chores will encourage the usual fall run on paint supplies.

FEEDS — At present, we have a more than adequate supply of feed grains, both for domestic use and export. In spite of rains, which have caused much difficulty, adequate supplies should remain if we are able to get the crop harvested. In the meantime, manufacturing of feeds at the Battle Creek Feed Plant is continuing at excellent levels of production.

LSA, the new liquid silage additive, has been receiving great farmer acceptance. In addition, LPS, liquid protein supplement, is now more popular than ever and readily available for farmer patron use.

FUEL AND TIRES — Farmers Petroleum has been delivering more fuel with an increase of 7.4%. Custom diesel showed the highest increase with demands up 14.4%. Fuel supplies are still adequate. Farmer sales at tanks and pumps were slower over the past several months. This is attributed to strong farmer interest last year in providing additional storage for themselves to protect against fuel shortages.

Snow tires are in good supply and should be ordered now. Farmers Petroleum made sure of their supplies even though temporary supply problems have started to crop up in various passenger tire lines as a result of production adjustments. A few large sized farm tires are still short and on allocation.

WHERE can you go FOR a new BUILDING?



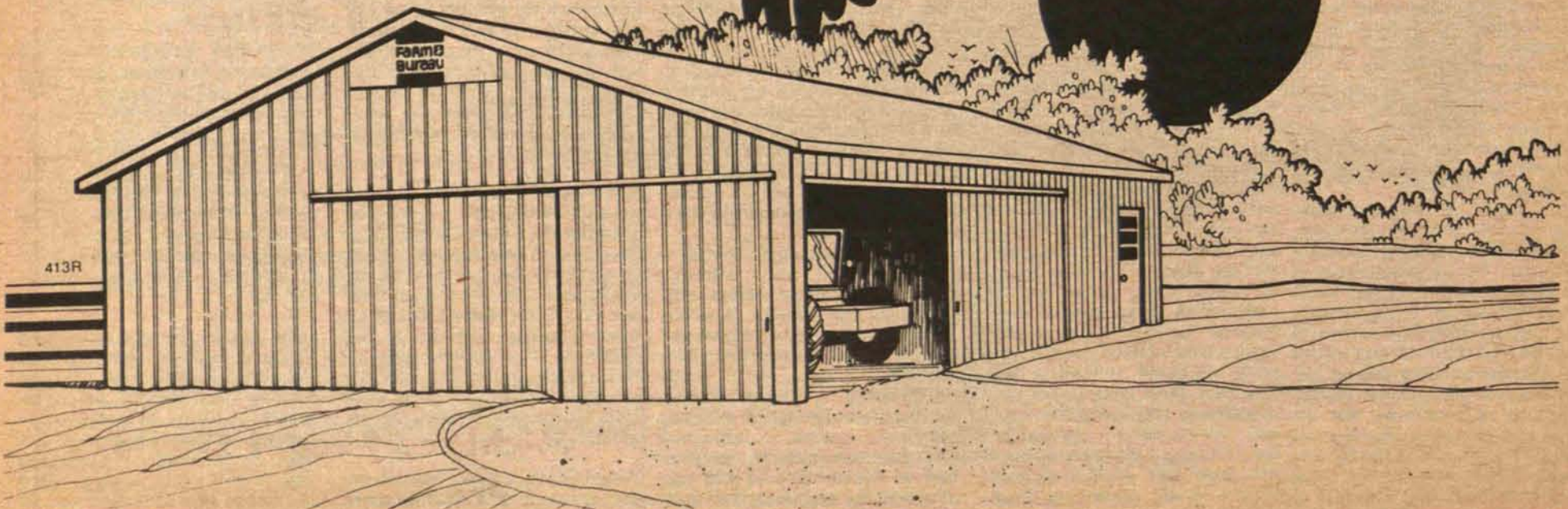
Farm Bureau Services, with building centers throughout this state, can make your new building a reality. With the help of our staff agricultural engineer, we'll assist you with initial planning and design, and pledge quality workmanship. Our completely-trained crews can erect attractive, finished structures, featuring Diaphragm panel construction, on your site. And, for those who prefer, our building centers are stocked for do-it-yourself work. As a cooperative, with skilled purchasing people, Farm Bureau is able to provide the building services you need.

