

MICHIGAN FARM NEWS



September 16, 1991



"First Of-a-Kind" Saginaw Bay Watershed Project Unveiled

At the request of Gov. John Engler and the Michigan Department of Natural Resources in April, 1991, the Environmental Protection Agency is reviewing an application that, if ultimately approved, will create the first ever fresh water National Estuary Program in the country. Approval is expected sometime in October.

Successful designation as an estuary will trigger the release of up to a million dollars of federal funds for a period of five years for a complex, multi-year project. Project funding would be channeled through the EPA and be administered by the DNR, with involvement of state and local governments, including technical assistance from the SCS, CES, MDA, and the ASCS, according to U.S. Rep. Bob Traxler (D-Bay City).

"This will be the first freshwater estuary program in the nation, which is significant," said Traxler. "It's going to bring attention to this project and, I hope, stir all sectors of the community within the watershed to be active participants in the program."

A total of 22 Michigan counties would be included in the watershed project, with a primary goal of enhancing and protecting the water quality and natural resources of the Saginaw Bay and its watershed. The project would involve identification of threats to water quality, including analysis of point and non-point sources of pollution, with recommendations from a "management committee" to resolve those concerns.

Saginaw Watershed Project Counties

| | |
|------------|------------|
| Arenac | Mecosta |
| Bay | Midland |
| Clare | Montcalm |
| Genesee | Oakland |
| Gladwin | Ogemaw |
| Gratiot | Osceola |
| Huron | Roscommon |
| Iosco | Saginaw |
| Isabella | Sanilac |
| Lapeer | Shiawassee |
| Livingston | Tuscola |

At an MFB sponsored meeting in Frankenmuth to discuss the project, ever-increasing sedimentation levels and phosphorus loading were identified as "overwhelming problems" in regard to non-point source pollution, according to EPA's Dale Bryson, director of the agency's water division.

"Agricultural interest and support are absolutely critical to the success of what we're trying to accomplish, so we (EPA) want heavy involvement from the agricultural community," said Bryson.

Agriculture will have representation on the management committee, which will also consist of decision makers from local, state and federal units of government, industry, education and the economic development community. The management committee will determine the environmental priorities of the Bay, and then develop strategies to address those priorities.

According to Vicki Pontz, MFB legislative counsel, agriculture does have some concerns regarding the project. "One of the reasons for the informational meeting was to solicit involvement of agricultural leaders in all the decision-making processes, whether that be a local watershed coun-

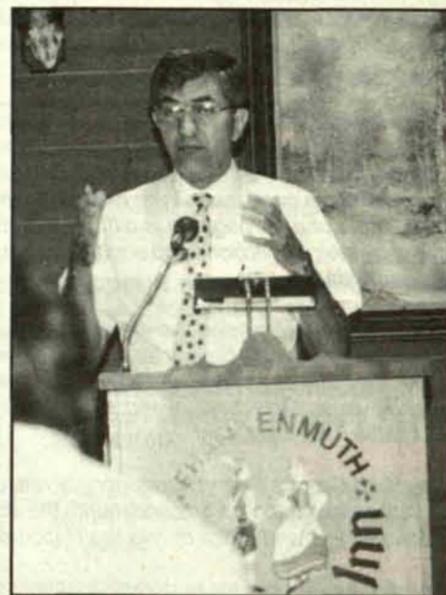
cil, a county commission, a state or federal decision on how the additional monies coming into the area might be spent," she said. "Another concern that agriculture has is maintaining additional or new practices on a voluntary basis as opposed to a mandatory basis," said Pontz.

The project could also mean that additional dollars would be made available for existing water quality programs as well as any new programs that may evolve.

"Particularly for agriculture, that could mean additional on-farm technical assistance in soil and water conservation practices, as well as possible cost-sharing for some of those projects," said Pontz. "Agriculture has done a good job, particularly in the last 10 years, of reducing sediments and phosphorus loadings into the Saginaw Bay, through previously implemented cost-sharing projects."

In response to numerous farmer concerns expressed at the Frankenmuth meeting, reassurances were made by all represented agencies that the goal of the project would not be finger pointing but rather technical assistance on a voluntary basis to help solve the non-point source pollution dilemma.

"Farm Bureau will be keeping a close eye on this project as it progresses. We have a lot at stake, a lot of opportunities, and also a lot of concerns," Pontz said.



EPA's Dale Bryson explains the federal estuary program during the Frankenmuth informational meeting.

Michigan State Fair – On the Road to Recovery

In a year that many considered "do or die" in rebuilding an ailing state fair, the event may finally be on the way to recovery, in terms of attendance and corporate sponsors, according to Dick Allen, the state fair's general manager.

"We had approximately 452,000 people in attendance, up just slightly over last year," said Allen. "Our attendance stabilized, since it had been in a decline over the last several years."

According to Allen, corporate sponsors donated \$234,000 to this year's event compared to only \$93,000 last year. Allen hopes to see that aspect of the state fair continue growing, adding that a major goal next year will be to include sponsorship from the big three automakers.

"We essentially invited business to take over the show. They'll be strongly involved in future fairs in terms of what kind of programs we have here. Sponsors want happy people, and that will ultimately make a better state fair," said Allen.

A professional \$10,000 exit survey, donated by Research Data Analyst, was conducted at this year's state fair, with some interesting findings.

"Most significant to agriculture was that the number one reason people told us they came to the state fair was for the livestock exhibits, which they also said they were very pleased with," said Allen. "It can certainly be said that having a fair in a large metropolitan area is an important outreach activity for agriculture."

The survey also showed a more upscale audience in terms of income than previously thought and the average age of 41 years was surprisingly higher than previously perceived.

In addition to seeing a continued growth in attendance and corporate sponsors, Allen says the misconception about the lack of safety and

security is another obstacle that needs to be addressed.

"We've really been hurt in recent years by concerns of people who might come here, but hesitate because of safety fears," said Allen. "Statistically, according to the State Police who handle security, the state fairgrounds is the safest city of its size in the entire state of Michigan."

The surveys reflected a more positive attitude regarding safety, because of the State Police involvement and on-site parking. Allen said safety fears are unfounded since those attending the state fair are more of a family crowd, there for

the livestock exhibits, food and fun, which is also a good base to build attendance on.

Once the survey results are compiled and fully analyzed, Allen will be drafting a report for the State Fair Council and Gov. John Engler, with additional recommendations for next year's state fair.

"If this event can be stabilized, perhaps even grow slightly and be held in the 500,000 attendance range, the state fair can be financially successful in the long run," said Allen. "It can also continue to remain a very important tool for bringing together the rural and urban population, which is to agriculture's benefit."

According to an exit survey, many people came specifically for the livestock exhibits. Below, Eaton County farmer Duane Tirrell (at left) in the show ring with an entry!



A Publication of Michigan Farm Bureau
P.O. Box 30960, 7373 W. Saginaw Hwy., Lansing, MI 48909

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Kent County Farm Bureau Members Counter Animal Activists

Kent County Farm Bureau members recently demonstrated that farmers really are "Professionals From the Ground Up." They skillfully and sensitively handled an effort by animal rights activists to place an advertisement in the **Grand Rapids Press** that compared the slaughter of animals to the Dahmer mass murders and cannibalism in Milwaukee.

The controversial advertisement, which previously ran in the **Des Moines Register**, was headlined "Meat Stinks...Ask Jeffrey Dahmer's neighbors." It went on to state "you can shake it, bake it, broil it, or boil it, but it's still the decomposing corpse of an abused animal."

Luckily, the **Grand Rapids Press** rejected the ad because of its sensationalism and bad taste. Kent County Farm Bureau President Jim May and Information Chairperson Michelle Francisco hand-delivered a letter to the paper's general manager expressing the concerns of the area's farm families.

"We are petitioning you to exhibit the high standards your paper has shown in the past and refuse to publish PETA's advertisement," the letter said. "Please consider the actions and ultimate goal of PETA. The means by which they wish to accomplish their end is not justifiable or in good taste. With today's economy, we know very well the income generated by the sale of a full page ad is difficult to turn down. In this light, we applaud those who do stand by their convictions and encourage you to deny PETA's request for publication of their propaganda."

The letter also reminded the paper's management that today's agriculturalists are professionals who can only benefit from the humane treatment of animals. "Most farmers carefully study the nutritional needs and space requirements for the general well-being of the animals in their care. Only by these methods can farming in today's world be respected and profitable," the letter said.

The Kent County Farm Bureau took a reasoned and proper approach to this issue. They did not scrawl protest signs and march the sidewalks, as animal rights protestors did around the Amway Grand Plaza during the National Livestock and Meat Board meeting.

Nor did the farmers try to deny the animal rights activists an opportunity to express their opinion. Rather, the Kent County Farm Bureau letter focused on the ad's poor taste, and saluted the **Grand Rapids Press** for making an economic sacrifice in rejecting the advertisement.

This approach can be contrasted with what happened in Iowa after the original ad ran in the **Des Moines Register**. When farmers objected to the ad, the paper, in a follow-up editorial, accused farmers of trying to suppress the right of free speech.

Kent County Farm Bureau members deserve a salute for helping to further polish the professional reputation of farmers as clear-thinking individuals who use policy to guide their actions, not sensationalism. Their proper conduct helped defuse what could have been a messy publicity fight. Instead, their actions reinforced the image of agriculture as an industry that cares about the animals it raises and is professional about its conduct and demeanor.

Jack Laurie
Jack Laurie, President
Michigan Farm Bureau

Federal Disaster Declaration List Growing

Excessive rain and drought conditions have prompted USDA to name counties in five states, including all of Ohio, as eligible for emergency low-interest loans, according to *Knight Ridder News*.

Producers who have suffered a 30 percent loss of normal production in the designated areas have eight months to apply for the loans, if they're unable to get credit elsewhere. They must also have adequate security and multiperil crop insurance, if available in their area.

All 88 counties in Ohio were declared eligible for the low-interest loans because of drought-related crop losses throughout 1991. Farmers in 10 drought-stricken Indiana counties have been granted federal disaster status, with additional counties expected to be added soon.

Wheat producers in 89 Illinois counties are also eligible for low-interest loans if they suffered a 30 percent or larger wheat crop loss this year due to bad weather. In Missouri, 20 counties suffering damages and losses because of excessive rain and flooding and tornadoes were named eligible for the loans, with farmers in another 15 adjacent Missouri counties also eligible. Five counties in Oregon were named because of excessive rainfall and flooding, with four adjacent counties also made eligible.

