

RURAL LIVING



Kleckner Observes Policy Action at Saginaw County FB Annual Meeting



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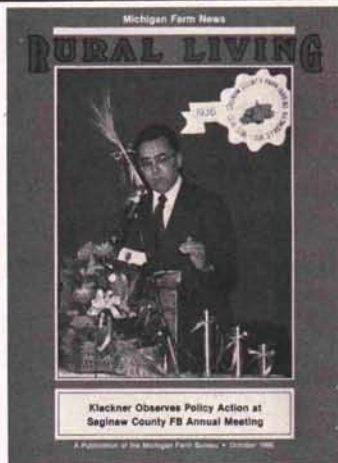
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RURAL LIVING

FARM NEWS

A publication
of the
Michigan
Farm Bureau



OCTOBER 1986
VOL. 65 NO. 9

THE COVER
AFBF President Dean Kleckner delivered the keynote address at Saginaw County FB's 50th annual meeting.

Photo by Cathy J. Kirvan

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Policy, Not Polls, Guide Farm Bureau Organization



USDA Secretary Lyng and MFB President Smith trade ideas on the implications of wheat poll results.

Several months ago it gave me great pleasure to announce that Michigan was named the top state Farm Bureau in the nation at the American Farm Bureau Federation annual meeting in Atlanta. This recognition came as a result of the outstanding programs conducted at the county level.

The strength of our county Farm Bureaus and the willingness of our membership to work on issues of importance has placed us in that position for a second time this year.

"I'm convinced that American farmers are not content with an ever decreasing share of the world market and they do not want to idle a significant portion of their productive cropland."

I am speaking of the recent USDA wheat poll. When the results of the poll were released in late August, it became clear that you had accepted the responsibility of spreading the word about what the ramifications of mandatory controls would be.

Wheat growers in Michigan, by a 74% to 26% vote, overwhelmingly said no to such governmental intervention. That was the highest percent-

age of no votes for any state which coordinated their efforts with the AFBF.

While we can be satisfied with the education conducted here in Michigan, we must look at the national vote with some concern. The 54% yes vote nationally was clearly not a mandate for sweeping changes in farm policy, however, it will encourage advocates of strict government control to push for such reform.

With a national turn-out of just 22%, only 12% of the nation's farmers indicated that they favor mandatory controls. Almost as many voted no in the poll and the vast majority of producers (78%) chose not to vote at all, showing little confidence in the government's ability to solve their problems. I'm convinced that American farmers are not content with an ever decreasing share of the world market and they do not want to idle a significant portion of their productive cropland.

Another interesting statistic is the fact that a majority of the ballots cast by voters with less than a 40 acre base were negative. One can assume from this that producers with a base of less than 40 acres generally are opposed to mandatory controls. Based on 1982 census data, it would appear that a majority of U.S. farmers have less than 40 acres of wheat base.

Did Farm Bureau efforts affect the outcome of the poll here in Michigan? I believe they did. As I review the action taken by our state organization to provide you with the information and support necessary to inform the membership, I am proud of our efforts. But, even more so, I am proud of you as members and the county Farm Bureaus for the many news conferences, educational programs and other activities which were conducted on the county level. The effort put forth to educate farmers and help them understand that political solutions will not solve our problems was the key to our success. You made the difference for Michigan.

This issue will not pass with the completion of the wheat poll. Policy development offers an excellent opportunity to discuss mandatory controls with your neighbors (see this month's Discussion Topic and Agronomic Update columns). Now is the time to utilize our organization to discuss and evaluate our policy on this and other critical issues.

Let's put the same effort into this year's policy process as we did into the wheat poll. I'm confident we can produce another winner!

Elton R. Smith

Elton R. Smith, President
Michigan Farm Bureau

In letters to President Reagan, Congressmen Levin, Riegle, Schuette and Traxler and Governor Blanchard, MFB President Elton R. Smith urged prompt assessment of the damage to farmland and crops caused by two days of heavy rainfall and flooding in September. Smith also requested prompt delivery of government disaster assistance to farmers and others who qualify for such assistance.

Elton R. Smith, who has served as president of the Michigan Farm Bureau since 1964, has announced that he will not seek re-election. He will step down as the head of the state's largest farm organization at the close of its annual meeting on Dec. 12.

Caucusing at their Discussion Meet on Sept. 10, delegates who represented District 9 at last year's state annual meeting elected Bob Gregory as the new director from that district on the MFB board of directors. Gregory, a fruit grower from Traverse City and former president of Northwest Michigan FB, replaces Don Nugent who resigned.

MFB closed its 1986 membership year on Aug. 31 with an all-time high. The year-end total was 99,383, marking the 19th consecutive year of membership growth. Calculations are still being made "south of the border" to determine the winner of the Michigan/Ohio membership contest.

Twelve radio stations across the state are now on line to air MFB's newest radio program, "The Farm Bureau Review." Stations airing the five-minute weekly program focusing on FB organization news and events are:

- Ann Arbor — WPAG (1050 AM), 6:20 a.m. Saturdays
- Bay City — WBCM (1440 AM), 12:30 p.m. Mondays
- Benton Harbor — WHFB (1060 AM), 6:20 a.m. Saturdays
- Coldwater — WTVB (1590 AM), 1 p.m. Tuesdays
- Dowagiac — WDOV (1440 AM), 6:20 a.m. Saturdays
- Holland — WHTC (1450 AM), 12:16 p.m. Saturdays, 5:53 p.m. Mondays
- Mt. Pleasant — WCEN (1150 AM/94.5 FM), 6:20 a.m. Saturdays
- Saginaw — WSGW (790 AM) will run excerpts between 12:30-12:55 p.m. M-F
- St. Ignace — WMKC (102.9 FM), 6:20 a.m. Saturdays
- St. Louis — WMLM (1520 AM), 6:30 a.m. Saturdays
- Sandusky — WMIC (1560 AM), 6:20 a.m. Saturdays
- Traverse City — WTCM (580 AM), 5:55 a.m. Saturdays

Farm Bureau Insurance Group has resumed writing all lines of new property-casualty business, except auto, lifting the self-imposed new business suspension in both Farm Bureau Mutual and Farm Bureau General. The suspension of business had been in effect since last March because of an unprecedented volume of new business that had begun a year earlier and continued unabated. FBIG lifted the suspension for all P/C new business, except auto, on Aug. 18 when positive trends indicated that the desired progress was being made.

Prepare your taste buds for the annual feast at MSU. Alumni and friends of MSU's College of Agriculture and Natural Resources are invited to attend Autumnfest '86 on Oct. 25. The event will feature the MSU vs Purdue football game and a pregame feast of Michigan foods. Ticket price for Autumnfest is only \$8.00. Reservations should be mailed to Bob LaPrad, 121 Agriculture Hall, MSU, East Lansing, Mich. 48824. Make checks payable to MSU. The \$8.00 cost does not include football game ticket. For more information contact LaPrad at 517-355-0282.