We build two basic types of structures: 1) timber-frame buildings with either steel or aluminum siding and roofing, and 2) all-steel buildings, including the Quonset line. All structures can be customized to fit your specific need, whether it be a horse barn, milking parlor, machinery storage, fruit storage or utility building. The versatility, durability and economy of Farm Bureau Services' buildings make them ideal for many commercial uses, too.

The Farm Bureau people, backed by over 20 years of experience, are ready to go to work for you. So see your local Farm Bureau Services building representative today. For an informative brochure on Farm Bureau Services and Farmers Petroleum, write: Farm Bureau Services/Farmers Petroleum, Marketing Services Division, Box 960, Lansing, MI 48904.



**ASK THE
FARM BUREAU
PEOPLE**



Michigan Marketing Outlook

SOYBEANS

The extremely heavy rains of recent days has slowed soybean maturation. However, soybeans are still reported to be in mostly good condition, plus the moisture is helping pods to fill. Harvest time weather will be the next issue of uncertainty.

U.S.D.A. September estimates place this year's production at 1.4 billion bushels, down one percent from August, but 17 percent above last year. While not all experts will agree with these estimates of crop size, all will agree that domestic supplies will be adequate. Despite the fact that crushings and exports of soybeans is likely to be higher than 1974 levels, larger carry-over stocks are expected to result from the increased production and harvest.

The U.S. is also receiving increased competition from Brazilian bean production. Brazil has increased subsidy payments to oil exporters. At the same time, 1976 soybean acreage is up once again. Thus, with Brazil's increasing ability to produce quality beans, increased domestic carry-over stocks, and reduced feed demand at the present time, soybean prices are not likely to increase dramatically unless some uncertain factor such as the weather alters existing supply prospects or export demand rises.

With these prospects facing soybean producers, knowing cost of production and what level of profit is acceptable can be very important. Growers must decide what price they can be happy with and watch the market closely to decide when to sell. Since strong price recovery is unlikely in the coming year, growers should rely on market spurts or rallies to sell the majority of their crop. This is why it is so important that growers know their cost statistics. When that favorable price arrives, he can be ready to take full advantage of it.

Paul Kindinger, Director
Market Development Division

WHEAT

Record crops are virtually a certainty in the U.S. and Canada. The Canadian crop is estimated at 595 million bushels compared to last year's crop of 489 million bushels. U.S.D.A. September crop predictions for wheat were unchanged at 2.1 billion bushels. Expected carry-over is still pegged above both 1973 and 1974 levels.

The Canadian crop report, along with continued disturbances at gulf port shipping points and the government's extension of a moratorium on U.S. grain sales to Russia, led to some softening of wheat prices. However, prices should strengthen after making some adjustments for these factors. Export demand will be the key. Recent downward revisions of wheat production in the U.S.S.R. and other producing areas are definite demand factors in our favor. Russia has already expressed further interest in grain purchases from the U.S. Reportedly the Soviets prefer U.S. grain because of its superior quality, but look for prices to recover in the future. Holding grain, if possible, may well pay until soft prices firm up in days to come. U.S. officials are presently in the Soviet Union trying to gain some longer-term commitments from the Russians—exchanging their oil for our wheat.

Paul Kindinger, Director
Market Development Division

CORN

Weather is again playing a dominant role in the 1975/76 crop situation. Much of Michigan's farmlands have been deluged by heavy and nearly continuous rains following the long, hot, dry spell in some areas of the state this summer. Despite the excessive moisture, corn is maturing well ahead of 1974's pace and ahead of normal. Most corn is now mature enough to escape serious damage if an early frost is experienced this year.

U.S.D.A. September crop estimates have once again reduced

the expected harvest this fall by three percent nationwide over the August projection. However, this year's crop is still pegged to be one of the largest in history and is 22 percent above 1974.

Export demand for corn in recent weeks has stabilized, leaving the prospects of dramatically increased carry-overs. Carry-over stocks, however, may be tempered by increased feed demand for livestock expansions. Increased feeding, however, is not likely to occur until late in the current crop marketing year.