Corn Growers Seek Action on Gluten Feed Losses

The National Corn Growers Association has asked the Department of Agriculture to prepare \$650 million of import restrictions against the European Community to counter balance the loss of corn gluten feed sales to the EC.

They say the EC's complaint that corn gluten contains corn germ is a trumped-up additive issue generated to restrict imports from the United States. The Netherlands, already the largest importer of corn gluten feed in the European Community, uses its concern about germ presence in corn gluten as a "subterfuge" to block imports. There is a movement to make the Dutch standards uniform through the 12-nation EC.

Gluten feed is produced in the wet-milling process that converts corn into starch, sweetener and ethanol. The EC has threatened at various times to curtail purchases of gluten feed to force European farmers to feed more domestic grains to livestock.

In Brief...

USDA Advances Soviet Credit Dates

Grain futures markets soared in response to an Agriculture Department announcement that it will allow the Soviet Union to use immediately \$315 million in export credit guarantees originally scheduled for use in October and next February.

The dollar amounts allocated included \$150 million for feed grain; \$45 million to wheat or flour; and \$90 million to soybean meal, according to a recent Wall Street Journal report. The remainder of the \$315 million will pay the freight.

Those dollar amounts will allow the Soviets to purchase 1.3 million metric tons of corn, about 500,000 tons of wheat and about 425 of protein meal. Purchases on this latest credit allocation will leave the Soviet Union with only \$450.8 million remaining of the total \$2.5 billion in export credit authorization from the United States.

Lower Set-Aside Likely Means More Wheat Acres

Industry officials are saying lowering the acreage set-aside requirements will likely cause hard red winter wheat producers to plant more acres this fall, regardless of whether or not soil moisture shortages in plains states are erased by planting time, according to *Knight-Ridder News*.

Winter wheat seeding has begun in the western fringe of the southern plains and will continue for two months. The set-aside requirements to maintain eligibility for farm program benefits was reduced, from 15 percent in 1991, to 5 percent for 1992 production.

USDA Secretary Edward Madigan has declined comment on the likely feed grain set-aside requirement levels for the 1992 farm program. Debate has spread through the grain industry in the past few weeks about the acreage reduction program (ARP), with groups calling for levels ranging from zero to 7.5 percent of program acreage.

Asked after a speech at the Growmark Inc. shareholders meeting whether USDA would make an announcement on ARP before the Sept. 30 deadline, Madigan said "anything is possible." USDA has until then to decide the percentage of sorghum, corn and other feed grain acres that farmers must idle this year to qualify for government subsidies.

Farm Prices Down 3.3 Percent From August 1990

The index of prices received by U.S. farmers for their products in August fell 2.7 percent from July 1991 levels, down 3.3 percent from August 1990, according to USDA estimates. Lower prices in August for cattle, hogs, and potatoes were partially offset by higher prices for oranges, wheat and milk, USDA said in its monthly Agricultural Prices report.

USDA said the average price was the lowest monthly price since August 1988. Hog prices also fell substantially from July. Milk prices increased from July but continued well below August a year ago. Orange prices were higher again this month, and feedgrains showed moderate increases from July, while oilseed prices were down. Wheat prices increased from July. Lower prices for cattle, milk and hogs were major contributors to the decline from year ago levels and were partially offset by higher prices in oranges, lemons and apples.

European Corn Borer Resistant Corn a Possibility

Michigan State University (MSU) researchers from departments of Crop and Soil Sciences and Entomology and the Pesticide Research Center are trying to develop a genetically engineered corn hybrid that will be resistant to European corn borer damage.

According to Mariam Sticklen, the research project leader and professor of Crop and Soils Science and Entomology at MSU, if the next series of tests prove current theory, the corn borer larvae that feeds on genetically engineered corn plant will get a "stomach ache," causing it to stop eating. If the corn borer can't eat, its growth will be retarded until it dies.

Killing the corn borer slowly should reduce the chance of it developing a resistance to the genetically engineered corn plant. Insects can develop resistance to insecticides and insect resistant varieties that kill the insect within a short period of time.

The project, begun in 1990, will take several years to complete. Researchers will soon begin efforts to develop a genetically engineered corn hybrid that is resistant to corn rootworm.

FB Tells Committee: No Tax Increases

Farm Bureau contacted members of the House Ways and Means Committee this week reminding them about tax issues important to agriculture and urging them to steer clear of any tax increases. Support was also urged for H.R. 784, a bill to expand the current 25 percent income tax deduction for the health insurance premiums of self-employed taxpayers. The current limited deduction will expire on Dec. 31, 1991. The bill would increase the deduction over a period of five years to 100 percent and make it permanent. The enactment of H.R. 784 is important to agriculture because it will lead to fairness in the tax treatment of health insurance costs for farmers, regardless of their form of business organization as sole proprietorship, partnerships or corporations.

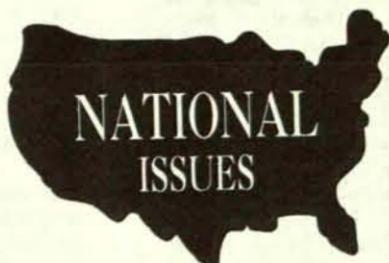
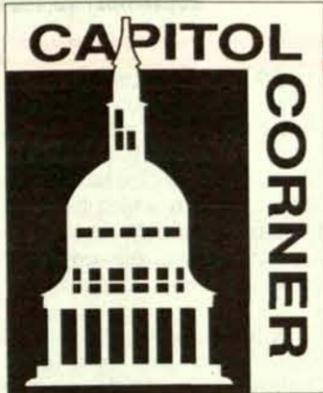
Michigan Farm News is Published 20 times annually: By the Michigan Farm Bureau Information and Public Relations Division. Publication and editorial offices at 7373 West Saginaw Highway, Lansing, Michigan 48917. Post Office Box 30960 (zip 48909); phone 1-517-323-7000.

Michigan Farm News is provided as a service to regular members as part of their annual dues. Publication No. 345040. Established Jan. 13, 1923, as Michigan Farm News, reestablished October 15, 1990. Third-class postage paid at Lansing, Michigan and at additional mailing offices.

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Dairy Legislative Update

Congress was unable to pass dairy legislation prior to the August recess. Negotiations between key senators, members of the House and the administration failed to resolve the major points of contention. These points of contention include the following:

- The appropriate price support level.
- Whether a two-tier approach relying on the creation of mandatory quotas and bases should be utilized.
- The use of assessments on dairy producers to fund food and nutrition programs and/or red meat purchases.
- The role of the producer board in supply management functions.
- Exempting high Class I utilization regions from the two-tier provisions.

There is a consensus within the producer segment of the dairy industry for certain changes which have been included in most proposals. These include:

- Increasing the solids content of fluid milk.
- Inclusion of dairy producers in automatic trust provisions of the Packers and Stockyards Act.
- Increased exports of dairy heifers.

Currently, there are three main legislative proposals which are receiving the most discussion. The following is a summary of those bills:

H.R. 2837
As passed by the House Agriculture Committee, the bill proposes:

Price support: \$12.60
Est. Base Price: \$12.55
Assessments: \$0.70
Net Price: \$11.85

- Two-tier production controls if purchases exceed 7 billion pounds. An exemption from two-tier for areas with an 80 percent Class I utilization.
- Industry Management Board to manage surpluses between 5 and 7 million pounds.
- California standards for fluid milk.

- Heifer Export Program.
- Dairy trust provisions to protect farmers at time of handler/processor bankruptcy.
- Assessments to fund WIC and nutrition programs.
- Assessment to fund program to minimize impact on cattle industry.

H.R. 3131
As introduced by Reps. Gunderson, Dooley, Boehner and Walsh (no committee consideration to date), the bill proposes:

Price support: \$10.10
Est. Base Price: \$11.93
Assessments: \$0.11
Net Price: \$11.82

- Voluntary diversion program mandated when purchases are projected to exceed 8 billion pounds to adequately reduce purchases to 4.5 billion pounds. Secretary has discretion to implement a diversion at any time purchases exceed 5 billion pounds.
- Industry Management Board to advise the secretary on management of surpluses between 5 and 8 million pounds. Tools provided include paid diversion, Class IV pricing system, domestic donations and handler bases.
- California standards for fluid milk.
- Heifer Export Program.
- Dairy trust provisions to protect farmers at time of handler/processor bankruptcy.
- No assessments for red meat purchases.
- No mandatory production controls.

S. 1527
As introduced by Sens. Leahy and Jeffords (not yet considered by the Senate Agriculture Committee), the bill proposes:

Price support: \$12.60
Est. Base Price: \$12.55
Assessments: \$0.70
Net Price: \$11.85

- Government purchases up to 5 billion pounds.
- Mandatory two-tier production controls when purchases exceed 7 billion pounds.

- Exemptions from two-tier for areas with high Class I utilization.
- Third tier for producers who choose to reduce production (diversion type program).
- California standards for fluid milk.
- Heifer Export Program.
- Assessments to fund WIC and nutrition programs.
- Assessment to minimize impact on cattle industry.
- Producer board to control certain levels of surplus.

The administration has consistently indicated through USDA that they would veto any bill similar to either H.R. 2837 or S. 1527. The primary reasons for this opposition are market-distorting increases in the support price, mandatory production controls, and the creation of a producer board which is either unconstitutional or usurps the power of the Secretary of Agriculture.

The administration has responded more favorably to H.R. 3131. Although they do not favor all sections of the bill, they have indicated it is a place from which discussion can start. However, since many members of Congress are reluctant to abandon their goals of raising support prices and establishing a two-tier system, a political stalemate has evolved.

American Farm Bureau Position
H.R. 3131 is clearly more consistent with AFBF policy than either H.R. 2837 or S. 1527. In addition, H.R. 3131 is a program which has a chance of becoming law. It, therefore, allows the industry a better opportunity to obtain the solids standards increase, the Packers and Stockyards protections and increased heifer export.

What will happen when Congress returns in September is far from clear at this point. Several House committees including Energy and Commerce, Ways and Means and Education and Labor, have requested referral of H.R. 2837. This will delay its consideration until late September.

H.R. 3131 will likely be offered as an amendment to H.R. 2837 on the floor of the House. The Senate consideration of dairy legislation could go in any direction since

no action at the committee level has been taken. S. 1527 will be the likely framework for committee action although that could easily change.

At its August meeting, the AFBF Dairy Advisory Committee reviewed the various bills currently being considered by Congress.

