

MICHIGAN FARM NEWS



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Ethanol Compromise Good News for Agriculture

President George Bush finally made the long awaited announcement that U.S. corn producers across the country had been waiting for. He granted ethanol the volatility waiver it needed to be included in the 1995 Clean Air Act, effectively reversing an earlier decision by the U.S. Environmental Protection Agency to reduce ethanol's role in the reformulated gasoline program.

Saying the initiative would help American farmers while improving the environment, Bush said it would also help increase the use of a domestically produced renewable fuel and lessen dependence on oil imports. The waiver will apply to 30 percent of the total reformulated gasoline market in several cities to reduce emissions.

The Clean Air Act requires nine of the most polluted U.S. cities, -- Baltimore, Chicago, Los Angeles, Houston, Milwaukee, New York, Philadelphia, Hartford, Conn., and San Diego -- to significantly reduce automobile emissions starting in 1995 by using reformulated gasoline with a minimum of 2 percent oxygen.

The EPA had claimed the volatility or summer vapor level of ethanol blended fuels were too high, contributing to summertime smog problems. Under its proposed rules, the one pound volatility waiver had been eliminated despite ethanol's proven track record. Just a 10 percent blend of the ethanol and gasoline can lower carbon monoxide levels and provide an overall reduction in emissions by 17 to 33 percent.

Farm Bureau and the National Corn Growers Association had pressed hard for a fuel volatility waiver that would bring ethanol in compliance with the reformulated gasoline standards. However, the U.S. Justice Department had ruled such a waiver would be illegal.

Bush's decision to grant corn-based ethanol the one pound volatility waiver in the 1995 Clean Air Act, means that another 300 million bushels of U.S. corn will be used in ethanol production by 1997, nearly double the amount currently used, accord-

ing to USDA estimates. Between 1985 and 1991, U.S. ethanol consumption has been stable at roughly 750 to 800 million gallons annually, or 300 million to about 400 million bushels of corn.

Bush said the administration also advocates other measures to increase the use of ethanol, including extending current tax breaks to ethyl tertiary butyl ether (ETBE), which is made from butane and ethanol. He also plans to push EPA to accelerate development of the "complex model" for reformulated gasoline, which would allow refiners more flexibility in meeting clean air standards.

The Bush administration also pledged to ensure that all 39 cities slated to begin burning high-oxygen content gasolines this winter are able to do so, and to limit the ability of states to discourage ethanol use by capping levels of oxygenates.



Michigan's Dairy Super-Pool Debate Continues

Efforts to resolve the Michigan dairy industry's debate over a Super Pool continue, as both the Michigan House and Senate Agriculture Committees consider legislative language calling for a state Milk Marketing Order to replace the Super-Pool disbanded in May.

Legislation has been offered as an amendment to the Pasteurized Milk Ordinance (PMO), but neither the House nor the Senate have referred the measure to the full floor for a vote. The PMO is designed to move Michigan's dairy quality standards in line with federal standards and to include the dairy and beef quality assurance program that began in July.

The Super Pool concept, or over order premium, was pioneered by Michigan Milk Producers Association, Independent Cooperative Milk Producers Association and other Michigan milk marketing cooperatives in 1956. The Super Pool, used

to distribute premiums received on fluid milk sales, proved successful and was eventually adopted by producers in other states.

Under the program, farmers received additional premiums on milk sold for fluid use, because marketing cooperatives had agreed to pool additional premiums in the same way that Federal Order prices are pooled. This allowed all producers to receive a portion of the premium regardless of the actual source of the milk that generated the "over order premium."

Nearly 20 meetings have been held with members of Michigan's dairy industry since January to develop a state marketing order agreement outside the legislative arena, according to MFB Dairy Specialist Kevin Kirk. Despite those meetings, the Super-Pool fell apart in May, when the Producer Equalization Committee was dissolved, making the future of a state marketing order unclear.

"There's not much time after the November election for the state legislature to act on the pending legislation," said Kirk. "If it isn't approved before the end of this legislative session, the legislation has to start from square one in the next session."

Unfortunately, Michigan dairy farmers have the most to lose long-term if the current stalemate isn't resolved either legislatively or independently between the milk marketing co-ops. Kirk said that MFB will continue working as a mediator with all the co-ops and other handlers involved to find a solution.

"The over order premiums and Super Pool have proven very beneficial for the Michigan dairy industry in the past," said Kirk. "It has put additional dollars into the dairy producer's pocket. Without any kind of a state order in place, the financial outlook for Michigan dairy farmers is definitely more negative."

The sight of a field of corn like this one may have been a rarity on many Michigan farms this year, with many parts of the state experiencing the first frost prior to full crop maturity. The Michigan Agricultural Statistics Service reports that nearly all of the corn crop had dented, but only 15 percent was mature as of Oct. 6. Silage harvest was 30 percent complete, with corn rated 60 percent good to excellent overall statewide.

Nearly 95 percent of the state's soybean crop had shed leaves with 35 percent rated mature. Harvest was just getting underway. Drybean harvest was 70 percent complete and were rated 95 percent mature, and 70 percent fair to good.

Cool night temperatures delayed potato harvest, which requires temperatures of 50 degrees or higher for harvest. Sugarbeet harvest was 15 percent complete, but should accelerate with open harvest expected to begin by mid-October.



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In Brief...

MDA Hearing Held on Corn Marketing Proposal

Nearly 30 people were on hand for a Sept. 24 Michigan Department of Agriculture hearing to provide comments about the need for a statewide corn check-off referendum which could be scheduled Nov. 30 - Dec. 11, according to Michigan Corn Growers Association Executive Director Tim Draeger.

"The hearing was held so that MDA Director Bill Schuette could determine if there's a need or cause to go ahead with Michigan's Corn Marketing Program referendum," said Draeger. "Based on the amount of support shown at the hearing, I'm confident they (MDA) will move ahead with the referendum."

The hearing was the result of a petition received by MDA with over 200 signatures calling for the establishment of a corn marketing program. After receiving the petition, the MDA appointed a producer committee to draft the corn marketing program proposal.

Ken Swanson, Gratiot County Farm Bureau member and chairman of the MFB Wheat and Feed Grain Advisory Committee, spoke on behalf of MFB in support of the proposed referendum. If successful, it will collect 1 cent per bushel at the point of first purchase, with funds used to promote corn products, as well as research and market development.

USDA Sets 50 Percent Advance Deficiency Payments

USDA has announced that farmers who participate in 1993 farm programs for wheat, feed grains, rice and upland cotton, may request 50 percent of their estimated deficiency payments during the signup period, according to *Knight Ridder News*.

USDA has not yet announced details of the signup period, but a USDA official indicated that it likely would begin in January. USDA also announced that farmers who applied for the 40 percent advance deficiency payment for 1992 crop support programs would now receive up to 50 percent of the estimated payments.

USDA Considers Entering Corn in Reserve

USDA officials say they are considering a number of options to help ease the impact on the market of this fall's expected large corn crop. The USDA estimates the 1992 crop will reach 8.7 billion bushels, more than a billion higher than last year's 7.5 billion bushel output.

One of those options would be to open the farmer-owned reserve to accept some of the corn. The National Corn Growers Association has asked that 600 to 900 million bushels be placed immediately into the reserve; however, rules require that the grain must first be placed under the regular 9-month loan from the Commodity Credit Corporation before it can be rolled into the farmer-owned reserve for up to 27 months.

U.S. Rejects Complaints on Wheat Subsidies

The U.S. is rejecting complaints from Australia and other wheat producing countries against the increased subsidy of U.S. wheat exports. Rufus Yerxa, U.S. trade negotiator at the General Agreement on Tariffs and Trade, told reporters that there had, in fact, not been any rise in outlays on wheat subsidies. Rather, the U.S. administration had decided on "an annualization of piecemeal" subsidies and sales of subsidized wheat. U.S. subsidies were "much lower" than those of the E.C., he said.

He noted that the U.S. share of the world market had dropped from 40 percent to 30 percent while the E.C. share has risen from 15 percent to 22 percent. In any event, Yerxa stated, the U.S. "has always said it will compete with the E.C. subsidies program." "The entire matter would be resolved, he noted, if the E.C. went along with radical subsidy cuts at the Uruguay Round of world trade liberalization talks.

OSHA Regulations Could Soon Hit Farm Employers

The rules of the Occupational Safety and Health Administration have had little bearing on most farm operations, but that could end if the OSHA Reform Act of 1992 is approved by Congress, warns an article in the October *FARM JOURNAL* magazine. The bill would eliminate the small farm employer exemption. The article, "OSHA Eyes Small Employers," outlines how employers of 10 or fewer full-time workers, previously exempt from federal OSHA regulations, would be impacted if included under the onerous regulations.

Libby Whitley, labor specialist for the American Farm Bureau, is quoted in the article, saying "What it (the law) actually does is empower employees with broad new rights at the expense of the employer, who ends up being stuck with broad new responsibilities, liabilities and penalties." Farm Bureau opposes the legislation, which would wipe out the small-employer exemption and add tough new safety and health standards and requirements.

Upper Peninsula Potato Festival Oct. 28

Potatoes, potatoes...no matter how your spell it, that's what the 63rd annual U.P. Potato Show is all about. On Oct. 28, Michigan's Upper Peninsula Potato Growers will gather in Escanaba at the Ruth Butler Building located on the U.P. State Fairgrounds for this event.

Program Chairperson Joanne, Stefl reports that several commercial exhibits of the latest equipment and potato seed stock will be available as well as several educational booths. In addition, the Michigan Potato Industry Commission will be holding a meeting nearby at the Ramada Inn as will the U.P. Potato Growers Association.

The festival will also include the popular pasty contest with two categories, one for business and another for organizations. Area students also have an opportunity to participate in a poster contest sponsored by the U.P. Potato Growers Association.

The schedule for the day's events:

- 8 - 11 a.m. Potato and Exhibit Set-Up
- 8 - 12 a.m. Michigan Potato Industry Commission Meeting - Ramada Inn
- 10 - 12 noon U.P. Potato Growers Association Meeting - Ramada Inn
(Luncheon sponsored by Michigan Potato Industry Commission)
- 1 - 5 p.m. U.P. Potato Show
- 4 p.m. U.P. Pasty Contest Registration and Judging
- 5 - 6 p.m. Social/Hospitality Hour

Milk Linked to Diabetes? - Where Does it End?

A group calling themselves the Physicians' Committee for Responsible Medicine is doing everything but being responsible. At recent press conferences in Baltimore and Boston, the group alleged that consumption of cow's milk is a contributing factor in the development of juvenile diabetes and could possibly cause allergies and digestive problems.

PCRM is a quack-vegetarian group. The American Medical Association has said that less than 10 percent of the committee's members are bona fide physicians. Its head, Neal Barnard, is a psychologist and animal rights activist. Nevertheless, they did enlist Dr. Spock and the head of pediatrics at John Hopkins Hospital, Dr. Frank Oski, to push the cause. Oski wrote a 1977 book called "Don't Drink Your Milk."

Dr. Terry Hatch, a member of the American Academy of Pediatrics Nutrition Committee, said his group would not recommend against children over a year old drinking cow's milk. In the Sept. 30, 1992 *New York Times*, Dr. Ronald Kleinman, who chairs that committee, said "The major problem with their (PCRM's) position is that they are unnecessarily frightening parents who worry that they will do harm if they continue to allow their children to have dairy products. There is no single perfect food, but milk is a major source of a number of important nutrients."

As for the diabetes charge, which surfaced in the July 30 *New England Journal of Medicine*, which was reporting on a Finnish study, the research director of the Juvenile Diabetes Foundation, Sara King, said: "It is much too premature to make recommendations on dietary restrictions." King said she was "uncomfortable" with urging young children to refrain from dairy products. The most interesting rebuttal came from the Center for Science in the Public Interest (a Ralph Nader offshoot that ain't usually on our side). Bonnie Liebman, CSPI's nutrition director, said, "I fear the committee's dietary advice is influenced by its animal rights agenda."

1993 Corn Acreage Reduction Set at 10 Percent

USDA has announced the acreage reduction program for corn in 1993 will be set at 10 percent, up from 5 percent in 1992. USDA also set acreage reduction program levels for grain sorghum at 5 percent in 1993, and barley and oats at zero. The corn set-aside level was raised because corn stocks for the 1993-94 are forecast about 745 million bushels larger than last year because of an expected larger crop this year, USDA said.

USDA Secretary Edward Madigan used his discretionary authority under the General Agreements on Tariffs and Trade to waive a minimum 7.5 percent set-aside for grain sorghum and barley, keeping both at 5 percent. The action was necessary to ensure adequate supplies of these grains and keep the U.S. competitive in world markets, he said.

A USDA official said the department would implement marketing loans for 1993 corn and other feed grains. However, no details on marketing loans were announced. Target prices and price support and purchase rates for the 1993 corn, sorghum, barley and oat crops and the loan level for rye are unchanged from 1992, USDA said.

September Farm Prices Unchanged from August

The index of prices received by U.S. farmers for their products in September was unchanged from the August level and was down 5.4 percent from Sept. 1991, according to a *Knight Ridder News* report.

Lower prices in September from August for hogs, potatoes, broilers and onions were offset by increased prices for eggs, tobacco, wheat and tomatoes. USDA said in its monthly Agricultural Prices report. USDA said the decline from a year ago was driven primarily by the extreme change in orange prices from record high levels in 1991.

Excluding orange prices, price increases from a year ago for cattle, milk, lettuce and wheat more than offset price decreases for hogs, cotton, corn and lemons. Without the influence of orange prices, the index would have been two points higher than a year ago.

Michigan Bean Commission Elects New Officers for Coming Year

Tom Schindler, a grower representative from Kawkawlin, has been elected chairman of the Michigan Bean Commission. Schindler represents Arenac, Bay, Mecosta and Midland counties on the commission.

Jack Sturm, a Huron County grower representative, was elected vice chair, and Gary Pruden, a Charlotte grower, representing Eaton, Ingham, Clinton and Shiawassee counties, was selected treasurer.

Schindler farms more than 1,000 acres in Kawkawlin Township of Bay County with his son, Terry, and replaces Kendall English, a Gratiot County farmer, who served as chair of the commission for two years. Sturm was previously the treasurer of the Commission, and farms about 2,500 acres in partnership with his brother, Terry, and Clare Swartzendruber near Pigeon in Huron County.

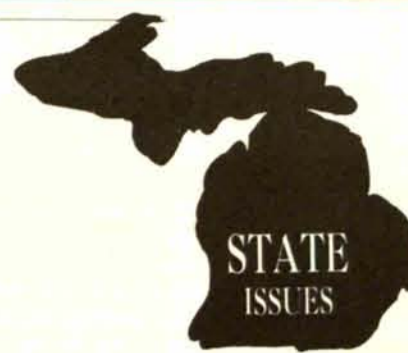
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Editorial: Dennis Rudat, Editor and Business Manager. Staff Contributors: Mike Rogers; Connie Turbin; Donna Wilber; Henry Huisjen.

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CAPITOL

CORNER



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Wetlands Study

MFB POSITION: Opposes the funding for a National Academy of Sciences study. Michigan Congressman Bob Traxler (D-Bay City) was instrumental in getting Congress to approve the funding for the study which may have adverse effects on the ability of farmers to farm their land because of faulty wetland determinations.