It would appear that futures markets and larger cash markets have already adjusted price to account for the large crop predictions. Assuming export demand remains relatively strong and farmers are able to store corn if necessary, prices at the local elevator should remain in the \$2.70 to \$2.80 per bushel range. In this large crop situation, it may well pay to avoid storage costs and sell at harvest if you can live with a price of \$2.70 or up. Should price decline significantly prior to harvest, it might be worthwhile to hold for a short time until prices recover. Upward price movements in the near future are heavily dependent upon increased export demand at this time.

Paul Kindinger, Director
Market Development Division

DAIRY

Consumption of Class I products in total continues to slide. Off approximately ten million pounds from August of last year. Whole milk suffered the largest decrease from 138 million pounds to 124 million pounds—a loss of over 14 million pounds. Comparing August of 1975 to July of 1975, consumption was up approximately two million pounds. In the category of Class I products, low fat enjoyed the biggest gain with an increase in consumption of approximately six million pounds. Other items also

showed some adjustment but not accounting for total poundage of the two items mentioned. As of this writing, there appears to be some strength in the market due to the increase in demand for cheese. Also, as would be expected this time of year with schools back in session, an increased demand for whole milk should take place in the very near future.

As of this writing, the feed situation in total can best be described as uncertain. From the road, tonnage of corn for silage looks good, but there are some indications that grain may not be there. With the rain pattern this summer the supply has increased, although there have been problems in getting quality hay out of the field. Market price for cull cows is down from September of last year, but culling is still a recommended practice to consider.

Ron Nelson, Marketing
Specialist
Market Development Division

DRY BEANS

As of this writing, there is much talk and, in fact, much written about the current dry bean situation in Michigan. However, very little is actually known and will not be known until the majority of the beans are harvested. Obviously there is some damage, varying from light to severe—depending on the area of the state. Production estimates are down significantly from last estimate. At the present time, it appears that quality beans will be difficult to find this year.

In summary, weather is the key factor. Beans will not improve in quality and can only deteriorate with adverse weather conditions. Soil in many areas is already saturated, and even light rains cause serious problems.

Ron Nelson, Marketing
Specialist
Market Development Division

HOGS

The current reduction in slaughter numbers of 25 percent plus has forced butcher prices over the \$60 mark. Continued short supply should hold prices at the present level through 1975. Any substantial expansion where a significant number of gilt are held back for breeding could push prices even higher.

The demand for feeder pigs has moved forty-pound pig prices to near the \$60 level. A three to five dollar decline in the butcher price will place extreme pressure on pig prices.

If the trend on butchers is somewhat steady, look for pig prices to stabilize in the mid-fifties.

CATTLE

Steady to strong fat cattle prices during September have started a trend which could hold through the fall. Choice beef is still in relatively short supply.

Placement of cattle on feed was up 4 percent for the month of August compared to last year. Feeder cattle prices have strengthened with higher butcher prices and steady to weaker feed prices. The trend should change when large calf movement gets rolling in October.

Bill Haas, Manager
MACMA Livestock Division

FRUIT

Plum crop is larger than recent years. Michigan Plum Growers and plum processors have been working together to persuade the U.S.D.A. to make a School Lunch Purchase. Grower price for stanley plums is 4¢ per pound.

Pear crop was larger than usual. Price to growers was down to 4½¢ per pound. Michigan has only two processors. One is talking about discontinuing operations.

Peach crop has moved well this year. Fresh market responded to meet the exceptional home canning demand. Processors didn't get enough peaches for their demand requirements.

Grape harvest is now in full swing. Prices to growers below last year. U.S.D.A. crop estimate is too optimistic. Actual crop will likely be 20 to 25% below estimate. A grape grower cooperative has been formed to help market its members grapes.

Tart cherry harvest produced a crop 30% below estimate. 15% set aside will be made available to market at a price to be determined by the C.A.B. Cherry market shows some price improvement but may not react greatly until about the 1st of the year.

A larger apple crop this year has given the Michigan Processing Apple Marketing Committee a challenge to negotiate a price that will be profitable (or minimize losses) to growers for their processing apples. Apple growers are accredited and operating under P.A. 344. Prices should be established by the beginning of the marketing period on September 20.