Based on extensive discussion, the committee made the following recommendations to the AFBF Board of Directors:

AFBF Recommendation
The committee recommends that the following provisions be supported in future dairy legislation:

- A support price level which would be budget neutral, thus eliminating the need to subject dairy producers to additional assessments. It should not encourage increased production in any area of the nation;
- Use of a voluntary diversion program if inventory management is required;
- An industry board to work with the Secretary of Agriculture in the conduct of the program;
- Higher solids standards for fluid milk, using the California standards as guidelines;
- Use of a dairy heifer export program;
- Inclusion of milk processors in the automatic trust provisions of the Packers and Stockyards Act;
- No assessments other than those that might be needed to fund a diversion program; and
- Provisions for the timely disposal of excess product in a manner so as not to depress price, with proper credit given to the industry.

The AFBF Board of Directors approved these recommendations on August 27, 1991. The recommendations are consistent with the 11 criteria previously adopted by the board, and provides clarification in several areas.

State Issues

Motor Vehicle Code

Status: House Bill 5044, currently in the House Transportation Committee, would prohibit a person or an animal from riding in the bed of a truck or in the unenclosed area of a motor vehicle.

The bill, as introduced, would prohibit the transport of livestock or persons in the back of a pickup, having a significant impact on various agricultural operations. The transporting of animals to fairs, exhibits and market would be prohibited. The proposal would also be a severe blow to the transportation of seasonal agricultural workers from field to field, and from farm to farm. Of further concern is the fact that many migrant workers often only have one form of transportation - a pickup. If the bill is passed as introduced, it would prohibit them from using the vehicle as a means of transportation.

Farm Bureau Position: Farm Bureau opposes the measure in its current form, and is encouraging members to contact their representatives and advise them of Farm Bureau's opposition to the measure.

Farm Bureau Contact: Ron Nelson, extension 2043

MFB's Public Affairs Division, (517) 323-7000

AFBF's Toll Free Capitol Hotline Service 1-800-245-4630

MIOSHA

Status: Senate Bill 459, sponsored by Sen. Honigman (R-Bloomfield), would continue the Michigan OSHA (MIOSHA) contract with Federal OSHA and requires Michigan's agricultural field sanitation rules to be the same as federal standards. The current MIOSHA program will expire Oct. 1, 1991, without successful passage of this package.

The bill requires Michigan to immediately adopt federal rules promulgated by OSHA, including a seven-fold increase in penalties that OSHA is already enforcing in non-contract states. OSHA has stated that contract states must implement the higher penalties, although there are no penalties for non-compliance. In situations where Michigan would need more stringent rules, a mechanism is proposed that would require the Department of Health and Labor to consider the request.

The bill is scheduled for a hearing on Sept. 12, before the Sen. Labor Committee, with full Senate approval expected shortly afterwards. The bill's success in the House is less certain.

Organized labor is supporting the measure to keep MIOSHA under state control, and sufficient support to pass the measure in its present form is expected because of the Oct. 1, deadline. Governor Engler has indicated support for any measure that the Legislature agrees on, provided the legislation adopts the federal agricultural field sanitation standards.

Farm Bureau Position: Farm Bureau supports the current version of the bill.
Farm Bureau Contact: Howard Kelly, extension 2044

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**Michigan and Major Commodity Area
Extended Weather Outlook**

| T - Temp. | 9/16 | 9/30 | 9/16 | 11/30 |
|------------------|------|------|------|-------|
| P - Precip. | T | P | T | P |
| Michigan | N | N/A | A | N |
| W. Corn Belt | N | N/A | N | N |
| E. Corn Belt | N | B | N | N |
| Wint. Wheat Belt | N | B | N | A |
| Spr. Wheat Belt | A | B | N | N |
| Pac. NW Wheat | A | B | B | N |
| Delta | N/B | N | N | N |
| Southeast | N/B | A | A | N |
| West Texas | N | N | N | N |
| San Joaquin | N | B | B | A |

A-Above Average, B-Below Average, N-Normal, MA-Much Above, MB-Much Below, NP-No Precip. Source: National Weather Office

| For 8/1/91 to 8/31/91 | Temperature | | Accum. Grow. Degree Days* | Dev. From Norm. GDD* | Precipitation | |
|--------------------------|------------------|---------------------|------------------------------------|-------------------------------|-------------------|-------------------------------|
| | Observed Mean | Dev. From Normal | | | Actual (inch.) | Dev. From Norm. (inch.) |
| Alpena | 69.1 | +4.2 | 2135 | +486 | 3.29 | +0.06 |
| Bad Axe | 69.2 | +1.4 | 2306 | +322 | 1.79 | -1.22 |
| Escanaba | 68.4 | +3.4 | 1302 | 000 | 1.24 | -2.09 |
| Grand Rapids | 70.6 | +1.1 | 2684 | +483 | 3.78 | +0.64 |
| Imlay City | 69.6 | +1.3 | 2414 | +238 | 2.32 | -1.02 |
| Lansing | 69.6 | +0.6 | 2561 | +417 | 3.83 | +0.79 |
| Ludington | 69.2 | -2.0 | 2286 | +411 | 2.09 | -1.70 |
| Marquette | 66.6 | +1.3 | 1829 | +369 | 1.61 | -1.26 |
| Sault Ste. Marie | 66.8 | +3.9 | 1792 | +490 | 1.42 | -2.04 |
| Standish | 67.2 | +0.4 | 2161 | +177 | 1.65 | -1.24 |
| Tipton | 70.1 | +0.2 | 2541 | +365 | 3.57 | +0.37 |
| Traverse City | 70.8 | +3.5 | 2451 | +770 | 1.12 | -1.81 |
| Watervliet | 69.9 | -0.3 | 2593 | +392 | 3.60 | +0.24 |

* Growing Degree Days are based on B.E. Base 50F method and are accumulated from April 1 through August 31, 1991.

30-Day and 90-Day Forecasts

Precipitation over the past month has varied somewhat across the state, but was generally below normal. Driest areas of the state have shifted back to the northwest Lower Peninsula stations which have experienced occasional scattered rainfall. Drier than normal conditions were the rule over the remainder of the state during August.

The latest 30-day outlook is calling for near normal temperatures and precipitation ranging from below normal in the south to above normal in the western Upper Peninsula. In the longer term, above normal temperatures and near normal precipitation are forecast for the 90-day September through November period.

The seasonable dry and warm conditions generally forecast in these outlooks across much of Michigan would favor maturation, drydown and harvest of most field crops. Fall harvest should begin and end earlier than normal (assuming at least normal weather during the next couple of months), due mainly to this resulting rapid pace of crop growth and development. It is important to note, however, that warmer than normal conditions had been forecast during much of the recent cool spell and that extended forecasts are statistically weakest during the transitional fall and spring months, which are oftentimes characterized by rapid swings from one weather extreme to another.

Jeff Andresen, Ag Meteorologist, MSU

August Weather - A Month of Extremes

August was characterized by highly variable weather, with temperatures ranging from much below to much above normal. Abnormally warm weather returned to all of the state during the last week of the month, reversing a cooler than normal trend. Base 50F BE growing degree day totals surged during late August, with many southern stations reporting accumulations of 30 or more units per day. Seasonal (since April 1) growing degree day totals as of Aug. 31 ranged from 1800 in the northern Upper Peninsula to just over 3000 in the extreme southeast Lower Peninsula. These totals are generally 250 to 450 units greater than the normals at this point in the growing season and literally represent two to five weeks of extra growing season.

Weather

**CROP PROGRESS REPORT
Week Ending 9/1/91**

| | This Week | Last Year | 5-Year Avg. |
|-----------------------|--------------|--------------|----------------|
| percent | | | |
| Corn Mature | 5% | 0% | 3% |
| Corn Silage Harvested | 10% | 1% | 5% |
| Drybeans Shedding | 15% | 10% | 5% |
| Drybeans Mature | 9% | 15% | 5% |
| Hay Third Cut. | 50% | 30% | 30% |
| Soys Shedding | 5% | 1% | 2% |

**- Michigan Crop Condition -
Percent of Acreage**

| | Good | | |
|-----------|-----------|-------|------|
| | Excellent | /Fair | Poor |
| Corn | 25% | 65% | 10% |
| Soybeans | 20% | 75% | 5% |
| Dry Beans | 40% | 55% | 5% |
| All Hay | 25% | 65% | 10% |

Source: Michigan Agricultural Statistics Service

40 YEARS

OF STRENGTH AND STABILITY

- Farm Bureau Life Insurance Company of Michigan will celebrate its 40th anniversary in September . . . and we'd like to thank all our policyholders for 40 years of trust.
- Whether you joined us in 1951 or 1991, our commitment remains the same: to guarantee a better future for you and your family.
- With our quality assets, strong financial reserves, and responsible approach to investing, we are a company prepared to fulfill our long-term obligations.
- Our investments are safe and secure (we have never purchased junk bonds), and our yields are consistently good. In fact, we produced a higher portfolio yield than the life insurance industry average in five of the last six years.
- Farm Bureau Life has received the highest rating (A+, superior) from the A.M. Best Company every year since 1975, one of only a handful of life insurance companies so honored.
- If you're not a member of our growing family of policyholders, see your local Farm Bureau Insurance agent today. Your future is safe with us.

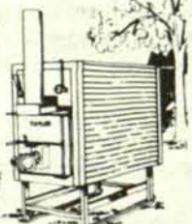
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Farmers Evaluate "Right-To-Farm" Draft Proposals

In a recent survey, Michigan Farm Bureau leaders said they believe the draft proposals of Generally Accepted Agricultural and Management Practices for Pesticides Utilization and Nutrient Utilization under the Right-to-Farm Act are "a common sense approach to agriculture, especially with regard to the environment and neighbors," according to Ron Nelson, legislative counsel for Michigan Farm Bureau. "Most of the comments indicated that individuals were already doing what the draft recommendations suggested," he said.

The survey respondents also expressed some concern about the paperwork and recordkeeping burden that would be created under the proposals. "Two-thirds of the responses we received indicated that the paperwork requirements would be excessive, difficult and unrealistic," said Nelson. "Several farmers suggested there should be a formalized system, format or model which they could use to satisfy recordkeeping requirements."

Nelson said a number of individuals indicated the proposal would be expensive and, in some cases, cost prohibitive. "They indicated the recommendations would create a cost without any financial return," he said.