MFB CONTACT: Al Almy, Ext. 2040

A House - Senate Conference Committee has agreed to fund a 12-month study by the National Academy of Sciences of the federal wetlands delineation manual. The \$400,000 in funding authorizes the Environmental Protection Agency to contract with the National Academy of Sciences to study the "utility" of the 1987 federal wetlands delineation manual and for the results to be considered prior to revising the manual.

Farm Bureau opposed the study, citing the many wetland studies that already exist to provide information on values, characteristics and definitions of wetlands. The National Academy of Sciences study will only consume taxpayer dollars and delay the process of making needed changes in the wetlands delineation manual. The Bush administration was close to announcing a new wetlands policy and it is not clear how this new action by Congress will affect the release of the revised manual.

Health Care Reform

MFB POSITION: Strongly opposes any reduction in the estate tax exemption.

MFB CONTACT: Al Almy, Ext. 2040

Congressmen Henry Waxman (D-California) and Richard Gephardt (D-Missouri) are sponsors of H.R. 4848, one of several health care reform bills that have been introduced. The bill contains language raising revenue to pay for health care reforms to the elderly by taxing estates.

Specifically, the estate tax exemption would be reduced from the present \$600,000 to \$200,000. The bill is pending in a subcommittee of the House Energy and Commerce Committee, where no action has been taken. It will certainly not be passed by this Congress. A recent media talk show incorrectly reported the bill had passed the House of Representatives, stirring much public concern.

Health Insurance Deduction

MFB POSITION: MFB supports a 100 percent deduction provision. Previously self-employed could deduct only 25 percent of their health insurance premium.

MFB CONTACT: Al Almy, Ext. 2040

The U.S. House and Senate have passed H.R. 11, a comprehensive tax bill. However, there are many differences between the versions passed by the House and Senate which will have to be worked out.

Especially important in the Senate passed version is a provision that would allow self-employed persons to deduct 100 percent of the cost of their health insurance premiums. This deduction of the full cost of health insurance premiums paid by self-employed persons has been a major goal of Farm Bureau for several years.

Commercial Pesticide Bulk Storage Rules

M.F.B. POSITION: Farm Bureau served on the working group that drafted the rules and supports the rules package.

M.F.B. CONTACT: Vicki Pontz, Ext. 2046

Michigan Department of Agriculture Regulation 640 regulates storage of liquid pesticides greater than 55 gallons in an individual container or dry pesticides greater than 100 pounds in an individual container. The regulations are for commercial storage only - storage by farmers is exempted unless pesticides are being distributed to others not owning the storage. Regulation 640 passed the Joint Committee on Administrative Rules on Sept. 16.

Amendments to the Recreational Trespass Act

M.F.B. POSITION: Farm Bureau offered language that ensures that no cause of action shall arise against the owner of the property for an injury unless there was an unreasonable risk of harm that the owner was aware of and the owner failed to exercise reasonable care to make the condition safe.

M.F.B. CONTACT: Vicki Pontz, Ext. 2046

Senate Bills 808 and 809, sponsored by Sen. Faust (D-Westland), amend the Recreational Trespass Act to allow a peace officer to seize property and enforce the act upon complaint of the landowner. Penalty provisions are provided for a first time violator at 90 days in jail or \$100 fine or both, and subsequent violations within 3 years increase the fine to \$1,000 and 90 days in jail or both.

The courts may order the violator to pay the costs of prosecution and also to make restitution for any damage to the property arising out of the violation. If the person trespasses while hunting or fishing, the court may revoke the person's hunting or fishing license for up to three years.

Posting of property is not required on farmlands, but the bill changes the requirements for posting of signs on property from a minimum of 2 inch letter height to a maximum of 50 square inches for the posting sign. No one may post another's property without written consent of the owner. Both pieces of legislation were reported out of the Senate Natural Resources Committee on Oct. 1 and are now before the full Senate for a vote.

Off Road Vehicles (ORV)

MFB POSITION: Farm Bureau supports HB 5793. The bill originated from concerns of farmers operating ORVs as a source of transportation between fields for the purpose of checking crops and irrigation.

MFB CONTACT: Ron Nelson, Ext. 2043

Currently ORVs are not allowed to operate within the road right-of-way without a license. They are not considered as implements of husbandry. Rep. Muxlow (R-Brown City) is sponsoring H.B. 5793, which would allow a farmer to operate an ORV within the road right-of-way under the following conditions:

- The operator must be at least 16 years old.
- Must only operate the ORV during the hours of daylight.
- Travel within the road right-of-way would be permitted only when it is not practical or possible to travel through or across a field.
- The ORV must be operated as close to the right side of the road right-of-way as possible.

Pseudorabies Control & Eradication

MFB POSITION: MFB supports SB 1112 and the process of eradication of pseudorabies so farmers can transport hogs between Michigan and other disease-free states.

MFB CONTACT: Ron Nelson, Ext. 2043

Sen. Wartner (R-Portage) is sponsoring SB 1112, which would create the Pseudorabies Control and Eradication Act and would tie in with the federal program for elimination of pseudorabies. Pseudorabies is a contagious disease of swine which, if contracted by other livestock, is often fatal to those animals and pets. The disease does not transmit to humans.

The bill would require all producers of swine to test for pseudorabies and if the disease is found, the farm would be quarantined until eradication of the disease has occurred.

Comminuted Meat

MFB POSITION: Farm Bureau is neutral on HB 5468.

MFB CONTACT: Ron Nelson, Ext. 2043

Legislation sponsored by Rep. Randall (R-Elwell) to strengthen standards for comminuted meat, including the fat standards in hamburger, has passed both houses and is awaiting the governor's signature. It would provide customers with a label to clearly indicate the fat content and also provide for new products and ingredients. One example of a new product is sausage that includes cherries. Under current law, this would not be allowed in Michigan. The bill would limit the fat content in hamburger by requiring accurate labeling of the product so consumers may purchase lean or extra lean hamburger.

Pasteurized Milk Ordinance (PMO)

MFB POSITION: Farm Bureau supports HB 5990.

MFB CONTACT: Ron Nelson, Ext. 2043

House Bill 5990, sponsored by Rep. Harder (D-Owosso), would adopt the federal PMO standards that milk must meet to be sold throughout the United States. The bill also includes more stringent standards for antibiotic and temperature requirements, plus penalties for violations. These proposed standards are current practice for most of Michigan's dairy industry. Adoption of this bill is important to Michigan producers to permit the export of milk from Michigan to other states.

Limitation of Passengers in the Bed of a Truck

MFB POSITION: Farm Bureau supports HB 5044, which has been reported out of a joint House-Senate Conference Committee and sent to both houses for concurrence.

MFB CONTACT: Ron Nelson, Ext. 2043

Rep. Keith (D-Garden City) is sponsoring legislation to limit transporting passengers in the bed of a truck to work-related activities only and would only allow this work-related activity to occur in cities, townships, and villages with populations less than 30,000.

The bill would also prohibit riding in the back of a truck on any freeway at any time, including those passing through such cities, villages, and townships with populations less than 30,000. An exemption has been included in the bill to permit riding in the back of a truck for all farm related activities for family members and employees.

Milk Truck Spring Weight Restriction Exemption

FB POSITION: MFB policy opposes HB 6142, and supports maintaining the current weight laws for trucks. An exemption would establish bad precedent and put roads at risk of deterioration, creating a burden on all taxpayers.

MFB CONTACT: Darcy Cypher, Ext. 2048

House Bill 6142, sponsored by Rep. Gernaat (R-McBain), has been reported out of committee to the House floor for further action. The bill would exempt milk hauling trucks from the spring weight restrictions unless the County Road Commission has determined that irreparable damage is occurring to the roads, at which time a suspension of the exemption would occur.

The suspension would not be effective until the milk hauler has received 24-hour notification and the County Road Commission has met with the milk hauler and made reasonable efforts to designate an alternate route. The decision of the County Road Commission would be subject to review by a Circuit Court.

Weather

30-Day Outlook - Average Temperatures and Wet 90-Day Outlook - Below Average Temperatures and Wet

September Weather Summary

In contrast to earlier predictions of warm and dry conditions, September turned out to be cooler and wetter than normal across much of the state. Two separate outbreaks of arctic air on Sept. 23-25 and again on Sept. 29-30, brought frost and freezing temperatures to all but extreme southeastern Lower Michigan and areas near the lakes.

Unfortunately, this also brought a premature end to a record cool growing season, ending growth of some crops well before reaching full maturity, especially in northern and central sections of the state.

Similar to the unusual frost events of the past spring and early summer, the effect of the recent cold temperatures was highly dependent upon topography and exposure, with the worst damage occurring in low-lying areas and to the outer rows of individual fields.

The latest 90-day National Weather Service outlook indicates some potential problems for completing fall harvest.

9/1/92 to 9/30/92	Temperature		Growing Degree Days		Precipitation	
	Observed Mean	Dev. From Normal	Actual Accum.	Normal Accum.	Actual (inch.)	Normal (inch.)
Alpena	56.7	-0.8	1632	2039	2.43	3.47
Bad Axe	62.9	-3.8	1864	2465	3.76	2.70
Detroit	62.4	-1.3	2435	2693	5.55	2.43
Escanaba	56.4	-0.8	1395	1616	3.33	3.55
Flint	61.4	-0.2	2272	2693	3.04	2.43
Grand Rapids	60.8	-1.1	2262	2748	6.10	3.26
Houghton	55.7	+0.1	1451	1846	3.02	3.58
Houghton Lake	58.0	-0.3	1796	2039	3.55	3.47
Jackson	60.8	-3.0	2223	2677	4.38	2.79
Lansing	60.4	-1.3	2163	2677	3.22	2.79
Marquette	54.1	+0.3	1372	1846	2.32	3.58
Muskegon	60.5	-1.1	2049	2349	3.54	3.19
Pellston	56.8	+0.8	1675	2113	6.20	3.66
Saginaw	64.2	-2.8	2159	2465	4.49	2.70
Sault Ste. Marie	55.0	-0.2	1294	1616	5.72	3.55
South Bend	63.2	-0.5	2571	2748	8.76	3.26
Traverse City	59.3	-1.5	2231	2113	4.02	3.66
Vestaburg	58.7	-3.2	2012	2424	3.93	3.09

Observed and normal growing degree day totals are accumulated from March 1. Normals are based on district averages. Jeff Andresen, Ag Meteorologist, MSU

30 & 90 Day Outlook

Both the 30-day and the 90-day outlooks are calling for average rainfall amounts to be above normal. This would be particularly bad news for southern portions of the state where heavier than normal rainfall has persisted since July.

Temperatures during the remainder of October are expected to average near normal, while temperatures for the 90-day forecast are expected to be below normal. If this outlook is accurate, it could mean heavier and earlier than normal snow cover for much of the state, especially in lake effect areas.

Midwest Crops Late - But Majority Rated Excellent Shape

Ohio

Little frost damage had been reported as of Oct. 6, according to the Ohio Agricultural Statistics Service. Only 45 percent of the corn crop was reported mature, compared to 100 percent a year ago, and the five-year average of 65 percent. Harvest was 5 percent complete, down from 44 percent last year and the 20 percent five-year average.

The corn crop was rated 23 percent excellent, 50 percent good, 22 percent fair, 4 percent poor, and 1 percent very poor, considerably better than ratings for last year's corn crop. Moisture levels were averaging 28.7 percent.

For soybeans, 65 percent of the crop was reported mature, down from 100 percent in 1991, but just short of the 70 percent five-year average. Nearly 16 percent of the soybean crop had been harvested, down from 56 percent last year and 30 percent on average. Average moisture levels in beans were running 14 percent.

Soybeans were rated 17 percent excellent, 46 percent good, 29 percent fair, 6 percent poor, and 2 percent very poor, which is reportedly well-above 1991 ratings at this time.

Indiana

The Indiana Agricultural Statistics Service was predicting a rapid increase in harvesting activity as crops reach maturity and moisture levels fall. Soybeans were 24 percent harvested, down from 54 percent in 1991, and the 68 percent average. All soybean acreage had yellowed.

Soybeans were rated 7 percent excellent, 75 percent good, 17 percent fair, and 1 percent poor. The 82 percent good or better rating compares to 39 percent at the same time in 1991.

Corn was rated 72 percent mature, more than three weeks behind last year and 12 days behind the 86 percent average. Crop condition was rated as 12 percent excellent, 72 percent good, and 16 percent fair, very comparable to the 83 percent good or better average ratings, and the 16 percent good or better rating last year.

Corn was 7 percent harvested, down from 60 percent in 1991, and 30 percent on average. Harvest moisture was averaging 29 percent.

Illinois

Soybean harvest in Illinois had kicked into high gear, according to the Illinois Agricultural Statistics Service, although total harvested acres were still behind. Little frost damage had been reported as of Oct. 6.

The corn crop was rated 72 percent mature, compared with 100 percent last year, and the 96 percent average. Corn harvest was most active in the southern two-thirds of the state, with only 6 percent reported harvested, compared to the 46 percent average. Overall, corn was rated 14 percent excellent, 81 percent good, and 5 percent fair.

Soybeans were rated 13 percent excellent, 81 percent good, and 6 percent fair. Nearly 97 percent of the soybeans had turned yellow, close to the 98 percent average. Soybean harvest was 34 percent complete compared with 65 percent in 1991, and the average of 50 percent.

Iowa

Frost damage as of Oct. 6 had been minimal to Iowa crops, despite freezing temperatures on Sept. 29, according to the Iowa Agricultural Statistics Service. Nearly 84 percent of the corn crop had matured - safe from frost - down from 100 percent on average. Overall, 99 percent of the crop was reported either in or past the dent, at which point frost damage to yields are minimal.

Combines were out in full force the first week of October but, only 8 percent of the corn acreage had been harvested, down from 25 percent last year and 30 percent average. Corn was reported 22 percent excellent, 70 percent good, and 8 percent fair.

Soybean harvest is well underway with 25 percent of the acreage harvested, compared to 31 percent for 1991, and 48 percent on average. Nearly 96 percent of the soybean crop was shedding leaves up from 94 percent a year ago. Soybeans were rated 20 percent excellent, 69 percent good, and 11 percent fair.

Michigan and Major Commodity Area Extended Weather Outlook

T - Temp.	10/15 ...10/30	10/15 ...12/31
Michigan	N A	A A
W. Corn Belt	N N	B N
E. Corn Belt	B A	B A
Wint. Wheat Belt	N N	B A
Spr. Wheat Belt	N N	B N
Pac. NW Wheat	B N	N B
Delta	N N	B A
Southeast	A A	N A
San Joaquin	A B	A N

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

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* Certain restrictions apply



Michigan Hay Sellers List Being Compiled

The Michigan Hay and Forage Council, in cooperation with the Michigan State University Extension Service, is compiling a list of farms with hay for sale in the state of Michigan, according to Gerald Lindquist, CES Director for Osceola County and statewide coordinator for the Michigan Hay List.

"We've gone through this process for three years as a way to help Michigan hay producers market their hay," explains Lindquist. "Last year, we had 30 producers on the list and I'd guess we moved a minimum of 300 ton or more of hay. Last year, a majority of the hay on this list was sold by March."