Gratiot County FB members Jeanne, Mark and Michael Chaffin are the state winners of the 1986 National Soil and Water Conservation Awards Program. The program, sponsored by the National Endowment for Soil and Water Conservation and the Du Pont Company, recognizes farmers and ranchers for outstanding achievement in protecting America's agricultural resources. The Chaffins produce wheat, corn, soybeans, sugar beets and oats on 2,000 acres. Ten national finalists will be selected from among the state winners.

AFBF Board Awaits Final Rules on Tax Reform Bill

Tax Reform — The AFBF board of directors reviewed the tax reform package announced by members of a House-Senate conference committee in August but has withheld comment until implementation rules are announced. The board had earlier identified eight key areas in the tax reform legislation that would impact agriculture.

WASHINGTON

A brief summary of the provisions of the conference committee agreement follows. The tax reform legislation is expected to pass, without amendment, during the fall congressional session.

- **Tax Rates:** For taxpayers filing jointly, 15% on taxable income up to \$29,750, and for singles up to \$17,850 of taxable income. Above these limits the rate is 28%. For upper income taxpayers caught in the phase out of the 15% rate, there would be a 5% rate adjustment based on taxable income, not adjusted gross income. The top corporate rate is 34% with graduated rates for small businesses.

- **Health Insurance Tax Deduction:** Allows a 25% deduction for self-employed persons for health insurance premiums after Dec. 31, 1986 and before Jan. 1, 1990.

- **Capital Gains:** Individual and corporate capital gains treatment repealed for all assets including timber. No indexing provided.

- **Investment Tax Credit:** Repeals this credit effective Jan. 1, 1986, and reduces carryovers by 35%.

- **Depreciation:** Generally retains the accelerated cost recovery system, but expands the five recovery classes to eight, ranging from 3 to 31 years. Adds a

new 7-year category for property with assets depreciation range midpoints of between 10 and 16 years. Cars and light trucks would be added to the 5-year class. Single purpose agricultural structures would fall into a 7-year class.

A 200% declining balance method would be used for 3, 5, 7 and 10-year classes; 150% for 15 and 20 year property. In general, real estate would be depreciated on straight line.

Expensing would be allowed up to \$10,000 of investment annually for taxpayers whose total investment in personal property does not exceed \$100,000.

- **Preproduction Expenditures:** Must be capitalized for farmers unless an election is made to expense these costs. If elected, gain from the sale of the product would be included in ordinary income to the extent that a prior accelerated deduction was taken for other costs.

- **Revenue Neutrality:** Neutral over five years with year-to-year fluctuations.

- **Income Averaging:** Repealed without exception.

- **Cash Accounting:** Allowed without limit for farmers.

- **Fertilizer/Multi-Year Conditioner Deduction:** Expensing permitted in year paid.

- **Land Clearing Expenditures:** Requires capitalization.

- **Soil and Water Conservation Expenditures:** Retained for projects consistent with USDA-SCS or a comparable state authority.

- **Tax Credit for Timber Development:** Retains current rules for amortizing reforestation expenses, reforestation tax credit and expensing costs for growing timber.

- **Limitations on Farm Loss Deduction Against Non-Farm Income:** Passive investors would be prohibited from using losses from investment against other income.

- **Debt Restructuring:** Discharge of indebtedness income not taxed as income during debt restructuring.

LANSING

School Finance — Gov. Blanchard has announced that for the first time in a decade, the state will not have to borrow money to make the Oct. 1 state aid payments to local school districts. The \$366 million will be paid out of cash reserves.

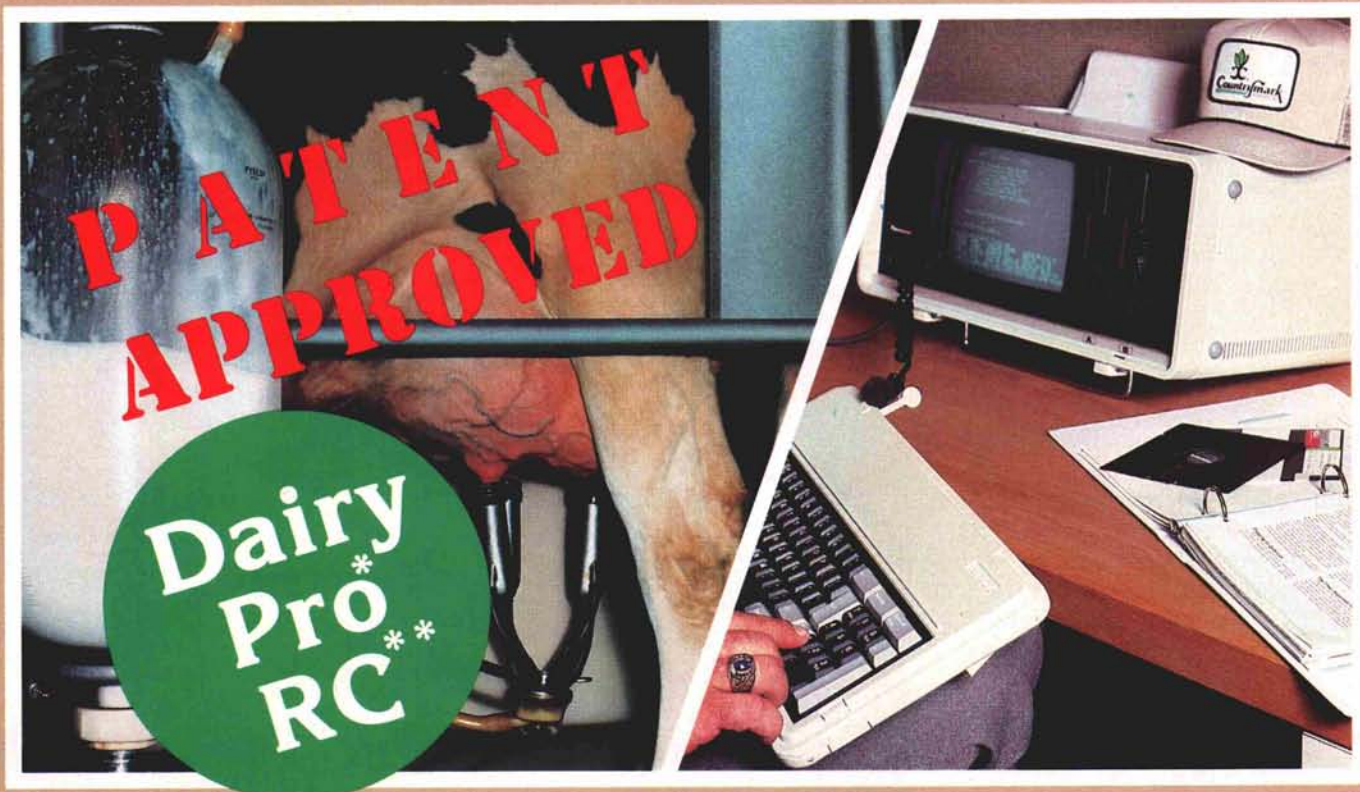
For 10 years the state has had to borrow as much as \$500 million at high interest rates to meet the school obligation.

Michigan is at last solvent with the elimination of the huge debt and the ability to meet school aid obligations.

(continued on page 21)



Good news for schools and taxpayers — Gov. Blanchard has announced full state aid payment for local school districts can be made from state reserves.