Other concerns raised included a belief that small farm operations in particular would be unable to implement or afford the recommendations; that storage time was unrealistic and limited for small amounts; a need for specific storage requirements and the need for a cost-share program to build on-farm storage facilities; that nutrient guidelines, especially for manure, were unrealistic; a belief that MSU should not be the only entity of record approved for soil testing and

nutrient recommendations; that the draft rules should give additional allowance for weather events; and that nutrient practices are applicable to field crops and vegetables, but didn't address fruit production.

MFB shared the survey results with Bill Schuette, director of the MDA, and offered a technical analysis of the draft proposals. "In many cases, we suggested changing the word 'shall' or 'must' to the word 'may'," Nelson said. "That's important because the Right-to-Farm guidelines are strictly voluntary. If farmers choose to follow them, there should be a substantial measure of protection from litigation."

Nelson said the Michigan Commission of Agriculture reviewed the Farm Bureau comments and may incorporate the concerns into a future draft of the proposals. "It may be several months before the draft is finalized," he said. "Until that happens, Michigan Farm Bureau will reserve indicating a position and will continue offering input and suggestions on the proposals."

National Dairy Board Advertising and Promotion Budget Released

The National Dairy Board approved media plans for their 1991/92 advertising efforts, with a total budget of approximately \$53 million.

| Category | Media Budget | *Audience | Media TV/Print |
|--------------------------|---------------------|-------------|----------------|
| Fluid Milk | \$14,200,000 | (C) | X |
| Cheese | \$19,142,000 | (C, FP, FS) | X X |
| Butter | \$7,668,000 | (C, FP, FS) | X |
| Dairy Foods Value | \$4,950,000 | (C) | X |
| Frozen Dairy Products | \$6,294,000 | (C, FS) | X X |
| Nonfat Dry Milk | \$163,000 | (FP) | X |
| Product Placement | \$180,000 | (C) | X |
| Health Professionals | \$600,000 | (C) | X |
| Total Advertising | \$53,197,000 | | |

* Key: C - Consumer; FP - Food Processing; FS - Food Service

Farm Bureau Commodity Committees Review Policies

Michigan Farm Bureau's advisory committees on wheat, feedgrains, dry beans, soybeans, sugarbeets, fruit, vegetables, agricultural nursery, and livestock met in Lansing on Aug. 28-29 to review current commodity issues and the organization's policies on those issues. Several resource people visited with the committees, including Paul Drazek, international trade specialist for American Farm Bureau Federation; and Robert Craig, director of agricultural policy and special projects for the Michigan Department of Agriculture.

Drazek told the farmers that while the attention of administration leaders and those in the trade fields have been focusing on ongoing developments in the Soviet Union, the GATT talks are still an area of major concern.

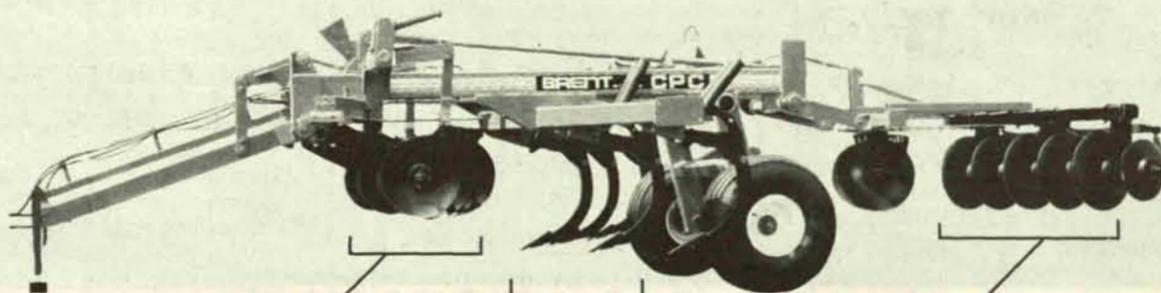
"There will be intensive debate in Geneva during September and October and if the director of GATT feels there is the possibility of compromise, he will put forward a paper which will outline an agreement," Drazek said. "Basically, that will be it. The countries will either have to accept that paper or the Uruguay Round of trade talks is liable to fail."

Craig told livestock producers that the animal care issue will be an upcoming concern for their industry.

"We do not have any practices that have been adopted by the Michigan Agriculture Commission on the care of farm animals and that's an area that needs to be addressed to give farmers certain protections," he said. "Right now, we're concerned that they may not have the protection they need."

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6 Market Outlook

Dr. Jim Hilker, Dept. of Agricultural Economics, Michigan State University

Seasonal Commodity Price Trends (long term)

| | |
|----------|-----|
| Wheat | ↑ ? |
| Corn | ↑ |
| Soybeans | ↑ |
| Hogs | ↓ |
| Cattle | ↑ ? |

Index: ↑ = Higher Prices; ↓ = Lower Prices; TP = Topping; BT = Bottoming; ? = Unsure

Corn

Use the Sept. 1, Crop Report, released Sept. 12, to help you make your next pricing decision for corn. If the report was bullish, consider pricing some corn for harvest delivery on the rally, especially corn that would need to go into commercial storage. If the report was negative, consider waiting to price; the odds are high we will see better pricing opportunities over the next several months.

Either way, consider using your on-farm storage for a significant part of your corn

Wheat

The wheat market has had a positive trend since the middle of July. The question becomes, how long will it last? History shows it seldom pays to hold wheat into the new year, so consider using that as a date to complete sales.

Now for the hard part, what to do in the meantime? If you have completed a large portion of your sales already, consider holding your remaining wheat until export sales pick up, which will occur after a more

Dairy

Dr. Larry Hamm, Dept. of Agricultural Economics, Michigan State University
Dairy markets are into their fall seasonal upturn. However, the longer term milk price outlook is currently unpredictable.

As the nation's schools go back into session, the fall push in demand for fluid milk and processed milk products starts. Demand for cheese and butter increase as meal patterns settle into a more normal routine and the food distribution system builds supplies for the holiday seasons. This demand push usually coincides with reducing milk production due to late summer heat and feed conditions. When dairy markets are unencumbered by massive surpluses, the farm milk price rises during the fall.

Milk prices are on the rise. The farm pay price has increased the last three months and will continue to increase throughout the fall months. Final August milk prices will be over \$12 per cwt. September mailbox prices could reach \$12.50, a substantial improvement since the \$11.25 levels the industry experienced in April. The \$1.25 rise over the last six months is the "normal" seasonal increase. An increase beyond this level will have to come from "non-normal" forces.

The current low milk prices seem to be setting in motion a significant decrease in milk supplies. Milk production for the U.S. in June and July are down 1 and 2 percent, respectively, from last year. The national dairy herd is down 112,000 cows from last year. Production per cow is also down. These supply reductions are very similar to

Soybeans

The advice for soybeans is basically the same as for corn. The one exception is to perhaps be a little more aggressive pricing soys. The reason for this is projected ending stocks as a percent of use being relatively higher for soys than corn. Soy and corn exports reached their projections for the marketing year ending August 31.

The world political situation will, to a large extent, determine exports on the margin in 1992. In my estimation, the USDA is on the low side for both soys and corn exports this coming year, which is primarily why I believe that it will pay to store corn and soys on-farm given today's prices. But that can change fast, so consider setting some price objectives and be ready to pull the trigger.

crop, if possible. Even those with no on-farm storage may consider using one of the many pricing tools available to stay in the market on part of their crop.

If the basis at harvest is relatively tight, consider a basis contract, a call option, or futures to replace your cash crop. If the basis widens between now and harvest, storage, a hedge, or a put option may be the appropriate tool. It is important to know both your local basis and your carry-in charges to make this decision.

solid aid package to the Soviet "Union" is determined. I expect that will be around mid-October to November.

However, if the September 30 Stocks Report shows more wheat feeding than expected, we could have our rally at that point.

For those who have not priced much wheat up to this point, consider starting to price now and continue on rallies through the fall.

the pattern that existed in the summer of 1988; the last time farm milk prices were at the \$11 levels.

It's expected that current economic conditions will continue to push milk production lower than year earlier levels. However, product inventories (especially butter and powder) will be enough to keep the market channels filled through next spring. At that time, shortened milk supplies because of the economic stress will hit and farm milk prices can rise rapidly next summer.

Another "non-normal" factor might be massive food aid to the former USSR republics. If the U.S. commits to massive food aid, our current CCC surplus butter and nonfat dry milk powder could be allocated rapidly. This action would accelerate the price increases likely to be seen next summer.

Between the current fall price increases and next summer, we may see another price drop as the winter "seasonal" price drop occurs. As demand drops in January, dairy product prices usually drop rapidly. Historically, only the price support level stops the free-fall. If this pattern holds, prices will drop \$1.50-\$2 by next March. This will assure that milk supplies will tighten by next summer.

In summary, current milk price increases are from normal seasonal patterns. Economic forces set in motion by the current dairy bill will heavily impact the markets next year. At this point, the directions and magnitudes of the milk market changes between now and next summer are not predictable.

Allendale Crop Survey Undercuts USDA Estimates

A private research firm, Allendale, Inc., has pegged the U.S. 1991 soybean crop at 1.741 billion bushels and corn production at 6.775 billion bushels in its latest yield survey, according to *Knight Ridder News*.

The soybean estimate reflects an average yield of 29.63 bushels per acre, with a 10 percent margin of error possible, Allendale said. The corn production estimate assumed an average yield of 98.49 bushels per acre with a 5 percent error possible.

The firm stressed that USDA is not expected to reflect crops of this size in its Sept. 12 crop report. In August, the USDA pegged the U.S. soybean crop at 1.869 billion bushels and corn at 7.418 billion. "This survey doesn't attempt to estimate USDA's inter-monthly production estimates," Allendale analyst Bill Biederman said.

Allendale said soybean yields were reported to be above-average in North Dakota and near-normal in Iowa, Min-

FARM BUSINESS OUTLOOK

nesota, South Dakota and some other minor states. Other states surveyed showed below normal-yields.

For corn, above-average yields were seen in Colorado and North Dakota and near-normal yields in Minnesota and Wisconsin. All other surveyed states showed below-normal yields.

Allendale estimated that 12 percent of Iowa crops and 55 percent of Minnesota's crops are at risk if a killing frost occurs on a normal date. It also noted poor corn stands because of insect infestations and weather stress.

USDA Predicts 1991 Farm Exports Down 6.5 Percent

U.S. agricultural exports are forecast to fall to 37.5 billion dollars in fiscal 1991 (Oct.-Sept.), falling nearly 6.5 percent from last year's 40.1 billion dollar record, reversing 5 years of steadily rising sales, according to the USDA's quarterly Agricultural Exports report.