Lindquist reports that there is a wide disparity of hay yields in the state this year, with much of central and southern Michigan receiving ample rainfall, while most of northern Michigan was very dry. The list will be used to help northern producers in need of hay to locate hay in the rest of the state.

The list will again be compiled by the Osceola County Extension office. Sellers wanting to list their hay for sale may either

mail information to MSU Extension Service, Osceola County Courthouse, P.O. Box 208, Reed City, MI 49677 (see coupon), or phone the information direct to the office by calling (616) 832-6139.

The information required to list the hay is name, address, phone number, county, quantity of bales or tons, type of bale (round or square), type of hay (alfalfa, alfalfa mixed, etc.), which cutting (1st, 2nd, 3rd), weight of bale, hay test results (if tested), whether or not trucking is available, asking price (optional), and the best time of day to be reached. This listing service is provided free of charge.

Although not required, Lindquist suggests producers who have had their hay tested include the test results to help potential buyers identify sources of hay to meet their particular needs.

The list will be published in the *Michigan Farm News*, and the *Hay and Forage Newsletter* once completed. Lindquist said that the list should be complete by late November and may be requested directly from the Osceola County Extension office at the above phone number.

Michigan Hay Seller Listing Coupon

Name: _____

Address: _____

City: _____ Zip: _____

Phone: (____) _____ County: _____

1st Cutting: _____ 2nd Cutting: _____ 3rd Cutting: _____
(indicate number of bales available)

Type of Bales: Big Round Bales _____ Square Bales _____

Type of Hay: _____

Avg. Weight of Bale: _____

Tested: yes/no _____ Trucking Available: yes/no _____

Mail to: Osceola CES, P.O. Box 208, Reed City, MI 49677

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Since 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. Through local stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau families daily including:

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- Michigan Cash Grain Analysis
- Grain Market News
- 11 Major Market and Michigan Cash Livestock Reports
- Chicago Mercantile Exchange Analysis and Prices
- Livestock Market News
- Michigan Ag Weather Forecasts
- Daily Market Reports for Potatoes, Fruit, Dry Beans
- State, Regional and National Agricultural News
- Weekly and Daily Dairy Market Reports
- Farm Classified

Michigan Farm Radio Network

29 Michigan Radio Stations provide their local listeners with the latest in market analysis and news. Check with your local station for program times.

Station	City	Freq.	Morning	Noon	Station	City	Freq.	Morning	Noon
WABJ	Adrian	1490	5:45 am	12:15 pm	WJIM	Lansing	1250	5:05 am	12:15 pm
WATZ	Alpena	1450	5:30 am	12:15 pm	WWGZ	Lapeer	1530		12:15 pm
WPZA	Ann Arbor	1050	6:15 am	12:05 pm	WNBY	Newberry	92.5		12:15 pm
WLEW	Bad Axe	1340	6:30 am	12:50 pm	WOAP	Owosso	1080	6:15 am	12:30 pm
WHFB	Benton Harbor	1060		12:30 pm	WHAK	Rogers City	960	7:10 am	12:15 pm
WKYO	Caro	1360	6:15 am	12:45 pm	WSJ	St. Johns	1580	6:15 am	12:15 pm
WTVB	Coldwater	1590	5:45 am		WMLM	St. Louis	1540	6:06 am	12:20 pm
WDOW	Dowagiac	1440	6:15 am	12:15 pm	WSGW	Saginaw	790	5:55 am	12:15 pm
WACY	Fenton	1160	6:15 am	12:15 pm	WMIC	Sandusky	660	6:15 am	12:45 pm
WGHN	Grand Haven	1370/92.1	5:45 am	12:15 pm	WKZC	Scottville	95.9	5:45 am	12:30 pm
WPLB	Greenville	1380	6:15 am	12:45 pm	WCSY	South Haven	940		12:15 pm
WBCH	Hastings	1220	6:15 am	12:30 pm	WKJC	Tawas City	104.7		12:45 pm
WCBS	Hillsdale	1340	6:45 am	12:45 pm	WLKM	Three Rivers	1510/95.9	6:15 am	12:15 pm
WHTC	Holland	1450		12:15 pm	WTCM	Traverse City	580	5:55 am	12:40 pm
WKZO	Kalamazoo	590		12:15 pm					

Serving Michigan Farm Families is Our Only Business

AgriBank FCB Reports \$16.9 Million Second Quarter Net Income

AgriBank, FCB, created through the consolidation of the Farm Credit Banks of St. Louis and St. Paul, and associations reported \$16.9 million of combined net income for the quarter ended June 30, 1992, bringing year-to-date earnings to \$65.5 million. This is compared to \$39.7 million and \$77.5 million, respectively, for the same period a year ago.

The district's second quarter results were affected by expenses related to the May 1 merger of the Farm Credit Banks of St. Louis and St. Paul. To date, merger-related expenses totaled \$27.6 million. However, this is an investment that is already beginning to pay off through reduced overhead and increased portfolio diversification, said C. T. Fredrickson, chief executive officer of AgriBank, FCB.

District loan volume as of June 30, 1992, totaled \$9.1 billion or \$85.7 million more than the December 31, 1991 volume. For the same period in 1991, loan volume was also \$9.1 billion. The increase in volume from March 31 is due to seasonal commercial volume.

The credit quality of the loan portfolio, as measured by the loans acceptably classified, continued to improve. Nonaccrual loans have declined 10 percent and 17 percent from December 31, 1991 and June 30, 1991, respectively.

"Overall, I'm pleased by the financial performance of AgriBank and district associations," said Fredrickson. "Net interest income during the second quarter was strong, and it is these earnings that are building the solid capital base that ensures agriculture will have a financially strong source of lending that understands American agriculture, now and in the future."

AgriBank, FCB and district associations provide credit and consulting services to more than 175,000 farmers, ranchers and rural home buyers in a seven-state area (Arkansas, Illinois, Michigan, Minnesota, Missouri, North Dakota and Wisconsin). They are part of the nationwide Farm Credit System.

Dr. Jim Hilker, Dept. of Agricultural Economics, MSU

Corn

The USDA Sept. 1 Quarterly Stocks Report, released Sept. 30, showed U.S. corn stocks at 1.1 billion bushels, very close to trade expectations. This number is used as the official ending stocks figure for the 1991-92 corn marketing year and was very close to the ending stocks figure projected in the last USDA Supply/Demand Balance Sheet Report, which you saw in the last issue. The next update of the supply/demand report will be October 8, along with the crop production report. Make sure you have seen these two reports, because we'll discuss them in the next issue.

Looking to the future, two recent announcements should help corn prices. One is that ethanol will be allowed to be sold in half of the cities that will begin to sell clean burning auto fuels in 1995. Two points: one, this discussion is long from over; and two, the decisions will definitely affect the price of corn over the next several years. For example, ADM decided to continue construction on an ethanol plant which they had halted last spring.

The other announcement was the preliminary plans for the 1993 Feed Grains Program. Corn ARP was announced as 10 percent versus the 1992 ARP of 5 percent. Sorghum ARP was set at 5 percent, barley at 0 percent, and oats at 0 percent. Barley and sorghum were 5 percent in 1992. The farm bill had mandated a 7.5 percent ARP set-aside for barley and sorghum, given the stocks to use ratios, but Secretary Madigan invoked the "GATT trigger".

Soybeans

The soybean 1991-92 marketing year ending stocks were reported as 278 million bushels, very close to expectations and just 7 bushels below the USDA September projection. As with corn, the stocks information will be combined with the October soybean crop production estimate to create the latest supply/demand projections, which were released Oct. 8. On the demand side, export sales and actual exports of soybean continue to be strong.

My guess is that the October supply/demand estimate will show a projected

Wheat

The Sept. 1 wheat stock number of 2.09 billion bushels came in as a surprise. The average trade guesstimate was 2.175 billion bushels. The wheat marketing year runs from June 1 - May 31, so this is a first quarter report and helps the market estimate use up to that point.

There are several reasons why the report was lower than expectations. One possibility is that feed use was heavier in the first quarter than previously thought. Another reason may be that all of the not yet harvested spring wheat was not counted in the stocks properly. The third factor may be less wheat production than thought. Look at the Wheat Supply/Demand Report

Record Dry Bean Stocks

Commercial elevators in Michigan held 2,000,000 hundredweight (cwt.) of dry beans in storage as of Aug. 31, 1992, according to the Federal/State Michigan Agricultural Statistics Service. This year's carryover is a record high for dry bean stocks since estimates started on Aug. 31, 1983, when stocks were 1,600,000 cwt. The current quantity on hand includes 1,840,000 cwt. of Navy beans and 160,000 cwt. of all other classes.

Stocks on hand as of Aug. 31, 1991, totaled 660,000 cwt. and included 500,000 cwt. of Navy beans and 160,000 cwt. of all other classes. Last year's crop of 6,210,000 cwt.

Market Outlook

Seasonal Commodity Price Trends

Wheat	TP?
Corn	↔?
Soybeans	↑?
Hogs	↓
Cattle	↔

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

If the October crop report showed an increase over the September report, we are probably seeing our seasonal lows and I would expect about the same levels through the heavy part of the harvest season.

Consider delivering previously contracted corn during this period when possible. The odds are on-farm storage will pay, so it is also time to fill up your bins. Try to wait for rallies or late harvested corn to sell for cash needs. If you want to stay in the market with corn that won't fit in on-farm storage, watch your local basis levels to determine whether you should store commercially, use a basis contract, or use a minimum price contract.

ending stocks figure in the 295-325 range. If this is the case, then we are likely at our seasonal lows for soybeans also.

My advice is the same as for corn, except I am even more confident that there will be returns to on-farm storage, unless the 92-93 ending stocks projection came in over the above range. Again, your local basis is the key as to how you stay in the market. The one thing that is somewhat different this year is that interest rates are lower, so you need to adjust your opportunity costs of storage.

the USDA released October 8 to see their analysis of the situation.

For those who still have wheat to price, the question is: "will there be any incentive for the government to come up with more demand stimulating export packages once the election has passed?" Given the huge deficit the federal government faces, I seriously doubt it.

My suggestion is either price all of your wheat by that point or at least get some downside protection. It may be the next quarterly stocks report to be released in early January before any more potential major mover comes along.

was the largest since the 1982 crop of 7,975,000 cwt. Carryover stocks account for all beans in commercial off-farm storages and include a small portion of non-Michigan grown products. An estimate of the quantity of dry beans held on farms is not included in this report.

Dry bean stocks are not included in the USDA Agricultural Statistics Board system of grain stocks reports. Dry bean stocks data included in this report were tabulated from information supplied by elevator operators on the Grain Dealers Daily Position Report filed monthly with the Michigan Department of Agriculture.

Dairy Outlook

Larry Hamm, MSU Ag-Econ Dept.

The milk price increases normally seen in the fall are becoming as elusive as fields of fully matured corn. Only renewed dairy product demand and unseasonable weather out West are preventing a major price drop.

The September Minnesota-Wisconsin (M-W) price fell for the second month in a row. September's drop of 26 cents per cwt. (3.5 percent test), when combined with August's 5 percent per cwt. drop, means that farm milk prices will be falling over the next few months. How far they will fall depends on how far manufactured dairy product prices will fall.

After dropping for several weeks, both cheddar cheese and nonfat dry milk prices have leveled off. The prices at the National Cheese Exchange dropped \$.0475 cents a pound in mid September and another 1 cent a pound in the last week of September. Neither of these drops was fully incorporated in September's M-W. Unless the milk supply and demand shifts, the October's M-W will drop again.

Nonfat dry milk prices have strengthened over the past few weeks. The price of nonfat dry milk is being set by West Coast dairymen. West Coast powder plus transportation has been setting Midwest prices.

Unseasonably hot weather this fall has cut milk production in this surplus region. The resulting price strength, combined with some higher, but temporary prices for but-

Table Egg Market

Allan Rahn and Henry Larzelere
MSU Ag Economics Dept.

Table eggs in late September are already reflecting the typical October market weakness and are trading in the low 70 cent per dozen price range (New York, Grade A, Large White, in cartons, to volume retailers), around 5 cents below last year.

Breaking stock egg prices are soft and shell egg inventories are building as the movement of shell eggs into retail channels has declined from year ago levels. Lower feed ingredient prices have reduced production costs over 2 cents per dozen from last year.

The number of layers in the nation's layers flock on Sept. 1 and egg production during

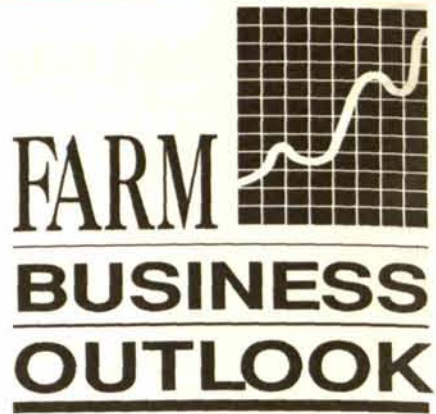
Hogs

The Sept. 1 USDA Quarterly Hogs and Pigs Report on Sept. 30 showed that the pork industry is still in the expansion phase and we are unlikely to see any drop in pork production before the fall of 1993. Total inventory was up 4 percent, kept for breeding was up 2 percent, and kept for market was up 4 percent, compared to 1991.

Hogs over 180 pounds were up 6 percent, hogs between 120-179 pounds were up 3 percent, and hogs between 60-119 pounds were up 5 percent. With September slaughter at around 9 percent, a lot of those heavy hogs may already be gone.

But it shows we will have a lot of hogs all fall. Here the futures and I disagreed as of the beginning of October. My analysis would indicate a lot of hogs will be sold under \$40/cwt this fall and the October and December futures were around \$42/cwt. The reason for the discrepancy is at least partially on the demand side. It has been quite strong lately and the market seems to feel this will continue.

June-August farrowings were up 2 percent, but hogs under 60 pounds were up 4 percent due to the record pigs per litter of 8.13 this summer. This level of production during winter will make it hard to go much above \$40 this winter.



ter, are providing some relief for Midwest butter-powder plants. A resumption of milk production patterns out West could, however, hurt Michigan milk prices.

The markets are also being supported by improved dairy demand as measured by the USDA's commercial disappearance statistics. For the first seven months of 1992, commercial disappearance of dairy products was up 1.9 percent from the same period in 1991.

Only cottage cheese declined in consumption from last year's levels. American cheese, other cheeses, butter, nonfat dry milk powder, frozen desserts and fluid milk all increased utilization. Without this increased demand, this summer's milk flush would have driven markets lower than the recent 31 cent drop in the M-W.

With a reasonable production trend in the West and continued dairy demand growth, this fall's price decline will be orderly. This would help provide the market psychology needed to prevent the sharp drops and increases that the industry has experienced the past four years. Hopefully, the dairy markets are learning to live in the "new" open market environment.

August, were both 1 percent above a year ago. In spite of the relatively depressed market conditions, spent hen plants have had trouble maintaining full operating schedules as slaughter during September was 3 percent below 1991. Reductions in flock size and egg production are underway, with August hatch down 15 percent and the number of eggs in incubators on Sept. 1 below a year ago by 11 percent.