Boost Milk Production By Up To 15 Pounds Per Cow Per Day.

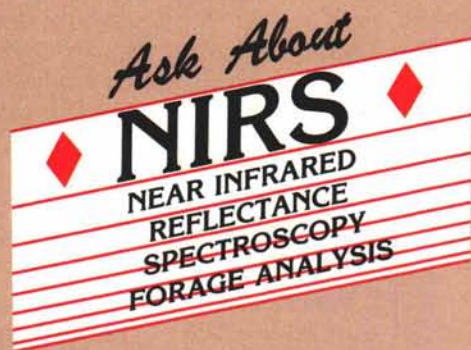
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¹Production increases attributable to Dairy Pro RC are based on controlled experiments and are not directly projectable due to differences in management practices, genetic potential, available forages, etc.



35 E. Chestnut Street • Columbus, Ohio 43216

Kleckner Observes Policy Action at Saginaw County FB Annual Meeting

By Donna Wilber

Iowa hog producer Dean Kleckner recently made his first "official" visit to Michigan since being elected president of AFBF last January. He came to help Saginaw County FB members celebrate the 50th anniversary of their incorporation and be the keynote speaker at their annual meeting on Aug. 28. But while he was here, he also experienced a few other "firsts."

After touring FB Center in Lansing, Kleckner and MFB President Elton Smith met members of the Saginaw board at The Heritage House, a unique restaurant owned and operated by Saginaw County FB members Bonnie and Howard Ebenhoeh. A few stops between Chesaning and Saginaw provided him with the opportunity to see a bean puller and a sugar beet for the first time. "It's a different agriculture than I'm used to back home in northern Iowa," he said.

It was also President Kleckner's first opportunity to watch how a county Farm Bureau in Michigan conducts a resolutions session. This one provided plenty of action, with spirited discussion on a majority of the 17 by-law, local, state and national proposals.

A Look Back

In his address, Kleckner took the over 500 members in attendance for a look back at what was happening 50 years ago when the Saginaw County FB was incorporated.

"Franklin D. Roosevelt was



Saginaw Valley sugar beet fields are a long way from Kleckner's Iowa hog farm. The AFBF president toured Saginaw County farms with MFB President Elton Smith, county board member Don Sutto, former county FB president Dick Leach, and Ralph Frederick, county president (not shown).

president of the United States and his so-called 'New Deal' programs were well underway. Henry Wallace was secretary of agriculture. Edward O'Neal was president of the AFBF. There were only about 300,000 member families signed up in all of Farm Bureau, compared to today's 3,400,000. Increasing strength for agriculture through more farmer-members was very much on everyone's mind.

"There were less than 8,000 member families in the Michigan Farm Bureau at the time. Clark Brody was secretary-treasurer. J. J. Jakway, a Benton Harbor fruit grower, was president. Clarence Reid, a

dairyman from St. Clair, was vice president and Mrs. Edith Wager of Carleton represented the FB Women on the board.

"Guess what issues were most on farmers' minds a half-century ago?" Kleckner asked. "Almost exactly the very same problems and issues that are on our minds right now! High interest rates, surplus commodities and low farm income."

Where Were Animal Rightists When We Needed Them?

Kleckner congratulated Michigan farmers for collecting and shipping thousands of bales of hay to the drought-stricken states in the southeast.

"Such help to total strangers is in the finest tradition of ag-

riculture and of Farm Bureau," he said, then noted that there were others who did not respond to the crucial need for hay and grain to keep livestock from starving.

"Where were all the animal rights and animal welfare people in all this?" he asked. "I thought they were supposed to be concerned with the welfare of animals! With many thousands of hungry and thirsty animals involved, one would naturally assume the animal welfare people would be in the front lines raising money and arranging for feed for all the creatures they loudly defend.

"For that matter, where was Willie Nelson and his millions in Farm Aid concert funds — money that could have eased the burden of the drought for hundreds of desperate farmers? Willie also was busy elsewhere.

"While we were moving hay, Willie was planning to make 'political hay' with his so-called 'Farm Policy Congress' in St. Louis, Missouri. The idea there was to get a national 'consensus' on farm program policy, something we have done in Farm Bureau every year for almost 70 years," he said.

Immense Problems Today, High Hopes for Tomorrow

In a news conference prior to the Saginaw annual, Kleckner told reporters that the problems in agriculture today are immense. "The trauma, heartache and turmoil are probably the greatest we've had since the '30s," he said. Farm credit, low net farm income and declining exports were targeted by Kleckner as the most crucial problems that FB is attempting to address.

"The world is simply awash in many products, especially grain, our major export commodity from this country," he said. "We have it running out of our bins and the problem is that much of the rest of the

world does, too, and it's terribly competitive."

Kleckner said the U.S. is beginning to compete and that the new round of GATT negotiations held "a lot of hope." He has been invited by Secretary of Agriculture Lyng and U.S. Trade Representative Clayton Yeutter to accompany them to Uruguay as the initial talks begin on the new GATT rounds.

"We realize it's going to take a lot of time — years before some of those issues are resolved. In the meantime, American agriculture simply has a lot to do to get us profitable again," he said.

Next Year's Outlook

"As I travel around the country and talk to farmers — and to lenders — I've come to the conclusion that '87 won't be much different than '86. Isolated areas could be worse; others could be better. There will be more farmers leaving agriculture — but there will be no mass exodus. I think it's going to stabilize in a little while," he predicted.

Kleckner said that there may be more farmers — not less — in the future as full-time farmers take jobs off the farm. "I think we'll see more larger farmers and more smaller farmers with the real pressure coming on my size farm — the



Kleckner shared a look back with the annual meeting audience and compared today's challenges to those faced by Saginaw farmers who organized the county Farm Bureau in 1936.

middle-sized farms. It's the middle-sized farms that are under pressure now and will continue to be," he said.

A Good Time to Start Farming

"I just wish I were 22, 23 or 24 again and starting farming," he told the reporters. "This is the best time I have ever seen in my lifetime to start farming."

The dramatic drop in land rental costs, availability of cheap but good used machinery



This line up of past Saginaw County FB presidents represents a cavalcade of leadership that has guided the county organization for 50 years.

Saginaw FB 'In the News' Yesterday and Today



Former Saginaw Valley Regional Representative Rudy Reinbold looks over the Saginaw County Farm Bureau news stories in the 1936 and 1961 issues of the Michigan Farm News. Reinbold served as official "historian" for the anniversary party.



Ed Hebel, Saginaw County FB board member, and Karen Wagner, 1986 Saginaw County Bean Queen, lend a hand to Channel 5 weather forecaster Chuck Waters. Waters broadcast the WNEM-TV evening weather report live from the Saginaw County annual meeting.

and equipment, declining interest rates, and lower prices for fuel, chemicals and fertilizer were reasons cited by Kleckner that this is a good time to start farming.

"When I visit with young people in high school and college, I see an optimism about agriculture that I didn't see a few years ago. Their fathers are under pressure today, but they are excited about the future of agriculture," he said.