Reduced grain exports, because of expanded production around the world, are blamed for much of the expected drop. And despite the recently improving outlook for soybeans, overall U.S. oilseed and product sales are also expected to fall this year. U.S. agricultural imports are forecast at 22.5 billion dollars, unchanged from fiscal 1990. But because of declining exports, the U.S. agricultural trade surplus is expected to fall to 15.0 billion from 17.6 billion in fiscal 1990 - also the first drop in 5 years.

Total sales to Japan, the leading importer of U.S. agricultural goods, are forecast at 7.8 billion dollars, down from 8.1 billion. Japan has reduced purchases of U.S. feed grain but has opened its markets to more imported meat, says USDA. Soviet imports of U.S. farm goods are forecast to fall to 1.9 billion dollars from 3.0 billion, as the USSR's economic difficulties reduced purchases this year. Sales to China are forecast to fall to 700 million, from 900 million in fiscal 1990, due mainly to lower wheat prices this year.

The outlook for fiscal 1992 is "about the same as 1991" in both volume and sales value. Lower coarse-grain and cotton exports are expected to offset higher soybean, soymeal and high-value product sales.

Mathews Company Purchases Kan-Sun Product Line

Mathews Company has purchased the Kan-Sun Dryer product line from Butler Manufacturing, Kansas City, Miss. The purchase includes all inventory, tools, prints, fixtures and parts for the Kan-Sun Grain Dryers. Effective immediately, parts for Kan-Sun Dryers will be available from Mathews Company in Crystal Lake, Ill.

The purchase comes after numerous requests from Kan-Sun dealers and customers for the continuation of the Kan-Sun Dryer. Mathews plans to market the new M-C Kan-Sun product line in the Spring of 1992. Mathews Company was established in 1954 and is one of the pioneers in continuous flow grain dryers.

Swine Research to Reduce Phosphorus Losses

Animal scientists at Michigan State University are experimenting with a phosphorus enzyme produced by genetically engineered bacteria which can virtually eliminate phosphorus pollution problems that occur when too much swine manure is applied to cropland.

Elwyn Miller, professor of animal science at MSU, is conducting research on phytase, an enzyme that allows swine to utilize phosphorus in corn and soybean meal. Miller says there's enough phosphorus in a typical swine diet if it's made available to the animal by phytase. The cost of supplementing phytase is expected to be about the same as the cost of supplementing inorganic phosphate. Unfortunately, phytase is only produced in Finland, and isn't available commercially in the United States.

Cattle

Cattle slaughter was running only 1-2 percent above year ago levels in late August, but dressed weights are running nearly 3 percent above year ago levels, which adds up to 4-5 percent more beef. This, along with fairly weak demand, will likely keep cattle prices depressed through the end of September, until producers get current on their marketing. Eventually, steer prices

will recover as we move into the fourth quarter, but they will be pressured by plentiful supplies of pork and poultry.

Feedlots should get and keep current. It's unlikely the market will recover fast enough to pay for storage in the feedlot. Sellers of feeders should consider early and later sales with the bottom likely to be in October.

Hogs

Hog slaughter was running about 6 percent above year ago levels in late August and early September. This is in line with the June Hogs and Pigs Report. The September report, due out the end of the month, is expected to show continued expansion. Keep current as possible; the markets could continue dropping into October before in-

creasing seasonally into the winter. At this point, there does not appear to be any forward pricing opportunities.

For those who buy feed, consider locking in a good portion of your needs soon. This would hold true for dairy and cattle producers as well.

Chicago Exchanges Closer on Unified Trade Clearing

Chicago's two major futures exchanges are a step closer to common clearing of trades after a dispute between the Chicago Board of Trade and its clearing organization has apparently been resolved, according to *Knights Ridder News*.

CBT and Board of Trade Clearing Corp. officials have formed a new committee to meet with the Chicago Mercantile Exchange, exchange officials said. The new panel will work on combining the Exchange's now separate clearing systems.

The Clearing Corp. also decided at a recent meeting that the CME should be an equal partner in a unified clearing system.

Combined clearing would reduce the cost of trading futures on Chicago's markets. The two exchanges have been meeting for a year on ways to combine the systems.

However, differences of opinion between the CBT and its clearing organization on how to approach common clearing have put discussions on hold for the last three to four months, an industry source said.

"A major hurdle is out of the way and we can begin to address the issues" about unified clearing, said Jack Sandner, CME chairman and Futures Exchange Common Goals Committee co-chairman.

CBT Chairman William O'Connor has been actively campaigning in favor of a unified system, saying in a letter to members that the potential cost savings are "necessary to our very survival as a financial institution."

O'Connor said unified clearing would bring a bigger capital base to the exchanges, improve the analytical capacities of the clearing systems and enhance the CBT's international profile.

U.S. Pork Exports to Japan May Improve

Japanese consumers are having their pork and eating it, too. A Tokyo daily recently reported that increased volumes of imported pork have been responsible for keeping Japanese summer pork prices in check.

"A shortage of market hogs in July and August, combined with the popularity of summer barbecues in Japan, usually sends prices soaring during this time of year," said Toshi Tanaka, director of the U.S. Meat Export Federation's Tokyo office.

Japanese chilled pork imports come primarily from Taiwan and the U.S., with some from Denmark. Last year, U.S. chilled pork accounted for 30.7 percent of all U.S. pork exports to Japan, while Taiwan exported only 15.7 percent of its pork as chilled product.

"Recently, U.S. packers have been employing technology and streamlining slaughter techniques to increase the shelf life of U.S. chilled pork, enabling the U.S. industry to compete with countries whose shipping time is far less," said Tanaka.

Tanaka feels U.S. pork producers have reason to be optimistic about growing export opportunities in Japan, particularly for chilled product. He points to the size of and thus the uniformity in quality of U.S. pork packing operations.

High land prices, pollution and labor shortages make it likely that Japanese pork production will continue to decline. Taiwan, Japan's largest pork supplier, plans to reduce production due to the country's industrial revolution and pressures brought on by a rapidly developing economy and limited land supply, said Tanaka.

The MF 399 tractor with the new Perkins 1000 Series Quadram Power 95 PTO horsepower diesel engine is the ideal all-purpose tractor. Available in both two-wheel and four-wheel drive models, it has the power to handle field work and the maneuverability and smaller overall size to be useful in feedlots and around the farm.

The 95 horsepower Quadram power engine features a new design combustion chamber and piston head that achieves more complete air/fuel mixing for economical, powerful, and cleaner combustion.

A 12-speed synchromesh transmission is simple in design and rugged in construction, providing carefully chosen gear ratios with logical, sequential gear and speed progression.

A new, optional four-wheel drive can be manually engaged on-the-go, a real time saver when you need extra traction to get through slippery spots or up an incline. A 50-degree steering angle gives excellent maneuverability in tight quarters, while the front tires keep a full footprint on the ground through a complete turn.

A "Hydralock" differential gives total control at all times since it's actuated automatically whenever the rear differential lock pedal is engaged. When not engaged, it works like a conventional dif-

New Product Profile



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8 Beware and Remember – Fresh Silage Can be a Deadly Health Threat

As farmers harvest corn for silage, they need to be wary of the dangers of nitrogen dioxide - silo gas - that can accumulate in the silo. Exposure to silo gas can cause permanent injury or death.

"The highest concentrations of nitrogen oxides usually occur 48 hours after the silo is filled," says Howard J. Doss, Michigan State University Extension agricultural safety specialist, "but no one should go into a silo for four to six weeks after filling."

When silo gas is highly concentrated, it can kill a person in a matter of seconds - and it can also kill anyone who attempts a rescue. In low concentrations, silo gas damages the respiratory system when nitrogen dioxide combines with moisture in the lungs to form nitric acid. This acid eats away at lung tissue and can cause permanent damage.

Nitrogen oxide is heavier than air, so it may form yellowish layers of mist above the silage or drop down the silo chute if hatch

doors are leaking or missing just above the top of the silage. Anyone who must enter a silo during or just after filling should follow these procedures:

- Open a silo door above the silage level to allow any silo gas present to drain out of the silo.
- Run the blower at the base of the silo 15 to 30 minutes before entering to let fresh air in above the silage.
- Always wear a self-contained breathing apparatus when entering the silo within four to six weeks after filling.
- When entering the silo, be sure to ventilate the silo chute for 10 to 15 minutes beforehand, and open several hatches to move out any pockets of gas.
- Never work alone in a silo. Always work in pairs so that someone can go for help in an emergency.

Beware of Silo Fires, Too

Silage with moisture content between 25 and 35 percent can ignite and burn spontaneously. Most silo fires occur in conventional cement silos within the top 10 feet of the silage.

If you discover a silo fire, you should call your fire department immediately. In the early stages of fire, the silo and perhaps some of the silage may be saved. Hot silage can be unloaded without damage to the silo or silo unloader, but the fire department should be standing by to douse any hot embers.

Unfortunately, silo fires are frequently well established before they are discovered. Then the silage is ruined or reduced to ashes, and the silo itself can be damaged or destroyed.

Because of the danger of poisonous silo gas, any farmer or firefighter who enters the silo must wear a self-contained breathing ap-



From Farm Bureau Insurance

paratus. Firefighters should not walk on the silage because of the danger of cave-in above burned-out pockets.

If the fire is well established, large amounts of water will be needed. Make fire officers aware of any farm ponds, creeks, or swimming pools in the area from which they might be able to draft water. The large size of modern silos can be a complicating factor for firefighters. The smaller the silo, the better the chance of controlling and extinguishing the fire.

In oxygen-limiting silos, fires are rare - but they do occur occasionally. Such fires are extremely dangerous because of the explosive gases contained by the silo. The lack of oxygen in the silo may be the only thing preventing an explosion - so nothing should be done to allow more oxygen to enter.

Water should not be used. In many cases, the fire will burn itself out within 24 hours due to the lack of oxygen.

If you have a fire or suspected fire in an oxygen-limiting silo, call the fire department immediately, and then call your silo dealer or manufacturer for advice on handling the situation.