It appears that egg prices may dip into the mid-60s in October before their traditional year-end seasonal advance. Prices may climb into the upper 70 cent range in early December, but the last quarter average is likely to be in the low 70 cent range.

September-November farrowing intentions are up 3 percent, which gives us an idea of next spring's production. That level of production will probably bring us prices under \$40 next spring. December-February farrowings are expected to be up 3 percent as well, making it hard to imagine a strong market next summer.

Michigan Hog Inventory Unchanged

Michigan's hog and pig inventory on Sept. 1 was unchanged from a year ago at 1,350,000 head, according to the Michigan Agricultural Statistics Service. Market hogs were unchanged at 1,175,000 head. The under 60-pound and 60-119 pound categories were stable, while numbers for the 120-179 pound weight group were down 10,000 head. Inventory of hogs weighing 180 or more pounds totaled 185,000 head, up 10,000 head from Sept. 1, 1991. Breeding stock at 175,000 head was unchanged.

Producers farrowed 74,000 sows during the June-August quarter, 2,000 more than the previous year. Average pigs per litter was 7.9 pigs, up from 7.8 pigs per litter last year. Third quarter pig crop was up four percent from the previous year, totaling 585,000 pigs. Producers' farrowing intentions for the next quarter are 60,000 for the September-November period.

7

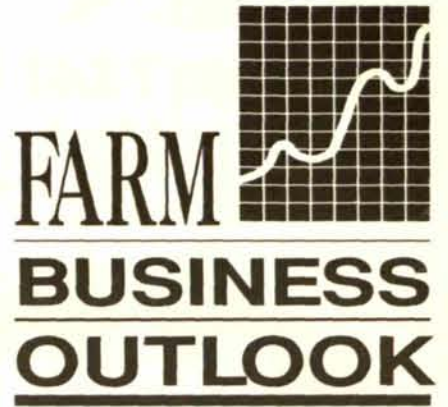
Which Michigan Farms are Most Profitable?

By Roger Betz, District Farm Management Agent, and John Jones, MSU Telfarm Director

Michigan swine farms and Saginaw Valley cash crop farms were the most profitable through the business years 1987 - 1991, compared to other farms in terms of labor income and the rate earned on investment, according to MSU Telfarm Program analysis.

Strong pork prices and relatively low feed costs helped the swine industry achieve strong economic returns. Profits on Saginaw Valley cash crop farms relied heavily on good sugar beet and dry bean prices during the period as well as traditional grain prices. The chart below shows the earnings of different types of farms.

Labor income is the return earned for the operator's labor. All costs, including cash expenses, inventory adjustments, non-paid family



Items	All Farms	Dairy	Saginaw Valley Cash Crop	Cash Grain	Swine	Potato	Tree Fruit
Labor Income							
1991	\$20,188	\$14,025	\$18,995	\$27,437	\$24,651	\$145	\$50,527
1990	28,671	30,943	55,426	4,958	75,141	16,947	4,206
1989	28,986	31,408	19,893	17,961	56,174	59,601	1,265
1988	11,291	5,829	44,659	21,565	-13,170	28,761	22,285
1987	6,654	11,365	26,229	5,469	17,464	-88,195	-11,432
5-Yr. Av. 1987-1991	\$19,198	\$18,714	\$33,040	\$15,478	\$32,052	\$3,452	\$13,370
Rate Earned on Investment in Percent							
1991	7.1	5.4	7.1	9.5	8.6	3.9	22.7
1990	9.7	9.6	12.8	5.8	16.3	6.8	4.2
1989	10.0	9.7	8.4	9.3	15.8	17.1	3.5
1988	6.8	5.3	14.1	10.3	3.4	11.1	13.3
1987	5.9	6.4	10.8	6.7	9.3	-13.5	-1.5
5-Yr. Av. 1987-1991	7.9	7.3	10.6	8.3	10.7	5.1	8.4

labor, depreciation and interest on owner equity, are included in determining labor income. It is the return for the operator's labor and management, if the farm was financed 100 percent by debt, and all non-operator labor was paid.

Rate earned on investment is the return (percentage) if the farm were debt free and all labor was paid including the operator's value of labor and management. It can be used to help evaluate the feasibility of expansion or investing capital into business. Generally, if the rate earned on investment is greater than the interest rate of borrowed funds, then the expansion will be profitable.

As indicated by the rate earned on investment chart, swine farms had the highest five-year rate of return on earnings at 10.7 percent, followed closely by Saginaw Valley cash crop farms with a 10.6 percent return on investment.

Tree fruit farms have had difficulty in recent years, but 1991 showed extraordinary strong returns at 22.7 percent. Tree fruit farms averaged 8.4 percent return on investment over the five-year period of 1987 through 1991. Cash grain farms averaged 8.3 percent, dairy farms averaged 7.3 percent and potato farms averaged 5.1 percent.

Average income figures moderate the variability experienced from farm to farm. Risk management and business planning are important skills used by farm managers in today's farm environment. If you'd like to evaluate the profitability of your farm, contact your local CES office

Retirement Planning for Farm Families

By Glenn A. Kole, District Extension Farm Management Agent, and John Jones, MSU Telfarm Director

Farm retirement planning is a very important chore for many Michigan farm families. In the following discussion are a couple of important "tools" that can be used in the retirement process.

Installment Sales

Installment sales are far-and-away the most often used tool of inter-generational farm transfers. Recent rulings and little understood tax concerns to be aware of on installment sales include:

"Intent" to pay off a seller's mortgage will be taxable in full in the year of sale. This ruling has significant tax impact; for example, let's say father owes the bank \$150,000 on land and dairy cows and sells to a son on a \$220,000 land contract. Let's further assume the son has monthly payments on this contract set up to be paid to father and the bank jointly or a dairy assignment directly to the bank to cover father's mortgage... which is fairly common.

This ruling says father has to report \$150,000 as being paid down in the year of sale as IRS interprets the son's joint payment as "Intent" to pay off father's mortgage. The son should make payments only to the father and then the father cuts his own check to the bank to avoid this potential tax trap.

Any debt assumed on land contracts in excess of tax basis is immediately taxable. This is true on debt transferred to a partnership or corporation as well.

Pledges of land contracts above \$150,000 for collateral to obtain a loan is taxed as a

down payment except if the land contract is "farm real or personal property."

Land contract balances forgiven (at death or otherwise) are taxed as though paid-in-full to the seller in the year of forgiveness (buyer gets the entire tax basis). Ways to avoid this tax trap are to either not forgive the contract or to give the contract to another person prior to death.

Private Annuities

This method of planning involves an individual (usually a relative) who transfers non-cash farm assets for cash payments, usually for life.

Annuities have some unique estate and income tax features and also have significant pitfalls:

There is no Federal Estate Tax on Private Annuities if payments end at death. (Gifts in excess of annuity payments do affect the exemption amount.) **To be considered an annuity, these terms must be met:**

- No stated purchase price (this would create an installment sale).
- Annuity payment should not be equal to annual income from the property.
- Written notification is required that states the buyer (obligor) is responsible for all payments regardless of income earned.
- The obligor should have other sources of income, or IRS can treat the annuity as a "retained life estate" (subject to full federal estate tax).
- The annuitant must not retain any security interest or there is immediate

recognition of gain and inclusion of value in the estate. (If secured, the present value of the annuity over the tax basis may be fully taxable in the first year of the annuity.)

Equity concerns:

The buyer (obligor) is responsible for payments to the annuitant, even if they predecease; the buyer (obligor) may want to protect themselves with life insurance.

The annuitant can live long beyond, or die long before, their expected life. If all children are not obligors, disproportionate advantage or disadvantage may result to that obligor.

Other income tax concerns:

For the buyer (obligor), payments are not tax deductible. Tax basis equals the total payments made, and cannot even be depreciated until the total payments (annuity termination) are known.

If the selling price (present value) is less than the tax basis, no loss is allowable to the annuitant.

If the property is sold by the obligor before the annuitant is paid in full (dead), the tax basis of the sold property equals the total payments made to date plus the present value of future payments (based on life expectancy).

Investment tax credit recapture is invoked.

Part of the gain (Section 1245 and 1250 property) which is capital gains to individuals is ordinary income to an annuitant.

Repossession rules do not apply to annuities.

Private Annuity Example

Land and farm buildings transferred by annuity:

- \$120,000 Market Value
- \$40,000 Basis (Tax)
- \$1,200/month annuity payment
- 10.1 years life expectancy of annuitant (based on age annuity tables).

1. Buyer's (Obligor's) Basis, Based on Life Expectancy: \$1,200 x 12 month/year x 10.1 years = \$145,440. (No interest deductions).

2. Present Value = \$91,333 (Based on \$1,200/month, discounted at 10 percent interest, 10.1 years).

3. Gift Calculation = \$120,000 Market value - \$91,333 Present Value = \$28,667 (Gift tax return Form 706 required).

4. Capital Gain Calculation: \$91,333 (PV) - \$40,000 Basis = \$51,333. \$51,333/10.1 years = \$5,082 Long-term Capital Gains.

5. Ordinary Income = \$14,400 Annual PMT - \$3,960 Exclusion - \$5,082 Capital Gain = \$5,358 Short-term Capital Gains.

6. Exclusion Ratio = \$40,000 Basis/\$145,440 Expected Return = .275; .275 x \$14,440 Annual Payments = \$3,960 Exclusion Allocable to Tax Basis each year.

Each year, the annuitant reports:
 \$5,082 Long-term Capital Gains
 \$5,358 Short-term Capital Gains
 \$3,960 Excluded on Form 6252
 \$14,400 Total amount received
 If the annuitant lives beyond 10.1 years, the excludable portion is lost.

8 Don't Let Mud Hinder Your Harvest or Safety

If the weather stays cool and wet this fall, farmers can expect to be dealing with mud, stuck equipment, down time, and frayed nerves.



You can save yourself a lot of exasperation if you have a plan for dealing with harvest problems. Your preparation should include assignment of specific responsibilities for people involved in the harvest to carry out in case equipment becomes stuck.

"The number of people involved in getting equipment unstuck should be kept to a minimum," says Howard Doss, Michigan State University Extension agricultural safety specialist. "Getting machinery out of the mud should not be a spectator event. Extra people often add to the exasperation of the people trying to get the harvest going again."

To free stuck equipment, use heavy chain matched to the pulling power of the towing equipment. Information about the pulling capacity of chains is usually available from the dealer who sells them.

"Avoid using fiber ropes, nylon straps, or nylon ropes for pulling stuck

Nylon ropes can be hazardous because of their tremendous recoil and whipping action when they break. The recoil can reach speeds in excess of 600 miles per hour and have enough force to throw a clevis into the block of a tractor engine.

equipment," Doss says. "Nylon ropes can be hazardous because of their tremendous recoil and whipping action when they break. The recoil can reach speeds in excess of 600 miles per hour and have enough force to throw a clevis into the block of a tractor engine."



From Farm Bureau Insurance

When pulling, make sure the hitch is as low as possible between the two units. That means attaching the chain to the tractor drawbar only, and to the combine at manufacturer-specified towing points.

Use gradual and consistent pulling pressure. Don't try to yank or jerk the stuck equipment out of the mud. Yanking or jerking is apt to cause the tractor to flip backward (which can happen in only a fraction of a second) or severely damage the combine undercarriage.

Mud on equipment is also a hazard, especially when visibility is poor. Keep platforms, steps, and the operator's cabin clean. Keep your boots free of mud. Slips and falls are the most common disabling farm accidents.

Another hazard at harvest time is slippery mud on roadways. It can cause traffic accidents. Watch for mud when you're moving farm machinery or vehicles--and be aware that littering laws can be applied to the spreading of mud on public roads.

If your harvest activities are likely to result in hazardous mud on public roads, remember that you'll be responsible for what you leave behind.

If the mud contributes to or causes an accident, you may be held liable through civil action that could cost you your farm. You may save yourself some trouble if you contact local authorities--the county road commission, county sheriff, or state police--to discuss the problem and arrive at a mutually agreeable solution that will protect both your interests and public safety.

Late Harvest Risky to Farmers

Weird weather will have farmers racing to get crops off during this fall's harvest. And rushing ups the odds of an accident, says an Ohio State University safety specialist. Tom Beans says the more hurried and stressed farmers get, the more likely they are to be injured or killed on the job.

"Harvest is a dangerous time of year to begin with," Bean says. "When you add extra stress like we have this year, bad things can happen."

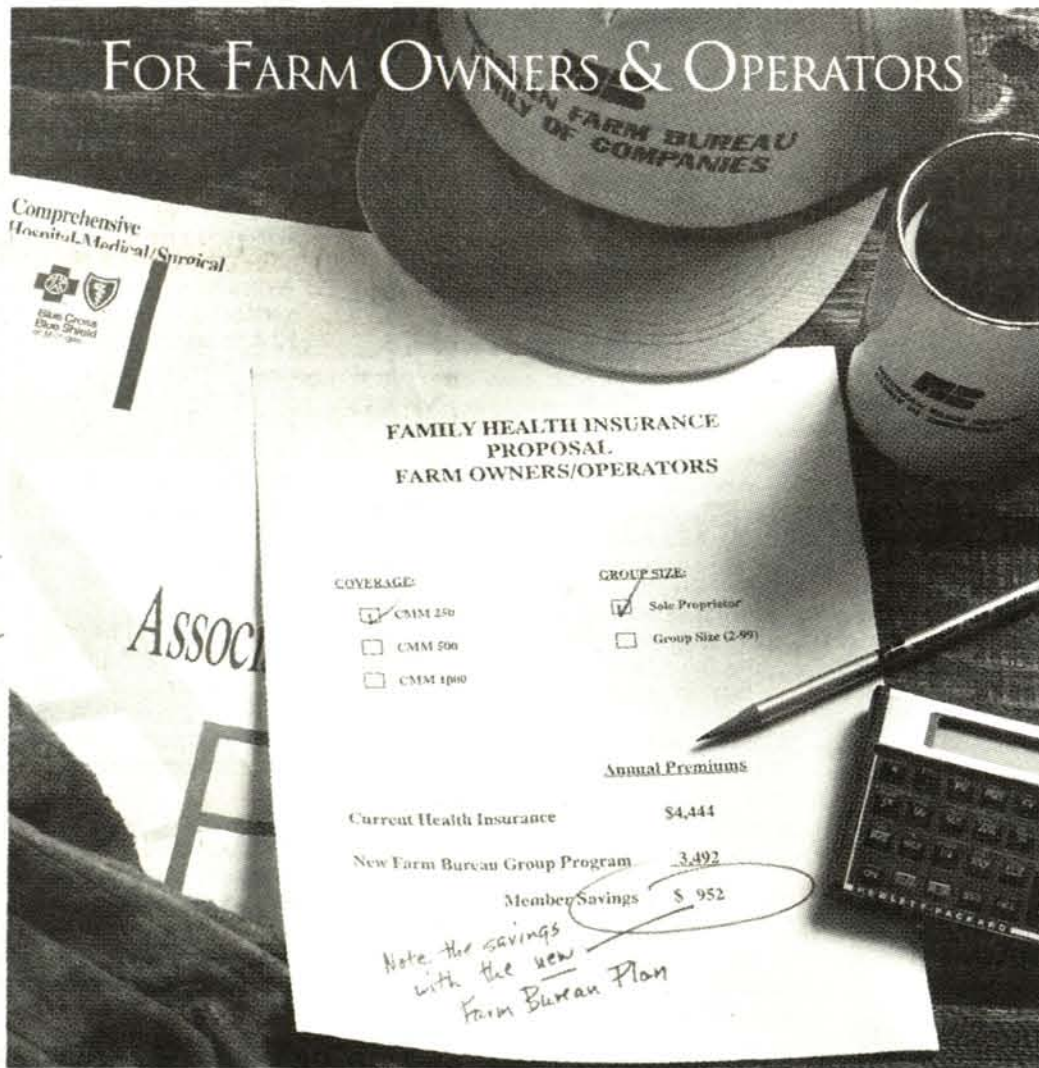
In a normal harvest, farmers push themselves and their machinery as hard as possible. When weather shortens the window of time for harvest, the pressure is even greater.