Policy Development Opportunities

The Saginaw County FB members displayed a real sense of appreciation and responsibility for involvement in the organization's policy development process. It was evident that the county PD Committee had invested time and effort in drafting pertinent, well-written proposed resolutions on local, state and national issues. It was also evident that members recognized their right to speak out, for or against, the proposals before the vote was taken.

President Kleckner viewed the grassroots involvement in deciding the policies of the organization in its truest form. There were few issues on which there was unanimous agreement, but when the PD process is completed, odds are that Saginaw County will have a good number of members involved in executing the adopted policies regardless of whether or not they voted with the majority. That's what gives the organization its clout.

There are still opportunities in many county FBs for members to make their voices heard on the policies that will direct the organization in the year ahead. Check the listing in last month's *Rural Living*, look for details in your county FB newsletter or call your county secretary for the date and location of your county annual meeting.

'Friends' on the Campaign Trail . . .

By Cathy J. Kirvan

At a meeting Sept. 9 in Lansing, Michigan Farm Bureau's political action committee, AgriPac, endorsed 12 additional candidates for the Nov. 4 general election. These new "Friends of Agriculture" join 109 others who were successful in their primary bids.

A list of the newly endorsed candidates appears with this article. Look for a complete list in next month's *Rural Living*.

Vander Jagt Receives 'True Friend' Honor

Guy Vander Jagt was honored by MFB at a reception in Lansing on Sept. 3 as a "true friend of agriculture" for his outstanding efforts as an advocate for fair and sound ag policies.



Rep. Guy VanderJagt (right) greets Newaygo County FB members Barb VanderMeulen and Bill Bouwsma and Montcalm County FB member Charles Mulholland at a reception honoring the congressman as a "true friend of agriculture."

In his salute to the congressman, MFB President Elton Smith said: "Guy Vander Jagt has consistently supported Michigan's apple, asparagus and cherry industries by encouraging government actions that would keep these industries competitive. He has been a consistent supporter of Farm Bureau policy on key

national issues affecting all of agriculture."

In accepting his tribute, Vander Jagt vowed to continue the fight to protect Michigan apple producers from unfair apple juice imports and paid tribute to both the FB organization and to the nation's farmers.

"It isn't just the products produced on the farm, it's the people you produce that makes America great," Vander Jagt said. "I don't mind saying out loud and clear that I'm prejudiced . . . that I serve a special interest. I serve American agriculture and I serve the farmers of my district because of what they contribute to my district, to Michigan and to America."

USDA Secretary Campaigns in Michigan for Schuette

USDA Secretary Richard Lyng was in Michigan Aug. 21 to campaign for another "Friend," Congressman Bill Schuette. Lyng and Schuette met with news media, ag leaders and Schuette supporters at a series of meetings in Clinton and Gratiot counties.

Leaders of commodity groups, general farm organizations, agribusinesses and the banking community gathered at the Velmar Green farm in Elsie for a question and answer session. Later in the day, surrounded by acres of growing corn at the Crumbaugh farm near Breckenridge, Lyng lavished praise on



Hearing the concerns of the farm community was on the itinerary when Dick Lyng went on the campaign trail for Rep. Bill Schuette. Before a news conference in St. Johns, they met with Country-mark Elevator manager Bill Campbell (right).

Schuette to supporters at a fundraising dinner.

"There are 435 members of the Congress and there's no way you can show up at every one of those districts," Lyng said. "You pick where it's most important and this is one of the most important districts in the whole United States. You have a strong, young congressman here . . . and I urge you to recognize that you have a responsibility to help see that we keep Bill Schuette in Congress."

Schuette restated his intent to keep his seat on the House Agriculture Committee if re-elected. "I think it's important we have a voice and a vote smack dab on the committee most important to our future," he said.

AgriPac Endorses More 'Friends of Agriculture'

State House of Representatives

26th Dave Jaye (R-Utica)
66th Greg Gruse (R-Madison Heights)
99th Joanne Emmons (R-Big Rapids)
100th Roland Niederstadt (D-Saginaw)

Secretary of State

Richard Austin (D-Lansing)

3rd District Court of Appeals

Gary McDonald (Saginaw)

MSU Board of Trustees

Barbara Sawyer (D-Menominee)
Dee Cook (R-Greenville)

State Supreme Court

Robert Griffin (Traverse City)
James Kallman (Lansing)

State Board of Education

Barbara Dumouchelle (R-Detroit)
Annetta Miller (D-Huntington Woods)

Hall of Fame Inducts Farm Couples

MFB President Elton R. Smith and his wife, Lynde, were among 11 farm couples inducted into the Michigan Farmers' Hall of Fame on Aug. 30 during ceremonies at the Hall of Fame building in Barry County.



MFB broadcaster Cary Blake interviews Elton and Lynde Smith outside the Farmers' Hall of Fame building, following induction ceremonies there Aug. 30. The Smiths were among the 11 farm couples honored.

"The annual Hall of Fame ceremonies are a real tribute to farmers who are selected and to the agricultural industry in Michigan. I hope that this tradition will continue with even more support and cooperation from agricultural leaders," said

Smith. He praised the dedicated efforts of Hall of Fame board members and chairperson Willis Aukerman.

The Michigan Farmers' Hall of Fame was incorporated in 1982 as a non-profit organization whose main purpose is to identify, recognize and honor outstanding farm couples who have contributed in a significant way to Michigan agriculture. The 11 new inductees bring the total to 43 Michigan farm couples in the Hall of Fame.

Aukerman proudly proclaimed the 1986 inductees a "doggone good harvest." Those selected for the honor represent agricultural areas throughout Michigan, he added.

In addition to the Smiths, new inductees include: Willard and Mildred Bienz of Calhoun County, Milton and Lela Bergeron of Arenac County, Donald and Emily Todd of Ingham County, Frank and Minnie Doezema (and the late Jennie Doezema) of Allegan County, Wade and Erlene Shuler of Berrien County, Carl and Edith Roberts of Montcalm County, Blaque and Arlouine Knirk of Branch County, Theron and Beautrice Comden of Montcalm County, Vern and Helen Peck of Calhoun County and Oscar and Irene Dowd of Van Buren County.



RURAL RASCAL

Seven-month-old Jason Turnwald, son of cash crop and hog producers Ann and David Turnwald of Henderson, knows just what to do with the rain gauge he received as a gift at the Saginaw County FB annual meeting. Jason is a notch above NBC weatherman Willard Scott who showed the gauge on the "Today Show" program to promote Saginaw County FB's 50th anniversary. Scott was temporarily puzzled about the instrument's purpose.



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Delivery: First Week of December



**MICHIGAN'S
FARM BEST**

Seeking Agrarian Quilts and Quilters

As part of a Michigan sesquicentennial project (celebrating 150 years of statehood), the Folk Arts Division of the MSU Museum is recording information on Michigan quilters and quilt-owners, paying particular attention to quilts made in agrarian communities.

Quilt information is being gathered through the location and examination of individual letters, diaries, columns in newspapers and magazines, county and state fair records, photographs and interviews.

Quilters or quilt-owners who wish to share their quilt stories or enter their quilt(s) in the museum inventory are encouraged to write to: Michigan Quilt Project, MSU Museum, East Lansing, Mich. 48824-1045.



