

MICHIGAN FARM NEWS

March 15, 1991



Michigan Farmers Call On Washington, D.C.

Cool and sunny weather greeted the nearly 125 Michigan farmers participating in the 31st annual Michigan Farm Bureau Washington D.C. legislative seminar, March 5-8.

While in Washington, D.C., members had an opportunity to witness a "slice of history," according to Hyde Murray, AFBF legislative counsel. In a briefing with members the first day, Murray said the mood in the city, with the liberation of Kuwait and victory in the Persian Gulf, was one of "euphoria, goodwill and patriotism."

Budget Issues

Murray warned, however, that a number of critical issues face agriculture including an economic recession that some are starting to call a depression. "The federal budget problems didn't go away with the budget summit; they are still with us," he said.

Murray urged farmers to ask their Michigan congressional delegation to support Farm Bureau's position for a spending freeze; opposition to tax increases; capital gains treatment to cover land, livestock and timber investments; a constitutional amendment to balance the budget; legislative line item veto; and opposition to means testing for farm program payments.

The implementation and administration of a "complicated, massive" farm bill is another concern to agriculture, Murray told the group. "We must remain resistant to changing the law before the ink is even dry. Any fine tuning can be accomplished without opening it up again, as some farm groups are demanding," Murray said.

Trade

AFBF Trade Specialist Paul Drazek also spoke during the briefing about the need to extend the president's "fast track" negotiating authority. Under the Trade Act of 1988, the president can negotiate trade agreements that can't be amended by Congress, but must be approved or rejected in its entirety. Farm Bureau is lobbying for a two year extension of fast track, currently scheduled to expire June 1, 1991.

Drazek added that no country will negotiate trade agreements with the U.S. without fast track provisions. "Giving Congress negotiating authority on trade agreements would create a long political battle that would result in lost opportunities to open and develop new markets for American agriculture," Drazek said.

"Rejection of presidential negotiating authority at this time would be tantamount to prejudging the outcome of both the Uruguay Round and the North American Free Trade agreement," said Drazek. "American agriculture has much to gain from successful and equitable trade agreements, and Farm Bureau urges they be pursued."

Congressional Contacts

MFB members had breakfast with members of Michigan's U.S. Representatives Wednesday morning. While sharing breakfast with their farmer constituents, Congressmen listened to their concerns on three major issues: allowing self-employed persons to deduct the full cost of health insurance premiums; federal regulations of wetlands; and private property rights.

"We have four separate and obviously poorly coordinated federal agencies that regulate wetlands..."

Following the breakfast meeting, MFB members headed for Capitol Hill for hearings that were scheduled or for appointments with their Congressional offices.

Benzie County Farm Bureau members were involved, at the request of a Washington, D.C. based news service, in a news briefing. The service provides the



Rep. Dave Camp, 10th Dist. "Friend of Agriculture" and House Ag Committee member (left - right) discusses issues with MFB Director Dick Leach, Saginaw County, and Don Sisung, Clinton County, during breakfast Wednesday. Camp later met with all of his constituents at his office for what was termed "a very productive meeting."

Traverse City Record-Eagle newspaper with their Washington, D.C. reports. During the briefing, MFB's Legislative Committee, Dave and Elaine Putney and Alan Kobernik hosted members of the Washington, D.C. press corps who service news media in Michigan.

During the news briefing, MFB President Jack Laurie told reporters that farmers are vexed by the conflicting federal definition of wetlands. "We have four separate and obviously poorly coordinated federal agencies that regulate wetlands activities," Laurie said. "There is no common single definition of a wetland that is used by all of these regulatory agencies. Many land-

owners, faced with federal regulation of their wetlands, feel that their property rights are being taken without just compensation."

Senators Levin and Riegle

Senators Carl Levin and Don Riegle shared breakfast and their hopes for a continuance of the unity that prevails in Congress with MFB members on Thursday morning.

Levin referred to the unity as a "temporary cease-fire" and warned; "Enjoy it now -- it won't last." This same kind of unity should now be used, he said, to solve our domestic problems, particularly the economic challenges that need to be addressed.

Sen. Levin also gave a strong pitch against Farm Bureau's position on the "fast track" provisions of the Trade Act of 1988, calling for a similar response to other countries that practice unfair trade. "Congress could lose its leverage without the ability to amend trade packages," Levin maintained.

Levin said he would rather see where the "fast track" provision is leading -- to a level playing field or over a cliff -- before giving the fast track extension his green light. He did, however, express his support for maintaining economic ties with the Soviet Union despite the the situation in the Baltic States, saying it would do more harm than good to discontinue those relations.

Sen. Riegle said the troops in the Mideast should serve as an example of what can be accomplished with teamwork. "It is time for America to work together as team, across party lines to set some common goals and pull together as did our troops to get the job done," he said.

See "D.C." continued on page 3...

MFB members met on Wednesday with their Representatives discussing wetlands, private property rights and health insurance premium tax deductions. Below, (left - right) Al Garner and Gerald Salow of Ingham County met with their Rep. Bob Carr.



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Protecting Private Property Rights — Everyone's Priority

Since the mid-1980's it has been apparent that environmental issues will play a major role in federal farm programs. With the initiation of the current 1990 farm legislation, we see an ever increasing emphasis on environmental and conservation concerns. No farmer that I'm acquainted with will deny agriculture's major role in the future of a clean environment in our country.

For more than a half century, agriculture has played a major role in addressing environmental concerns through the use of proper conservation, the development of erosion control structures, the planting of windbreaks, the proper use of chemicals and pesticides, conservation reserve programs, the planting of cover crops, and many other techniques which improved the environment. Farmers devote their own effort as well as a good deal of their financial resources into accomplishing these positive environmental projects.

They do this for one reason: the property that they are improving is theirs, and the benefits that accrue from proper environmental programs will benefit not only the environment, but them personally, by enhancing their property and making it better for the next generation.

Disturbingly, a new school of thought entertains the idea that farm land should not remain in the control of farmers when it comes to developing sound environmental practices and procedures. The thought is that the land belongs to everyone and that consequently, the government should have the responsibility for determining what cultural and environmental practices are best for that land.

This philosophy is beginning to show itself in a number of areas, most notably in the legislative and regulatory arena. Legislation, like the current federal farm program, mandates that farmers will comply with certain environmental restrictions, such as developing a conservation plan for farms with highly erodible land, before they can become eligible for participation in the benefits of the federal farm programs. This is an example of a government program which tends to start out meaning well, but in the end is a forced method of taking private property rights away from the landowner.

Even something as seemingly straight forward as the Right To Farm Guidelines that have been adopted by Michigan State University, the Department of Agriculture, and farmers in general across this state, are now being perceived by some as an opportunity to be turned into rules and regulations that infringe on the private property rights of farmers.