Harry Foster
MACMA

In Kent County

New egg center opens

Farm Bureau Services' unique Egg Distribution and Product Research Center in Cascade Township near Grand Rapids was open to press and public for the first time since it became fully operational earlier in the year.

Some 400 people attended, including many County Farm Bureau Presidents, egg producers, Michigan food distributors and area news media representatives.

The facility is only the second of its type in the U.S. (another is

located near San Francisco), and is probably the first plant approved by the U.S.D.A. for the processing of fresh, hard cooked eggs. There is a U.S.D.A. inspector at the plant all the time.

Under the new egg marketing system, eggs are sorted, processed and packaged on the farm, with the distribution center acting as an assembly and shipping point. This unique system makes better use of producers' managements skills and investments, and moves

distribution closer to the point of production for the most efficient service to the consuming public.

Besides distributing fresh shell eggs and whole, hard cooked eggs, the center also processes Country Queen[™] hard cooked chopped, frozen eggs. Three years in development, the frozen egg processing facilities are the first of their kind. While the quick-frozen eggs can remain in their frozen condition indefinitely, they are as fresh as homemade after thawing. Patents are pending on much of the custom-made equipment used in the frozen egg processing. The product has been promoted and sold to the institutional market for six months, where it has gained wide approval. The research department at the center is currently working on still more new ideas for egg products, to open new markets for Michigan eggs.

Egg Marketing Division distributes shell eggs all over Michigan, and egg products are further distributed to Indiana, Ohio and part of Illinois and New York. The center has the capacity for processing some 30,000 lbs. of egg products per week, and distributing capacity for 450,000 dozen shell eggs per week.

The \$325,000 building was constructed in the latter part of 1974 to replace an egg processing center in Jenison that burned to the ground the previous Christmas eve.



Jerry Craner, Manager of Egg Products Department of Farm Bureau Services, Inc., listens to Donn Newhouse, Product Manager of Egg Products Department, explain automated egg peeler to Dr. Paul Kindinger, Director of the Michigan Farm Bureau Market Development Division. The occasion was the Open House of the new Distribution and Research Center near Grand Rapids.

Northern Michigan Cooperative

Feeder Sales 1975

10,900 Head

These are all native cattle sired by registered bulls and out of predominately beef type cows. All sales guarantee heifer calves open and male calves properly castrated. All calves dehorned

Oct. 6 Paulding	1250 yearlings and calves
Oct. 7 Rapid River	1350 yearlings and calves
Oct. 9 Gaylord	4000 yearlings and calves
Oct. 14 Alpena	1200 yearlings and calves
Oct. 15 West Branch	2000 yearlings and calves
Oct. 17 Baldwin	1100 yearlings and calves

All sales start at 12:00 Noon

Cattle are graded U.S.D.A. Standards and will be sold in lots of uniform grade, weight, sex and breed.

Brochure available with description of cattle in each sale.

Michigan Feeder Cattle Producers Council

Posen, Michigan 49776

Why cooperatives?



A cooperative is a business. The principles of cooperation, which give basic direction to a cooperative enterprise, are designed to maximize the economic return of those who patronize the cooperative.

There are three distinct principles of cooperation: democratic control, limited returns on invested capital, and operation on a cost-of-doing-business basis.

Democratic control means that final authority to control the affairs of the cooperative rests with the members who use it. This statement seems simple enough but as will be shown later, democracy can mean different things to different people.

People who invest in a cooperative are almost universally limited to a rate of return on that investment of 8% or less per year. This discourages investment by speculators who would be more interested in returns on and growth of their investment than in greater savings or refunds to patrons.

Cooperatives operate at cost. They enter into legally binding obligations to return all income in excess of expenses to members, in proportion to the amount of business that the member does with his cooperative.

When these principles are put into practice the result is a unique form of business arrangement. The management of the usual investor-owned for-profit corporation is caught between two strong and conflicting forces. The investors-owners, who pay management's salary, are primarily interested in getting the biggest possible return on their investment. This is accomplished by providing the least service at the highest possible price. On the other hand the customers are seeking the most service at the lowest possible price.

