

Walter Frahm

# Top dairyman



Walter Frahm [right] At Large Director on MFB's Board, was awarded "Dairyman of the Year" honors during M.S.U.'s Farmers' Week.

Michigan Farm Bureau At Large Director Walter E. Frahm of Frankenmuth has been named Michigan State University's 1975 Dairyman of the Year.

Frahm, 12850 Bradley Road, was awarded the honor during MSU's Dairy Breeds and Awards luncheon at Kellogg Center Monday noon. The annual presentation is part of MSU's Farmers' Week, March 17-21.

"This award is in recognition of Walter's successful dairy operation, his leadership in Michigan's dairy industry and contribution to the dairy science department," says Dr. Charles Lassiter, department chairman.

Frahm has farmed continuously since graduation from Arthur Hill High School in 1945 and a two-year MSU short course.

He and his brother, Ralph, jointly own a 500-acre dairy operation that supports 60 animals having a rolling herd average of 12,101 pounds of milk and 552 pounds of butterfat annually, a level maintained the past 13 years. The herd has been on the Dairy Herd Improvement Association (DHIA) test program since 1954.

Frahm has been the Frankenmuth School Board president many years and has served as Deacon and Elder of the Saginaw Warren Avenue Presbyterian Church.

He has been secretary-treasurer of Saginaw County DHIA 10 years. He was secretary of the Saginaw Valley Guernsey Breeders' Association and president and secretary of Michigan Guernsey Breeders' Association.

He has been a member of Farm Bureau since 1948 and has served as a director of the Michigan Farm Bureau, Farm Bureau Services, Farm Bureau Insurance and the Michigan Agriculture Cooperative Marketing Association.

Frahm and his wife, Sally, have five children: Susan, Walter, Barbara, Charles and Thomas.

## Mrs. Jackson gets honor

Michigan Farm Bureau Woman's Committee Vice Chairman Claudine Jackson has been named a runnerup finalist in a Chevron Chemical Company Farm Chemicals Magazine sponsored "Spokesman of the Year" contest.

The annual event is conducted to honor those taking positive action in behalf of agriculture. This year's contest drew a record number of entries.

Judging was based on three factors: 1.) the number of events participated in by the entrant; 2.) the variety of media, and 3.) the message or program.

# Two members to Ag board

Two Michigan Farm Bureau Members have been nominated by Governor William G. Milliken to be members of the state's Agricultural Marketing and Bargaining Board.

Renamed to the board was Mrs. Clara McManus, Traverse City, owner and operator of a 285 acre farm, 150 acres of which are in fruit. She serves on the bipartisan board as a Democrat member and was first appointed to the board in 1973. Her reappointment is for a term expiring September 1, 1978. She is a member of the Northwest Michigan Farm Bureau.

Frank Smith, Jr., Carleton, Monroe County, was appointed for a term expiring September 1, 1978. Smith, in partnership with his two brothers, has approximately 900 acres of vegetable and field crops. They also have three acres of greenhouses for the production of vegetables and flowering plants. Smith is a former Monroe County President and MFB Board Member. Currently he is president of the Michigan Vegetable Council.

Smith's appointment and McManus' reappointment are subject to State Senate confirmation.



Mrs. Clara McManus and Frank Smith Jr.

# MACMA annual held in Grand Rapids

Michigan Agricultural Cooperative Marketing Association (MACMA), an MFB affiliate company, has completed one of its best years President Elton R. Smith said at MACMA's 14th Annual Meeting Feb. 21 in Grand Rapids.

"We had a net gain of nearly seven per cent in members and experienced our third consecutive year with a positive net margin," Smith told the assembled members.

Although no new divisions were added to the current 13, President Smith noted that MACMA is the largest marketing organization within the AFBF affiliated American Agricultural Marketing Association and one of the major marketing-bargaining groups in the country.

General Manager Noel Stuckman noted in his management report that a major success in 1974 was the accreditation of four marketing units under provisions of the Michigan Agricultural Marketing and Bargaining Act of 1972 (PA 344). Asparagus, cabbage for kraut, potatoes for freezing and tart cherries were approved for bargaining under PA 344.

Although PA 344 has been under fire by processors with the Marketing Board and MACMA currently involved in a suit filed by Michigan Cannery and Freezers Association and others MACMA attorney Jim White was positive of the outcome.

"There is no question in my mind that we will ultimately prevail in this issue," White told the MACMA members in an address delivered at the convention.

## Reward program

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Contact your County Secretary

PRESIDENT'S

COLUMN



S372, S373

# Let's get it straight

I was pleased to see nearly 500 farmers turn out for the Senate Taxation Committee Hearing on Senate Bills 372 and 373. These are the bills that if passed would subject farmers to considerable increased taxes by removing most of the present sales tax exemptions on farm production inputs. This means that all machinery, equipment, bailer twines, sprays, chemicals and numerous other supplies that are now nontaxable would become taxable.

In my testimony prepared for the hearing, I pointed out that the exemptions left would be minor as they would only apply to seeds, feeds and fertilizer. As a matter of fact, many farmers do not plant seeds, they plant trees, bushes, seedlings, vines, plants, etc. which apparently would be taxed. In addition, we were absolutely amazed to note that the bills as they now read, in my opinion, would make breeding livestock and livestock or poultry, or horticulture products purchased for future growth taxable. Bob Smith, our Legislative Counsel, discussed this briefly with the Treasury Department and they were unable to give a definite interpretation. This means that the livestock industry could be especially hard hit.

I was also interested in watching the conduct of the hearing. As it turned out, not many farmers had an opportunity to speak after coming to Lansing at their own time and expense as some legislators took up part of the time. However, I was pleased that such a large number turned out for this hearing, plus the fact that some farmers close to Lansing went to the effort to bring in several pieces of farm machinery and placed signs on them to indicate what the sales tax would amount to, in addition to the high price that machinery now costs. Some of the farmers told me that passers-by were amazed at the size of the equipment now used on Michigan farms and its prices.

Senator Bowman and his committee obviously "got the message" as to how farmers feel on this unreasonable effort to tax production, machinery and supplies. Senator Bowman tried to placate the crowd by telling them several times that Senate bills 372 and 373 were only "vehicle bills" and that they were only needed to "tighten up" and "clarify" some of the sales tax laws. The farmers did not buy that as the bills are very clear as to their meaning. They simply mean large increases in the cost of agriculture production. Farmers would become caught in a "double tax whammy." First if the bills pass and reimpose sales taxes on industry that make the supplies that we buy, those taxes would obviously pass on to the farmers in the form of higher

prices. Secondly, the additional four percent sales tax that farmers would be required to pay could not be passed on as farmers, unlike industry or merchants, are not able to increase the prices they receive in order to pass on such increased costs to the consumer. It then, in effect, becomes an additional tax on the farm family income.

My prepared testimony gave an actual example of a farm family that had a net family income last year of \$10,000. Had these bills been in effect their costs would have gone up \$729.00 which translates into more than seven percent of their family income! In looking at other examples, I find that this could range from over three percent to ten percent or more depending on the type of agriculture and the individual situation. I also find that according to the most recent issue of Economic Indicators, a US publication prepared by the Council of Economic Advisors, that the 1975 adjusted parity ratio has skidded to 70. This is the percentage ratio of index prices received by farmers to the index of prices paid. Impossible as it may seem, this is the lowest it has been since 1933! 42 years ago!

I want to personally thank all the Farm Bureau members who took time to come to Lansing on March 24 and appear at the hearing, and also to thank the thousands of Farm Bureau members who have written to their state senator and to Senator Bowman, Chairman of the Senate Taxation Committee. I also was pleased to see how well Farm Bureau's "telephone grid" worked when it was put into effect three weeks previous to the hearing. We know that most senators received many letters from Farm Bureau members. However, there are indications that in a few counties, county legislative committees, and minutemen did not follow through as far as possible. Let's make sure that our communication system works in the future because this is a continuing effort.