This year's early-summer drought slowed crop maturation and possibly reduced yields. Late-summer floods stunted other crops' growth. And overcast skies with cooler temperatures slowed most plants' growth. The result is that most Ohio corn, soybeans and vegetables will be harvested about two weeks later than normal. Throw in the threat of frost before Oct. 1, and you have a stressful situation for farmers hoping to make a profit.

"I fully expect some people to push things too hard during this year's harvest," Bean says. "It's inevitable. What we have to do is make them think about the risk and take some steps to reduce it."

See "Risky Harvest" next page...

A NEW MONEY SAVING HEALTH PLAN



In these tough economic times all business owners are looking for ways to improve their bottom line. Now Farm Bureau can help with a new money saving group Health Plan from Blue Cross Blue Shield of Michigan.

These new plans are guaranteed issue no matter what your health history, locally serviced by our 69 county offices and 400 agents statewide, and competitively priced to save farm owners and operators hundreds or even thousands of dollars off their health insurance bill. So, if you're a sole proprietor or if you have one or more employees, you should call Farm Bureau today for benefit and rate information.

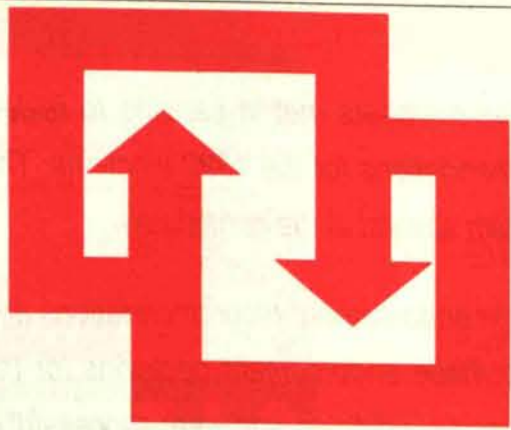


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Membership Services
P.O. Box 30960
Lansing, MI 48909

Please Print
Name _____
Address _____
Phone _____
County _____
Type of Farm/Business _____

Current Health Insurance _____
Number of Full Time Employees _____
 Sole proprietor (1 person group)
 2-4 5-9
 10-24 25 and over



Decision '92

AgriPac Election Guide for Farm Bureau Members

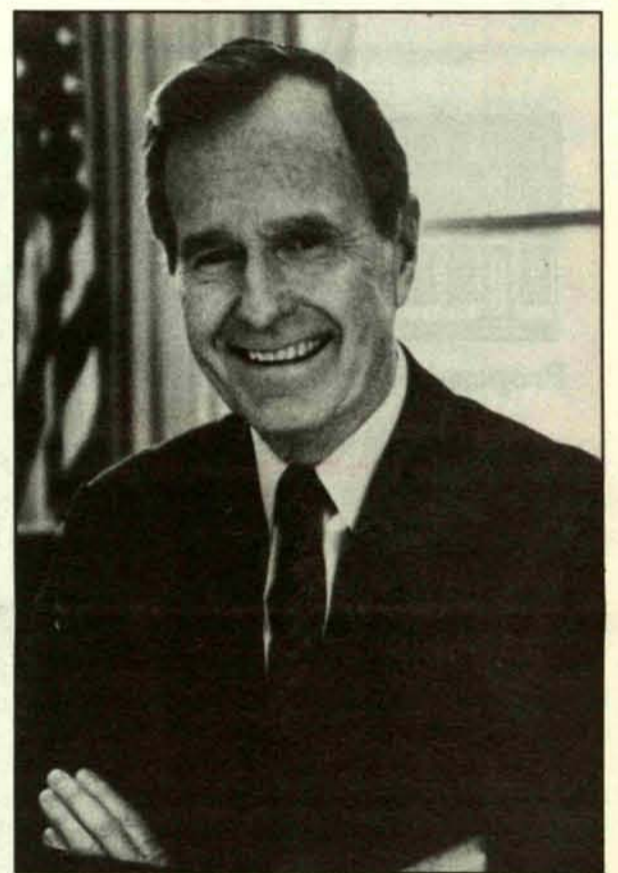
MFB AgriPac Endorses Bush for President

The Michigan Farm Bureau AgriPac announced Sept. 2 that it would endorse George Bush for re-election as president. The committee of nine farmers based their decision on the president's track record of support on issues affecting rural people, according to Al Almy, director of public affairs for Michigan Farm Bureau and secretary for AgriPac.

"The agricultural economy as a whole has gained during the Bush years," said Almy. "Inflation and interest rates are down. Exports of farm products have increased 14 percent since fiscal year 1988 and are forecast this year to reach the highest level in a decade. Net farm income increases from 1989-91 were the highest for any three year period in history," he said.

Almy said AgriPac felt that President Bush represents the best hope for agricultural prosperity in the future. "On issue after issue -- from opposing agricultural embargoes, to supporting ethanol and livestock agriculture, to fighting to protect private property rights -- President Bush has demonstrated support for a sound, market-based farm economy," according to Almy.

AgriPac also noted the efforts of President Bush to provide full deductibility of the health insurance premiums of the self-employed, support for expansion of farm exports, development of industrial markets for agricultural commodities and support for the Conservation Reserve, said Almy.



AGRIBUSINESS LEADERS FOR BUSH/QUAYLE '92

The following is a list of key Michigan Agribusiness Leaders who strongly support President Bush for re-election. These individuals make up the Michigan Bush/Quayle '92 Agriculture Coalition that endorses President Bush for re-election.

Chairman

Governor John Engler

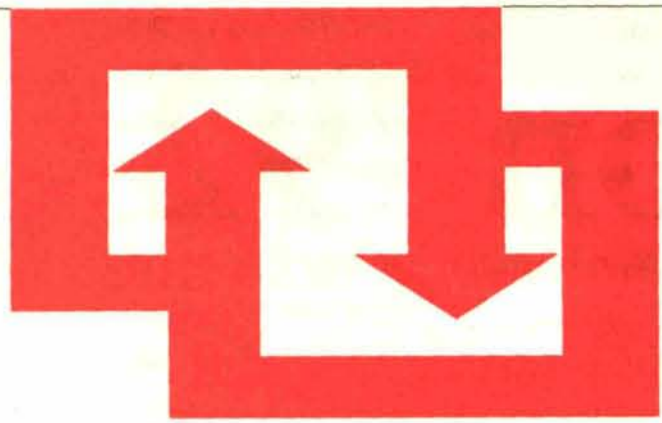
Co-chairs

Bill Schuette, Director
Michigan Department of Agriculture
Dave Camp, U.S. Congressman
Don Nugent, Chairman
Michigan Agriculture Commission
Dave Crumbaugh, Member
Michigan Agriculture Commission
John Spero, Member
Michigan Agriculture Commission
Larry DeVuyst, Chairman
Natural Resources Commission
Jordan Tatter, Member
Natural Resources Commission
Jack Laurie, President
Michigan Farm Bureau

Dean Pridgeon, Chairman
MSU Board of Trustees
Tom Reed, CEO
Michigan Livestock Exchange
Bob Hetzler, CEO
Monitor Sugar Company
Wayne Haverdink, President,
Independent Co-op
Milk Producers Association
Elwood Kirkpatrick, President
Michigan Milk Producers
John Kronemeyer, Member,
U.P. State Fair Board
JoAnne Stefl, Member, U.P. State Fair Board
Delton Parks, President, Countryfresh
Elton Smith, Owner, Med-O-Bloom Farms
Senator Dick Posthumus, Farmer
Senator Harry Gast, Farmer
Senator Nick Smith, Farmer
Senator George McManus, Farmer
Representative Robert Bender, Farmer
Representative Bob Bobier, Farmer
Representative John Gernatt, Farmer
Representative Carl Gnodtke, Farmer
Representative Tom Middleton, Farmer
Representative Gary Randall, Farmer
Representative Don Van Singel, Farmer

What's Inside

- Friends of Agriculture Listing
- Proposal A Property Tax Cut Description and Official Ballot Language
- Proposal B Term Limitation Description and Official Ballot Language
AgriPac Supports A YES Vote
- Proposal C "Cut & Cap" Tax Cut Description and Official Ballot Language
- Proposal D Insurance Reform Description and Official Ballot Language

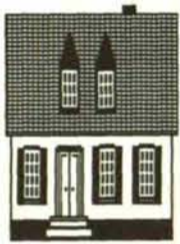


FRIENDS OF AGRICULTURE 1992 GENERAL ELECTION

On July 7, the MFB AgriPac Committee members met in Lansing to review county candidate endorsement recommendations for the 1992 elections. The Committee also conducted interviews with several of the candidates.

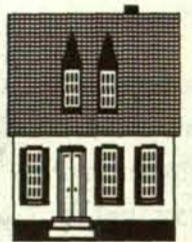
Following the review of county candidate endorsement recommendations and the interviews, the AgriPac Committee made endorsement decisions for the August 4 Primary Election. Those endorsed candidates who were successful in the primary elections are now designated as "Friends of Agriculture" for the General Election.

The following candidates, listed on the facing page, are designated as "Friends of Agriculture", by the Michigan Farm Bureau AgriPac Committee. The designation constitutes an election endorsement for the November 3, 1992 General Election.



Proposal A

Two Property Tax Cut Ballot Choices Before the Voters



Proposal C

Proposal A limits the increase in State Equalized Value (SEV), to 5% or the rate of inflation, whichever is less. When the property is sold, it is then adjusted to the current market value and assessed at 50% of the value.

The proposal applies to only residential and agricultural property, and is limited to the homestead which this proposal has not, as yet, defined. Generally, "homestead" includes the house and the acreage the house sets on. Under the current homestead credit exemption, contiguous production agriculture land is included.

Proposal A is funded by eliminating the Capital Acquisition Deduction under the Single Business Tax which will cost businesses approximately \$700 million annually. Some observers believe the added cost to businesses will likely be passed on to the consumer through increased charges for goods and services.

Businesses would receive no tax relief under Proposal A as it is limited to residential and agricultural classes. Industrial, commercial, timber cutover and developmental properties will still be assessed based on market value.

Michigan Farm Bureau has taken a neutral position on Proposal A and asks that members review the proposal and decide for themselves. Following is the language which will appear on the November ballot:

PROPOSAL A Ballot Language

A PROPOSAL TO LIMIT ANNUAL INCREASES IN HOMESTEAD PROPERTY TAX ASSESSMENTS AND PROVIDE SEPARATE TAX LIMITATIONS FOR DIFFERENT PROPERTY CLASSIFICATIONS.

The proposed constitutional amendment would:

- 1) Limit for each homestead property (excluding new construction) the annual assessment increase to 5% or the rate of inflation, whichever is less, until the property is sold. Whenever property is sold, adjust assessments according to current market value of property.
- 2) Create separate millage rollback calculations for determining the maximum revenue increase allowable for two classes of property: residential/agricultural and all other property classifications.
- 3) Permit the use of the combined inflation rate for 1991 and 1992 to calculate millage rollbacks for determining the maximum property tax revenue increase allowable in 1993.

Should this proposal be adopted?

Proposal C, the second tax proposal, known as "Cut & Cap" also limits the amount of increase in SEV. However, the detail is much different in that it provides for specific reductions in the property tax and requires the state to reimburse schools for revenues lost by the tax cut.

Proposal C is more complex in that it phases in the property tax exemption over a five year period and applies to school operating millage only. School operating millage is the largest portion of most property tax bills ranging from 60% to 80%.

The state would be required to reimburse school districts for the loss based on 1991 millage rates. Local school districts and voters will still face millage issues and may increase the rate although the reimbursement will be based on 1991 levels.

Assessment increases would be limited to 3% or the rate of inflation, whichever is less, excluding new construction. The property will be adjusted to the market value whenever it is sold and assessed at 50% of that amount.

The proposal would be funded by state revenue. Some estimates indicate it will take approximately one-half of revenue increases to fund the Cut & Cap proposal. Concern has been expressed that if revenues do not increase by approximately 5%, cuts will have to be made in existing state programs and services to fund the mandated reimbursement for school operating purposes.

Proposal C treats homeowners and businesses equally by providing a cap on assessments and a 30% reduction of school operating millage phased in over 5 years.

The net property tax reduction in 1997 is estimated to be approximately \$2.2 billion which would be reimbursed to the schools. If the state budget increases approximately 5% a year for the next five years, the state budget would approximate \$10 billion and thus 20% of the state budget would be required to fund the Cut & Cap proposal. This would clearly shift a large portion of the burden of school finance from local property tax to state funds.

Michigan Farm Bureau has taken a neutral position on Proposal C and asks that members review the proposal and decide for themselves. Following is the language which will appear on the November ballot:

PROPOSAL C Ballot Language

A PROPOSAL TO EXEMPT PROPERTY FROM A PORTION OF SCHOOL OPERATING PROPERTY TAXES AND LIMIT ANNUAL INCREASES IN ALL PROPERTY TAX ASSESSMENTS.

The proposed constitutional amendment would:

- 1) Exempt property from the following proportion of school operating property taxes: 10% in 1993, 15% in 1994; 20% in 1995; 25% in 1996 and 30% in following years.
- 2) Require the state to reimburse school districts for the property tax exemptions described in paragraph (1) above, up to the millage rate levied in 1991.
- 3) Limit for each parcel of property (excluding new construction) the annual assessment increase to 3% or the rate of inflation, whichever is less, until the property is sold. Whenever property is sold, adjust assessment according to current market value of property.

Should this proposal be adopted?