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"Setting The Standards"



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Rural-Urban Activities Reap A Harvest of Understanding

By Connie Turbin

Anyone who has visited the state fair in the last few years marvels at how much it has changed.

Of course the oldest state fair in the country still offers those who produce the best agricultural products in the state a place to display the fruits of their labors. It's a chance for talented craftpeople to show off their finest handiwork. And it offers a unique opportunity for city dwellers to see farm animals and farm products and to talk with the people who produce them.



Farm equipment, commodity and animal exhibits drew inquisitive city dwellers to the agricultural exhibit area at the Michigan State Fair.

Farmers talking to city people. That's the simple idea that was the basis for the 1986 Farm Bureau fair booth at the Michigan State Fair, Aug. 22-Sept. 1.

"You find out really quickly the people in the aisles are just people and that they are very receptive to hearing the farmer's side of agricultural issues. That interest in the country's basic industry just needs to be cultivated," said L. C. Scramlin of Oakland County, chairperson of the Farm Bureau state fair project.

Scramlin and nearly 100 volunteers from the Macomb, Monroe, Oakland, Washtenaw, Wayne, Saginaw and Clinton county FBs spent time at the fair. Each group of county FB volunteers in their turn met and talked with more than 18,000 families during the 11 fair days.

"This year we saw whole families coming into the agricultural exhibit," he said. "It was a real pleasure to see so many youngsters with their parents and grandparents. I guess seeing families makes it more comfortable for farmers to approach and talk with city people."

In the Agriculture's Amazing Acre exhibition building where the FB exhibit was housed, farmer volunteers invited the public to sign up for one of the twice daily drawings for a gift pack of Michigan food products and to complete a short questionnaire that polled their attitudes and ideas about agriculture.

The gift packs were donated by the Direct Marketing Division of the MFB affiliated Michigan Agricultural Cooperative Marketing Association (MACMA). The questionnaires were based on materials distributed by the American Farm Bureau Federation as a part of the 1986 fair kit package.

"There are a lot of misconceptions among urban people about agriculture and they have an outdated image of the farming industry," reflected Susan Garner, MFB regional representative for the southeast Michigan counties. She said that state fair visitors who had some agricultural contact in the past — a father or grandfather who was a farmer — quickly discovered by talking with the farmers at the booth just how dramatically agriculture has changed in the past few decades.

Scramlin said the project committee guessed right when they chose the questionnaires as a way to initiate contact with the fairgoers. "The questionnaires were a good conversation starter. It helped break down the barriers and made it easier for farm and city people to start talking."

All of the questions, examples of the "myths of agriculture," asked for true-false responses. One of the questions was answered true by the city people too often for the farmers' comfort. The question: Are all farmers going broke?

A Taste of Country Hospitality

By Cathy J. Kirvan

Farmers in Bay County hosted their city cousins Aug. 27 for the 3rd annual Farm-City Tour, co-sponsored by the Bay County Farm Bureau, Bay City Chamber of Commerce and county Extension Service. The "city folk" got a first hand look at the thriving agriculture in Bay County, gained an appreciation for the many "hats" farmers wear and enjoyed a taste of "country" hospitality.

The first stop was the potato farm of Bob and Howard Johnson where the group watched the Johnsons' custom-designed potato harvester in action. Upon return to the grading and storage facility, county FB board member Irene Johnson served fresh Made Rite potato chips — made from the Johnsons' potatoes just days before.

At the next stop the group saw another kind of potato operation. Bay County FB membership chairperson Art Duyck and his family pack potatoes for the fresh market, using leading edge technology to improve the quality and shelf-life of Michigan potatoes. They also saw a pivot irrigation system and the dikes that kept the potato fields dry in last year's flood.

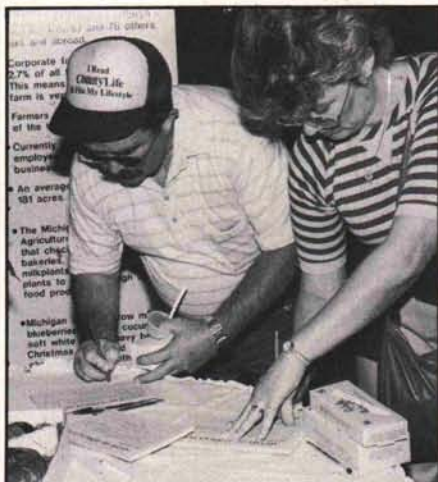
Next on the schedule was Agan's Aviation, recently pur-

chased by Rick and Bev Davis. Tour participants saw how carefully ag chemicals are stored and mixed and watched a crop dusting demonstration.

The Hayward melon farm, where the quality of the product is as important as its price and profitability, was the next stop. First the group visited a field where melons, cucumbers and squash are grown. But the most popular part of this stop was the taste testing at the grading facility. The Haywards asked tour participants to vote for their favorite variety of cantaloupe. They also served their famous yellow watermelon.

The final stop was the Rademacher dairy farm where the group toured the milking parlor, saw the computerized cattle feeding system in action and were impressed by the corn-fed beef operation. They were also impressed by the taste treat here — Schwann's ice cream.

From the customized, self-propelled potato harvester to innovations in melon picking to computerized feeding systems — the "city folks" saw the newest and best of Bay County agriculture. Participants returned to their city homes and businesses with an appreciation for the country values of ingenuity and quality that have built a productive agriculture in their community.



Farmer volunteers at the MFB exhibit invited fairgoers to take a true-false quiz on agricultural "facts," and to enter a drawing for a Michigan farm products gift pack.

Another stated that all the farmland is disappearing and that there is a serious top soil loss in the U.S. "City people believe it is so and they're concerned," said Scramlin.

"These are the negative ideas about farming that the public is accepting as true. It's up to farmers to tell all of the story so that the public gets an objective view of agriculture — its problems and its successes," he added.

But there were positive, encouraging moments, too. After receiving one of the FB stickers bearing the booth's theme — "Agriculture Is a Part of You" — one little girl asked her grandmother about the meaning. As they walked away, volunteers heard the grandmother say, "You eat food, don't you? That means that agriculture touches you and that everybody should learn about it and try to understand the farmer's position."

That positive attitude and renewed expression of understanding between farm and city people is what the exhibit organizers and volunteers at the FB state fair booth hoped to leave with the people of Detroit and southeast Michigan before they returned to their farms.



Schwann's ice cream and fresh-picked melons were popular taste treats for Bay County Farm/City Tour participants.

Examining Ontario's Dairy Quota System

In 1960, Ontario milk producer organizations were fragmented and disunited in purpose. Their bargaining position in the marketplace was very weak. The majority of producers were constantly frustrated in their attempts to alleviate the problems of inequity and low income in their industry.

The Canadian government commissioned a study in 1963 to determine how to solve these problems. From this study came the Milk Act which was passed in 1965. This act established the Ontario Milk Marketing Board (OMMB), that would buy all the milk produced on Ontario farms, and in turn, sell to processors.