Farmers need to be constantly aware of the attempts that are being made to lessen the rights that we have as property owners to use our land as we wish. We obviously need to be aware of proper environmental and conservation practices which we should adopt in order to have a positive impact on the environment. But we also need to tell our side of the story to the environmentalists and the general public.

We need to continue to remind ourselves and others that the right of private ownership of land is a right that many people around the world are giving their lives to achieve. So if there is ever a time that we need to not take something for granted, that time is now and the issue is the private ownership of property.

Jack Laurie
Jack Laurie, President
Michigan Farm Bureau

In Brief...

Madigan Appointment Official

The U.S. Senate voted 99-0 to confirm Representative Edward Madigan (R-Ill.) as the new secretary of agriculture. Rep. Madigan said he would resign his House seat immediately to be sworn in as the USDA Agriculture Secretary. He said he would bring three of his staff with him to USDA, but would be cautious in changing the leadership at USDA because, "They're very impressive people. It would be beneficial if they were to stay."

New SCS Chief Conservation Oriented Farmer

William J. Richards, the new head of the USDA Soil Conservation Service, is a midwest farmer who has practiced conservation farming on his own 3,500 acre operation in Ohio.

According to a recent profile of Richards in the *Wisconsin Agriculturalist* magazine, he sees himself not only as an administrator of a huge government agency with 14,000 employees, but also as coordinator of efforts to administer conservation compliance requirements established in the 1985 farm bill. Richards is encouraging all farmers to work closely with their local SCS officials to make regulations work most effectively.

FCIC Manager Named

In his final month as secretary of agriculture, Clayton Yeutter named James Cason manager of USDA's Federal Crop Insurance Corporation. Cason, who was earlier denied a post as USDA's assistant director, has been deputy manager of the agency since May of 1990 and is a veteran of government service within the departments of Agriculture and Interior. Acting FCIC manager David Gabriel will become associate manager.

The goal of FCIC is to further the stability of agriculture through crop insurance by covering unavoidable losses due to adverse weather, insect infestations, plant disease, floods, fires and earthquakes. In 1991, crop insurance will be available for over 50 commodities in over 3,000 counties across the nation, according to the USDA.

GATT Back on Track?

GATT Director General Arthur Dunkel has announced that all 108 nations participating in the Uruguay Round of GATT talks say the negotiations are back on track, after a meeting of the supervisory trade negotiations committee. That meeting is the first since talks broke down over two months ago.

Dunkel says he has laid out a new platform for negotiations based on a new work program covering all aspects of the trade talks. Dunkel did point out, however, that several large problems and major political decisions remain to be resolved.

Meanwhile, President Bush has asked congressional leaders for an extension of the fast track trade negotiating authority for GATT and a proposed North American Trade Pact. Such authority will give the Bush administration the authority to negotiate "amendment proof" trade agreements.

Farm Banks Now Among Nation's Healthiest

The USDA says farm banks last year achieved their highest rates of return on assets and equity since 1983. Noting that only 18 farm banks failed in 1990, the department said as a group, farm banks are now among the healthiest of commercial banks, according to a recent issue of *Food and Fiber Letter*, a Webster Communications publication.

The USDA expects a slight increase in farm debt this year from the year-end \$133.9 billion in 1990. That was down 1.3 percent for the year but 31 percent below the 1983 peak farm debt load of \$192.7 billion.

Lending capital is more than adequate to meet demand, particularly at commercial banks, the USDA said. Lenders are eager to make new loans, primarily to farmers with highly liquid assets.

Pacific Northwest Group May File Suit

A group comprised of landowners, loggers and manufacturers may sue the Interior Department at the end of April if the agency refuses to change endangered species regulations that they say have hurt their operations. The group contends that agency rules go beyond what is mandated under the Endangered Species Act and should be rescinded.

In a letter to Interior Secretary Manuel Lujan and Fish and Wildlife Service Director John Turner, the group questioned rules preventing any "habitat modification" on lands that contain endangered species. The group also contends that the northern spotted owl, which was declared as "threatened" in September 1990, is not endangered and should not be covered by the rule.

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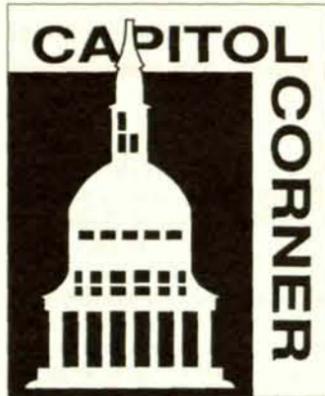
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MICHIGAN FARM BUREAU



PROPERTY TAX REDUCTION

GOVERNOR ENGLER'S PROPOSAL

STATUS: The Senate Finance Committee reported a series of bills which implement Governor Engler's proposed property tax reduction plan. Elements of the plan include cutting school operating taxes by 28% over three years. Schools would be reimbursed for the lost revenue through the increase in school aid funding.

In addition, property would be assessed every other year, not annually, as is current practice. Procedurally, several classes would be assessed in the first year, the additional classes in the second year, which would then rotate every other year.

In addition, there will be a proposed Constitutional amendment to limit property taxes to the rate of inflation or 5%, whichever is less. The Homestead Property Tax Credit would be a phased-in increase from the current \$1,200 to \$2,500. Thereafter, it would be increased, indexed to the rate of inflation. In addition, Homestead Property Tax Credits for low income senior citizens would be increased substantially. The series of bills now move to the Senate floor for further debate.

FARM BUREAU POSITION: Farm Bureau supports the concept of state revenues paying a greater portion of school operating costs and reducing reliance on property tax as a major source of funding. A concern is how the additional funding for school aid will be funded.

HOUSE DEMOCRATIC PROPOSAL

STATUS: The House Democrats proposed a plan to reduce property tax by approximately 25% in 1991. This plan was reported out of the House Taxation Committee.

Provisions of the plan include exempting the first \$30,000 of a home's market value from all local school operating. This would equate to \$15,000 SEV. The exemption would be indexed to the rate of inflation and would be implemented in 1991 with no phase-in. The Homestead Property Tax Credit would be increased from \$1,200 to \$1,500.

An amendment to the Constitution would be proposed, which would limit assessments to the rate of inflation until the home is sold. Following the sale, the assessment would be set at 50% of the market value and thereafter indexed for inflation until the next sale. The proposal would provide Single Business Tax relief for small businesses by reducing the alternative profits tax rate by 50%. Renters would enjoy additional relief through the Homestead Credit, which they now qualify for. Additional credits for low income seniors and disabled citizens would be provided, again through the Homestead Credit.

The reduction would be funded, in part, by eliminating the capital acquisition deduction in the Single Business Tax and by eliminating tax abatements for local school operating purposes. The package of bills was reported out of the House Taxation Committee and are now available for debate on the House floor.