FARM BUREAU MEMBER SERVICE

TRAVEL SPECIALS

Toronto, Canada's most exciting city. Take a two day package starting August 1st through October 2, 1991, rail from East Lansing round trip, and hotel accommodations at the Royal York. This hotel is located in the heart of the city where you are surrounded by theatre, shopping, sports events and all the city has to offer. This package is based on double occupancy and the departure city can be changed for a small fee.
Regular Rate: \$200. pp*
Farm Bureau Member Price: \$161. pp*
(Savings of \$39. pp*)

Star Clipper Dinner Train

on Walled Lake Area, Mi. This is a wonderful day trip that includes dinner, show, optional hotel at Novi Wyndham. (Hotel rate is \$49.00 for 2 people) The trip runs August through November 91. (This trip fills up quickly and you should call us early)
Farm Bureau Member Price: \$65. pp*

Tour the Grand Canyons of North America by Rail. See America by train - this 12 day package will take you through Grand Canyon, Oak Creek Canyon, Copper Canyon and Chihuahua. The two departure

dates are October 16, 1991 and November 2, 1991. The train leaves from Chicago and includes recliner coach seats with leg rests, seven nights at first class hotels, seven meals and full escort service. Private sleepers on the train are available for an extra fee) Also, departure can be arranged from the train are available for an extra fee) Also, departure can be arranged from other midwest cities based on availability. *Form of payment must be check only.

Regular Rate for Oct. 16th: \$1135. pp*
Farm Bureau Member Price: \$1112. pp*
Regular Rate for Nov. 2nd: \$1095. pp*
Farm Bureau Member Price: \$1073. pp*

Cruise Hawaii,

Where the Only Limit is Time and the Regret is Saying Goodbye. On Saturday, you'll toss streamers as well-wishers bid you Bon Voyage and you begin your fabulous journey. This Cruise special starts September 21st through December 14, 1991. The ship's ports of call start with Oahu and stop at Kauai, Hawaii, and Maui. this 7 day cruise includes cabin, all

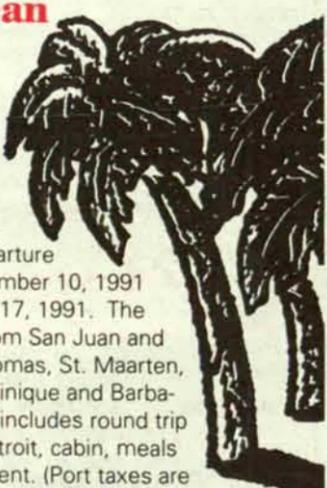
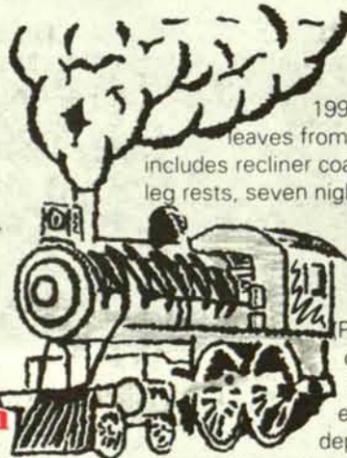
meals, entertainment. Airfare and port taxes are additional.
Regular Rate: \$1143. pp*
Farm Bureau Member Price: \$1098. pp*

Go Chicago,

it is Your Kind of Town. Leave Friday on the Train from your favorite midwest city and return Sunday. This 3 day/ 2 night package includes round trip rail, two nights at the Palmer House and based on double occupancy. The Palmer House is located close to the Art Institute and the famous Marshall Fields Department Store. The Palmer House is a deluxe property and offers a continental breakfast daily.
Regular Price: \$147. pp*
Farm Bureau Member Price: \$140. pp*

Caribbean Cruise.

Carnival Cruise Lines is offering a very special 7 day cruise aboard their FESTIVAL SHIP. The departure dates are November 10, 1991 and November 17, 1991. The ship departs from San Juan and stops at St. Thomas, St. Maarten, Dominica, Martinique and Barbados. The price includes round trip airfare from Detroit, cabin, meals and entertainment. (Port taxes are additional) On this cruise you will experience the breathtaking aqua waters of the caribbean to the lush island mountains.
Regular Rate, inside cabin: \$1369. pp*
F B Member Price: \$1056. pp*
Regular Rate, outside cabin: \$1429. pp*
F B Member Price: \$1161. pp*



*Per Person

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

Soviet Beef Production on the Decline

Soviet beef output could fall by 3 to 5 percent in 1992, as deterioration of central controls over production will compound shortages of grain and other feed supplies, the United States agricultural attache to Moscow reports.

Despite shrinking Soviet meat supplies - including an expected decline in beef output of 2 to 3 percent in 1991 - prospects for U.S. meat sales to the USSR are "considered slim at the present time," the attache said.

The attache also predicts production of pork, lamb, mutton and goat meat to fall in the years ahead as animal inventories continue to shrink.

"It's difficult to find a decent piece of meat in Soviet stores," the attache said. "Consumers are forced to buy poorly fed (and) amateurishly cut...chunks of meat. The population can be defined as having a strong, but mostly unmet, demand for meat."

To help meet domestic demand, the Soviet Union has turned to outside suppliers like Germany and other EC nations willing to provide meat either through outright donation or on easy credit terms, the attache said.

"The likelihood of U.S. exporters making headway into the Soviet market would be considered slim at the present time," he said, "given the Soviet Union's over-extended credit situation and deteriorating domestic economy."

However, there may be a "window of opportunity" for U.S. exports to increase market share for imports of live animals and genetic material because of an outbreak of bovine encephalitis, also known as "mad-cow disease" in the UK and Europe, the attache said.

1991 County Annual Meeting Season Underway

Mark your calendar and make plans now to attend your county Farm Bureau's annual meeting. Don't miss your opportunity to have input in your county Farm Bureau's policy development process as well as hear guest speakers and enjoy a great meal! Contact your respective county Farm Bureau office for additional annual meeting and registration information.

| County | Date | Time |
|------------|----------|-----------|
| Alcona | NA | NA |
| Allegan | Oct. 3 | 6:30 p.m. |
| Alpena | Oct. 18 | 6:30 p.m. |
| Antrim | Oct. 9 | NA |
| Arenac | Oct. 14 | 7 p.m. |
| Barry | Sept. 30 | 7 p.m. |
| Bay | Sept. 17 | 6:30 p.m. |
| Benzie | Oct. 14 | 6:30 p.m. |
| Berrien | Oct. 29 | NA |
| Branch | Sept. 14 | 6:30 p.m. |
| Calhoun | Oct. 1 | 7 p.m. |
| Cass | Oct. 7 | NA |
| Charlevoix | Oct. 5 | NA |
| Cheboygan | Oct. 13 | 6:30 p.m. |
| Chippewa | Oct. 26 | 6:00 p.m. |

| County | Date | Time |
|----------------|----------|-----------|
| Clare | Sept. 24 | 7 p.m. |
| Clinton | Oct. 12 | 6:30 p.m. |
| Copper Country | Oct. 12 | NA |
| Eaton | Oct. 26 | 6 p.m. |
| Emmet | Oct. 28 | 7 p.m. |
| Genesee | Oct. 8 | NA |
| Gladwin | Oct. 1 | 7:30 p.m. |
| Gratiot | Oct. 3 | 5:30 p.m. |
| Hiawathaland | Oct. 24 | NA |
| Ingham | Sept. 28 | NA |
| Ionia | Oct. 22 | 6:30 p.m. |
| Iosco | Oct. 9 | NA |
| Iron Range | Oct. 29 | 6 p.m. |
| Isabella | Oct. 17 | 7 p.m. |
| Jackson | Sept. 11 | 6:30 p.m. |
| Kalamazoo | Oct. 8 | NA |
| Kalkaska | Sept. 24 | 6:30 p.m. |
| Kent | Oct. 17 | 6:30 p.m. |
| Lapeer | Oct. 3 | 6:30 p.m. |
| Lenawee | Sept. 17 | 6:30 p.m. |
| Livingston | Oct. 15 | 6:30 p.m. |
| Mac-Luce | Oct. 10 | 7:30 p.m. |
| Macomb | Oct. 24 | 7 p.m. |
| Mason | Oct. 1 | 7 p.m. |

| County | Date | Time |
|--------------|----------|-----------|
| Mecosta | Oct. 7 | 7:30 p.m. |
| Menominee | Oct. 22 | 7:30 p.m. |
| Missaukee | Oct. 3 | 7:30 p.m. |
| Montcalm | Oct. 24 | 6:30 p.m. |
| Montmorency | Oct. 3 | 6:30 p.m. |
| Muskegon | Oct. 9 | 6:30 p.m. |
| Newaygo | Oct. 1 | 7:30 p.m. |
| New Michigan | Oct. 2 | 6:30 p.m. |
| Oakland | Sept. 26 | 6:30 p.m. |
| Oceana | Sept. 21 | 6:30 p.m. |
| Ogemaw | Oct. 24 | NA |
| Osceola | Oct. 15 | 7:30 p.m. |
| Otsego | Oct. 23 | NA |
| Ottawa | Oct. 8 | 7:30 p.m. |
| Presque Isle | Oct. 27 | NA |
| Saginaw | Sept. 19 | 6:30 p.m. |
| St. Joseph | Oct. 12 | NA |
| Shiawassee | Oct. 2 | 6 p.m. |
| Van Buren | Oct. 25 | NA |
| Washtenaw | Oct. 3 | 7 p.m. |
| Wayne | Sept. 24 | 6:30 p.m. |
| Wexford | Oct. 8 | NA |

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Two Farm Credit Banks Continue Merger Talks

Directors of the Farm Credit Banks of St. Louis, Mo., and St. Paul, Minn., are exploring a possible merger. At the same time, the boards of the Farm Credit Banks located in Omaha, Neb., and Sacramento, Calif., disclosed that they have decided to withdraw from the four-bank merger study project.

Dan Kelley, an Illinois farmer who chairs the Merger Steering Committee, said that "Directors of the St. Louis and St. Paul banks are committed to determining whether a single bank would provide more efficient and effective credit services to farmers and ranchers in the combined seven-state district."

The Farm Credit Bank of St. Louis is the single largest source of credit and related services to farmers in Arkansas, Illinois and Missouri, as is the Farm Credit Bank of St. Paul to producers in Michigan, Minnesota, North Dakota and Wisconsin.

"We may yet find that the economic case for merging is not as strong as we expect, but the preliminary information available indicates that a consolidation makes economic sense for farmers and ranchers in our seven-state region," said Kelley.