Let's not be lulled into complacency by being told that such legislation as S372 and S373 are "only vehicle bills," and "not to worry" as they are only trying to "clarify" present statutes. These bills were introduced for one purpose and only one purpose and that is to impose the sales tax on nearly everything that farmers buy to produce food in order to pick up an estimated \$15 million in state taxes.

Admittedly, Michigan has the best sales tax exemption in the nation. Farm Bureau fought the original battle way back in the 1930's. We have fought several times through the years to keep it. It is obvious we must fight again—NOW!

## MICHIGAN FARM NEWS

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**Farm Bureau**

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## DONNA The news media

For the past several weeks, I have listened to condemnation of the public press by Farm Bureau people. This concerns me. Until a short time ago, I was a member of the public press -- and proud to be a part of this vital industry. Now, I am equally proud to be a part of the Michigan Farm Bureau.

Although my position has changed -- one thing has not. I am still a journalist. The basic difference is that now the Farm Bureau policy book is my guide instead of just my own personal convictions. Thankfully, the two closely parallel.

Journalists have a common trait; they are crusaders at heart. They truly believe they can change things for the better -- and the history of our great country shows that they can. It's called the "power of the press."

There are few journalists who abuse this power. Most aim for objective reporting -- but news people are human beings and their objectivity can become clouded by the attitudes and reactions of people they encounter while searching for the truth.

No organization or segment of society can demand good publicity. It must be earned. Agriculture has earned it during recent years and has rightfully shared the public spotlight with national and world happenings. And Farm Bureau has earned its place in the sun as the respected voice of agriculture.

The results of a recent national poll on "Who do you think is to blame for higher food prices?" proves that farmers enjoy an excellent public image. Government rated the highest with 28.4%

and farmers were at the very bottom of the "blame" list with only 3.1%. If the public press had not done an admirable job of telling the story of agriculture to the general public, farmers would not be enjoying the good image they do today.

Yet more press contacts, by far, are made in the form of complaints than appreciation. When the publicity is good, we tend to sit back and take it for granted. When it's not, we make charges of bias and misinformation.

Before any of us make such charges, we'd better take a look at our own objectivity. Something we disagree with is not necessarily misinformation. And bias? We all have that.

According to Webster, bias is "a mental leaning or inclination; partiality, prejudice." What kind of organization would we be if we did not have that? Your Michigan Farm Bureau "Agriculture in Action" column, which is carried in the public press throughout the state, is about as "biased" as you can get, advocating Farm Bureau policies and philosophy which are not always in agreement with all its readers.

When we condemn the public press, when we question their right to publish what they believe is truth, we condemn an important part of our American Way of Life. For 200 years, a free people have let their voices be heard through a free press. Can any other country make that claim? The answer, of course, is "no," for an alert, articulate press is the dictator's nightmare.

It is our salvation . . .

## PA 116 getting close

Implementation of the Farm Land and Open Space Preservation Act (PA 116) is getting nearer. The House-Senate Joint Rules Committee held a hearing on March 11 and approved the rules and regulations necessary for the administration of the law. There are still two steps to be completed before applications will be available to landowners.

The regulations must be forwarded to the Governor by March 27, after which they are forwarded to the Secretary of State and then become fully in effect 15 days later. This process will be completed about the 12th of April. Application forms are at the printers and will be sent out to townships, county and city offices.

Application forms will also be available in county Farm Bureau offices and perhaps other places such as extension offices and other businesses. About 1600 farmers have already put their names on a request list. Forms will be sent directly to them. The May issue of the Michigan Farm News will contain sample copies of the ap-

plication forms along with complete information.

County Farm Bureaus throughout the state are holding numerous public meetings in order to inform as many landowners as possible of the details of the Act. Farm Bureau uses a slide presentation along with other informational material. Economists at MSU will soon publish a study of the effect that PA 116 can have on agriculture through cutting property taxes.

Eight different farms were used to create a composite picture. The results were that if the Act had been in effect for the past ten years, the overall property tax relief would have been 47 percent. The greatest relief during that period would have been for beef farmers with 83 percent tax relief and cash grain farmers with 70 percent relief.

Dairy and fruit would have been about 50 percent. In projecting the expected tax increases in the next several years, the study estimates that the tax relief would be at least 56 percent by 1984.



Four MFB representatives attended an AFBF sponsored conference on land use planning recently in Washington, D. C. Wyoming Senator Clifford Hansen told the meeting the basic issue with Federal land use planning is "private ownership of property versus public ownership." Shown with AFBF President William J. Kuhfuss are from left, Al Almy, legislative counsel, [Kuhfuss], MFB Vice President Dean Pridgeon, at large Board Member James Sayre and Administrative Director Robert Braden.

# Young Farmers' leaders meet



Young Farmer Committee Chairman Gary Nye welcomed those attending the Young Farmer Leaders' Conference. On the dias with Nye are [from left] Ken Cheatham, AFBF Program Development Division and MFB Young Farmer Vice Chairman Tom Atherton and his wife Lynn.

MFB President Elton R. Smith told a group of MFB Young Farmers that farmers need to be organized today more than any time in our history. Speaking at the 1975 Young Farmers Leaders' Conference President Smith emphasized the need for the involvement of members and the constant flow of new ideas in a growing organization.

like you are a part of it," President Smith told the Young Farmers.

The conference brought together scores of Young Farmers in February to discuss and study concepts of leadership.

Gathering in Lansing from all regions of the state, the Young Farmers attended seminars on Effective Communication, Farm Bureau Today, Young Farmers in Action and Member to Member Sales and Member to Consumer Education.

"I view the future of agriculture with confidence because people



Leadership classes received an enthusiastic response at the Young Farmers Leaders' Conference.

## In membership

# Top workers get awards

As part of this years membership drive the Farm Bureau affiliate companies sponsored an awards program to recognize outstanding membership workers. To receive an award a recipient had to be from a 1975 Goal County and do an outstanding job in membership work.

Counties with 801-1300 members - Marvin Wade, Branch; Don Gregory, Northwest Michigan; Adrian Hammerle, Oceana; Leona Kasbin, Northwest Michigan.

Counties with 1301 and over members - Max Hood, Van Buren; Les Dowd, Van Buren; Allen Prillwitz, Berrien; Mervin Knoll, Tuscola and Wesley Prillwitz, Berrien. Affiliate Company Personnel - Norbert Forbes, Saginaw; Vince Rappette, Hiawathaland; and Stan Stempky, Cheboygan.

The awards were sponsored by Farm Bureau Insurance Group, Farm Bureau Services, Farmers Deal, Manistee; Leo Berg, Charlevoix; Paul Koviak, Agricultural Cooperative Cheboygan; Daryl Peterson, Marketing Association and Mason; Ron Wood, Mason. Michigan Farm Bureau.

### 1975 MEMBERSHIP DAILY COMPARISON SHEET

As of March 19

QUOTA:	61097	QUOTA:	60709
GOAL:	61098	GOAL:	60710

	1975	1974
Date	3-19	3-20
New	3470	3114
Renewals	56,640	56,326
Life Mbrs.	89	94
TOTAL MEMBERS	60,199	59,534
% Maint.	92.71	92.78
% Goal	98.53	98.07
NEEDED FOR GOAL:	899	1176

## Home canning

# A squeeze this year too?

by Cindy Sage

Pressured by inflation, families are struggling to cut corners in an effort to stretch household dollars. One corner being trimmed is the food budget, as thousands of Americans discover the world of home food preservation, especially canning.

George Lowery general sales manager of the Ball Jar Corporation of Muncie Indiana says his company is working overtime to increase supplies, but the demand is so heavy it is doubtful whether the industry will have sufficient stock to meet the challenge of consumers this year.

The nations' three major home canning jar producers, Lowery said, were caught flat footed because indicators of home canning demands did not show that business would double overnight.