FARM BUREAU POSITION: Farm Bureau supports the concept of state revenues paying a greater portion of school operating costs and reducing reliance on property tax as a major source of funding.

FARM BUREAU CONTACT: Ron Nelson, extension 2043.

INCOME TAX WITHHOLDING

Farmers required to withhold federal income tax on their employees should be aware that a bill requiring state withholding could be enacted by the end of this year. Michigan's Deputy Treasurer, Gary Wolfram, has indicated that such a measure would be retroactive for wages paid farm employees in 1991. In light of this, the prudent employer may want to seriously consider withholding state as well as federal taxes.

FARM BUREAU POSITION: Farm Bureau continues to monitor the issue and consequences to agriculture.

FARM BUREAU CONTACT: Howard Kelly, extension 2044.

"D.C." continued from page 1...

Riegle praised Bush's selection of Ed Madigan as the new USDA Secretary of Agriculture. Riegle called Madigan a "man who will listen, who we can work with and somebody who will prove to be good for agriculture."

On the issue of trade, Riegle drew the analogy of Japan's unfair trading practices in a very succinct manner by saying, "Japan has been doing to the United States economically for years, what we just did to Iraq militarily." Riegle concluded by saying, "The U.S. economy simply cannot continue to suffer the economic net losses we've experienced to Japan in recent years."

German Embassy Visit

MFB members then traveled to the German Embassy where they met with and heard from Dr. Gerhard V. Gloy, Agricultural Counselor at the embassy. In his remarks and discussion with members, Gloy commented on the GATT Uruguay Round Trade Talks, calling it "a window of oppor-

tunity for the EEC, which is facing increased budget pressures."

Gloy, when asked about price disparities between the U.S. and the EEC, said that typically, subsidized prices in the EEC are 40 to 50 percent higher than those of the basic U.S. loan rate structure.

The issue of private land ownership seemed to be a major topic of concern to Gloy who said that of the 20 million acres of farmland that were under cultivation in former East Germany, there were 8,000 farm units with over 800,000 employees. Complicating matters even more, according to Gloy, are a number of Western Germans attempting to reclaim farmland they lost over 40 to 50 years ago.

Gloy discussed problems and regulations that EEC and German farmers in particular are facing, including groundwater protection, chemical use record keeping and animal welfare regulations that have made their way into European agriculture. Gloy

MIOSHA

It has been reported that Governor Engler's budget proposal for the fiscal year '91-'92 had removed MIOSHA funding from both the Department of Labor and the Department of Public Health budgets. It is our understanding, however, that it is still open for negotiation. Farm Bureau, in a coalition with several other groups including the State Chamber of Commerce, has indicated a position that can best be summed up as "fix it, or ship it."

The main points of the coalition proposal are that the MIOSHA operation be streamlined by consolidating the program in one department - the Department of Public Health. Also that the state should adopt the federal standards and they should not exceed federal requirements unless there is a compelling reason to do so.

There were a number of reasons Farm Bureau is willing to make an attempt to fix the program rather than returning it to federal OSHA.

- Federal OSHA's seven-fold increase in penalties went into effect March 1, 1991. OSHA has indicated that contract states such as Michigan must adopt the federal penalties as well. Just in case that didn't occur, Representative Emerson has introduced H.B. 4484 which increases the penalties assessed under the Occupational Safety and Health Act and provides that civil penalties be credited to the state general fund.
- Appeals would have to be heard in the Chicago regional office rather than here in Lansing if Michigan returns to the OSHA program.
- The Environmental Protection Agency and the Labor Department's Occupational Safety and Health Agency (OSHA) have agreed to join forces and pool their resources to better identify and more effectively track down employers they believe violate federal environmental and safety laws. EPA inspectors on farms checking for OSHA violations does not have a good ring to it.

Farm Bureau is also recommending that if the Occupational Health Standards Commission continues to operate, that agriculture be represented on that Commission.

FARM BUREAU POSITION: Farm Bureau feels that all of the elements made in this comprehensive proposal to retain and improve MIOSHA must be accepted by the Legislature and the administration or the entire MIOSHA program should be returned to the federal government.

FARM BUREAU CONTACT: Howard Kelly, extension 2044.

GOVERNOR'S BUDGET MESSAGE

The Governor's budget recommendations are scheduled to be released on Thursday, March 7. Very little information is available regarding the budget prior to the release. It is anticipated that the budget will be substantially different than past years.

Many departments will be downsized with reductions of up to 15%. It is anticipated that education will receive a 4% increase and an increase in actual dollars. Some departments will be eliminated such as Licensing and Regulation and those functions deemed necessary will be transferred to other departments, primarily Commerce.

Agricultural export and promotion activities, formerly housed in the Department of Agriculture, will be transferred to the Department of Commerce. Public safety will receive funding to address areas of concern including Corrections and State Police. In summary, the funding in the budget will emphasize education as the highest priority, including both K-12 and higher education.

FARM BUREAU POSITION: Farm Bureau has not indicated a position until detail is available and analyzed. Farm Bureau has indicated strong support for food safety and weights and measures, in addition to education within the Department of Agriculture and other areas of concern.

FARM BUREAU CONTACT: Ron Nelson, extension 2043.

pointed out that increased regulations contribute to increased costs of production, further complicating the subsidy debate.

USDA and Trade

Despite the recent breakthrough in GATT talks, farmers need to continue to support the world trade talk process, according to Duane Acker, Administrator of Foreign Agricultural Service, speaking to members Thursday afternoon.

"Although we stand ready to bring the round to a successful conclusion, we're under no illusions," Acker said. "A lot of tough negotiating lies ahead. To achieve success, very strong support is needed from the agricultural community."