In a cooperative, there is not this tug-of-war because the owners and the customers are one and the same. The owner-customers decide what services they want. Management provides those services at the lowest possible cost and the difference between that cost and the price charged by for-profit businesses for the same service is money in the pocket of the farmers, not some outside investor.

Cooperatives seek to operate in a manner that will yield no profit to the cooperative but rather a profit to their members and other patrons from the service the cooperative performs. The benefits of cooperation are derived from patronage (doing business with the cooperative) not primarily from the earnings of invested funds. This concerted effort to discourage outside investment presents a problem—where will a cooperative turn for the investment capital it needs to operate? While some funds can be borrowed, a substantial amount of the needed funds must be secured from investments by the patrons.

Cooperatives usually obtain investment money, called equity capital, in two ways. One, they sell membership certificates and other forms of financial paper. This paper usually carries only limited voting rights or none at all, it does not depreciate in value as all earnings are returned to the patrons, and it usually earns a low rate of return.

The second way commonly used to raise the necessary equity is that when the end of the fiscal year arrives and the cooperative is ready to distribute its earnings to its patrons, it retains some of the earnings and issues the patrons a certificate of allocation. This certificate is a promise to pay the money to the patron at some time in the future.

As far as economic theory is concerned, the above is about all there is to a farmer cooperative. But one has to deal with people and with government. So let's explore the status of farmer cooperatives in the "real world." In doing so we'll concentrate on two areas of great concern to cooperatives today: antitrust and federal income taxation.

In both of the above areas farmer cooperatives have enjoyed longstanding, although limited, exemptions from the burdens government has placed on most other businesses. A coalition of forces is attacking these limited exemptions. This coalition consists of businessmen who compete with cooperatives and bureaucrats who, as a matter of course, oppose any limitation on their power to control the economy. They are being aided by some consumer groups whom they have convinced that cooperatives are at least partially responsible for raising retail food costs.

The threat of these governmentally granted privileges is growing for two reasons. First, America has been changing. America has been urbanizing. Farmers and rural residents, who once dominated America and its political processes, now represent less than 5 percent of the nation's population -- less than 10 million rural residents pitted in a "majority rules" democracy against 195 million non-rural citizens.

Second, the questionable business practices of one or more large dairy cooperatives has severely tarnished the public reputation of all farmer cooperatives. Farmer cooperatives have lost their image as the little guys in white hats waging a seemingly impossible battle to protect the farmer from the rubber barons of agribusiness. To many folks, farmer cooperatives are no longer part of the solution, they are now part of the problem.

The federal government took its first big step toward regulation of the business community with the passage of the Sherman Antitrust Act in 1890. This Act was supported by agriculture for two reasons. One, farmers were told the Act would bust the giant trusts that were stifling competition in the goods and services farmers needed. Second,

farmers were told that cooperative associations would not be prosecuted under the Act. In the years that followed, the trusts could afford to hire sufficient legal talent to avoid the Act, but cooperatives could not and cooperatives were among the little guys who wound up being prosecuted.

In 1914 the Sherman Act was amended by the Clayton Act to remedy the weaknesses and abuses of the Sherman Act. This Act contained an affirmative declaration that: "Nothing contained in the anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural or horticultural associations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organization, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws."

The law included a positive statement that farmer cooperatives were not illegal. However, the language that this exemption applied only to associations severely limited its applicability.

All marketing cooperatives were given a limited antitrust exemption with the passage of the Capper-Volstead Act in 1922. But, that exemption is limited. The first section of the Capper-Volstead Act sanctions only three specified activities: farmers may form cooperatives to prepare for market and to market agricultural products; cooperatives may have marketing agencies in common; and cooperatives and their members may make the necessary contracts to accomplish the first two permissible activities.

Furthermore, Section 1 of the Act places certain restrictions on the association of farmers who may qualify for these limited rights. First, the association must either follow the one-man one-vote principle of limit returns on investment to 8 percent; and second, the association must do a majority of its business with its members.

And, Section 2 of Capper-Volstead empowers the Secretary of Agriculture to take action against cooperatives which unduly enhance prices.

Although the powers granted farmers and their cooperatives under Capper-Volstead are limited, they are nonetheless substantial. There are some things cooperatives can do and some things they had better not do under the antitrust laws.