Shortage of jars developed during the 1972 canning season as more and more Americans either planted backyard gardens or decided they could save money by purchasing and processing raw fruits and vegetables.

Jar companies have increased their production capabilities with the addition of new equipment, but now there is the problem with available raw materials.

For an example, jar manufacturers are having problems obtaining enough soda ash for glass production and steel for use in making jar caps and lids. The problem, according to Lowery, is that raw material suppliers have had to satisfy federal government pollution control regulations, and then gear their plants to satisfy glass jar company needs, and it all takes time.

Despite moves by jar companies to increase production, consumers will find supermarket shelves with allocated supplies of jars and lids. The allocation move is an effort to meet demand by spreading around the country available supplies.

Previously, canning jar sales were slow during the late fall and winter months, but with the shortage, some supermarkets report customers eager to purchase jars and lids and frequently

## FBS/FPC ads recognized for excellence

1974-75 programs by Farm Bureau Services and Farmers Petroleum to communicate product information and the cooperative message to Michigan farmers have been recognized for excellence.

In competition sponsored by the American Advertising Federation, Farm Bureau Services placed second among competitors from three states (Michigan, Illinois, Indiana) for a series of full-color advertisements promoting the value of the supply cooperative to agricultural producers. The ads appeared in all leading Michigan farm magazines. The same series placed first in local competition.

Farmers Petroleum received a second place regional award for a single ad which told of how cooperative action helped assure farmers of top fuel priority during the energy crisis.

Farm Bureau Services also won local 3rd-place awards for "Open Line" magazine and for a new feed bag design.

The material was created and produced by the Public Relations and Marketing Services Department of Farm Bureau Services / Farmers Petroleum, headed by Arlo Wasson and assisted by Greg Sheffield. They use the services of Jepson-Murray Advertising of Lansing.

asking the availability of stock in the spring.

Last year, Ball Jar Corporation manufactured between 600 and 700 million glass jars for canning purposes, and that was far from enough. As for the cost of jars, consumers can expect to pay between \$2.50 and \$2.75 for a case of 12 jars. Two years ago, the price was approximately \$2.00.

If companies can increase production volume then jar costs are expected to level off.

Currently, three major U.S. firms supply a large portion of home canning jars, and there is talk that three other firms, whose

primary business is manufacture of glass products for beverage and commercial containers, are seriously considering entering the home canning jar field.

Home canners are being warned by health and agricultural officials to be aware of the food poisoning dangers in home canning.

Deadly botulism can result from canned foods not boiled long enough or sealed properly during the canning process. The Federal Government is planning a massive nationwide information and education program to inform the public on how to safely home can.

## Institutes held throughout state



Thumb Regional Representative Ken Wimmer explains to some of over 40 Thumb Region members and MFB staff, the purpose of a Regional Institute. In February and March Institutes were held throughout the state to help County Farm Bureau leaders carry out effective, worthwhile programs and activities.

FARM BUREAU SERVICES, INC. & FARMERS PETROLEUM CO-OPERATIVE, INC.

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# CAPITOL REPORT

Robert E. Smith

## A legislative whirlwind



Already the legislative activity is rising to a whirlwind tempo. More than 1200 bills have been introduced. In addition, nearly 400 resolutions of various kinds have been introduced. A summary of some of the legislation of current interest to agriculture follows:

### SALES TAX:

Farm Bureau members throughout the state are deluging their senators with letters in opposition to S.B. 372 and S.B. 373. These bills would eliminate the sales tax exemptions on all farm inputs with the only exception being seeds, feeds, and fertilizer. This would cost Michigan farmers millions of dollars annually and would put an increased burden on the already worsening "cost-price squeeze." A large crowd of Farm Bureau members came to Lansing on March 24 to appear at a hearing held by Senator John Bowman, Chairman of the Senate Taxation Committee. Many spoke in opposition to this legislation and pointed out that farmers should not be expected to make up the loss of revenue resulting when the voters removed the sales tax from food.

### BUSINESS PRIVILEGE TAX:

H.B. 4640 recently introduced is known as the business privilege tax which in reality is a value added tax and would apply to all kinds of businesses ranging from farmers to businesses on main street, industries, insurance companies, etc., etc. The stated purpose is to restructure Michigan's business taxes in order to encourage new businesses. Eight different business taxes would be repealed. A single 2% tax would be imposed based mostly on gross income with deductions only on the cost of actual inputs, or put another way the tax base would be determined by taking the net income and adding back to it the cost of wages, taxes, depreciation, rent and interest. One hundred percent of any capital outlay would be deductible.

The bill as introduced contains a \$15,000 exemption which under a formula is wiped out as the tax base gets larger. It is difficult to explain the issue as the proposal is so broad in its implications that few analysis have been made. Farm Bureau is watching this very

closely. It appears that agriculture as a whole would be paying more taxes with the heaviest burden falling in the fruit areas due to the heavy labor cost. The taxes proposed to be repealed would not help agriculture as none of them apply to agriculture. In order to determine the impact on individual farmers, it would be necessary to figure the individual cost based on the personal income tax in comparison with the potential tax based on this new approach. However, it would be entirely possible to have a tax obligation even if no income was made during the year.

One preliminary study states flatly that the proposed business privilege tax would "result in a significant increase in taxes paid to the state by farms with a base in excess of \$15,000." The potential problems are such that agriculture should be exempted. The Michigan Farm Bureau Board will soon make a decision on an official position.

### INHERITANCE TAX:

H.B. 4239 is now under consideration by the House and is designed to raise additional moneys from inheritance in Michigan. As reported out of committee, it would for the first time in Michigan make insurance receipts taxable in excess of \$60,000. Outstate members of the Tax Committee were able to put an amendment on the bill to exempt farm property up to \$250,000. The bill is a complete rewrite of the Michigan Inheritance Tax laws. Farm Bureau will wait for additional amendments to the bill.

### AGRICULTURE BILLS:

Some action is occurring on several bills of an agriculture nature. H.B. 4223 has passed the House. This is a major revision of the law controlling highway littering from vehicles such as trucks. The bill has passed the House and provides that no vehicle can be driven on the highway unless it is constructed or loaded to prevent loss of contents on the road. Also, the vehicle whether loaded or empty "shall not have any holes or cracks through which such material can escape." On trucks with sideboards, loads could

not be within six inches of the top of the sideboards unless the load is covered with canvass or other covering. The bill also specifies methods of loading and securing "logs or tubular products." Legislators with farm constituents succeeded in amending the bill to exempt "a person operating a vehicle to transport seasonal agriculture commodities at the time of harvest and in the normal operation of the farm."

S.B. 208 and 209 are supported by Farm Bureau and would provide for the "certification of animal technicians." Passage of this legislation would make it legal for technicians graduated from Michigan State University to work with veterinarians as assistants and under supervision do certain specified veterinary work. Farm Bureau made sure that such licensing would not be required for technicians that work with MABC and DHIA. With the shortage of veterinarians specializing in large animals, the use of such trained technicians employed by a veterinarian should be helpful to agriculture in broadening the available veterinarian service.

H.B. 4129 amends the fluid milk act of 1965. It has passed the House and is now in the Senate. It brings Michigan's milk act in conformity with new federal regulations that must be followed by each state. It sets the butterfat content for milk at 3.2% and the solids, not fat, content at 8.25%. It also provides for dating of consumer cartons and other provisions for refrigeration of milk in the retail markets. While these limits are slightly lower than previous limits, passage of the bill is essential to conform to federal standards and to assure that dairy farmers can remain competitive with other states. In addition to Farm Bureau support of the legislation, it is also supported by MMPA and other milk cooperatives in the state. Farm Bureau is active on the federal level to change federal regulations to increase the amount of solids, not fat, in milk and to eliminate non-dairy additives.

H.B. 4215 has passed the House and is now in the Senate. It is a major updating of Michigan's feed law. Some papers reported this legislation as if Michigan had no

regulation of feeds. This is not true. Michigan feeds have been regulated for many years. H.B. 4215 makes Michigan law now comparable with the uniform feed law as recommended by the Association of American Feed Control officials.