**□ PRESIDENT
VICE PRESIDENT**

George Bush and Dan Quayle

**□ U.S. House of
Representatives
(by District)**

- 1 Phil Ruppe (R-Houghton)
- 2 Peter Hoekstra (R-Holland)
- 3 Paul Henry (R-Grand Rapids)
- 4 Dave Camp (R-Midland)
- 5 Keith Muxlow (R-Brown City)
- 6 Fred Upton (R-St. Joseph)
- 7 Nick Smith (R-Addison)
- 8 Dick Chrysler (R-Brighton)
- 9 Megan O'Neill (R-Clarkston)
- 10 Doug Carl (R-Mt. Clemens)
- 12 John Pappageorge (R-Troy)

- 13 Robert Geake (R-Northville)
- 15 Barbara Rose-Collins (D-Detroit)
- 16 John Dingell (D-Trenton)

**□ Michigan House of
Representatives
(by District)**

- 2 Curtis Hertel (D-Detroit)
- 3 Joe Young, Sr. (D-Detroit)
- 4 Joe Young, Jr. (D-Detroit)
- 15 Douglas Thomas (R-Dearborn)
- 17 William Keith (D-Garden City)
- 22 Gregory Pitoniak (D-Taylor)
- 26 Tracey Yokich (D-St. Clair Shores)
- 29 John Chmura (R-Warren)
- 31 Sharon Gire (D-Mt. Clemens)
- 33 Kenneth DeBeaussaert
(D-New Baltimore)
- 34 Michael McCullough (R-Royal Oak)

- 35 David Gubow (D-Huntington Woods)
- 36 Maxine Berman (D-Southfield)
- 37 Jan Dolan (R-Farmington Hills)
- 38 Willis Bullard, Jr. (R-Milford)
- 39 Barbara Dobb (R-Commerce)
- 40 John Jamian (R-Bloomfield Hills)
- 41 Shirley Johnson (R-Royal Oak)
- 43 Charles Harrison, Jr. (D-Pontiac)
- 45 Penny Crissman (R-Rochester)
- 46 Tom Middleton (R-Ortonville)
- 47 Sandra Hill (R-Montrose)
- 48 Floyd Clack (D-Flint)
- 50 Paula Zelenko (R-Burton)
- 51 David Robertson (R-Swartz Creek)
- 54 Kirk Profit (D-Ypsilanti)
- 55 Beverly Hammerstrom
(R-Temperance)

- 57 Tim Walberg (R-Tipton)
- 58 Mike Nye (R-Litchfield)
- 59 Glenn Oxender (R-Sturgis)
- 60 Jackie Morrison (R-Kalamazoo)
- 61 Dale Shugars (R-Portage)
- 62 Bill Martin (R-Battle Creek)
- 63 Don Gilmer (R-Augusta)
- 64 Mike Griffin (D-Jackson)
- 65 Phil Hoffman (R-Horton)
- 66 Susan Munsell (R-Howell)
- 67 Eric Schertzing (D-Williamston)
- 68 Dianne Byrum (D-Holt)
- 70 Lynn Jondahl (D-Okemos)
- 71 Frank Fitzgerald (R-Grand Ledge)
- 72 Walter DeLange (R-Kentwood)
- 73 Jack Horton (R-Belmont)
- 74 Ken Sikkema (R-Grandville)
- 75 Richard Bandstra (R-Grand Rapids)
- 76 Thomas Mathieu (D-Grand Rapids)
- 78 Carl Gnodtke (R-Sawyer)
- 79 Bob Brackenridge (R-St. Joseph)
- 80 James Middaugh (R-Paw Paw)
- 81 Terry London (R-Marysville)
- 82 John Strand (R-Lapeer)
- 83 Kim Rhead (R-Sandusky)
- 85 Clark Harder (D-Owosso)
- 86 Alan Cropsey (R-DeWitt)
- 87 Bob Bender (R-Middleville)
- 88 Paul Hillegonds (R-Holland)
- 90 Jessie Dalman (R-Holland)
- 93 Gary Randall (R-Elwell)
- 94 Lewis Dodak (D-Montrose)
- 95 Jim O'Neill (D-Saginaw)
- 96 Roland Jersevic (R-Saginaw)
- 97 Howard Wetters (D-Kawkawlin)
- 98 James McNutt (R-Midland)
- 99 Jim McBryde (R-Mt. Pleasant)
- 100 John Llewellyn (R-Fremont)
- 101 Bill Bobier (R-Hesperia)
- 102 John Gernaat (R-McBain)
- 104 Michelle McManus
(R-Traverse City)

MSU



Dean Pridgeon

- Family farmer raising corn, soybeans and hogs on 3,200 acres.
- Recipient, MSU Distinguished Service to Agriculture Award, 1970.
- Michigan Natural Resources Commission, 1974-78.
- Director, Michigan Department of Agriculture, 1979-83.
- 8 years as MSU Trustee; current Chairperson
- MSU Alumnus, College of Agriculture and Natural Resources.



Melanie Reinhold

- President, Reinhold & Vidosh, nationally award winning landscape contractor.
- Corporate sponsor of scholarship fundraiser, raising over \$100,000 scholarship dollars for students of horticulture and landscape architecture at MSU.
- Appointed to MSU Board of Trustees, 1991.
- MSU Alumna, College of Agriculture and Natural Resources.

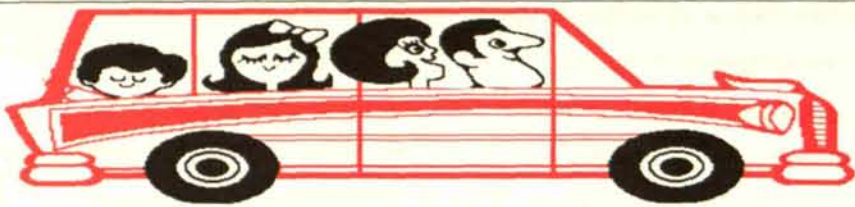
**VOTE
On November 3
ELECT**

**Dean
PRIDGEON
Melanie
REINHOLD**

**MICHIGAN STATE
UNIVERSITY
BOARD OF TRUSTEES**

- **Supreme Court**
Marilyn Jean Kelly (Bloomfield Hills)
Michael Talbot (Grosse Pointe Farms)
- **Board of Education**
Dorothy Beardmore (R-Rochester)
Harry Greenleaf (R-Livonia)
- **MSU Board of Trustees**
Dean Pridgeon (R-Montgomery)
Melanie Reinhold (R-Bloomfield Hills)

Remember, Vote MSU in November for



Proposal D Insurance Reform

Proposal D is expected to control the rapidly rising costs of auto accidents cutting medical and legal costs. It requires insurance companies to pass cost savings on to consumers. Here, briefly, is what is in the present law and what Proposal D would do:

Proposal D: Requires that on or before April 1, 1993, auto insurance rates will be reduced by an average of 20%. Actual savings may be greater or lesser than 20% depending on the coverages an individual policyholder selects. **PRESENT LAW:** Does not contain price controls.

PROPOSAL D: Limits non-economic "pain and suffering" lawsuits by setting higher standards for injuries (injuries

must be objectively verifiable) and preventing drivers who are more than 50% at fault in an accident from collecting damages. **PRESENT LAW:** Allows at fault drivers to collect awards for non-economic "pain and suffering" lawsuits.

Under the no-fault system one's own insurance company pays for medical expenses and wage loss, regardless of who caused the accident. The system is intended to reduce delays and costs (attorney fees) of court disputes and return a larger percentage of premium dollars to injured persons.

Proposal D: Allows policyholders to waive residual bodily injury (RBI) coverage. This coverage protects the assets of policyholders if they are sued for non-economic "pain and suffering" damages. This provision is intended to make auto insurance more affordable for low income drivers who

don't have assets to protect. **PRESENT LAW:** Regardless of need, requires that policyholders purchase Residual Liability Coverage.

Proposal D: Allows consumers a choice of medical benefit options ranging from a \$250,000 (MINIMUM) to \$500,000, \$750,000, \$1 million, \$2 million, \$3 million, \$4 million, and \$5 million. The \$250,000 minimum medical benefit provides Michigan drivers with the highest medical protection required by any state in the nation.

PRESENT LAW: Requires that all drivers purchase unlimited medical coverage.

Proposal D: Allows insurance companies to provide good driver discounts to policyholders who have been claim free for five years. **PRESENT LAW:** Although the present law

allows for some vehicle and driver discounts, a "claim-free" discount is not allowed.

Proposal D: Establishes reasonable and customary fees that health care providers would be reimbursed. This provision is intended to control medical costs which are rising four times

the rate of inflation. **PRESENT LAW:** Medical service payment guidelines don't exist. Medical payment guidelines are allowed for Medicare, Medicaid and other types of insurance.

Proposal D: Requires coordination of health and auto insurance medical benefits. This provision is expected to prevent drivers from carrying duplicate protection and receiving payment. **PRESENT LAW:** Coordination is allowed but not required.

Proposal D: Allows insurance companies to establish rates based on actual loss experience, so that low-risk drivers would not be required to subsidize high-risk drivers. **PRESENT LAW:** Restricts how companies establish auto insurance rates, forcing them to shift high-risk driver costs to lower-risk drivers.

Proposal D: Requires that insurance companies refund underwriting profits which exceed 5%. Allows the Michigan insurance commissioner to waive a company's obligation if necessary to ensure a fair rate of return. **PRESENT LAW:** Does not contain profit guidelines.

Generally, Proposal D is expected to reduce auto insurance premiums for the vast majority of Michigan drivers. The extent of reduction, of course, will vary based on the coverages chosen by individual drivers.

A longtime advocate of meaningful reform that would reduce auto insurance costs, MFB has supported many of the reforms outlined in Proposal D. However, MFB believes strongly in economic free market principles and thus does not favor the 20% rate mandate the proposal provides for. MFB has taken a neutral position on Proposal D and asks that members review the proposal and decide for themselves.

PROPOSAL D Ballot Language
A PROPOSAL TO AMEND MICHIGAN'S AUTO INSURANCE LAWS. THE PROPOSED LEGISLATIVE AMENDMENT WOULD:

- 1) Reduce auto insurance rates by 20% (average) for policyholders accepting \$250,000 in personal injury protection. Extra coverage made available at added cost.
- 2) Require profit refunds when underwriting profits exceed 5%.
- 3) Permit Insurance Commissioner to waive company's obligation to reduce rates or refund profits, if needed, to assure fair rate of return.
- 4) Allow policyholders to waive residual liability insurance.
- 5) Limit fees paid to health care providers.
- 6) Allow rate reduction for five consecutive claim-free years.
- 7) Require coordination of benefits with health insurance.
- 8) Limit right to sue by setting higher standards for injuries and prevent drivers over 50% at fault from collecting damages.

Should this proposal be adopted?

Citizens Petition for Term Limitation in Proposal B

Proposal B will be on the November 3 ballot as a result of a petition drive by citizens supporting a restriction on the number of terms a person could serve in specific state and national public offices. The proposal does not place term limits on persons holding public offices at the township or county level.

Following are the term limits that would apply if voters approve Proposal B: U.S. senators would be limited to two terms of six years each, or 12 years total service, in a 24-year period.; U.S. representatives would be limited to three terms of two years each, or six years total service, in a 12-year period; state senators would be limited to two terms of four years each, or eight years total service; state representatives would be limited to three terms of two years each, or six years total service; The governor, Lt. governor, secretary of state, and attorney general would be limited to two terms each, or eight years total service.

Public polls taken earlier this year to determine voter support for limiting the terms of state and national public officials revealed that two-thirds of those surveyed favor term limitation. Delegates to the 1991 MFB Annual Meeting adopted policy which supports term limitation.

The 1991-92 sessions of the Michigan Legislature are an example of why such strong citizen support exists for term limitation. Despite strong public support for education reform, property tax reform, automobile insurance reform, and medical malpractice reform the Michigan Legislature failed to resolve these important issues.

Political posturing for election-year gains, unyielding positions by legislators engaged in negotiating these issues, and putting off consideration of the issues until a later date were everyday practice. As a result private organizations and citizens were required to undertake massive and expensive petition drives to put three separate ballot proposals before voters to decide on November 3. This citizen action is the direct result of inaction by elected state legislators who could not, or would not, decide what to do on key issues affecting every citizen.

Opponents of Proposal B claim that experienced state and national public officials will be forced out of office and be replaced by inexperienced persons. These critics should look at what is already happening in the Michigan Legislature. Since 1988 there has been more than a 40% turnover in the House of Representatives and nearly a 30% turnover in the Senate. In this election year nearly 40% of the Michigan congressional delegation will turnover as a result of retirements, redistricting and primary election results.

Approval of Proposal B by voters will result in many new elected officials coming into office over time. Their new ideas; firsthand knowledge of the challenges and opportunities facing local families, businesses and communities; and knowledge that their public service will be measured by what they can accomplish within the limited time they can serve rather than the number of times re-elected will serve the public well. If a person desires a career in public office he/she can seek election to another office.

For example a person elected to an office covered by Proposal B could serve in that office for the maximum time allowed and then become a candidate for another office. If the person were successful in each election, he/she could serve for a total of 40 years under the term limits for the public offices covered in Proposal B. Michigan Farm Bureau recommends a YES vote on Proposal B. Following is the ballot language voters will decide:

PROPOSAL B Ballot Language

A PROPOSAL TO RESTRICT/LIMIT THE NUMBER OF TIMES A PERSON CAN BE ELECTED TO CONGRESSIONAL STATE EXECUTIVE AND STATE LEGISLATIVE OFFICES.

The proposed constitutional amendment would:

Restrict the number of times a person could be elected to certain offices as described below:

1. U.S. senator: two times in any 24-year period.
2. U.S. representative: three times in any 12-year period.
3. Governor, lieutenant governor, secretary of state or attorney general: two times per office.
4. State senator: two times.
5. State representative: three times. Office terms beginning on or after January 1, 1993, would count toward the term restrictions. A person appointed or elected to an office vacancy for more than 1/2 of a term would be considered elected once in that office.

Should this proposal be adopted?

Fresh Silage May Contain a Deadly Threat to Health

Farmers handling corn for silage need to be mindful of the danger of nitrogen dioxide – silo gas – which 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, but no one should go into a silo for four to six weeks after filling," says Howard J. Doss, Michigan State University Extension agricultural safety specialist.

Nitrogen dioxide is heavier than air, so it may form yellowish layers of mist above the silage or drop down the silo chute. The strong silage odor can mask nitrogen dioxide's bleach-like odor. It may be present, even if you can't see or smell it, however.

When silo gas is highly concentrated, it can kill a person in a matter of seconds, along with 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 can severely and permanently damage respiratory tract tissue.

The effects include severe irritation that may lead to inflammation of the lungs, though the victim may feel little pain or discomfort. Exposure symptoms – shortness of breath, a faint feeling and flu-like illness – can frequently be delayed for several days.

"A person may inhale silo gas for a short time and notice no effects," Doss says. "But he or she may go to bed several hours later and die while sleeping because of the fluid that has collected in the lungs."

Frequently, a relapse with symptoms similar to those of flu or pneumonia occurs one to two weeks after initial recovery from the exposure.

"The majority of people who develop initial silo gas exposure symptoms could also develop secondary ailments," Doss says. "For this reason, it is extremely important

that anyone exposed to silo gas seek medical attention, regardless of the degree of these symptoms. Silo gas begins to form almost as soon as silo filling begins."

"It is most likely to develop one to three days after the silage has been made," Doss says. "If a mechanical breakdown occurs or the filler pipe clogs, the problem should be corrected immediately. Waiting overnight to do the task adds the risk of silo gas buildup in the silo.

"If there is a dire need to enter the silo, wear a self-contained breathing apparatus," Doss warns. "Wearing anything less could be deadly to anyone inside the silo during the first four to six weeks after silo filling."

To locate a suitable self-contained breathing apparatus, work through the local fire department or a safety equipment supplier.