The "can dos" are:

1. Producers can organize together into a cooperative association and set policy.
2. The Cooperative association may handle, process, prepare for market (including and/or limited to bargaining) all of the products of its members.
3. The cooperative association can set prices for its products.
4. The cooperative association can have a complete monopoly; that is, it may have 100% of the market of its products.
5. Cooperative associations may have marketing agencies in common.
6. The cooperative association and its members may make all necessary contracts and agreements to effect all lawful purposes.
7. The cooperative association may deal in (market, etc.) the products of non-members provided such business does not exceed the value of products handled by it for members.

The "better-nots" are:

1. The cooperative association better not conspire with non-cooperative associations to fix prices.
2. The cooperative association better not engage in predatory trade practices.
3. The cooperative association better not coerce or compel customers or others to deal with it on an exclusive basis.
4. The cooperative association better not coerce or compel other cooperative associations to merge into its association.
5. The cooperative association, through its monopoly power, better not unduly enhance prices.
6. The cooperative association better not admit non-producers as members.

The second area of concern to farmer cooperatives is the

special tax treatment afforded cooperatives under the Internal Revenue Code.

The net earnings of most corporations are taxed twice. When these earnings are accumulated by the business they are subject to the corporate income tax. When the amount left after the corporate tax has been paid is distributed to the stockholders as dividends, those dividends are taxed as personal income to the stockholders.

Since the 1962 amendments to the Internal Revenue Code, all net earnings of cooperatives have been subjected to a single tax either at the cooperative level or in the hands of the patrons. This is true whether the payment is made in cash or in some form of paper allocation.

This single tax treatment permits any business operating on a cooperative basis to deduct from their gross income for tax purposes not only all expenses allowed other business entities but also the refunds they pay to these patrons.

Another provision of the Internal Revenue Code allows a farmers' association operating on a cooperative basis to deduct all of the above plus dividends it pays on capital investments. However, a cooperative must meet a number of tests which have been so narrowly construed as to render compliance virtually impossible for all but the smallest local association.

There is nothing unique about the fact that cooperatives and IRS don't see eye to eye on all tax questions. What is unique is that while in most instances IRS quarrels with the taxpayer over the amount of tax due, it is constantly quarreling with cooperatives over the internal structure of their business operations. An example of the current problems in this area centers around the method of voting by some cooperatives.

The problem centers around a differing interpretation of the meaning of "democracy." IRS recently took the position that an association of farmers is only democratically controlled, and therefore only operating on a cooperative basis if each member has one vote and only one vote.

While a majority of farmer cooperatives do have one-man one-vote, cooperatives in some states use a system of weighted voting. Under this concept each member has at least one vote and one or more additional votes if he does a substantial volume of business and the cooperative.

Although a cooperative is not defined in the Internal Revenue Code, it is defined in numerous federal statutes as it is in Capper-Volstead: i.e., an association of farmers with one-man one-vote or a limit of 8% or less return on capital investment, or both. These facts lead many to the conclusion that legally, as well as morally, cooperatives are entitled to use weighted voting unless their state law require one-man one-vote.

The potential for conflicts between IRS and cooperatives over the meaning of "doing business on a cooperative basis" is limitless. Since the single tax treatment of cooperatives is a key element to their continued vitality and future growth, the resolution of these conflicts will have a substantial impact on the future structure of cooperatives.

The fact that cooperatives have been enjoying a certain degree of success has caused them to appear on the horizon as a threat to their competitors. There can be no doubt that as long as farmer cooperatives did not progress past the local level, where they were a gathering point for the collection of fruits and grain and the distribution of feed and fertilizer, they were serving a vital role in the proprietary agribusiness. Now that cooperative management is becoming more sophisticated and knowledgeable and more conscious of the profit centers of agribusiness operations, people in Congress and federal agencies are being urged to investigate cooperatives.

It is important that all farmers recognize the existence of the anticoperative sentiment and the threat it poses to the future viability of farmer cooperatives. It is equally important that they learn as much as they can about cooperatives, that they be forceful in their defense of the cooperative concept, and that they are equally forceful in their criticism of those within the cooperative movement who abuse the privileges granted cooperatives.