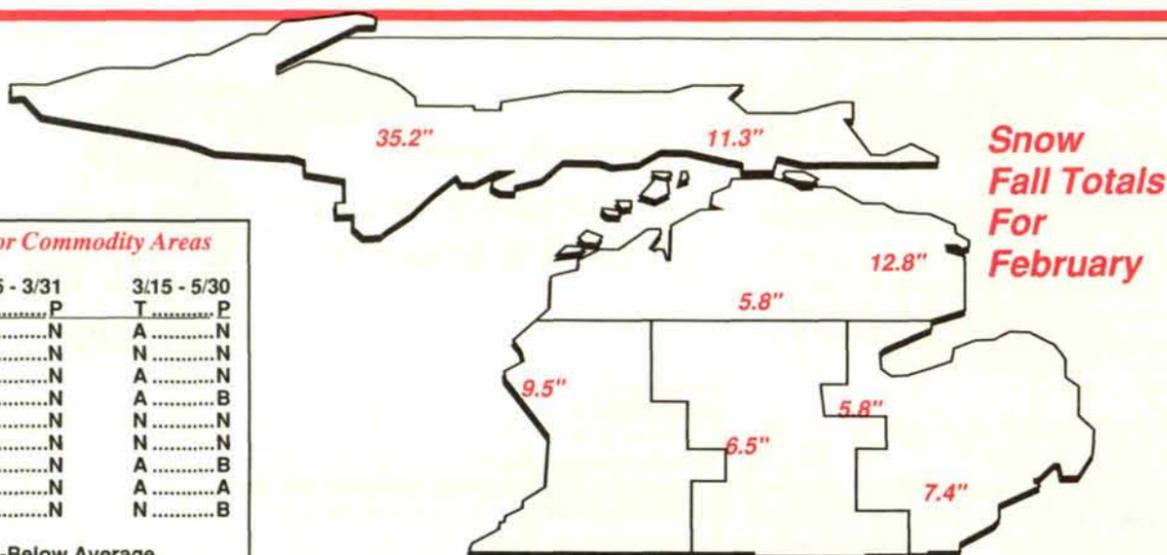
Acker said the main U.S. goal in the negotiations is a "fundamental reform" of the world's agricultural trading system. "Agricultural policies around the world are forcing farmers to compete with government treasuries. These policies curtail growth in world trade and hurt all

producers, in both developed and underdeveloped countries," he said.

Acker predicts "enormous consequences" if the current GATT talks fail. "The real losers will be the efficient agricultural producers as well as the consumers in countries like Japan, where they pay three to seven times what we do for rice and beef." Saying that the coming months will be critical for our U.S. GATT negotiators, he noted that the agricultural industry is on the verge of changes that could lead to world-wide growth.

"It is the responsibility of all of us to forego some short-term benefits in favor of some long-term gains," he said. "We strongly believe that a GATT settlement, offering improved trading rules and reductions of subsidies and import protection, would give all U.S. agricultural sectors the best opportunity to compete in the world market on a more equal basis."

4



Outlooks For Major Commodity Areas

T - Temp.	3/15 - 3/31	3/15 - 5/30
P - Precip.	T.....P	T.....P
W. Corn Belt	N.....N	A.....N
E. Corn Belt	B.....N	N.....N
Wint. Wheat Belt	N.....N	A.....N
Spr. Wheat Belt	N.....N	A.....B
Pac. NW Wheat	N.....N	N.....N
Delta	N.....N	N.....N
Southeast	N.....N	A.....B
West Texas	N.....N	A.....A
San Joaquin	A.....N	N.....B

A-Above Average, B-Below Average, N-Normal, MA-Much Above, MB-Much Below, NP-No Precip.

For 2/1/91 to 2/28/91	Temperature		Dev. From Normal	Precipitation	
	Avg. Max.	Avg. Min.		Actual (inch.)	Dev. From normal
Alpena	33	20	+6.0	0.40	-0.94
Detroit	37	25	+5.5	0.91	-0.78
Flint	35	23	+6.0	0.68	-0.78
Lansing	36	24	+6.5	0.78	-0.78
Grand Rapids	35	24	+5.5	0.84	-0.69
Houghton Lake	32	17	+6.5	0.45	-0.85
Pellston	31	17	+9.0	0.57	-0.96
Sault Ste. Marie	27	13	+6.0	0.57	-0.79
Traverse City	33	22	+8.0	0.52	-0.89
Marquette	30	12	+5.5	0.73	+0.43

High Temp. = 57 at Alpena on 2/4/91
Low Temp. = -18 at Escanaba on 2/26/91

Warmer and drier than normal weather covered much of Michigan during February. The abnormal warmth reduced hardness of overwintering field and fruit crop, although seasonable temperatures returned for much of the latter half of the month. An outbreak of arctic air on the 15th through the 17th produced heavy lake effect snowfall and led to slightly above normal monthly precipitation in sections of the central U.P. and extreme southwestern Lower Peninsula.

The Climate Analysis Center's 30-day outlook is for near to below normal temperatures and near normal precipitation across the state. Normal maximum temperatures range from near freezing in the extreme north to the mild 40s in the south, while normal minimums remain subfreezing from the single digits in the Western U.P. to the upper 20s in Southeastern lower Michigan. Normal precipitation ranges from about 1.5 inches in the north to 2.5 inches in the extreme south.

In contrast, the latest 90-day outlook calls for above normal temperatures and near normal precipitation.

Jeff Andresen
Agricultural Meteorologist
Michigan State University

Weather

California Rains Don't Ease Drought Concerns

Though welcome, recent rains received in California won't change the outlook for reduced production of cotton and other farm commodities this year. "We'd just about need 40 days and 40 nights of rain to get to where we need to be," said Mike Henry, spokesman for the California Farm Bureau.

Cotton industry sources said cotton planting in California in this fifth year of drought will be about 700,000 acres of upland and 50,000 acres of pima. In 1990, California harvested 1,060 million acres of upland cotton and 26,000 of pima.

California's water reservoirs are at record low levels and severe water restrictions remain in place, according to *Knight-Ridder News*.

Effects on sugar production may impact sugar processing facilities to the point of closure, with some doubting they'll ever reopen, according to Al Sandberg, president of the Delta Sugar Corporation.



The difference between apples and oranges can be spotted at a glance. Unfortunately, it's not quite as easy to tell the difference between health insurance policies. That's why we recommend that you take a moment to read the fine print if you're offered health insurance for less than Farm Bureau rates. Chances are you're being asked to compare, well . . . apples and oranges.

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Regulatory Review Headlines MFB's 1991 Commodity Conference

MFB members have a first-hand opportunity to learn about current and pending regulatory issues impacting Michigan agriculture at MFB's Annual Commodity Conference, March 27, 9:00 a.m. 3:30 p.m., at the Holiday Inn Conference Center located at 7501 W. Saginaw, according to MFB Livestock Specialist Kevin Kirk.

Kirk says those attending the conference will receive an update on MDA food safety efforts as well as a tour of MDA's food inspection facilities during the morning portion of the program. MDA Director Bill Schuette will be the keynote speaker during the conference lunch.

"The highlight of the meeting will be an opportunity to view the food safety facilities of MDA," says Kirk. "The tour will be a very enlightening experience for Michigan farmers to see just how much testing is really done."

The afternoon portion of the program will include an update on the USDA's Residue Analysis Project initiated after the Alar

controversy. Michigan is one of six states involved in the trial program administered through MDA in Michigan.

Dr. Craig Reed, D.V.M., Director of Science Division, Agricultural Marketing Service, USDA, will also discuss the pesticide record-keeping requirements of the 1990 farm bill. "This will be the first insight into those requirements for many farmers," says Kirk.

Finally, new state ASCS Director Dave Conklin will be on hand to discuss farm program sign-up trends and concerns. MFB's Public Affairs Director Al Almy, will also give an update on changing wetlands regulations.