Administrative Structure

The OMMB consists of 13 board members; 12 are elected to four-year rotating terms by producers. The 13th member serves one year by appointment of the Ontario government to represent cream producers.

The board and its committees are financed totally by a producer check-off and license fees. A deduction is made for market promotion, research and development. Producer deductions also support milk recording activities of the Ontario Dairy Herd Improvement Corp.

Marketing powers extended to the board include: determining of price for raw milk supplies; licensing of producers; setting and collecting license fees; requiring producers and processors to buy and sell through the board; conducting price pools; controlling marketing quotas; and appointing agents to manage the transportation system.

Supply and Price Setting Under the Quota System

There are two supply management and pricing systems for milk in Ontario: fluid milk and market share quota (MSQ) milk. This system is part of a national system, administered by the Canadian Dairy Commission and OMMB. All producers are paid on the basis of their quota shares of the fluid and MSQ markets.

Pricing fluid milk is based on two factors: cost-of-production and an economic indexing system. The cost-of-production is based on the actual farm records from 150 dairy farms in the sample. The economic indexing system reflects inflation, non-farm wage trends, the general economy and fluid milk demand.

Pricing MSQ milk consists of three parts: a cash cost index, consumer price index and a judgement factor. The cash cost index reflects price variables for

production and transportation. The consumer price index reflects the value of labor by the farm family. The judgement factor allows pricing discretion by the OMMB.

The result is a single "blend" price for MSQ milk which reflects the weighted average of milk sold in the province for all the various classes.

Managing With Quotas

Quotas, which represent a producer's share of available market, are used by the OMMB to manage the milk supply. Group I pool quotas are the property of the OMMB.

Dairy farmers are paid the fluid milk price only for the percentage determined each month. Milk produced under fluid quota, but not needed for that market, is sold as MSQ milk and producers are paid the blend price.

Producers who hold MSQs receive direct subsidy payments from the Canadian Dairy Commission. The direct payment currently amounts to about \$2.00/cwt. (U.S.), and represents about 13% of the target return. Under the quota policies, producers of MSQ milk have to maintain a monthly minimum of 80% of Group I production, and are required to market at least 85% of their MSQ in a dairy year.

A quota exchange was introduced in March 1980 to provide a clearinghouse for producers to buy and sell both Group I quotas and MSQs. Strict rules govern the sale or transfer of quota. For example, a quota can be transferred only within the immediate family or as part of the sale of an on-going operation. Group I quota and MSQ sales are subject to a 15% transfer assessment; transfers within immediate family are exempted.

Market share quota is sold on the exchange as "used" and

Market-Clearing Prices

(price/liter)

Month of Exchange	Group I Pool Quota	Unused MSQ*	Used MSQ*
February 1986	\$281.00	98.6¢	65.0¢
March 1986	\$282.02	105.0¢	66.1¢
April 1986	\$283.00	108.0¢	70.1¢

*Price multiplied by 365 days.

"unused," i.e. quota already produced in a dairy year becomes "used." The remainder is "unused." The purchaser must adhere to the production limits of "used" and "unused" quota for the remainder of the dairy year, i.e., Aug. 1 to July 31.

The national milk supply management program is conducted by the Canadian Dairy Commission with two levies: within-quota and over-quota.

The within-quota levy pays for the costs of exporting skim milk powder, and is deducted from milk marketings under an individual's annual MSQ.

The over-quota levy is set at a level high enough to market surplus whole milk products on world markets at competitive prices. It is really the over-quota levy which discourages producers from over-supplying their market shares. In effect the over-quota producer pays for disposal of the surplus.

Self-Defeating Program?

In general, the Canadian system is popular among Ontario's producers. However, there are two areas of concern: the high value of quotas and the production and marketing restraints.

New producers and expanded partnerships are faced with enormous start-up costs because the value of quotas is built into the system. The current cost for quota is approximately \$7,000 for a cow that produces 18,000 lbs. of milk per year.

These costs, say critics of the system, are ultimately reflected in the price of dairy products. Eventually, they claim, this could be self-defeating because the commodity would be priced out of the market and the producers would no longer be competitive.

Agronomic Update was prepared by Kevin Kirk, commodity specialist in the MFB Commodity Activities and Research Department.

Opinion

Ag Co-ops — Self Inflicted Wounds

(Editor's Note: This is the introduction to an eight part series which will examine the problems facing co-op members and co-op leaders. The articles are based on survey and research conducted by Dr. William E. Black and Dr. Ronald D. Knutson of the Texas A & M University System, and distributed by the American Institute of Co-operation.)

Agricultural co-ops are institutions created by men and women of vision to accomplish what one person could not do alone. Nearly all co-ops in the United States today were organized after WWI, largely as an alternative to commercial manufacturers and suppliers. When co-ops were formed, they took away customers from existing agribusinesses and created more competition.

Competition is less intense today. Co-ops do a better job of competing with proprietary firms, thus proprietary firms are less likely to "take on" co-ops than in the past. It is not competition from proprietary firms that causes ag co-ops to struggle and to die. Rather ag co-ops fail because of long-term internal forces and decisions within co-ops themselves, i.e. self-inflicted wounds. Some call it internal decay.

These self-inflicted wounds are the result of decisions made by co-op members, but mainly through decisions and policies made by co-op boards of directors and managers through the years. The wounds represent the prevailing philosophy of co-op operation that has resulted from decays of policy formulation. They originate from fears, selfishness and lack of knowledge. As a result, co-ops are more willing to compete among themselves than to compete with proprietary firms which are

always ready to fill the void left by a bankrupt co-op.

Perception of the original need for co-ops has been obscured by time. Current co-op members equate the worth of a co-op in terms of what it does for them today rather than what it can do for them tomorrow. Co-op loyalty is less evident in young members than in old members. Today's members view their co-op only as an alternative, not *the* alternative.

Not all co-ops have the same number of wounds, some none at all. Others carry so many wounds that the co-op's life is in jeopardy even in the hands of the best surgeons. The wounds are not only in local co-ops, but also in some regional co-ops. Some of the wounds stem from the loose relationship between locals and regionals. Mainly they stem from the lack of visionary leadership within the co-op community.

What are some of the co-op's self-inflicted wounds? Through this eight part series of articles, the following problems in the co-op system will be reviewed: too little co-op education, losing the larger farmer, failure to involve members in decision making, failure to remove inactive members, nonrevolving board membership, incomplete knowledge of board policy, uninformed membership and permanent/unallocated capital.

These wounds are rarely isolated. They all weaken the co-op system. Many of these wounds strengthen the level of management control at the expense of either member or board control. Many increase the co-op's unit cost of operation and, in the process, cost co-ops member business.