S.B. 46 would amend the Michigan comminuted meat law to permit the use of soy products with poultry meat and certain sausage products. The use of such high proteins would expand the market for poultry meat. The soybean products market would also be expanded. The poultry industry and Farm Bureau has supported such legislation in previous years.

H.B. 4431 would update Michigan's fertilizer law which regulates manufacturers, distribution, sales, labeling and advertising of fertilizer and soil conditioners and also licenses manufacturers, distributors, controls and register fertilizer. This rewrite of the law bring Michigan into conformity with the recommended uniform fertilizer laws throughout the country.

S.B. 385 fee deduction has been introduced and would authorize and require the purchaser of fruits and vegetables to deduct marketing fees due the cooperative marketing association. It would also require that such fees be remitted on time. Deduction of such fees would first have to be authorized by the producer. Presently some processors refuse to deduct such fees when requested, or in some cases, do not remit the fees to the marketing cooperative thus using producers' money for a period of time without interest. This is an extremely important bill to the fruit and vegetable producers.

LITTERING: Several bills have been introduced including H.B. 4296 which would regulate the use of returnable containers and provide for certification of such containers. It would ban the use of some metal-type containers and require a 10¢ deposit on returnable containers.

At least eight other bills have been introduced on littering along the same lines; one, S.B. 215 would require a judge to order a person caught littering to engage in litter gathering along highways or other

areas. It would delete the present fine and jail.

Another, S.B. 349, would increase the litter fine from the present \$400 to \$500. S.B. 233 is identical to the House bill. S.B. 15 would ban the sale of beverages in metal containers of the "snap-type" and require a bottle deposit. Governor Milliken has taken a strong stand on littering. It is probable that the litter laws will be strengthened this year. Present litter laws are good except there is a major lack of enforcement. A deposit on returnable containers should, however, encourage picking up the roadside.

### LABOR:

There are dozens of labor bills introduced, most of which would affect farmers. For example, S.B. 185 amends the Workman's Compensation Act to reduce the number of weeks from 13 to 6 an employee must work in agriculture before being covered and removes the word "consecutive" meaning that the 6 weeks could be scattered throughout the year. This would bring many additional agricultural workers under Workman's Compensation.

S.B. 355 [H.B. 4399] is an 82 page rewrite of the entire Workman's Compensation Act. Most of the changes relating to agriculture in separate acts in both houses would be included in the total rewrite.

S.B. 177 and H.B. 4311 would bring agriculture labor under the unemployment act and require farmers to pay into the program. S.B. 186 would change the minimum wage law by making it applicable to all over 16 years of age and under 65 years of age. It would cut the present exemption from 4 down to 2 that are employed at anyone time within a calendar year. This would have a major effect on farmers hiring labor.

H.B. 4605 would require all wages earned by agriculture employees to be paid weekly with no deductions.

S.B. 174 is a perennial bill and would require farmers to put toilet facilities along with provisions for washing out in the field. This bill had public hearings last year and lacked one vote of coming out of committee. It is known by many as the "potty bill."

## MACMA draws news media



MACMA Annual Feb. 21 in Grand Rapids drew a large number of MACMA members. The event brought out the Grand Rapids news media too.

See page 1 story

## Rural roads called poor

Recognizing the poor condition of rural roads and bridges throughout the nation, the President of the National Highway Users Federation called on farmers to be active in defending the use of the Highway Trust Fund for its intended purpose - roads.

Speaking at the Highway Users Federation of Michigan annual meeting in Lansing, March 6, Peter G. Koltnow said the critical needs are for the people who use the rural roads to know what the problems are and to make their feelings known to their legislators.

Koltnow noted a recent survey which showed that 58 per cent of the people feel that rural roads in their state need improvement.

"This is a much greater percentage of the population than lives in rural areas and shows a general awareness of road needs," said Koltnow.

Farm Bureau's efforts to maintain a viable highway system were praised by Koltnow.

## Service awards given during Farmer's Week



M.S.U.'s College of Agriculture and Natural Resources Distinguished Service Awards were presented by Dean Larry Boger, far left, to [from left] Frank Merriman, Erwin J. Raven and David C. Morris. Merriman, past president of Sanilac County Farm Bureau, is a dairyman. Morris, a beef grower from Grand Ledge, is a former MFB board member. Raven works for Detroit Edison.

# NATIONAL NOTES

## Farm bill, land use, estates

Albert A. Almy



During the past month, Congress has moved toward varying degrees of consideration in three areas of concern to agriculture. The issues are government farm programs, land use and federal estate taxes.

### FARM PROGRAM:

As this column is being written, the House has passed HR 4296 which would increase target prices and loan rates on wheat, corn and other feed grains; re-establish producer loans on soybeans and establish an increased support price on milk.

The bill would raise target prices on 1975 crop wheat to \$3.10 per bu. as compared to the current target of \$2.05 per bu. which is adjustable for 1976 and 1977 crops. The current target price for corn of \$1.38 per bu., which is also adjustable for 1976 and 1977 crop years, would be increased to \$2.25 per bu. Comparable adjustments on other feed grains (oats, barley, rye, etc.) would also be made under HR 4296.

The bill would raise loan rates above the level set in the current farm program. The loan levels would rise from the current \$1.37 per bu. for wheat to \$2.05 per bu. for corn and feed grains. A loan rate on soybeans would be established to reflect the historical average relationship to corn support levels during the preceding three years and would

approximate \$3.81 per bu. for 1975 crop soybeans.

Finally, HR 4296 would establish the dairy price support at 85 percent of parity with quarterly adjustments through March 31, 1976. Current law requires that the price support to set at a minimum of 80 percent of parity through March 31, 1975 at which time the minimum would revert back to 75 percent. Last January, USDA established the support price at 80 percent of parity through March 31, 1976.

Delegates to the AFBF Convention last January adopted policy in opposition to target prices and high loan rates. This policy was based on the recognition that target prices are, in reality, compensatory payments in disguise. The compensatory payment approach, especially when set at high levels as provided in HR 4296, encourages farmers to produce for the government incentive rather than market incentives. Under this condition, large stockpiles of grain would develop and be transferred into government hands. Such stockpiles would return agriculture to a period of depressed domestic prices, return farmers to being dependent upon the government for a substantial portion of their income and lead to production controls.

With regards to the dairy support provision in HR 4296, Farm Bureau policy recommends a continuation of the provision in the existing farm program which requires that manufacturing milk be supported at not less than 80 percent, nor more than 90 percent of parity. The provision in HR 4296 legislatively increases the minimum price support level and is not consistent with Farm Bureau policy which favors the greater flexibility provided by the present law.

The bill now goes to the Senate.

### LAND USE:

Federal land use legislation, HR 3510, has been introduced by Congressman Morris Udall (D-Arizona). A Federal Land Use Bill has also been developed, but not formally introduced at this time by Senator Henry Jackson (D-Washington). Although there are distinct differences between the Udall bill and the Jackson bill, some similarities do exist.

Both bills would provide federal funds in the form of grants to states for land use planning. Both bills would establish an office within the Department of Interior to administer provisions of the land use programs. Neither bill at this time would withhold funds for other programs, such as highways and airports, to force states to develop a land use plan. The bills would,

however, require certain provisions in state land use plans developed with the federal funds.

Hearings on HR 3510 were held March 17-18 and March 24-25. Farm Bureau policy is opposed to federal assistance to states for land use planning except under a grant-in-aid program. The AFBF Board of Directors analyzed HR 3510 at its March 3 meeting and concluded that it does not meet Farm Bureau policy requirements.

### ESTATE TAXES:

Legislation to update provisions of the federal estate tax law has been introduced by 11 house members, including Michigan Congressman Guy VanderJagt (R-Luther). The purpose of the legislation, HR 1793 and related bills, is to bring federal estate tax exemptions into line with the higher value of farm land which has been driven up by inflation, urban development and other pressures.