For complete program and registration information, contact Kirk at 1-800-292-2680, ext. 2024, by March 20. Cost of the program is \$10 and includes meal expenses.



Michigan's state FFA officer team was at the MFB Center recently for their executive meeting, which, according to FFA projects consultant Charlie Snyder, is one of the highlights of the year. Snyder says the officer team put the finishing touches to plans for the 63rd annual Michigan FFA Convention scheduled for March 18-20, 1991, at MSU's Wharton Center.

MFB President Jack Laurie met with the officers, congratulating them on their accomplishments and achievements in the past year. Pictured are (back row, l. - r.): Phil Bowman, President; John Adams, Region IV V.P.; Carol Schmucker, Region II V.P.; Jack Laurie; Andy Brown, Treasurer; Stephen Dailey, Region III V.P.; Dennis Pennington, Region V V.P.; (front row, l. - r.) Stacy Beaute, Sentinel; Karen Geiger, Reporter; Heather Gordon, Secretary; Deb Laurell, Region I V.P.; Jennifer Fenton, Region VII V.P.

Futures Trading Reform Bill Underway

The U.S. House Agriculture Committee has approved a futures trading reform bill similar to a version passed unanimously in 1989, that includes steps to raise self-regulation standards for the futures industry. The committee says the bill would also improve oversight cooperation with foreign futures regulators.

Details of the bill include:

- Limits on certain trading practices such as dual trading by a floor broker in any contract market in which the Commodity Futures Trading Commission (CFTC) has determined the average daily trading volume is 7,000 contracts or higher.
- Limits on trading among members of broker associations and prohibits insider trading or the use of insider information, with violations classified as felonies and subject to a fine with a possible prison term.
- Current audit trails would be improved and a system of contract market disciplinary committees must be established. Under the bill, anyone on the exchange governing boards who has, or whose employers have, a direct financial interest in the subject matter would be prohibited from voting.
- Requires floor traders to be registered with the CFTC, enhance CFTC authority to disqualify registrants and increases the maximum fine for felony violations of the Commodity Exchange Act to \$100,000 for individuals.
- Requires the CFTC to monitor stock index futures margin levels, which the administration wants transferred to the Federal Reserve. The CFTC would be required to also monitor stock index arbitrage trading to ensure it doesn't threaten the public interest.
- Requires the CFTC to study the feasibility of computer-based trading and conduct a pilot program in computerized futures trading.
- Requires the CFTC to analyze the competitiveness of U.S. futures exchanges compared with those abroad.

Getaway

with Member Travel Services

APRIL TOURS

Las Vegas Weekend

From \$399 per person, based on double occupancy.

Experience life in the fast lane with a four day, three night get-away in Vegas! Package includes roundtrip charter air from Detroit, hotel accommodations, round-trip airport/hotel transfers, baggage handling, tax and a Las Vegas discount book.

Departure Friday and return on Monday.

MAY TOURS

Holland Tulip Festival - Thursday, May 16

Cost: \$61 per person.

The festival will be in full swing today as we visit Windmill Island and Dutch Village. We will view the parade from our comfortable lawn chairs, enjoy our included dinner at the Old School House and much more. A memorable spring day!

Washington, D.C. and Gettysburg - May 16-20, 1991

Cost: \$369 per person.

Enjoy American history and beauty via deluxe motorcoach with the services of an experienced travel escort. Also included are hotel accommodations, baggage handling, taxes & some meals.

JUNE TOURS

Steamboat Charm

Cost: From \$699 per person, based on double occupancy.

Enjoy steamboating and the splendor of The Old South for four days and three nights on the DELTA QUEEN. Your trip includes roundtrip airfare from Detroit, accommodations on the boat, sailing from New Orleans, all meals, entertainment and activities while aboard. Ports of call include Nottoway Plantation and Rosedown Plantation in St. Francisville, Louisiana. Optional pre or post hotel stopovers available in New Orleans. Departure on Friday, return Monday.

Mackinaw Island Lilac Festival Time - Monday, June 12, 13, 14

Cost: \$280 per person.

Experience the magic that is Michigan on Mackinaw Island. Enjoy spectacular accommodations at Mission Point, the largest resort property on the Island, located on the southeastern shore. This specially designed mini vacation includes a host of interesting stops, along with outstanding lakeview accommodations, daily breakfast, one dinner with full choice of the menu, a carriage tour of the island and much more! Also included are hotel accommodations, guided tour, baggage handling, taxes and some meals.

JULY TOURS

Murder Mystery Train

Cost: \$97.50 per person, one-day trip

Enjoy dining and detecting aboard the Murder Mystery Train! Depart from Detroit's Amtrak Station to begin your odyssey of intrigue. Solve clues on a seven hour tour of Michigan and conclude with dinner when the murderer and motives are revealed! Private parties provide excellent entertainment for any occasion. Available at \$309.50 per person for weekend excursion.

Deadwood Ramblin' and Gamblin'

Cost: From \$694 per person, based on double occupancy

Explore the exciting history of South Dakota during Mt. Rushmore's 50th anniversary. Price includes roundtrip motorcoach tour from Chicago, five nights hotel accommodations, five dinners, Deadwood gaming halls, Boot Hill, Black Hills Passion Play, Mt. Rushmore, Custer State Park jeep tour and Badlands National Park. Departures in June and August as well.

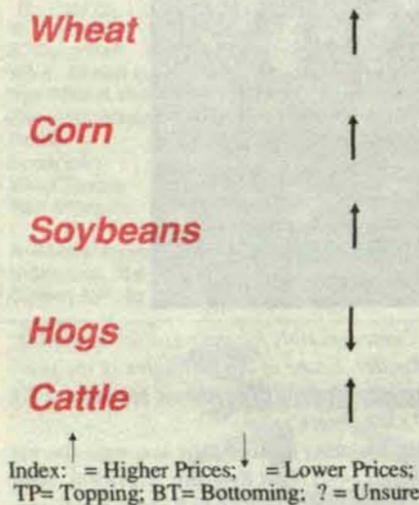
For more information on how to book your GETAWAY call 1-800-354-4272

Note: All packages are subject to availability. Prices are subject to change or variation for 1991. Airport/pier transfers not included in New Orleans.

6

MARKETS

Seasonal Commodity Price Trends (long term)



cattle prices and consequently moved into the red. As we move into 1991, some of the same conditions prevail, Uvacek said.

"Strong feeder cattle prices will stay with us, but USDA calculates average breakeven costs for February were a little over \$85.50 per cwt. That's pretty stout, particularly when you're talking about \$79 cattle," Uvacek added.

The Texas economist sees 1991 fed cattle prices averaging in somewhere between \$76 and \$80 per cwt. with the strongest prices coming in the April to June quarter. Feeder cattle will remain high with the year's average falling between \$87 and \$91 per cwt., he said.