"Locating a suitable unit may be frustrating and may take some time, but it is far better than losing a member of the family or paying for impatience with permanent injury," Doss says.

Farmers who must enter the silo during or just after filling should follow these general 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 after that recommended waiting period, be sure to ventilate the silo chute for 10 to 15 minutes beforehand and open several hatches to move out any pockets of gas.
- No one should ever work alone in a silo. Always work in pairs so someone can go for help in an emergency. Remember that employees must follow Michigan Department of Public Health regulations for entering a confined space.

Risky Harvest (continued)

Bean tells farmers to take breaks from long hours behind the combine's steering wheel. Even a short break refreshes the body and mind and reduces the risk of accident. He recommends stopping for at least 5 to 10 minutes every hour during peak harvest when fatigue is greatest.

Breaks are also a good time to grab a high-energy snack – juice, nuts or trail mix are good choices, Bean says. Turn off the machine if you take your snack break in the combine cab. It will give your ears a rest and reduce the possibility of engaging the equipment.

Cabs on most modern combines give the operator some additional safety tools. Varying the temperature in the cab will keep the driver more alert. A radio can break the monotony of long hours in the field as long as it doesn't become a distraction, Bean says.

Even with a harried harvest, Bean says farmers shouldn't be too busy to think about some basic safety rules during harvest. Too often, farmers get caught up in the activity and make simple mistakes. That could cost a life or limb.

Bean reminds farmers of some simple safety rules that affect harvest:

- Keep guards in place. It's a simple rule that every farmer breaks. The few minutes it takes to put the shield back over a moving part can save years of time lost to a debilitating injury.
- No passengers on moving equipment. Even the newest farm machinery is designed for only one person: the operator. There are too many chances for a passenger to fall off, hit a control lever or distract the operator enough to cause an accident.
- Stay out of grain bins. Moving grain can suck down and suffocate a person in minutes.
- Watch those grain augers. Moving grain means moving parts. A careless or tired worker can easily get caught in the equipment.
- Keep kids away. Harvest is no time to be baby-sitting. The many opportunities for children to get hurt on a farm are magnified by the hectic activity of harvest. Children old enough to help during harvest should be thoroughly instructed and not permitted to work extra-long shifts.
- Look up and down and all around. Overhead power lines and unexpected holes in the ground are two of the biggest causes of farm machinery accidents. Be aware of your surroundings.

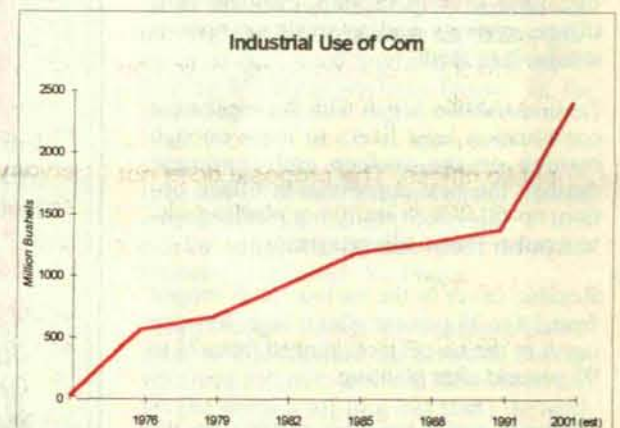


Michigan's Corn Marketing Program

Questions and Answers

The development of industrial uses for agricultural commodities represents a strong growth opportunity for Michigan's farmers. Corn, Michigan's most abundant crop, leads the way in its ability to meet America's needs for alternative agricultural uses. The chart on the right shows the impact that new corn uses has on corn use.

By passing the Michigan Corn Marketing Program, Michigan's corn growers can help lead the fight to develop new uses, promote their crop, and increase their profitability!



To learn more about the Michigan Corn Marketing Program, read on!

- ✓ **What is a corn marketing program?**
A corn marketing program is a program organized by corn farmers to benefit corn farmers. It places a small assessment on the first sale of corn and deposits these funds in a statewide pool. All funds collected go toward promotion, research and market development for corn. There are currently 18 state corn marketing programs in the US. *Michigan is the second largest corn growing state in the nation without a corn marketing program.*
- ✓ **Will the corn I grow and feed on my farm be subject to assessment?**
No. Only corn sold will be subject to assessment. Corn you grow yourself and feed on your farm will not be assessed. Seed corn, popcorn, and corn grown for silage are also exempt from the assessment.
- ✓ **What will the assessment rate be?**
The Michigan Corn Marketing Program will collect 1 cent per bushel at the first purchaser (usually the local elevator). On an average 100 bu. yield, that would mean \$1.00 per acre of corn grown for cash crop.
- ✓ **Who is eligible to vote on the Michigan Corn Marketing Program?**
Any corn grower that has sold over \$800 of corn in *any* marketing season within the last three (3) marketing seasons is eligible to vote. If you feed on-farm all the corn you produce, you are not subject to assessment and therefore are not eligible to vote.
- ✓ **What will my contributions be used for?**
All funds collected will be used to promote corn and corn products. This will be accomplished through research, market development, and public promotion of corn. For example, ethanol blended fuels remain a significant market for corn and are one way to clean our nation's air. In Michigan, ethanol blended fuels command an 18% market share. Corn growers have been a major force behind the development of ethanol markets.
- ✓ **Will most of the funds collected stay in Michigan?**
Yes. All funds will be controlled by a nine member board of corn growers, each representing one district and appointed by the Governor. While some funds will go to national organizations (like the National Corn Growers Association and the US Feed Grains Council), most of the Michigan Corn Marketing Program funds will be used in the state.
- ✓ **Will administrative costs of the marketing program be closely controlled?**
Yes. All budgets will be developed and approved by farmers. In addition, the program caps administrative expenses at no more than 15% of funds collected. Typically, most state corn marketing programs operate at much less than 15% of funds collected.
- ✓ **How can I vote "YES" on the Michigan Corn Marketing Program?**
You need to visit your **county extension office or county ASCS office during the voting period, which is Monday, November 30, 1992 to Friday, December 11, 1992.** Pick up a ballot, complete it according to the instructions on the ballot, and return it via US Mail to the Michigan Department of Agriculture.

For More Information, Call the Michigan Corn Growers Association at (517)323-6600.

Remember, Vote YES in December for your future!

10 Southeast Michigan Farmers Participate in Tillage Demo

Performance of various tillage implements were observed by Berrien, Cass and Van Buren county farmers attending a conservation tillage demonstration, sponsored by conservation districts in the three counties, on the Warren Strefling farm near Galien, Michigan earlier this month.

"The objective of the demonstration was to show farmers how they might achieve the 30 percent residue cover requirement for conservation tillage," said Jerry Grigar, conservation agronomist for the Soil Conservation Service in Michigan.

"It was one of several demonstrations being held across southern Michigan to help farmers meet conservation compliance requirements of the '85 and '90 farm bills," Grigar added.

Random checks last spring indicated that some farmers were having difficulty meeting the 30 percent minimum cover requirement for conservation tillage and conservation compliance, according to Leslie Hainey, district conservationist for the soil conservation Service at St. Joseph.

The tillage residue-management demonstration event was held to correct this situation.

Various tillage implements and combinations of implements were operated in a field of wheat residue, and the residue remaining on the surface after tillage was measured to help farmers evaluate their tillage systems and to evaluate options available to them.

Demonstrations began with the implement combination least likely to leave enough residue on the surface and continued through the best conservation tillage option, no-till, which really is a planting system rather than a tillage system.

Residue cover in the various plots ranged from 24 to 38 percent after tillage. Residue cover in the no-till plots ranged from 75 to 95 percent after planting.

"Farmers could see how residue on the surface increased when we changed to narrow straight-shank chisel points, and as the depth and speed of tillage was reduced," said Dr. Tim Harrigan, tillage engineer, Agricultural Engineering Department, Michigan State University. Harrigan was one of the principal speakers at the event and led discussions for all demonstrations.

The event also included demonstration of deep-tillage tools used in the fall to break compacted soil layers that can restrict root penetration. Most left the surface very rough and in need of additional tillage in the spring before planting. The Tye paratill, a deep-tillage chisel plow, left surface residue nearly undisturbed. Its offset design shattered the hard-pan by lifting and dropping the soil.

"Farmers were impressed. Several told me it was an informative and educational event and that they gained knowledge needed to make objective decisions about their tillage operations," said Warren Strefling, chairman of the Galien River Soil Conservation District. "They really liked the residue measuring contest after the demonstrations. They learned how easily they could check residue after their own operations," he continued.

Tractors, tillage implements and other items for demonstration were provided by the LaPort County Co-op, Klug Farm Equipment, Ausra Farm Equipment, Walker Farm and Garden Equipment, Finerman Farm and Garden Equipment, Yetter Manufacturing, Rawson Coulter-Till and Reeman Farm Equipment. Monsanto and Dupont also had representatives at the event.

Conservation districts in Kalamazoo, St. Joseph and Branch counties have scheduled a tillage demonstration in a field

of corn residue. Farmers with highly erodible land are encouraged to contact the conservation district for their area to get information about this and other demonstrations.

Residue management, plant residue covering 30 percent of the field surface after planting, is an important practice in programs to meet conservation tillage requirements for conservation compliance, and to protect water quality.

At right, Jerry Grigar, conservation agronomist for the Soil Conservation Service in Michigan, shows how a wing on the off-set chisel shank of a Tye paratill lifts and drops the soil to shatter compacted layers. Unlike other deep-till chisels, the paratill leaves residue on the surface relatively undisturbed for good erosion protection.



1993

FARM BUREAU TRAVEL SERIES

Travel to England, Ireland, Scotland, & Wales

July 8-23, 1993

One does not need the "Luck of the Irish" to enjoy the many attractions included in this deluxe package. This 16-day tour is full of many great attractions including such things as Killarney, the Ring of Kerry, the Blarney Castle, Waterford Crystal factory, Dublin, Edinburgh Castle, an overnight stay in Ruthin Castle in Wales, theatre tickets to a Royal Shakespeare Theatre production, a Medieval Banquet, a visit to Stonehenge, Buckingham Palace, and a tour of London, as well as London Theatre tickets. Our package includes roundtrip airfare, deluxe hotel accommodations, 24 meals and much more for \$2,799 per person.

Heritage of America

September 25 — October 3, 1993

The beautiful colors of the fall foliage combined with America's most historic areas makes this a most outstanding tour for Farm Bureau members. Our travels will include New York City, the city of Brotherly love — Philadelphia, the Amish country of Lancaster, as well as Gettysburg and the Shenandoah Valley. Our adventures will then take us to Monticello, colonial Williamsburg, and then to our nation's capital, Washington, D.C.

This deluxe tour includes air transportation, first-class hotel accommodations, deluxe motorcoach transportation, 15 meals, and full sightseeing and admissions to all attractions. This 9-day tour is available for \$1,299 per member.

Copenhagen Plus

October 9-16, 1993

Scandinavia this fall could be the most refreshing, truly different vacation you have ever had. Scandinavia is different, but you will feel very much at home. Our one-week vacation offers you the opportunity to enjoy Copenhagen, Denmark — one of Europe's most exciting capital cities — known for its fun loving spirit! Copenhagen has many fine museums, Royal Palaces, and an old harbour district with colorful cafes and cosy restaurants. The Strogit is the famous pedestrian shopping center — Europe's largest — where you can find the finest of Scandinavian goods and crafts.

Our package includes roundtrip airfare, accommodations at the 4 star Sheraton-Copenhagen, a 2-night cruise to Oslo, the capital of Norway, city sightseeing, Danish breakfast each morning, 2 dinners, and much, much more for the unbelievable price of \$1,235 for members, \$1,255 for non-members.

European Adventure Tour visiting Austria, Switzerland & Italy

August 14-25, 1993

Our 12-day central European tour takes in the beautiful countryside of Austria, the mountains of Italy and the lakes of northern Italy as we visit Fairytale Bavaria, the Passion play village of Oberammergau, the Italian resort of Stresa and Linderhof Castle.

This European tour includes roundtrip airfare, transfer, deluxe motorcoach transportation, first class and Tyrolean-style hotel accommodations, European-style buffet breakfast daily, 1 dinner, and much more. The Farm Bureau member price is \$1,725. Non member price is \$1,755 per person.

USB Audit and Recommendations Presented to USDA

On Sept. 11, the United Soybean Board (USB) presented to the USDA Agricultural Marketing Service the results of an independent audit of its primary contractor for 1992 programs, the American Soybean Association (ASA). This audit was conducted at the request of USDA.

Prior to submission to USDA, the USB Executive Committee thoroughly reviewed the report. Included as a part of its submission to USDA are the steps the USB Board deems necessary to bring the contract into full compliance with the provisions of the Soybean Promotion Research Act and Order, which established the national soybean checkoff. In its report to USDA, the board notes that many of the items in the audit report have already been addressed by USB and ASA.

"Detailed findings of the report will not be made public until the USDA has had time to respond to the report and the USB recommendations," says Jerry Slocum, chairman of the USB Audit and Evaluation Committee. "We can say, however, that the report states that there have been no violations of

the Act and the order which established the national checkoff."

USDA has indicated that their full evaluation and comments on the report will require several months to complete. At that time, the full results of the audit will be made available to the general public.

Sandy Ludeman, a soybean farmer from Tracey, Minnesota, and United Soybean Board Chairman, says, "The audit is an important and necessary step in maintaining credibility of the program to all soybean farmers who contribute to the checkoff. The goals of USB, USDA and the contractor, ASA, are the same: to assure farmers that their checkoff money is used properly.

"While attaining these goals certainly starts with strict compliance with the rules, it goes beyond compliance to ensure that the effectiveness of every soybean dollar is maximized," Ludeman says. "We don't see this audit as a single, one-time step, but as a continuing program to help insure that checkoff dollars are wisely spent.

"However," he continued, "this first major audit is certainly a big step for USB and its

primary contractors, because it helps us more fully define the acceptable billing and cost allocation procedures that are allowed under the Act.

"The national checkoff program had to start quickly and proceed at full speed in order to maintain continuity in important programs in research and marketing. During this start-up period, both USB and its primary contractor, ASA, have worked diligently to match the requirements of the program to those of the Act. We feel that the audit results, our recommendations, and the actions already taken demonstrate that we have been moving in the right direction."

USB and ASA Executive Committee members have held discussions about the report and ASA is in possession of the report and the USB recommendations.

"This report goes a long way toward helping USB better structure its contract language with all contractors," says Ludeman. "Comprehensive audits such as this impact on all commodity programs in that they demonstrate the full accountability and responsiveness of all parties concerned."

Pilot Plant to Manufacture New Soy-Based Product

Soybean farmers are providing financial assistance to manufacture a new line of environmental building materials, made from a combination of waste paper and soybean monolithic resin, with the recent commitment of the United Soybean Board (USB) to back a research project.

A \$200,000 research grant provided by the USB (a 63 farmer board of directors that oversees investment of national soybean check-off funds in soybean research and promotion programs) will allow a new corporation, Phenix Composites, Inc., to continue research and development of products using technology developed by a "think tank" corporation known as Rho Delta, Inc. Phenix Composites, Inc. will manufacture the new product in a pilot plant using technology developed at Rho Delta, Inc., located in Mankato, Minnesota.