Existing federal estate tax exemptions were set in 1942 and are badly out of date. For example, inflation and the decline in purchasing power of the dollar would require that the current \$60,000 exemption be raised to \$180,000 just to reflect the 1975 value of the

dollar. In many cases, the spouse or heirs to farm property are forced to sell all or part of their farm just to pay estate taxes. HR 1793 attacks three aspects of this problem.

First the bill increases the 1942 estate exemption of \$60,000 to \$200,000. This would apply to all estates, not only to farm estates.

Secondly, the bill raises the marital deduction from the current 50 percent of the adjusted gross estate. Again, this would apply to all estates.

Finally, the bill establishes a procedure whereby heirs to a farm estate could elect to have it assessed at the agricultural value rather than the highest potential value. If such an election is made, the bill provides that the land in the estate must remain in farming for a period of five years, or the highest potential value would be assessed and the higher tax would be collected.

HR 1793 and related bills are awaiting consideration by the House Ways and Means Committee. Michigan Congressmen Guy VanderJagt and Richard VanderVeen (D-Grand Rapids) are members of this committee. Farm Bureau is in strong support of this legislation.

## Livestock equipment firm acquired

Farm Bureau Services, through its interests in Universal Cooperatives, Inc. announces purchase of the Agri-products division of Starcraft, a subsidiary of the Bangor Punta Corporation.

Universal Cooperatives is a major supplier of goods to Farm Bureau Services and Farmers Petroleum retail outlets, and is co-owned by 38 other regional Farm Supply Cooperatives.

"Starcraft has been accepted as an industry leader," said Donald R. Armstrong, Executive Vice President for Farm Bureau Services and Farmers Petroleum, "and they are particularly proficient in the field of livestock

equipment, so we are certain the move is a good one.

"Universal will broaden its base in the manufacture of livestock equipment, which will in turn allow us to be of even greater service to our farmer-customers."

The purchase involves all real estate, equipment, inventories, and the trade names "Star" and "Star Tank" and the registered trademark "Hog-Tite."

Included in the acquisition are three plants located in Goshen, Indiana; Red Oak, Iowa, and Fernwood, Mississippi.

The new operation will be known as the Star Agri-Products Division of Universal Cooperatives, and will be headquartered in Goshen.

### More ag. research needed

## "Only farmers produce food"

"In the face of a growing potential crisis between population and food supplies, our greatest resource and hope is man's scientific creativity," says Dr. Sylvan H. Wittwer, director of the Michigan State University's Agricultural Experiment Station.

"We may already be on borrowed time," he says. "Under present technology, we are reaching upper limits in the number of people one farmer can feed - in food yield per ton of fertilizer used, and the number of people 100 acres can support."

Wittwer feels, however, that scientific and technical innovation, coupled with changes in human behavior, can avert the disaster of a food and population crisis. Since little can be done to immediately reduce population growth - short of famine, pestilence or war - he favors a rapid shift of national research priorities.

"To prevent potential food crises there is real urgency for beginning a massive agricultural research program, perhaps like the Manhattan Project that developed the atomic bomb during World War II," says Wittwer.

However, there has been some fuzzy thinking on the part of federal research advisors and administrators over the past decade. Coupled with current emphasis on stretching available petroleum supplies, this means that U.S. research priorities are all muddled up, Wittwer maintains.

On the other hand, the population/food problem is more complex than just producing greater quantities of food and fiber. "We must be concerned with the resource input required, and the costs of these resources," says Wittwer.

The dramatic increases in the cost of energy and energy related inputs (fertilizers and chemicals) have drastically changed the picture.

"The problem we now face is not only to increase absolute levels of food, feed and fiber; but to do it with the most efficient use of resources, especially those that are nonrenewable," says Wittwer. These include land, water, energy, fertilizer and chemicals.

Energy and food problems could be partially solved by increasing the photo-synthetic efficiency of plants. Solar energy is free, non-polluting and available in essentially unlimited amounts.

Food crops, even under good conditions, capture only about one percent of the sunlight that illuminates their leaves. "Potential for improvement is great and results could come quickly with only a fraction of the money currently being invested in other forms of energy research," Wittwer says. "It is a travesty that so few resources are being directed toward bioconversion of solar energy."

"We need to review changing weather patterns and how they affect the production of crops and other renewable resources," says Wittwer. "Weather is the major determining factor in crop productivity. This was witnessed in 1974 when a wet, late spring, coupled with a summer drought and an early, killing frost in the fall, completely changed the predictions of politicians and economists. Potentials for creating better weather in agricultural areas should get more attention."

The test tube genetics of science fiction are now a reality in the plant world. Through tissue culture, it is possible to take characteristics from drastically different crops and combine them in new plant species. The technique circumvents sexual reproduction, thus avoiding long established incompatibilities between species and genera.

More emphasis is needed on traditional plant breeding

programs, maintains Wittwer. "There is still room for tremendous improvements in the nutritional value, yield and other important factors in many crops. A special effort should be directed toward improving the proteins of cereal grains (rice, wheat, corn, sorghum, barley, oats, and triticale). This would be the quickest possible solution to protein deficiency."

"Improved water management is also a necessity. Innovations in drip or trickle irrigation are a step in the correct direction. By putting the water only where the plants need it, water requirements can be reduced as much as 80 percent."

Wittwer sums up the need for new agricultural technologies. "We can get along without luxuries, but we can't survive without food, nor can the world. Only farmers produce food. With the help of science we can keep it that way."

April 19,  
1775

"By the rude bridge that  
arched the flood,  
Their flag to April's  
breeze unfurled:

Here once the embattled  
farmers stood,  
And fired the shot  
heard round the  
world."

Emerson

## Q & A

**Q:** I attended my Board of Review meeting to protest my property tax assessment and I am not satisfied. How do I appeal? [This question was received by telephone to Farm Bureau Center.]

**A:** You have taken the first correct step in your effort to adjust your assessment which you believe to be too high. A taxpayer must first appeal to the local board of review and if he is not satisfied with the action taken there, he has the right to appeal to the Michigan Tax Tribunal, 808 Southland Avenue, Lansing, Michigan 48922. Such an appeal may be by letter and postmarked no later than the first Monday in May [May 5]. Your letter should mention that you have appeared and protested before your local board of review and give the date. You will receive from the Tribunal forms and instructions on which to indicate the full basis of your appeal. The taxpayer also has another opportunity to appeal to the Tribunal, and that is within 30 days after he receives his tax bill.

Residences, agricultural property and others are permitted to appeal to the "Small Claims Division." There are no fees. The property owner can appear for himself, or be represented by someone if he chooses. The appeal will be held by a member of the Tax Tribunal. The decision is final. The property owner, however, has the choice to appeal to the entire Tribunal. In this case, there are some fees involved based on the size of the valuation. One advantage of the Tribunal is that while the property owner must justify his appeal to the Tribunal, the tax assessing officials must also justify their action and the decision is made by an impartial person or the entire Tribunal.

So far it appears that the Tribunal is working very well and that the huge backlog of appeals transferred to them from the Tax Commission is steadily being reduced.

# "Washington here we are"

## "Legislative Leaders" spend intense four days in Capital



Woman's Committee Chairman Doris Wieland and husband Dick with Congressman Ruppe [R. 11th District] at the Republican breakfast.

For four days last month Michigan's Congressional delegation in Washington knew that farmers in the State are concerned, interested and aware of critical issues facing the nation in general and agriculture in particular.

March 10-13 saw 54 Michigan Farm Bureau members, chosen by their Counties as "Legislative Leaders," using much shoe leather and contributing greatly to the prosperity of Washington, D. C.'s taxi fleet, in a determined effort to meet with and explain to their Congressmen key issues important to farmers.