Hogs

Glen Grimes, Professor Emeritus from the University of Missouri Department of Agricultural Economics, said the pork industry is on a roll, especially in 1990, with demand for pork products growing over the past several years.

USDA data shows little or no growth in the breeding herd, with some of the same rationale affecting producer attitude on expansion as is evident in the beef industry.

Slaughter levels have remained fairly constant and Grimes said odds are high that slaughter in early 1991 will be less than last year. "The future of the livestock industry over the next few years depends on what happens to demand, not only in pork but beef and poultry as well," Grimes said. "Cash hog prices are very likely to average above \$50 per cwt. with only 1 or 2 percent increase in pork supplies per capita."

Grimes recommended hog producers keep a close eye on March data for signs of herd expansion. Efficient producers should expand fairly rapidly. High-cost producers should watch expenses.

Wheat

Low prices continue to weigh on farmer attitudes. Dry weather has afflicted the Dakotas. South Dakota got some relief with mid-February rain, but the drought continues in North Dakota, the biggest spring wheat state.

Canadian wheat acreage is expected to fall. Stats Canada, the official numbers organization, showed an 8 percent drop for 1991 wheat acreage in their winter planting intentions survey. Argentine farmers have been very disappointed with prices received for their recently harvested wheat. Their government encouraged wheat production this year but did nothing to cushion farmers from falling world prices. Farm groups promise lower plantings next year.

Australian production is expected to fall, too. A survey of Western Australian growers showed plantings would be cut in half if low prices persisted. Exportable supplies could fall to 10 to 12 million tonnes from the 15 to 16 million tonnes this year.

Soybeans

Brazilian weather has come back into the markets. Dryness in Rio Grande do Sul is a problem; but without intense heat, with good conditions north of Rio Grande and the favorable weather in Argentina, the market impact remains muted.

Estimates of Brazil's bean crop have been gravitating toward 17 million tonnes compared to 20 million tonnes last year. Argentina's crop is expected to be near 11 million tonnes, close to record production. The South American crop should total over 30 million tonnes, exceeding previous pre-planting estimates of 28 million tonnes.

Corn

USDA estimated 1991 corn plantings at 77.5 million acres, an increase of 4 percent or 3.3 million acres from last year. The acreage increase is a result of lower set-aside and also suggests producers are at least considering dropping out of the government program. So far new crop prices have only challenged the non-participation price threshold.

In 1990, 78 percent of the corn base was enrolled. The latest acreage estimate implies program participation will fall to the 65 percent area. Barring a sharp price rally between now and spring, we may have already seen 1991's largest plantings estimate. The traditional Planting Intentions Report will be released March 28.

Cattle

The January 1 cattle and calf inventory figures were up only slightly from a year earlier and in fact numbers have not changed more than a million and a half since 1988, said Ed Uvacek, Jr., President of Western Research Inc.

The numbers indicate that the herd rebuilding phase has started and the new cattle cycle may be in its third year, though admittedly it's a fairly flat beginning of an expansion period. "There are several reasons for the slow buildup, if that is what is going on," Uvacek said. "New tax laws are not quite as favorable for cattle producers as they were before, banks are a bit more conservative in lending capital now, and there is a lot of uncertainty in the economy," he said.

While 1990 was a good year for cow-calf producers, it was a troublesome year for cattle feeders. Many of them had very high breakeven costs because of the high feeder

Corn Unlikely for Reserve

Current corn prices and expected end-of-the-year stock levels are high enough that USDA will probably not be able to let 1990 crop corn or other feedgrains into the farmer owned reserve, USDA officials say.

The deadline for USDA to announce whether it will allow feed grains in the reserve is March 15. However, USDA sources say it appears that by March 15 that

neither price or stocks for feedgrains will be at the levels to open the reserve. Entry is mandatory if both conditions are met and discretionary if one is.

If neither are met, then USDA appears not to have the authority to allow entry because of the way the 1990 farm bill is written. USDA currently forecasts that remaining corn supplies at the end of the 1990-91 (Sep.-Aug.) marketing year will equal 15 percent of annual use, well below the 22.5 percent required for entry. USDA sources say the 90-day average corn price on March 15 isn't expected to be below \$1.88 per bushel, the other condition for entry.

February Farm Prices

The index of prices received by farmers in Michigan for all products as of February 15 was 119 percent of its 1977 base, according to the Federal/State Michigan Agricultural Statistics Service. The February index is two percent below last month's of 122 and 12 percent below last year's level.

The price index for all crops dropped two percent from its January level due in part to a 15 percent decrease in all hay prices. Dry bean prices had the most dramatic increase at four percent, while corn prices rose by three percent. Potatoes and oats had a two percent increase in price from their January levels. Commercial vegetable prices rose 15 percent from a month ago. A 21 percent decrease in poultry and egg prices dropped the livestock products price index one percent from a month ago. Hogs showed a six percent gain over last month. Milk prices were two percent below January's price and 22 percent below February 1990.

The February index of prices received for all U.S. farm products decreased one point (.7 percent) from January to 144 percent of the 1977 base. Increases in the price of cattle, hogs, sweet corn and tomatoes were partially offset by lower prices for eggs, lettuce and onions. The index was seven points (4.6 percent) below a year ago.

The January 1991 index of prices paid by farmers for commodities and service, interest, taxes, and farm wages was 187 percent of its 1977 average. This equals the October 1990 average. This is a six point rise (over 3.3 percent) as compared to the same month last year.

Survey Shows Higher Food Prices

Retail food prices rose 6 percent in the first quarter of 1991, according to Farm Bureau's price check of 16 frequently purchased foods. The survey, conducted by volunteers in 23 states, shows an average cost of \$31.05 for the typical market basket compared to \$29.22 for the last quarter of 1990.

Higher reported prices for ground chuck, sirloin tip roast, pork chops, bacon, apples, potatoes, cereal, bread and mayonnaise contributed to the price increase. The survey reflected lower prices for whole fryers, eggs, milk, cheddar cheese, flour and cooking oil. The February price hike reverses a 6.5 percent drop recorded the last quarter of 1990. Compared with a year ago, the February 1991 report represents an overall 4 percent increase in food prices. The survey is conducted during February, May, August and November.

Milk Price Hits Farmers, But Not Consumers

Milk prices which have plummeted to farmers are going down much more slowly in retail outlets. Dairy processors contend the higher margins are needed to make up for losses when milk prices escalated in 1989 and the first part of 1990, and to cover higher costs such as transportation.

Kevin Kirk, livestock specialist at MFB, said farm prices of milk have dropped by 32 percent from December of 1989 to December of 1990. He echoed farmer concerns at the widening spread between farm and retail prices of milk and dairy products.