The Omaha Bank decided to withdraw from the merger study project on the basis that it would not show significant economic gains for stockholders/borrowers in their district. Omaha Bank President and CEO Jim Kirk, who also served as vice-chairman of the Merger Steering Committee, emphasized the Omaha district entered the study in good faith and the decision to withdraw did not come without intense analysis and deliberation. Leadership teams from each of the four Farm Credit districts have met every two weeks during the past five months to evaluate the possible benefits of consolidating the number of Farm Credit Banks.

Kirk concluded by noting that, even though the Omaha District chose not to continue with the merger study, the process of analysis was valuable and may offer future benefits to the institutions as well as farmers in Iowa, Nebraska, South Dakota and Wyoming.

"As an example, I believe these merger discussions have strengthened our working relationships with other Farm Credit districts. We will continue to cooperate with them in areas that might bring benefits to our stockholders/customers," Kirk said.

Pat Pinkham, chairman of the Western Farm Credit Bank Board, which serves Arizona, California, Hawaii, Nevada, Utah

and Eastern Idaho, said, "We have appreciated the opportunity to engage in serious merger dialogue with our sister banks in St. Louis, Omaha and St. Paul. Our decision is to redirect efforts and resources toward enhancing district profitability with a reduced near-term emphasis on evaluating merger options.

"We will continue to monitor merger progress between other districts with the full intent of keeping our district's options open," Pinkham said.

Kelley said that representatives of the two Farm Credit Banks actively pursuing a merger will meet next week in St. Paul to discuss a number of strategic and technical questions. Additional meetings involving the St. Louis and St. Paul banks and Farm Credit Services are scheduled for September.

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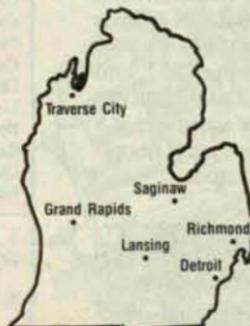
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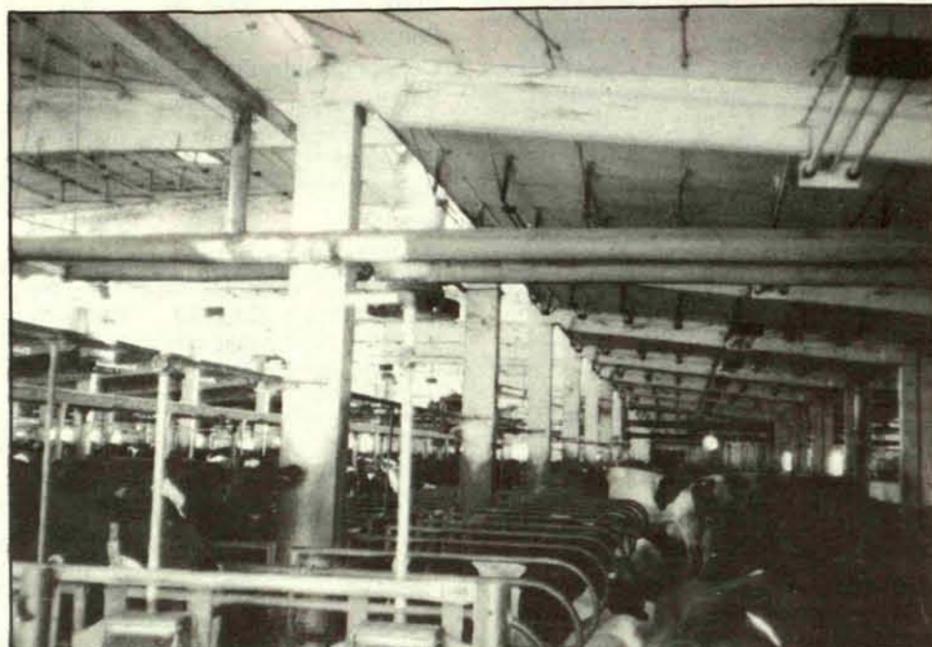


10

MSU Ag Engineer Professor Gets an Inside Look at Germany's Dairy Industry



The series of connected barns pictured above are just part of a much larger complex that houses close to 2,000 cows, all basically under one roof. According to Bickert, large facilities such as these were previously owned by the past German Democratic Republic government.



Above: Typical construction is entirely of concrete, extremely difficult to modify and, with the immense amount of area under one roof, results in poor ventilation. Below: The feed storage facilities for a 4,000-cow dairy operation. The barns in the background house nearly 2,000 cows.

With the crumbling of the Berlin Wall and the German Democratic Republic (GDR), East and West Germany, now reunited, must pick up the pieces to build a healthy country.

Agriculture in former East Germany is one of those pieces which is in desperate need of repair and modernization. According to William Bickert, professor of Agricultural Engineering at MSU, because of the uniting, East Germans have found themselves thrust into a market-driven economy.

"The East Germans have become subject to many of the same types of rules and regulations that our economy has," said Bickert. "The dairy farms there are experiencing the same problem as other industries. All of a sudden, they have to make a profit or at least break even."

Bickert was part of a four-person team sent to Germany to examine and evaluate dairy farms and to suggest possible changes for the future. According to Bickert, they mostly toured large farms, once owned by the GDR, and large farm cooperatives.

One of the biggest problems with the farms, Bickert said, is the design of facilities. One farm that he toured had over 4,000 cows, all

in one barn. These buildings, constructed entirely of cement, have poor ventilation and slatted, slippery floors.

"My goal is to gradually introduce some of the ideas in housing there that have proven to be successful here," Bickert said. "Their climate is very similar to ours, so they could use the same type of barns that we use."

According to Bickert, the poor environment and inefficient facilities have kept a lid on milk production. Compared to Michigan's yearly average of about 15,500 pounds per cow, the yearly average in Germany is 10,000 - 12,000 pounds per cow.

Most of the milking parlors, Bickert said, are rotary parlors and some rotate up to 60 cows at once. Again, ventilation is a problem and so is maintenance.

Maintenance problems fall into three areas, Bickert said. Some stem from poorly constructed facilities. The feeding systems, are generally unreliable, using outdated mechanized belt feeders. The farms are very labor intensive and typically poorly managed, he said.

"Part of the labor situation comes from when they were East Germany. In that

society, everyone had a job and everyone got paid," said Bickert. "They have to cut back on labor and increase production."

Bickert explained that besides cutting back on labor, farmers in Eastern Germany must also build better facilities, take better care of animals and also improve the genetics of animals raised. He said the East Germans

now have a mixed black and white breed but should move toward more western Holstein breeds.

"They need a long term management plan. If they are going to be competitive," added Bickert, "they need to make a gradual movement toward lower costs and less complicated systems."

Reduce the Risk of Poor Wheat Yields

It was a poor year in 1991 for wheat yields across the state, according to MSU's Cooperative Extension Service. Overall production for Michigan was down 20 percent from last year. The problems with diseases in wheat and unfavorable weather, coupled with prices, have greatly discouraged growers.

To evaluate winter wheat as a viable enterprise for your farm, remember that unusual weather was responsible for most of the problems. Then do everything you can to prevent disease and insect pest problems from developing.

Learn how to scout your fields for problems to catch them early. Develop written resources or contact with people who can quickly help you diagnose and treat problems. Reduce market risk by developing marketing skills that allow you to capture favorable prices whenever they occur during the period of about one year before and one year after harvest.

Some wheat production tips from MSU crop specialists include using quality seed, germination tested, cleaned and treated with Vitavax or Baytan. Select high yielding disease resistant varieties from annual MSU variety trials. Harus, a soft white variety, has been near the top the last few

years due to good disease tolerance. Chelsea is a new soft white variety developed by MSU with good disease resistance and top yields. Among the red wheats, top varieties in the last two trials have been Freedom, Pioneer 2548, Twain and GR 876.

Avoid planting prior to the Hessian fly-free date or allowing volunteer wheat to persist through the fall. Volunteer wheat should be controlled in the fall with either tillage or herbicides to prevent the successful overwintering of the Hessian fly according to MSU Entomologist Doug Landis.

Apply P and K by soil test and add only 20 to 25 lbs. of N. Soils that get over 10 ton or 3,000 gallons of manure don't need any fall N. In the spring, apply 50-60 lbs. N to soils over 4 percent organic matter (O.M.), 60-80 lbs. to soils with 2 to 4 percent O.M. and 80-90 lbs. to soils with less than 2 percent O.M. Check this on all fields about every 5 years. Organic matter information is necessary for some herbicide rates, too.

For more information about proper fertilization practices, refer to Extension bulletin E-2188, "A Production Guide for Michigan Wheat," or contact your local CES office.

Yield Trial Courtesy of MSU's CAT Alert

Table 1. Michigan State University Wheat Breeding Program, 1991 Variety Trial Summary.

| | 1989 bu/acre | 1990 bu/acre | 1991 bu/acre | 2 year (90-91) bu/acre | 3 year (89-91) bu/acre | Test Weight |
|---------------------|-----------------|-----------------|-----------------|------------------------------|------------------------------|----------------|
| White Wheats | | | | | | |
| C4826 (MSU Line) | n/a | 76.4 | 76.1 | 76.2 | n/a | 53.3 |
| Harus | 65.9 | 69.0 | 71.1 | 70.0 | 71.1 | 55.2 |
| Geneva | 63.0 | 71.7 | 69.0 | 70.4 | 69.0 | 52.8 |
| C5023 ("Chelsea") | 70.5 | 75.0 | 66.9 | 70.9 | 70.8 | 54.5 |
| Frankenmuth | 59.0 | 66.8 | 61.9 | 64.4 | 61.9 | 54.0 |
| Augusta | 58.6 | 71.1 | 61.1 | 66.1 | 61.1 | 52.7 |
| Red Wheats | | | | | | |
| Freedom (OH413) | n/a | 76.5 | 78.5 | 77.5 | n/a | 53.2 |
| Pioneer 2548 | 66.7 | 75.9 | 75.6 | 75.8 | 75.6 | 55.2 |
| SW89 | n/a | n/a | 71.9* | n/a | n/a | 57.2 |
| Twain | 68.3 | 77.3 | 71.8 | 74.5 | 71.8 | 54.5 |
| Pioneer 2550 | 58.7 | 72.5 | 71.7 | 72.1 | 71.7 | 55.0 |
| GR 876 | 67.7 | 73.2 | 71.5* | 73.2 | 70.8 | 55.6 |
| Cardinal | 62.8 | 69.5 | 70.2 | 69.9 | 70.2 | 55.4 |
| Pioneer 2555 | 63.9 | 75.2 | 70.0 | 72.6 | 70.0 | 54.8 |
| Caldwell | 58.3 | 59.2 | 65.3 | 62.3 | 65.3 | 54.3 |
| Clark | 59.6 | 64.7 | 64.7 | 64.7 | 64.7 | 55.3 |
| Lincoln | 61.5 | 66.0 | 63.7 | 64.9 | 63.7 | 55.0 |
| Dynasty | 66.9 | 70.5 | 62.5 | 66.5 | 62.5 | 58.0 |
| Becker | 56.9 | 61.5 | 62.1 | 61.8 | 62.1 | 53.6 |
| OH286 (Excel) | n/a | 64.7 | 61.2 | 62.9 | n/a | 50.5 |
| Hillsdale | 60.2 | 64.8 | 60.3 | 62.6 | 60.3 | 54.5 |

1. Data for 1989 and 1990 are from MSU trials 1 (white wheats) and 3 (red wheats). 1991 data all from MSU trial 10 except those marked *, which are from MSU trial 9.