It was all a result of MFB's 15th annual Washington Legislative Seminar sponsored by Farm Bureau Women. The Seminar's purpose each year is to make possible contact between MFB members and their elected Congressmen, so that Farm Bureau policies and current issues before Congress can be discussed on a personal basis.

Once in Washington take-off points for Congressional contacts were the Democratic and Republican breakfasts.

At the breakfasts Congressmen were seated with Farm Bureau members from their districts and conversation quickly turned from the French toast to pending legislation. The new farm bill and \$80 billion budget deficits were popular topics of discussion around the breakfast tables.

It was immediately after the breakfasts that the "Legislative Leaders" proved their mettle as they quickly nailed down appointments with their representatives before the solons had a chance to leave the room. There was no doubt that the Counties choose determined and aggressive "Legislative Leaders".

The dedication of the "leaders" was evident in other ways.

Several, discovering that extra Congressional office visits could be squeezed in if the excellent bus tour of the city was skipped, quickly decided to do just that—miss the tour and make the office visits.

A group of dairymen headed for AFBF's Washington office posthaste after learning a special meeting on countervailing duties was being arranged for them.

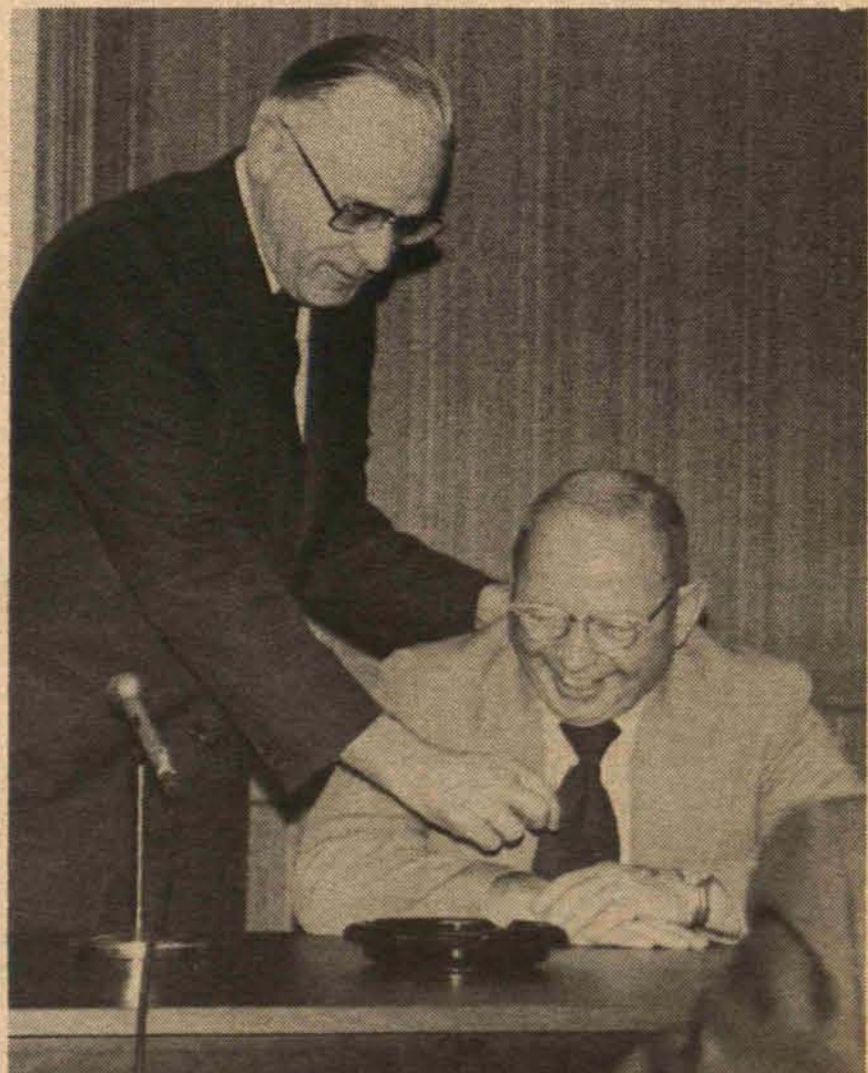
It was a quick few days in the nation's capital but fruitful for a group of aware farmers and farm wives who should be bringing back to the Counties some sharp insight into what is going on in Washington.

Hopefully, a few lasting impressions were left in some Congressional offices.

by Jim Phillips, Editor



Edward Hebel, Saginaw County, shared a few thoughts with Representative Traxler [D. 8th District] at the Democratic breakfast.



Time-out for a laugh with the Secretary.



Reporter Ron Cordray, Booth Newspapers, took notes as Director Bill Spike, Owosso, explained the issues during Thursdays news conference at the National Press Club.

Photos by Marcia Ditchie



# Crew leader act now law

On December 7, 1974, the President signed a bill providing extensive amendments to the Farm Labor Contractor Registration Act.

The law now covers both intrastate and interstate recruiting, even if only one worker is recruited. Agricultural employment has been broadened to include packaging and processing of agricultural products. It is now illegal for growers or other persons to employ the services of a labor contractor or engage such services of a contractor unless he can first

determine that a labor contractor possesses a certificate from the Secretary of Labor. The labor contractor must now disclose in writing to prospective workers their period of employment, wages, working and housing conditions, along with proof that housing currently conforms to all applicable federal and state safety health standards. The crew leader must disclose the existence of any arrangements under which he is to receive a commission. The grower or other person employing the services of a labor contractor must maintain all payroll records

required to be kept by the contractor under federal laws. This means that both the contractor and the person employing the services of a contractor must keep the payroll and all other records required under the act. The penalties for violation are very heavy.

The requirements of the act and the stiff penalties attached for violations will probably reduce the incentive for crew leaders to encourage workers to migrate. The net affect of this act will probably be to reduce somewhat the amount of labor available to growers.

# Homefront

Thirty-one members and guests of the Dairyland Community Farm Bureau Group, Jackson County, enjoyed a delicious potluck dinner. A member of the local bank's trust department was guest speaker. Using slides he explained the benefits of having wills and trusts as a means of reducing taxes. The group's secretary reports that, it was really a community service meeting and that similar meetings might be a good way to improve relations and promote better understanding between members and non-members.

Doug Deline, a former Peace Corps member, gave a very good talk to the Three Rivers Community Farm Bureau Group of Midland County. His talk and slides were on various aspects of life in Napal, but centered mostly on agriculture.

Since their township had been having some very real criminal problems, the Ensley Friendly Community Farm Bureau Group, Newaygo County, invited members of the State Police to discuss crime prevention at their April meeting.

From the North Stoney Creek Community Group, in Monroe County comes a suggestion for a different type of dessert. At a recent meeting the hostess served "Kiss Me Orange Cake" and a "Sauerkraut Cake." The report said, "What a combination. Try it, you'll like it!"

Some members of the Milo-Pine Lake Community Farm Bureau Group, Barry County, wore old fashioned clothes to a recent meeting. The lighting was candles and kerosene lamps. A non-planned potluck supper was enjoyed by all.

## Michigan Farm News

# invites you to Fly the Flag for the Bicentennial.

We invite our readers to take part in the greatest show of colors this country has ever seen. We are proud to take part in this national campaign sponsored by the U.S. Bicentennial Society to restore the flag to a place of respect and honor it deserves.

To encourage you to fly the flag, we have arranged for you to purchase a complete Bicentennial Flag Kit for only \$8.95, including handling and shipping. The large quantities of flags involved makes this possible. Order the 50-Star Bicentennial Flag with the special Fly the Flag coupon. Also available: 13-Star Betsy Ross Flag and the Bennington '76 Flag. Your flag will be sent directly to your home at no additional charge.

Each flag is crowned with the golden Double Eagle top ornament, symbol of the Bicentennial. Matching goldenized 6ft., two-piece, steel pole. Heavy-duty flag - 3 x 5 ft. - with double-stitched stripes, canvas heading and brass grommets. Complete with sturdy metal wall-mount bracket, 3 mounting screws, rope halyard, mounting instructions, and self-storage corrugated box.