Flex-Acres Comments Submitted

AFBF submitted written comments to USDA's ASCS on the provisions for planting alternative crops on flexible acres in the 1990 farm bill. Farm Bureau reiterated its policy position that alternative crops should not be allowed on acreage on which deficiency payments are being paid, including experimental or industrial crops on PAY/92 acreage. Producers of PAY/92 crops, not eligible for deficiency payments would be unfairly and detrimentally affected by competing with producers who would receive such support. Farm Bureau does not oppose the planting of these crops on acreage where government support is suspended while under cultivation to an alternative crop.

Farm Bureau also recommended that certain crops not defined as fruit or vegetable should be prohibited from flexible acres if such planting on flex acres could disrupt marketing by existing producers of that crop, such as popcorn.

1991 PLANTING INTENTIONS SURVEY

Crop	1990 -Million acres-	1991	Percent Change
Corn	74.2	77.5	+4.5%
Sorghum	10.5	12.5	+18.6%
Oats for Harvest	6.0	6.8	+13.3%
Barley	8.2	9.1	+11.0%
Soybeans	57.8	58.5	+1.2%
Sunflowers	1.91	2.60	+36.1%
Wheat (spring & winter)	77.3	68.7	-11.1%

Farm Credit System Regulation Under Debate

The American Farm Bureau Federation (AFBF) recently testified in support of legislation to ensure continued control of the Farm Credit System by the Farm Credit Administration, adding that reforms introduced in 1987 are working well and adding stability to the borrower-owned financial institutions.

In testimony before the House Agriculture Subcommittee on Conservation, Credit and Rural Development, AFBF testified that oversight of the FCS should not be turned over to the Treasury Department, adding that the Farm Credit Administration is fully equipped and capable of continuing their regulatory responsibilities.

Oilseed Price Outlook Termed "Dismal"

Price outlook for soybean and sunflower growers is not too promising, according to Kansas State University economist Bill Tierney.

Tierney said the combination of larger planting expectations by U.S. soybean growers and the lowest export commitments on record could overshadow the economic and weather difficulties experienced by South American growers. He said November 1991 soybean futures contracts, which traded above \$6 in late January, could be selling at \$5 by harvest time unless weather difficulties develop, or there is a dramatic turnaround in exports.

"It's a little too early to tell what sunflower prices will do," Tierney said. The current bid of around 7.8 cents a pound could change when crushers get more serious about new-crop bids in a month or so. Planting intentions report indicates acreage increases of 33 percent in 1991, which could prompt crushers to become less aggressive in offers.

Soviet Farm Marketing a Tough Call

The USDA says the Soviet market for U.S. farm goods may continue to grow but remains subject to several variables including: a poor credit rating; political uncertainty and unrest in the Baltic states; and competition from other countries.

The Soviets have exhausted the \$58 million in soybean credit under the \$1 billion export credit guarantee package from the United States. The USSR has \$50.6 million remaining in U.S. credit guarantees for wheat, \$9 million for almonds and \$8.1 million for protein meal. An additional \$33 million in credits have not yet been designated for any commodity, according to *Knight-Ridder News*.

National Dairy Board Aiming For Japan

The National Dairy Board has contracted with Uniflex Marketing, Inc., a Tokyo-based market development firm, to coordinate and direct its market promotion activities for U.S. dairy products in Japan beginning March 1991. Uniflex Marketing specializes in marketing U.S. agricultural products in Japan, and represents several high-value U.S. producer organizations.

According to Cythia Carson, CEO of the National Dairy Board, "Uniflex will act on the board's behalf in Japan and concentrate most of its efforts in 1991 to informing the Japanese trade of the quality, variety, reliability and safety of America's dairy industry, the world's second largest." Specific attention will be paid to cheese and frozen desserts - ice cream and frozen yogurt.

This effort marks the NDB's first major marketing development activity and is jointly funded by U.S. dairy farmers and the U.S. Foreign Agricultural Service of the USDA. The NDB was established by Congress in 1983 to develop and administer a coordinated program to strengthen the dairy industry's position in the marketplace. NDB's total annual budget of approximately \$80 million is funded by an assessment of all milk marketed by U.S. dairy farmers.

Meat Demand Split

Demand is growing for pork, and poultry demand is robust, but there is no evidence of growth in consumer demand for beef, said Wayne Purcell, professor of agricultural economics at Virginia Tech.

Speaking at the AFBF Beef Cattle/Hog Cycle Forum, Purcell said more emphasis must be placed on product development in beef. "Our products are not going into the market as conveniently as consumers want them," he said. Purcell added that simple things like nutrition information on packages and cooking tips for new homemakers could be helpful.

Purcell agreed that the background and cattle feeder must be concerned at facing more financial risk than they have ever faced before. "It's time for honing price risk management skills, finding forward pricing opportunities and using them," said Purcell.

Ethanol Producers Shift Emphasis

From expanding uses to increased production, the increasing demand for cleaner burning fuels has exerted enough pressure on existing ethanol production facilities to cause a shift in emphasis by corn growers associations.

Pekin Energy Company, the nation's second largest ethanol producer, recently announced intentions to boost its production capabilities by 25 percent to meet growing demand for the corn-based fuels, according to the Illinois Corn Growers Association.

The company intends to boost its ethanol production from 80 million gallons a year to 100 million. November 1992 is the target date for completion of the expansion, which will boost Pekin Energy's use of corn to 38 million bushels annually.

GEHL Company Posts Record 1990 Results

GEHL Company posted record 1990 sales and net income, with net income increasing 45 percent to \$7.3 million from \$5 million in 1989. Sales increased 13 percent to \$175 million from \$155 million for the previous year. The 45 percent net income increase enabled the company to post earnings per share of \$1.21, up 3 percent from \$1.17 in 1989.

Gehl's Agricultural Division sales rose 16 percent to \$132.6 million from \$114.2 million in 1989. Operating income increased 53 percent to 13.9 million compared to \$9.1 million in 1989. The performance is attributed to strong sales of livestock feeding, round baler and forage harvesting product lines.

Changing Feed Rations? Watch Ration pH Levels!

Late-winter ration changes forced by dwindling feed inventories and changing forage quality may disrupt rumen function in dairy cows, according to Dr. Mike Hutjens, dairy extension specialist at the University of Illinois.

"Producers can minimize this problem by making sure they have enough sodium bicarbonate in the ration," says Hutjens. "As you get closer to the bottom of the silo, two things can happen. First the feed may be more acidic due to increased fermentation and secondly, it may have been made from a less mature crop meaning higher moisture, less fiber, and a finer chop."

Sodium bicarbonate stabilizes rumen pH, keeping it in the optimum range of 6.2 to 6.8. If the pH falls below this range, a low butterfat test can occur, as well as a

decrease in dry matter intake followed by reduced milk production.