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Too Little Co-op Education



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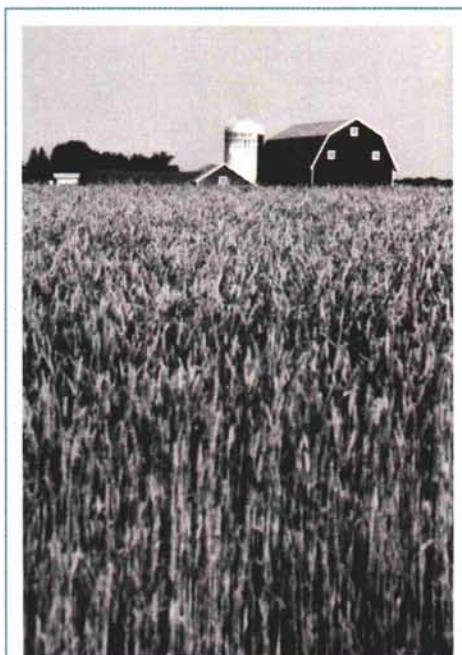
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The Debate Over Mandatory Controls

The continuing farm policy debate is shaping up for 1987 between those who favor continuation of voluntary farm programs, for which costs have increased substantially, and those who favor mandatory programs. The primary requisite of mandatory quotas involves placing an effective ceiling on the total quantity of the commodity that can be marketed.

The programs being proposed are generally national in scope, applicable to all producers of a particular commodity and incorporate a price for quota marketings and a penalty price for marketings in excess of quota. Mandatory programs have the appeal of higher farm prices and potentially lower government costs. However, there are higher long run costs in terms of possible market loss, restricted opportunity to produce and restricted farm income.

Perspective on Current Programs

The 1985 farm bill is basically an extension of prior legislation that has its roots in the early 1970s. At that time, production and marketing controls were abandoned for wheat, feed-grains and cotton in favor of government price support loans intended to minimize the interference of U.S. products in world markets. Under this farm policy, voluntary programs to reduce production and government income payments make up the difference between government-set target prices and market prices.

Regardless of the rhetoric to the contrary, it is clear that reducing federal spending for farm programs has not been the objective of lawmakers over

the last 10 years. Farm income stabilization spending averaged about \$10 billion per year (in 1982 dollars) between 1962 and 1973. After some decreases in the mid-1970s, these outlays trended upward from 1976 to the present and reached an all-time high of \$21.3 billion in FY '85 (in 1982 dollars). The recent trend is twice as large as the average annual spending during the 1962-73 period.

If reducing federal spending for farm programs is the sole objective, strict production and marketing controls on each farm would be a more effective way to reduce government costs in the short run. If policymakers wanted to reduce, not eliminate, spending by using stricter controls, a better farm program balancing act would be needed.

The Record of Controls

In terms of the historical record, what have been the results of controls — production controls and/or marketing quotas?

While there has been a steady decline in farm numbers during the post-WWII period, the decline sped up dramatically during the 1950s and 1960s when controls were at their peak. Between 1950 and 1970 farm numbers were cut by nearly half from 5.6 million to 2.9 million units.

With changing production technology and new crop and livestock methods, farmers generally needed higher output units to cover the new investments.

Farmers who owned the "right size" allotments were not

stressed in the short run. Farmers who did not own allotments had to either rent the allotments, buy farms that had allotments or find off-farm employment.

Long Run Impact of Controls

If production quotas or marketing certificates were adopted today, these basic relationships would come back into play. If other resources are abundant and the land resource is restricted in its use, the price of the restricted resource will increase.

Closer economic analysis shows the longer run impact of controls on tobacco, as an example.

World production and use of tobacco has increased but the U.S. share has declined over the 1960-85 period. The combined marketing quotas for U.S. flue-cured and burley tobacco have been reduced by about 25% from the 1960 production level in response to the lower U.S. market share.

The U.S. share of world production of flue-cured tobacco has fallen from 64% in 1935-39 to 18% in 1980-82. Our export share has fallen from 83% to 21%. Today, the U.S. is the world's largest importer of tobacco.

A move toward mandatory controls and government-set prices for grains would shut the U.S. out of world markets unless substantial export subsidies were used. If those export losses occurred, it would mean writing off one-quarter of U.S. agricultural output (up to 50% for wheat, soybeans and cotton), and require a significant reduction in the agricultural plant and the segments of rural America that supply agricultural inputs and market agricultural output.

While the goal of mandatory controls is higher market

(continued on page 22)

Legislative Review

(continued from page 6)

Right-to-Farm — More and more farm operations are being challenged because of complaints of odors, dust, noise, water pollution, soil erosion, spraying, etc. Most complaints are made against livestock operations.

The Right-to-Farm Act, promoted and supported by MFB, has worked very well to protect producers in most of the complaint cases since its passage in 1981. However, in one instance, a lower court judge ruled that the guidelines, which refer to "generally accepted agricultural and management practices," are too vague and provide no standards to be used in reaching a decision.

As a result, a Right-to-Farm Task Force was appointed to analyze the provisions of the act. The task force, comprised of various state department and agency representatives, has drafted a series of far reaching recommendations for strict standards of practice, rules and new legislation.

One recommendation would require a management plan approved by the MDA director for all farm operations.

This provision is somewhat confusing because it then states that a management plan must be submitted to and approved by the MDA director for all new/expanding agricultural uses, new ownership of farm operation, and by existing "problem" operations, i.e., "those causing environmental degradation which are cited" and those against which there are "public complaints confirmed by an approved authority." Management plans would establish standards and requirements for construction and conduct of a farm operation.

As an alternative to civil prosecution, "cited" farm opera-

tions could be allowed to develop an approved management plan, using the criteria and guidelines of a plan "model."

Use of the "approved management plan" concept would be extended to supersede the provisions of the current Air Pollution Act of 1965.

As written, the existing act exempts "usual and ordinary animal odors" in a "zoned agricultural area" if animal numbers and operations are "in keeping with normal and traditional animal husbandry practices of the area." The task force recommendation is that farm operations having "an approved management plan" be exempted from the nuisance provisions.

Other major recommendations include:

- Establish a mediation/arbitration process to solve local disputes and prevent lawsuits.
- Identification of "exclusive agricultural zones and designation of intensive agricultural use areas" by local government units.
- Expand the authority of the MDA director to "designate agricultural development zones," and "review and approve" subdivision plots in agricultural areas, divisions of land, local land use plans where agricultural land is impacted, and local ordinances pertaining to agriculture.

- Appoint an 11-member advisory committee to assist in implementation of the new "Right-to-Farm" rules.

Reaction at the MFB board of directors meeting in Lansing, Sept. 2 and 3, was to oppose any system of "mandatory" permits or requirement for state approved management plans. The board members suggested the development of a "voluntary" program for those who wished to operate with an approved management plan, provided the program would provide protection to the farmer.

Property Tax Study — Farm Bureau was invited to testify Aug. 22 before a special Senate subcommittee on property assessment practices. Current FB policy was the basis for the formal testimony.

FB's policy reflects a widespread concern regarding assessment practices and the serious decline in farmland values, as much as 25% to 50%. It is FB's position that local assessors have largely overlooked this fact even though farmland equalized valuations were reduced in some counties.

The subcommittee members were also informed that county FB committees are now developing 1987 policy recommendations for consideration at county FB annual meetings this fall and that final policy decisions will be made by the elected delegates at the state annual meeting, Dec. 9-12.