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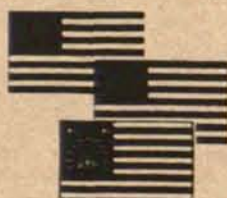
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## Farm Bureau on the air

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- 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
- WJML PETOSKEY
- WLDR TRAVERSE CITY
- WRBJ ST. JOHNS
- WLRC WHITE HALL
- WPLB GREENVILLE
- WTRX FLINT
- WKNR BATTLE CREEK
- WJEB GLADWIN
- WSHN FREMONT
- WLEW BAD AXE

- WJCO JACKSON
- 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.

- 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
- WCCW TRAVERSE CITY
- WXOX BAY CITY
- WGN CHICAGO
- WWJ DETROIT
- WLDR-FM TRAVERSE CITY
- WMTE MANISTEE
- WWAM CADILLAC
- WBCH HASTINGS
- WAOP OTSEGO
- WCEN MOUNT PLEASANT
- WDBC ESCANABA
- WDMJ MARQUETTE
- WLRC WHITE HALL
- WGHM GRAND HAVEN
- WPHM PORT HURON
- WCMR ELKHART, IND.
- WJBL HOLLAND
- WABJ ADRIAN
- WTHM LAPEER
- WKZO KALAMAZOO
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- WPLB GREENVILLE
- WHGR HOUGHTON LAKE
- WKYO CARO
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- WOAP OWOSSO
- WBCM BAY CITY
- WSTR STURGIS
- WJCB GLADWIN

Farm News Today is a 3 1/2 minute program for Michigan farmers heard daily over these stations and the Michigan farm radio network.

- WPAG ANN ARBOR
- WBCM BAY CITY
- WKYO CARO
- WCER CHARLOTTE
- WCRM CLARE
- WTVB COLDWATER
- WDBC ESCANABA
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- WION IONIA



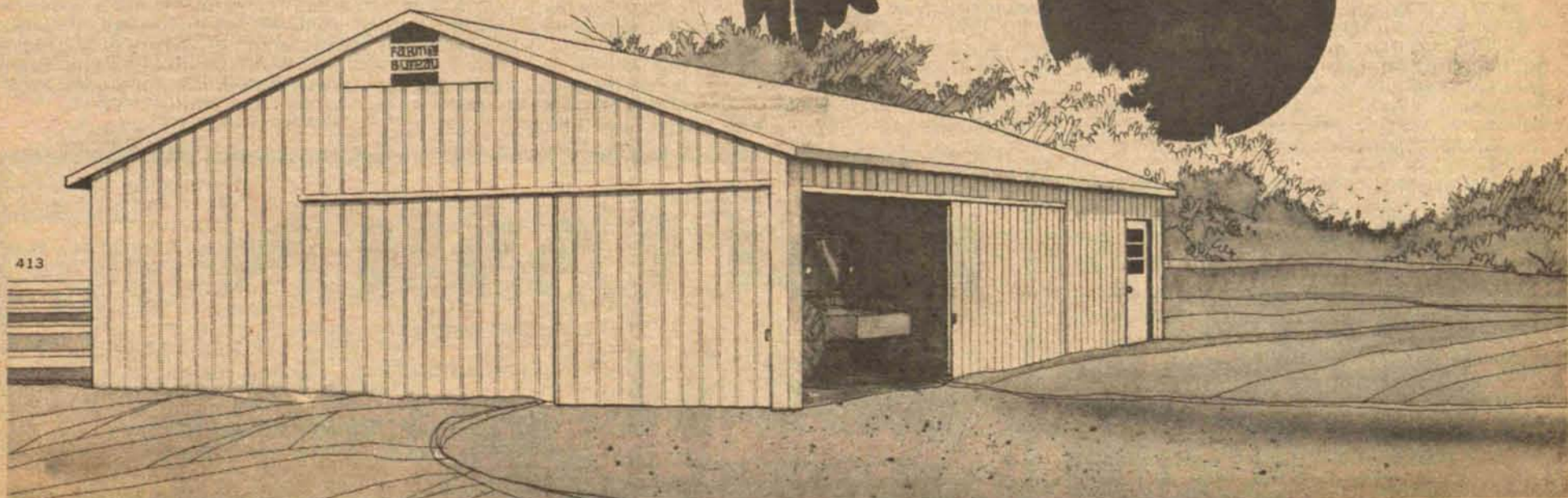
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**ASK THE  
FARM BUREAU  
PEOPLE**



## The family farm

# Is there a future for it?

A question often asked these days is: "Are the family farms going to survive, or will they be swallowed up by huge corporate farms?"

Let's examine this subject beginning with some fundamentals, and going a long way back.

Before the scientific revolution in agriculture, farm operation was fairly simple. When to plant and harvest, knowledge of the patterns of crop and livestock production, mastery of the simple agricultural arts and skills, basic ability to buy and sell -- these sufficed. It was a reasonably safe guess that most farm-raised boys would have or could obtain the requirements for successful farm operation; a bit of capital, suitable manual skill, and modest managerial ability. The combination of these resources in one man was the necessary cornerstone of the family farm. The family farm became a tradition, deeply imbedded in our economic, political and social structure. The emotional commitment to this form of agricultural organization was tremendous.

But with the advance of agricultural science, the burden of management has become intense. The technical knowledge which an up-to-date farmer must master is much broader than is required of most businessmen with equal investment. The capital needed to operate a modern farm is beyond the reach of most farm-raised boys.

Therefore, managerial innovators developed a far reaching technique. Instead of simply accepting what the economists call "the factors of production" (land, labor, capital and management) as they happen to be combined in one man, the family farm operator, the concept is to split up the factors of production and recombine them in optimum form. There is nothing really new about this; businessmen have been doing it for a long time. But its application to agriculture, on a wide scale, is new. The economic efficiency latent in this organizational change is, in certain cases, very great indeed. Managerial ability can be recruited, trained, and given responsibility not just for a small unit but for a large one. Capital can be brought in from the outside, not in conventionally sized chunks but in aggregations suited to the capability of the new managerial concept. Farms can be consolidated or operated as associated units, making maximum use of new mechanical equipment and new managerial techniques. Production can be scheduled as to quantity, grade and time. Markets can be organized, developed and managed. Labor can be hired and given certain well-specified tasks to perform, as in factory labor. Organizational form can be corporate, cooperative, partnership, or sole proprietorship.

Here, let's make a clarifying point. The major factors which distinguish the new forms we see emerging in agriculture from the older traditional forms are these:

1. Large scale instead of small operations.
2. The breakup of the old combination of land, labor, capital and management as these were found in a single individual and their optimum recombination, with management in the key role.
3. The gradual elimination of the old distinctions between production, marketing, processing and distribution.

Note that corporation farming is not listed among the major factors which distinguish the new from the old. As has been said, the new organizational form can be anyone of several types. Whether one favors or opposes corporate farming is not really the issue. Only about one percent of our commercial farms are incorporated, and more than 90 percent of these are family corporations, set up primarily to facilitate the passage of the farm from one generation to another. The new managerial concept, not the legal form, is the heart of the matter.

Having defined what is meant by a large-scale farm operation, let's also indicate what is meant by the family farm. A farm on which the majority of the labor and the management decisions are made by the operator and his family is a family farm. It might be a small unit with a low income or it might be a large one with a gross income of \$100,000 or more.

The poultry industry pioneered the large-scale type of organization. Poultry-men scrapped traditional ideas. They transformed small scale production into a specialized mass production system geared to the needs of retailers for high volume, uniform quality, relatively even-priced products. They turned away from products that pleased the producer to products that pleased the consumer. They experimented with contract production, marketing techniques, and managerial concepts. They hit on a combination that reduced costs, relatively, by about one-fourth in a 15 year period. During this same span of time they almost trebled the per capita consumption of chicken.