Hutjens claims that adding grain or silage to a ration in late winter to compensate for a lack of a high-quality forage is one way this can happen. Feeding additional grain to rumen micro-organisms accustomed to higher forage levels shifts rumen fermentation, leading to excess propionic acid production.

"It is currently cheaper to add corn when hay or forage becomes scarce than to buy additional high-quality hay. Making sure there is enough bicarb in the ration will help prevent a pH drop," says Hutjens. "Sodium bicarbonate should be fed daily at the level of 1.5 percent of the grain ration, or .8 ounces for every 10 pounds of milk produced."

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AUSTREES in Minnesota planted in May, 1990, photo taken Sept., 1990.

Getaway

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Shipshewana - Saturday, April 13

Cost: \$69.00 per person.

More chances for you to spend your money shopping! After a pleasant and relaxing drive, we'll arrive at the Dutchman Essenhaus in Middlebury, Indiana. Here we will be treated to a marvelous Amish style lunch. Bring your appetite and save room for home made pie for dessert! After lunch, we will take a short drive to the famous Shipshewana outdoor flea market where you can find many treasures, new or antique!

Holland Tulip Festival - Thursday, May 16

Cost: \$69 per person.

The festival will be in full swing today as we visit Windmill Island and Dutch Village. We will view the parade from our comfortable lawn chairs, enjoy our included dinner at the Old School House and much more. A memorable spring day!

Note: All packages are subject to availability. Prices are subject to change or variation for 1991.

For more information on how to book your GETAWAY call 1-800-354-4272

MICHIGAN FARM BUREAU

8 Work Safely with Farm Animals

Farm animals are friends and partners in agriculture -- but they also pose dangers that farmers cannot afford to ignore.

A recent summary of farm accident data from several states shows animals were a factor in one of every eight injuries reported, ranking second to farm machinery in the total number of incidents. Farm family members were by far the most frequent victims of animal-related accidents, with hired help and visitors accounting for less than 10 percent.

Safety tips around animals

- Take good care of animals and treat them with respect.
- Use adequate restraining and handling facilities.
- Be calm and deliberate. Speak gently and don't startle livestock; minimize noise.

- Keep unheeded animals away from the work area.
- Use extra caution with animals around crowds.
- Provide good footing for handling operations. Keep floors and ramps clean.
- Roughened concrete, clean boots, no-slip strips and the like can help reduce the risk of falls.
- Wear protective clothing, footwear and headgear as the job demands.
- Train inexperienced workers in safe livestock handling before allowing them near animals.
- Stay clear of animals that are frightened, hurt, sick, or have newborn or young offspring. Be cautious around strange animals.
- Leave yourself an "out."

- Use the appropriate respirator to protect your lungs when working in confined housing and on dusty jobs.

- Protect children by keeping them out of animal facilities. Keep barn chemicals and medications out of reach.

Domesticated or wild animals can also be sources of human illness and parasite infestation. Here are a few general preventive measures you can follow:

- Keep animal quarters clean.
- Immunize animals and keep them free of parasites.
- Quarantine and remove sick animals.
- Don't expose yourself unnecessarily to sick animals.
- Wear rubber gloves when treating sick animals or assisting with birth -- especially if you have open sores or wounds on your hands and arms.



From Farm Bureau Insurance

- Wash up and change clothing when finished.
- Immediately treat minor cuts and abrasions incurred when tending animals or cleaning their quarters.
- Don't use water from untested wells, and don't let children swim or play in ponds or other water that could be contaminated by feedlot runoff or animal waste.
- Call a doctor if you become ill after contact with animals.

Farm Bureau Insurance has the best agency force in Michigan...over 400 professional agents serving Farm Bureau members throughout the state.

Of these 400 dedicated men and women, we're proud to honor four who received major awards at our annual sales convention, held recently in Grand Rapids.

They are four big reasons why Farm Bureau Insurance is a leading insurer throughout Michigan.

They Serve Farm Bureau with Pride...

Congratulations to Four Award-Winners From Farm Bureau Insurance



Rus Gardner
1990 Distinguished Sales Award
Oakland County agent Rus Gardner has reached a level of production unmatched in company history. For the fourth year in a row, he has earned the Distinguished Sales Award, recognizing him as the top agent in the state. The award, the highest honor bestowed by Farm Bureau Insurance, recognizes Rus for his record-breaking sales and outstanding client service.



Richard Smith
1990 Distinguished Management Award
This prestigious award recognizes Richard Smith as the top agency manager in Michigan. He earned the award for his agency's outstanding sales and service achievements, and for his development of new agents. Dick manages 24 agents serving Wayne and Monroe Counties. He is recognized around the state as a leader, motivator, and dedicated friend of the Farm Bureau Family.



Ben Landheer
1990 Elton R. Smith Award
Newaygo County agent Ben Landheer received this important award for his outstanding contributions to his profession, his community, and Michigan Farm Bureau. The annual award, introduced by Farm Bureau Insurance in 1987, is named in honor of retired MFB president Elton Smith. Ben, one of Farm Bureau's most honored agents, is a highly-regarded leader in the MFB Family.



Ron Zandbergen
Michigan Farm Bureau Membership Award
Ottawa County agent Ron Zandbergen is dedicated to MFB membership growth, as recognized by this major award. Presented by Farm Bureau Insurance, the award honors the agent who produced the most new MFB members in the prior membership year. As our top membership producer of 1990, Ron signed up 204 new members last year, an outstanding effort from an outstanding agent.

Farm Bureau Insurance Agents Earn Top Sales and Service Awards

Oakland County agent Rus Gardner has earned the 1990 Distinguished Sales Award, recognizing him as the top Farm Bureau Insurance agent in Michigan. This is the fourth year in a row that Gardner has earned the company's highest sales honor.

The award is presented annually to the top Farm Bureau Insurance agent in Michigan, based on outstanding sales achievements and superior client service.

Gardner led the company in several sales categories last year, including new issued life policies, new life premium, new auto premium, and new property/casualty policies. His life insurance sales last year set two all-time records in the company.

The company's top management honor, the Distinguished Management Award, went to Dick Smith, agency manager for Wayne and Monroe counties.

Smith, who manages 24 agents in the two counties, earned the award for his agency's outstanding record of sales and service during 1990, and for his excellent record of recruiting and developing new agents.

Both Gardner and Smith received their awards at the recent Farm Bureau Insurance sales convention in Grand Rapids.

Agents receiving other major awards at the convention were:

--Ben Landheer, Newaygo County, recipient of the Elton R. Smith Award. The award, named in honor of the retired Michigan Farm Bureau president, recognizes Landheer for his contributions to his community, his profession, and Michigan Farm Bureau.

--Ron Zandbergen, Ottawa County, who received the Michigan Farm Bureau Membership Award for producing the most new Michigan Farm Bureau members in the past membership year. He signed up 204 members last year.