(NOTE: This article is based on remarks by Donald A. Frederick, Assistant General Counsel of the National Council of Farmer Cooperatives.)

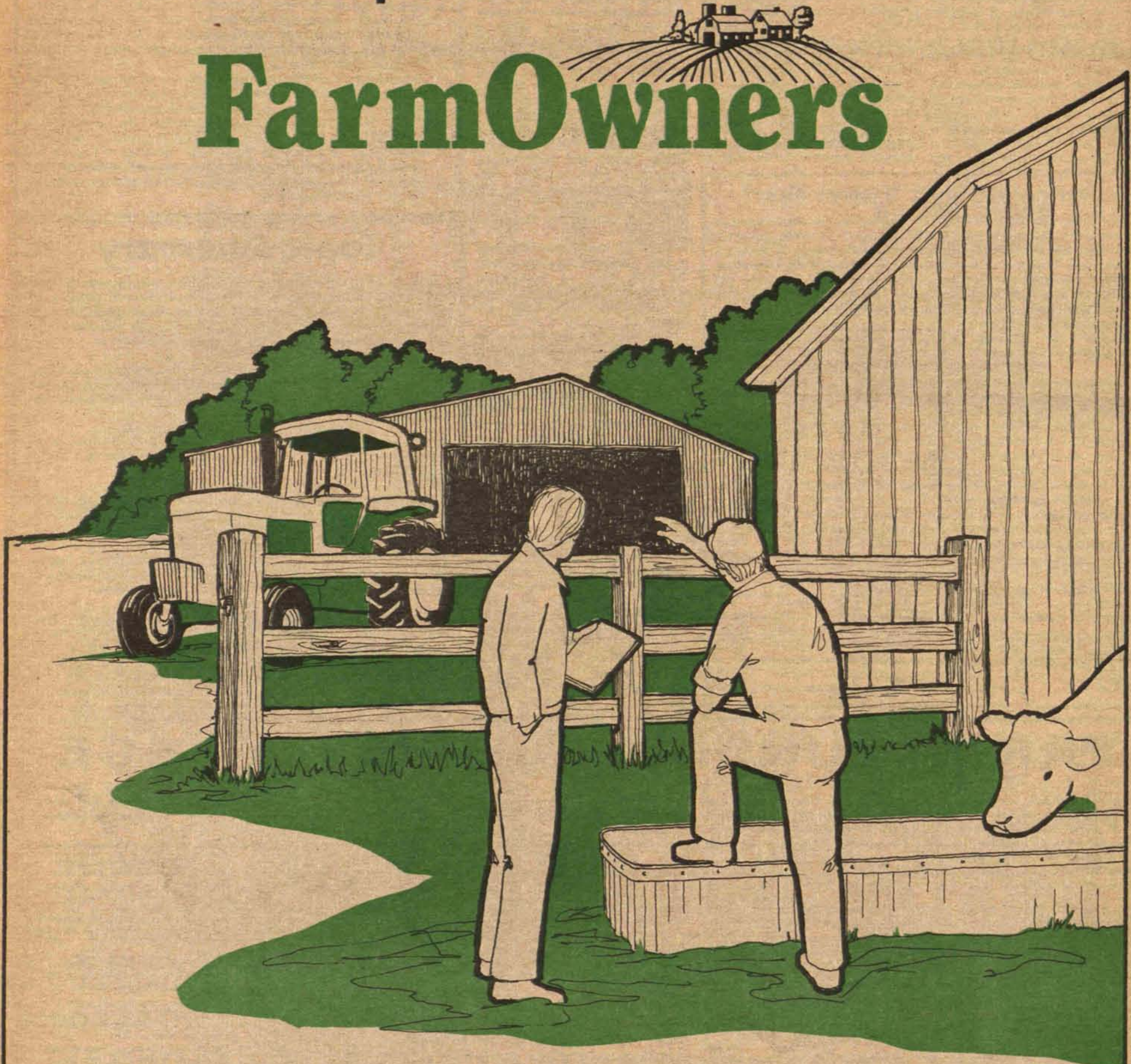
DISCUSSION TOPIC

by KEN WILES

Manager Member Relations

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