Many people saw in this movement a threat of traditional agriculture and attacked with great vigor. Others say a useful approach applicable to other farm commodities, and applauded.

Is the organizational technique adopted by the boiler industry unique, different, a special case, an aberration, incapable of being extended throughout agriculture? Or is the boiler industry a prototype, a forerunner, an indicator of what all of agriculture will be like some time in the future?

To answer these questions it is necessary to identify those conditions which appear to be conducive to the development of a large-scale agricultural system, and then attempt to judge how general these conditions are.

1. Unexploited knowledge--Large-scale units develop when there is a significant body of unexploited scientific knowledge. For example, 25 years ago there was an enormous gap between the nutritional, genetic, and sanitary knowledge in the poultry industry and prevailing practices in that industry. Large units with able management could quickly put into operation the better

practices that research had produced. The small, traditional, side-line poultry producers could not or would not adopt the new techniques. There was, therefore, a great opportunity for profit. An integrated system has the capability of exploiting this opportunity. Wherever this situation exists, large-scale agribusiness units are likely to develop.

2. Economies of scale--There must be efficiencies associated with the size of operations if large-scale farms are to succeed. It is clear from research studies that up to a point, large farms are more efficient than small farms. But where is that point? In sugar cane production it may be a very large unit, many thousands of acres. A seed-producing firm may achieve optimum efficiency with large acreage and an investment of many millions of dollars. But on a typical grain and livestock farm, most of the efficiencies of size have been achieved with a two-man unit on perhaps 500 or 600 acres. A dairy farm, with good management, might achieve optimum efficiency with two men and fewer than 100 cows. These differences come largely from differences in the degree to which decisions can be centralized and from differences in the potential for standardized production methods.

Here also let's clarify a point. Efficiency as used here means return per dollar of input. Although the net income from 5,000 acres might be greater than from 500 acres, it does not follow that the production and marketing cost per bushel would be lower. Unless per bushel costs were lower there would be no efficiency argument in favor of the big farm.

Undoubtedly advancing technology will gradually increase the size at which the efficiency of production is maximized. There may be spectacular breakthroughs for this or that commodity. But so long as numerous operating decisions are necessary and these are strongly conditioned by such variables as weather and soil conditions, there are major obstacles to the development of super-large farms.

3. Market opportunities--Large scale units are likely to develop when there is a market opportunity to be exploited. For example, the development of frozen concentrated orange juice provided an opportunity to market a quality product, at uniform standards, the year around, at relatively low cost. Small-scale individual farmers, production-oriented and with limited awareness of the opportunity for new marketing institutions, simply could not meet that market opportunity. So large-scale operations developed and expanded.

4. Repetitive operations--Modern technology has made it possible to routinize some farm operations, much as with the assembly line in industry. Broiler production, sugar cane, and some parts of the vegetable-processing industry are of this type. Monoculture, or one-crop farming, seems especially suited to this technique. Large-scale agricultural firms tend to develop where repetitive operations are adopted.

Other kinds of farming, especially diversified operations, are less adaptable to central direction. Activities are less repetitive and situations are more individual, so that decentralized decision-making is necessary. Livestock farms and the dairy business seem to be of this type.

5. Favorable attitude toward large-scale operations--Large scale units occur where and when such units are socially and politically acceptable as well as economically attractive.

Perhaps one reason the large-scale units are common in California is the fact that California's agriculture had its origins in the large-scale Spanish hacienda system. And one reason that large-scale units are accepted in the South is the long historical dominance of the large-scale plantation system. Intergration and large-scale operation have not caught on well in the Middle West. This is, in part, perhaps, due to the fact that the Midwest was the birthplace of the Free Soil movement; it was homesteaded in family units and the family farming tradition is a matter of deep commitment.

When using the phrase "large-scale units," let's recall that the relevant criteria are that the decision-making function has been to some extent differentiated from the other factors of production, that the operation is large by conventional standards, and that the procurement, production and marketing processes have been merged at least in part.

How much of our agriculture is in units thus defined? It is hard to determine because the terms are vague and the criteria are various. Several measures are offered: you can take your pick.

1. Labor input--USDA says that only 5% of the farms in the United States are larger-than family farms. The main criterion used in this measure is the amount of hired labor. These larger-than-family farms employ more hired labor

per year, and this amount of hired labor exceeds, on the average, the amount of family labor. The percentage of larger-than-family farms, thus measured, has not changed for decades. These larger farms, five percent of the total number, produce about 35% of the farm products sold. Admittedly some of the farms classified as family farms by the USDA criterion are units, such as farms producing broilers under contract, on which some of the decisions are made by the contractor-dealer. Whether all of these are really farms in the generally accepted sense is an open question.

2. Volume of sales--Another criterion, similar to the previous one, is the volume of sales. About 34 percent of the US farm production is from farm units that sell more than \$100,000 worth of products a year. Some of these, of course, are family farms in the sense that most of the labor and management are supplied by the farmer and his family.

3. Legal form--Less than 1% of our farms are incorporated, we learn from a recent USDA study. They operate about 7% of the land in farms and produce about 8% of the output. Most of these, of course, are family corporations, indistinguishable from family farms in all attributes except their legal status.

4. Method of sale--About 10% of our farm production is grown under contract, with terms and conditions of sale negotiated in advance. Much of this is integrated, in the fashion that broiler production is integrated.

The crops and the livestock products that are the major income producers (wheat, corn, cotton, soybeans, cattle and hogs) are not in general grown under contract.

However measured, family farms are vastly in the majority and they produce the great bulk of our farm products. The units that are either large-scale, or factory-type, or corporate in legal form, or integrated in their structure are relatively few in number and produce the minority of our food, feed and fiber. They are generally highly specialized, concentrated in relatively few commodities, and found chiefly in few regions.

Now again the question: Is the large-scale farm the forerunner of things to come? Or is it Unique? The answer to this question must be a judgment; and the following comments are of that nature.

It would appear that the five circumstances listed as being conducive to large-scale farm production are not generally prevalent throughout agriculture. We may get more large-scale units, but this trend will most likely be selective, gradual, and never total.

The large-scale agribusiness unit faces several obstacles that the family farm avoids;

1. Union labor: Large-scale units are vulnerable to unionization of their labor supply. California grapes and lettuce illustrate this problem.

2. Low returns on capital: As witnessed by their performance, farm people accept a relatively low rate of return on capital invested in land though, of course, they are unhappy about these low returns. The prestige of land ownership and the assurance of continued farm operation given by such ownership are powerful forces, causing operating farmers, often, to hold their land at prices that cannot be met by corporate-type operators which must pay going interest rates for their capital.

3. High fixed charges: Large-scale farms have very high fixed costs, of which hired labor is perhaps the greatest. In a bad year these costs eat them up. The family farmer, who supplies his own labor, meets a bad year by paying himself a lower return and taking in his belt a notch or two. He is ready to go the following year, while the large-scale farm may have gone under.

4. Adverse public attitudes: Hostility toward large-scale integrated farming units is widespread among farm organizations, the Congress, and local units of government in many parts of the country. Thus many obstacles are put in the way of large-scale integrated units.

The family farm is a durable and resilient institution. It has survived war, depression and natural disaster. Up to this point, with the exception of the broiler industry and a few other sectors, it has survived a technological revolution. It has strong ideological support, supplies through the political system.

There is nothing inexorable about the trend toward large-scale agriculture. Legal tools are available to check the trend; prohibitions of one sort or another.

With a representative government, the people can have any kind of agriculture they want. We are a pluralistic country socially, politically and economically. The fact that there has been some in the direction of large-scale units does not mean that this trend must be extended until it embraces all of agriculture. Nor does it mean that large-

Continued on page 11

## DISCUSSION TOPIC

by KEN WILES  
Manager Member Relations





# A new **FarmOwners** Because you don't have "the same old farm"



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