Excerpts from FB's present tax policies include:

- Permit the use of auction sales in a sales study. (Accomplished with the passage of H.B. 4879, P.A. 200 of 1985.)
- Revise the tax calendar to require that state equalized values be announced before board of review meetings.
- Recognize the sharply declining farmland values. (Assessments were reduced in some counties this year.)
- Tax mobile homes located in mobile home parks at a value comparable to mobile homes on real property.
- Prohibit excessive values being placed on old and obsolete farm buildings and storage structures. Assessments should only reflect "utility value" or "no value" when the buildings are not useful or provide no economic income.
- Establish procedures to determine actual sale price on property including land contract sales. (H.B. 5136, requiring sales reports, has passed the House and is now in the Senate Finance Committee.)

•Consider a new "rural-residential" classification consisting of non-farm residential property with acreage. This would prevent such higher value residential acreage from impacting farmland valuations.

•Study the current "developmental" classification to determine whether farmland is being misclassified and, consequently, assessed at a higher rate.

•Update the assessors' manual to reflect the numerous changes since 1972, and include any new appraisal techniques. (This is presently underway.)

•Reclassify properties. Wrong classification has hurt farmland in many areas.

It was pointed out to the subcommittee members that "much can be done within the present constitutional limits and the present statute."

For example, current law states: "In determining the value the assessor shall also consider the advantages and disadvantages of location; quality of soil; zoning; existing use; present economic income of structures, including farm structures; present economic income of land if the land is being farmed or otherwise put to income producing use . . ." etc.

This definition permits, at least in part, the use of alternative assessing techniques, including capitalization of net income, especially during a time of rapid loss of land value and few sales.

The Tax Commission's manual on farmland identifies three valuation methods: the cost approach, the market approach and the income capitalization approach.

While the manual provides considerable help to the assessor on soil types, erosion, drainage, land maps, etc., it provides very little information or gives poor examples for applying the income capitalization approach.

The manual also directs that "additional values" should be "considered above the inherent capacity of normal agricultural pursuits" including: farms near cities or urban areas, potential subdivisions, private estates, hobby farms, commercial developments and limited access highway interchanges.

FB's testimony stressed that assessing on "potential" developmental values and so-called "higher and best use" has led to major problems in many areas including forced land sales, strip development and urban sprawl. "Potential" value is also often used even when the property is zoned limiting its use.

FB's testimony also cited some court cases upholding Michigan's statutory requirements.

Misclassification of properties has become a serious problem, therefore, reclassification of all property was strongly urged. Proper classification is of particular importance in the assessment of farmland. For example, classification of farmland as "developmental" can seriously distort equalized values.

Another recommendation to the subcommittee urged that an arrangement be made with Michigan State University's Agricultural Economics Department to develop a model to determine how "economic income" of farmland and structures and the capitalization of net income approach could be used in the assessment process.

MFB reaffirmed its strong support for the homestead property tax credit program and the Farmland and Open Space Preservation Act (P.A. 116), pointing out that "these are successful programs and have helped to bring Michigan into some equity with other states." However, these programs merely provide tax relief; they do not address the assessment problem.

FB testified that while more and more farmland owners are signing up in the P.A. 116 program, there are areas where farmers find it difficult to contract for 10 years or more and where it may not be desirable in the interest of good overall planning. It is essential that the assessing procedure be uniform throughout the state.

FB also left with the subcommittee copies of a study made by the Macomb County Agricultural Property Tax Review Committee as some FB members serve on that committee.

Lansing legislative topics are reviewed by Robert E. Smith, MFB senior legislative counsel.

Discussion Topic

(continued from page 20)

prices, there is no guarantee of higher incomes. For example, virtually all the analyses done for the wheat poll showed that income after variable expenses would be less under the mandatory program than under the current program.

An important factor to consider is that the production and/or marketing quotas used in a mandatory program will be the most limited resource in production and will acquire a value of their own. Therefore, the benefits of controls will flow to the owners of the franchises to produce, not to the producers of the commodities.

Discussion Questions

- How would mandatory controls affect your farm operation?
- If mandatory controls were enacted and led to loss of our export markets, would you favor export subsidies to regain those markets?
- Do you think mandatory controls would benefit Michigan agriculture in the long run?

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Write Your Own Will: It's legal. Four will forms to fill out. \$3.00 prepaid. Fast service. Moneyback guaranteed. PICK'S, Dept. MIC, Tompkinsville, Ky. 42167. (6-6t-23p-ts)

Why die without a will? Two legal "Will Forms" and easy instructions. Only \$4. . . Order Today! Guaranteed! TY-Company, Box 1022-MF, Prior, Okla. 74362. (6-6t-22p-tss)

We research the current value of old stocks and bonds. Abraxas Research Service, P.O. Box 1296-RLM, Gresham, Ore. 97030. (7/8-3t-20p-ts)

PROTECT YOURSELF! Secure your investments with The Watchman, a computer database program that stores important information about your valuables for home or business. Lock away the data for safe-keeping and reproduce immediately in the event of a fire, theft, routine inventory, taxes and insurance claims. Available for Apple II models — IBM coming soon! Only \$29.95! Send for free information: Charlie Software, 1709 W. Hibbard Road, Owosso, Mich. 48867. 517-723-3947 after 6 p.m. Farm Bureau members — 10% off!! **Also offered as a service for people without a computer!** (9-2t-86p)

SIGNS — "No Hunting or Trespassing." 12"x6" Buff tag, \$15.00 per hundred. Fluorescent red, \$24.00 per hundred. Dave Hebert, P.O. Box 563, Bay City, Mich. 48707. (10-25p)

"Old Time Fiddle Music on Cassette." Send long SASE for list. Fiddle Music, 448 E. Main St., Kinde, Mich. 48445. (10-2t-20p)

FOR HOMEMAKERS

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Guardian Service Glass Lidal Pyrex percolator and Corning parts. Steven's, Box 3392RL, Orange, Calif. 92665. (10-3t-15p-ts)

NURSERY STOCK

Berry Plants — Raspberries, strawberries, blueberries, currants, gooseberries, others. Free catalog. Makleiski Berry Nursery, 7130 Platt Road, Dept. RL, Ypsilanti, Mich. 48197. Phone 313-434-3673. (11-12t-22p)

Strawberry Plants — Asparagus Crowns. Certified plants grown on fumigated sand. Free brochure. Krohne Plant Farms, Rt. 6, Box 586, Dowagiac, Mich. 49047. (10-12t-21p)

CLASSIFIED AD POLICY

- Farm Bureau members pay 25 cents per word for all classified advertisements.
- All other advertisers pay 50 cents per word for one insertion and 45 cents per word for two or more consecutive insertions of the same ad.
- All advertisements are subject to a 15-word minimum charge, including member ads.
- Please indicate if you are a Farm Bureau member.
- **The deadline for ads is the first Monday of the month preceding publication.**
- **All ads must be pre-paid** and may be pre-paid up to one year in advance.
- It is the responsibility of the advertiser to re-insert the ad on a month-by-month or year-by-year basis.
- The publisher has the right to reject any advertising copy submitted.
- No ads will be taken over the phone.

MAIL YOUR AD WITH PAYMENT TO:

Rural Living, P.O. Box 30960, Lansing, Mich. 48909

Name _____

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