2. Test weights are averages across years.

3. For additional information contact Dr. Rick Ward, Department of Crop and Soil Sciences, MSU, 517-355-2231.

Retailers, Foodservice, Packers: "Help Us Sell Your Meat Products"

One of those rare occasions occurred in the meat industry Aug. 18 and 19. The various segments of the meat industry sat in the same room and came to the same conclusion: increasing demand for meat has to include stimulating producers, packers, processors, retailers, and food service operators to put consumer-responsive meat into the supply channel. The big question was how?

This discussion occurred during the product technology workshop, titled "Is What We've Got, What They Need?" during the National Live Stock and Meat Board's Demand Strategies '91 meeting, in Grand Rapids. Instead of starting the discussion from the production side of the equation, the session began at the consumption end of the meat channel.

One of several speakers included Dr. Jack Allen, Ph.D., of the Food Marketing Institute at MSU. Allen, although critical of the product variability common at the retail level, said the industry is about to roll out important information to retailers that will be valuable.

Allen commented that a recent study of meat cases found meat that was six to 40 days old, of various grades, fat and bone content, and tenderness. He said one key to reducing variability is for the meat industry to move toward central fabrication and packaging. But he said, no strategy will succeed without change. "So we can't expect to keep doing what we've always done and be successful."

William C. Hale, a food industry consultant, summed up focus group research conducted for Demand Strategies '91 with leading foodservice companies. He said the meat industry needs to help remove barriers to increasing demand through the foodservice channel including:

- End confusion consumers and foodservice operators have about meat, including diet and health concerns.
- Stimulate interest and desire for meat both from the consumer and the foodservice operator.
- Get the decision-makers' attention about the benefit of promoting meat.

On the other hand, retailers face a different problem, though often with the same themes. "Fresh is the wave of the future, and will have implications for packaging and merchandising," said Chuck Hendryx, meat product development vice president of H.E. Butt Grocery Company. "The commonality of all consumers is that they want quality, value and variety," he added.

Hendryx's message to producers and packers was to give retailers improved boxed and case-ready meats. "Retailers are on the cutting edge of merchandising techniques to sell product and make a profit. Just help us with new products that have variety, value and quality."

"Everyone needs to get into a partnership with the consumer," said Paul Clayton, manager of product integrity and food safety at ConAgra Red Meat Companies. "The

consumer teaches us, not necessarily the other way around. The meat industry must move away from a commodity mind-set and become more product-driven from the perspective of the consumer."

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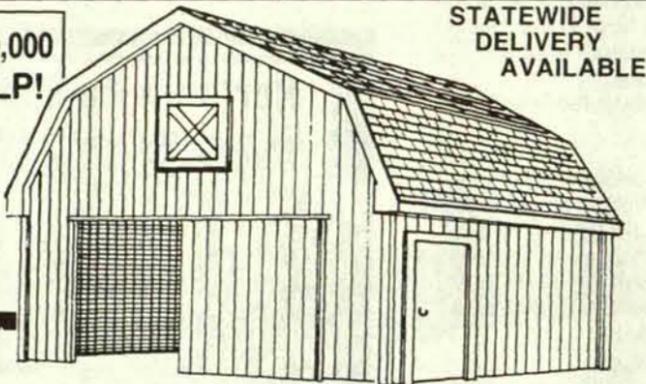
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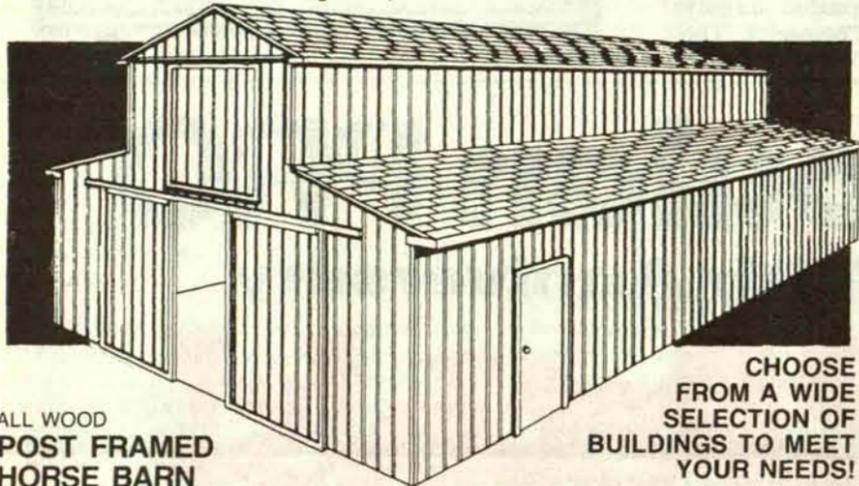
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"Adopted" Cherry Trees Perform Well for Record-Eagle

(Editor's Note: Since 1986, Michigan Farm Bureau has conducted an "Adopt-An-Acre" program, offering news media the opportunity to follow the progress of a crop from planting, through harvest and marketing, and share that information with their audiences. This was the second consecutive year that the Traverse City Record-Eagle has participated in the program.)

If the Benton Harbor News-Palladium or the Macomb Daily or the Grand Rapids Press had "adopted" an acre of tart cherry trees this year, the series would have had a premature, unhappy ending. A damaging spring frost that struck just before cherries were about to burst into bloom wiped out this year's crop for producers in those areas. But it was the Traverse City Record-Eagle that ran an eight-month long series featuring an acre of tart cherries on the farm of Benzie County Farm Bureau President Cheryl and Alan Kobernik. And, what happened in other parts of the state and what didn't happen in Northwest Michigan, shaped the story of the adopted acre.

The Record-Eagle's adopted acre series, recorded by writer/photographer Marg Higgins, started in January with the Kobernik's pruning process and concluded in mid-August with a cost analysis of the adopted acre. Sandwiched between the start and finish of the series were articles focusing on the first buds, the blossoms, the bee pollination, the only-as-needed spraying for insects and hungry deer, soil tests, the ripening of the cherries, harvest and processing. Marg was even able to track where the cherries from the adopted acre went, thanks to the cooperation of the processor, Smeltzer Orchard Co.

But it wasn't just what was happening to the acre itself that Marg shared with her readers. There was also woven into the pattern of her stories a personal look at the Kobernik family, what they were doing other than producing cherries, how they were reaching out beyond the boundaries of their own fence lines to address the concerns of their industry through Farm Bureau activities, and what their dreams were for the future. Readers knew when Cheryl's dishwasher broke, her freezer died, and how Alan was progressing on their deck project. Older readers, in particular, enjoyed appealing photos of three-year-old Emily and two-year-old Eric, and knew that their sheepdog's name was Oliver. The family became celebrities of sorts in the community to the point where going to a restaurant meant stares, whispers, or straightforward questions from curious customers, and some good-natured ribbing from their fellow farmers.

"I think people read the series because of Marg's human interest angle, but learned from it besides," said Cheryl. "Just because people live up here in Cherry Country doesn't mean they understand the industry."

It was a happy ending that Marg was able to write for the adopt-an-acre series, the day of reckoning, she called it, when a cost analysis would show what the adopted acre's bottom line would be. She wrote:

"We would be figuring in both varied costs -- machinery operation, harvesting, pesticides, herbicides, fungicides, growth regulators and foliar fertilizers -- and fixed costs, including machinery overhead, interest on orchard investment, depreciation and taxes.

"Since the Koberniks do their own work, their labor is not figured into the costs. It is not considered a cash expense. If they were to figure their labor costs, it would be based on \$9 an hour, the base pay rate of \$7 an hour plus fringe benefits. We did figure in the costs of babysitting when Alan and Cheryl worked in the orchard.

"While this year's 9,515-pound crop wasn't as heavy as some in past years, the 45-cent-per-pound price (based on an average 89 grade) was the highest the Koberniks have received since buying their 40-acre orchard six years ago. The 45-cents-per-pound price they got this year is almost three times as much as the 15.5 cents per pound they received last year when they harvested 14,000 pounds on the same acre. It is more than five times the 8.6 cents per pound they got in 1987. In 1989, the year the frost almost wiped them out, they grossed \$436.16 from the same acre, based on a price of 16 cents per pound."

And the bottom line for the adopted acre: a net profit of \$2,959.97 or 31.1 cents per pound. Because the industry has had so many lean years, back-to-back, most of the profit will go to pay bills and to pay off interest in loans, the Koberniks said.

Wrapping up the adopt-an-acre series was a bittersweet experience, Marg said. A strong bond has formed between writer and subjects during the past eight months. "I hate to see it end, but I think Alan is ready for it. Eight months of publicity, even though he believes people are better-informed as a result, have been enough for him," she said.

It's not likely that the relationship between Marg and the Kobernik family will end. She still keeps in touch with Northwest Michigan Farm Bureau President Brent and Peg Wagner from whom the Record-Eagle adopted an acre of corn last year. "Both years, it's been the people I've worked with that made it so great because they're really putting themselves on the line. I've loved it! After 30 years of straight news reporting, I was tired of covering commission meetings. It's nice to do nice stories," she concluded.

She's already looking for another commodity, another farm family, for another "adopt-an-acre" series.

Sharing -- Marg Higgins (left), Traverse City Record-Eagle writer, spent many days at the Kobernik's kitchen table with Cheryl and Alan during the "Adopt-an-Acre" series. Often there was a piece of homemade cherry pie to go with the strong coffee and Marg always seemed to bring sunshine with her, Cheryl reports. "For seven months, we didn't have a rainy day when Marg came," she said.