Michigan Soybean Promotion Committee Chairman, Kam Washburn from Elsie says he is pleased to see the combination of private enterprise and check-off investment. Washburn and Barry Mumby of Fulton are the two Michigan directors who serve on the United Soybean Board, representing Michigan soybean farmers at the national level.

"The start of this new venture is particularly exciting, because it represents a financial commitment of farmers to create a new market opportunity for U.S. soybean farmers," explained Washburn.

"The investors have made a major commitment to manufacture the product. Our investment will help promote the product and get the venture off to a fast start," he said. "The material has real potential because of its versatility and the environmental aspects. I'm delighted we can be involved in the development and now the promotion of getting the product to market."

According to Phenix Composites Chairman and Chief Executive Officer, Rodney Skillman, the new material called "NewStone" has the look of natural granite or decorative colored stone with machinability similar to wood. NewStone can be milled, glued, sanded, fastened or shaped with conventional equipment used in traditional woodworking processes. The material also has the ability to be molded similar to plastic into various shapes and forms. Applications include furniture, flooring, wall panels, structural and decorative components and a host of other products.

Phenix Vice President Mike Riebel said the company is looking at a wide range of new products with world-wide market potential in the building trade industries.

"The ability to potentially take all waste paper of the region and merge it with an agri-based material in a high technology processing facility to produce a material which will reduce the amount of timber that must be cut should be exciting to everyone," Riebel said.

Washburn noted that government and educational agencies are also involved in this project. Phenix Composites, Inc. has been approved by the Minnesota Office of Waste Management for a \$100,000 grant to determine the range and process requirements of waste paper which could be used in the new project. In addition, Phenix Composites will continue to work with the Department of Engineering at Mankato State University for support in testing and electrical engineering.

Panama Canal Cruise

February 6-16, 1993

Nothing can compare with the majesty of the Panama Canal. Join us on our 10-day cruise on the Royal Princess and watch this 45,000 ton ship as it is raised and lowered 85 feet using no other power than the force of gravity. Imagine cruising to one sun-drenched port after another. Acapulco for the cliff divers. Cartagena for South America. St. Maarten for the beaches. Costa Rica for the scenery. San Juan for the history.

Our cruise package includes a 20% discount on all cabins, all meals and entertainment, air transportation, group cocktail party, bottle of champagne, and prepaid shipboard gratuities. Cabins begin as low as \$2,322.

Australia/New Zealand

March 2-22, 1993

Farm Bureau members are welcome to join our tour to the "Land Down Under," where it will be late summer, instead of winter, when we get there. Our 21-day package to Australia and both the North-South islands of New Zealand is highlighted by visits to the Great Barrier Reef & Cairns, Sydney and the Sydney Opera House, Melbourne, Christchurch, Mt. Cook National Park, Queenstown, Milford Sound Rotorura, and Auckland. Our flight to Australia will include an overnight stop in Honolulu and we will stop in Fiji for 3 days upon our return to the United States.

Our tour package includes roundtrip air transportation, deluxe motorcoach transportation, all transfers, deluxe and first class hotel accommodations, full sightseeing, 28 meals and a professional guide throughout the tour. Experience the "Land Down Under" plus Hawaii and Fiji all for \$4,999 per person.

Georgetown Home Tour

April 23-26, 1993

Join us for the weekend as we stroll the historic neighborhoods of Georgetown and visit several homes and experience the beauty and grandeur of these stately mansions. Spectacular decorating and colorful gardens await us on each walking tour, to be followed by tea and cookies. Our package includes roundtrip airfare, transfers, accommodations at the beautiful and European styled Georgetown Inn, 7 meals, a city tour of Washington, D.C., and a visit to the National Gallery. Members: \$674. Non-members: \$694.

the FARM BUREAU TRAVEL SERIES

Scandinavian Capitals and Russian Grandeur

June 15-29, 1993

Our 13-day cruise upon the new luxurious Crown Odyssey is highlighted by visits to six great European capitals — Oslo, Copenhagen, Helsinki, Stockholm, Amsterdam, and London, plus St. Petersburg, Russia. Our Farm Bureau travelers also have the opportunity for a one-night land excursion to Moscow.

Our cruise includes airfare, transfers, all meals and entertainment, cocktail party, bottle of wine, as well as prepaid gratuities to cruise staff. An optional two-night "London Showtime" package before or after the cruise is also available. Cabins begin at \$4,036 per person.

Brochure Request Form

Please send, without obligation, the detailed information for the tours indicated below

- Panama Canal Cruise
- Australia New Zealand
- Georgetown Home Tour
- Scandinavian Capitals & Russian Grandeur
- England, Ireland Scotland & Wales
- European Adventure Tour
- Heritage of America
- Copenhagen Plus

(Please Print) Name _____ Address _____ Phone _____ County _____	(Please Mail to) Member Travel Services P.O. Box 30960 Lansing, MI 48909 or call 1-800-292-2680 ext. 3067
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12 Deere Introduces Six New Tractor Models

Since announcing its strategy last fall to introduce more families of tractors, more quickly, and base them on even more customer input, John Deere has introduced three 60-Series large row crop models, two mid-range models, and in January, three 40 60-hp 5000 Series tractors. Now, the company's strategy continues to unfold with the introduction of six completely new tractors from 66 to 145 hp.

The six tractors are divided into three 6000 Series and three 7000 Series models. The 6200, 6300 and 6400 at 66, 76 and 86 hp, replace the 2555, 2755 and 2955 in the Deere tractor line. The 7600, 7700 and 7800 models are rated at 110, 125 and 145 hp and replace the 4055, 4255 and 4455.

"These tractors are new from the ground up and the result of extensive input from John Deere and competitive customers," says Neil Christenson, Deere's vice president of marketing for the U.S. and Canada.

The tractors feature a modular design with a full-length heavy-gauge steel frame that provides several performance and serviceability advantages. The frame has a high payload capacity that permits mounting heavy front and rear implement combinations. It also serves as a strong platform for mounting a loader and a front hitch.

The engine is isolation mounted inside the frame and is not a structural member of the tractor. This enhances ballasting flexibility because the engine is not required to support tractor weight. Also, isolating drive train components from stress loads increases component life and reliability.

POWER TRAIN

The tractors are powered by John Deere diesel engines which are turbocharged for increased power and fuel efficiency and lower emissions. They deliver high torque over a wide speed range for enhanced load starting and field performance.

The 3.9-liter engine in the 6200 and 6300 features a 35 percent (factory observed) torque rise for ample reserve power to pull through tough spots without shifting. The 4.5-liter in the 6400, 6.8-liter in the 7600, and 7.6-liter in the 7700 and 7800, develop a 38 percent (factory observed) torque rise.

The engines' constant power output over a 400-plus rpm range ensures full rated power for increased productivity at reduced engine speed.

A 12-speed SynchroPlus fully synchronized transmission is standard on the 6000 Series tractors. It provides three forward gears and one reverse gear in four ranges with clash-free, shift-on-the-go performance. The shift pattern makes shuttling between forward and reverse smooth and easy for increased loader productivity.

An optional 16F/12R PowrQuad transmission features four power shiftable gears in four forward and three reverse ranges.

The John Deere 6200, 6300, and 6400 tractors are powered by turbocharged John Deere diesel engines that are rated at 66, 75, and 85 PTO horsepower, respectively. The engines deliver constant power over a wide rpm range for increased productivity. The new standard 12F/4R SynchroPlus transmission is fully synchronized in all forward and reverse gears and ranges for shift-on-the-go convenience. A 16F/12R PowrQuad transmission and a creeper option are available. The John Deere PermaClutch 2 wet clutch is standard equipment and provides reliable, maintenance-free performance.



The John Deere 7600, 7700, and 7800 tractors, rated at 110, 125, and 145 PTO hp, are new from the ground up. These 7000 Series tractors feature a new 16F/12R PowrQuad transmission with power shifts within each of four ranges and synchronized shifts between ranges. A new electronically-controlled 19F/7R power shift transmission is available as an option. The new ComfortGard cab establishes a new level of comfort, operator convenience, and productivity.

Shifts between ranges are fully synchronized for smooth shifting on-the-go. Forward-reverse shuttle shifts are fully modulated and can be done without braking or clutching for faster loader operations. The PowrQuad transmission is standard on the 7000 Series tractors.

For vegetable and specialty crops, a factory-installed creeper option is available for both transmissions. The creeper provides an additional 9F/3R speeds with the SynchroPlus transmission and an additional 12F/12R speeds with the PowrQuad transmission. All creeper speed ranges are slower than those in the standard transmissions. The slowest available ground speed is .15 mph (13.5 ft. per minute).

An optional electronically-controlled 19F/7R power shift transmission is available for 7000 Series tractors. All shifts into gear and between gears are modulated for smooth engagement and even power flow in both forward and reverse.

The transmission design permits the operator to select any gear without clutching or waiting to manually shift through each preceding gear. The electronic transmission controller provides a smooth, modulated shift directly to any of the first 11 gears selected. Beyond 11th gear, the controller shifts the transmission sequentially, with smooth modulation between each shift, until the preselected gear is achieved.

The transmission features a "come-home" mode that permits tractor operation in 7th gear forward and 4th reverse with full modulation if a circuit malfunction should ever occur. The controller also provides diagnostic assistance to maximize troubleshooting efficiency should repair work ever be necessary.

An ergonomic shift pattern (push forward to go forward, pull back to go in reverse) promotes quick, easy shuttle shifts for loader work without clutching or braking.

Adjustable shift stops permit preselection of forward and reverse gears for added convenience when shuttle shifting.

A positive park position is provided on the shift console with all three transmissions.

All tractors equipped with a SynchroPlus or PowrQuad transmission feature a new hydraulically actuated PermaClutch 2 wet clutch for durable, maintenance-free transfer of engine power to the transmission.

A PTO module mounts to the rear of the differential case. A 540 rpm PTO is standard on the 6200 and 6300 models. The 6400 and all 7000 Series tractors feature a standard 540/1000 rpm PTO. A front-mounted 1000 rpm PTO is optional on the 7000 Series tractors. Modulated PTO engagement builds shaft speed gradually to protect implement drivelines.

The PTO control knob functions with a pull-and-rotate motion to engage and a simple tap on the top of the knob to disengage. For added convenience, an operator presence system warns the operator if he leaves the seat with the PTO engaged.

John Deere Caster/Action MFWD is available for all models and features a 52-degree turn angle for tighter turns and increased maneuverability. In addition to increased productivity, the MFWD system provides four-wheel braking. On 7000 Series tractors the operator can also select a MFWD control setting that automatically disengages the system above 9 mph to reduce front tire wear. The system still provides four-wheel braking in this setting.

COMFORTGARD CAB

The ComfortGard cab establishes a new level of comfort, operator convenience, and productivity for the industry. Low sound levels (75 dB(A) on 6000 Series and 72 dB(A) on 7000 Series (factory observed)) combined with "tuned" sound quality produce a quiet, comfortable work environ-

ment. The cab is 40 percent larger and has 29 percent more glass area than the 55 Series cab. Ergonomic placement and shaping of color-coded controls contribute to operator convenience and productivity.

The new easy-adjust Air Quality System provides exceptional control of conditioned air to all key areas of the cab including behind the operator. An air-suspension seat (optional on 6000 Series tractors) with exclusive Ride Zone Protection features a comprehensive set of adjustments including 4-way attenuation control (fore/aft on 6000 Series tractors) for comfort.

Ride Zone Protection prevents under or overinflating the seat so it does not "bottom or top out" and diminish operator comfort. Also, the seat retains the height adjustment as the operator leaves the seat.

The cab provides a 360-degree panoramic view for the operator and exceptional visibility to all critical vision paths to the front tires, rear and sides. An electronic instrumentation panel moves with the infinitely adjustable steering column and enables the operator to quickly and easily monitor tractor performance and systems. On-board diagnostic features help to quickly return the machine to the field should repairs ever be necessary.

A totally new open station with flat platform, side console controls and foldable ROPS is available for each tractor model.

HYDRAULICS

The new John Deere pressure and flow hydraulic system has more capacity, faster cycle times, and increased efficiency for improved all-around performance. This variable-pressure-and-flow, closed-center system connects all high-pressure functions -- steering, brakes, hitch and SCVs -- in parallel to ensure consistent power and smooth response. The steering and brake functions have priority in the system.

The electrohydraulic hitch features increased lift capacities -- up to 10,050 lbs. (factory observed) on MFWD 7000 Series tractors. Lower-link sensors provide feedback to the hitch controller for precise, responsive load and depth control. Ergonomic hitch controls permit a wide range of adjustments and are conveniently grouped to enhance operator comfort and productivity.

A remote-mounted switch permits the operator to slowly raise/lower the hitch for easier hook-up of mounted implements. Hitch movement stops automatically if the operator releases the switch at any time.

A choice of up to four selective control valves with selectable detents and adjustable flow control is available. Each valve automatically returns to neutral when the engine stops if the control lever is left in a dented raise or lower position. ISO breakaway couplers permit hoses to be coupled and uncoupled under pressure, without loss of oil.



U.S. World Poultry Production Seen Expanding

Poultry production and consumption in the U.S. and worldwide are expected to continue rising in 1992 and 1993, according to a USDA world poultry situation outlook report.

According to a *Knight Ridder News* report, U.S. production, expected to hit 11,747,000 tonnes in 1992, is forecast at 12,157,000 in 1993. World production is seen at 39,325,000 tonnes in 1992 and 40,923,000 in 1993.

Total poultry consumption in the U.S. is expected to reach 11.1 million tonnes in 1992, up 20 percent from 1988. Consumption should rise to 11.6 million tonnes in 1993, USDA said.

The U.S. is maintaining its position as the world's leading producer of poultry meat, accounting for about 30 percent of total world production, USDA said.

China, the second largest total poultry producer and third largest broiler chicken producer, is experiencing the greatest growth in production and consumption.

According to USDA data, Chinese poultry production has surged 39.0 percent since 1988 to 4.5 million tonnes and could grow 13.5 percent from 1992 to 1993.

China's per capita consumption of 3.4 kilograms of poultry meat per person is one of the lowest rates in the world, but given the ongoing refinement of its marketing channels and growing incomes, the country's demand for broiler meat is likely to continue to increase.

Although the U.S. is expected to remain the largest exporter of poultry meat products in 1992 and 1993, such countries as the Netherlands, China and Thailand should see faster export growth.

The U.S. is expected to export 645,000 tonnes of poultry in 1992 and 653,000 in 1993. The second largest exporter, France, is expected to export 600,000 tonnes in 1992 and 1993, USDA said.

Chinese poultry exports are seen swelling to 170,000 tonnes by 1993 from 123,000 in 1991, while Thai exports are expected to

grow to 220,000 by 1993 from 169,000 in 1991. Exports from the Netherlands are expected to increase to 460,000 tonnes by 1993 from 421,000 in 1991.

The combination of a sharp rise in production and slow domestic consumption is fostering export growth of Chinese poultry products.

Japan and Hong Kong are the leading importers of Chinese poultry products. USDA said China could begin to take market share away from the U.S. in Japan, because inexpensive labor and lower shipping costs make their boneless breasts and thighs cost-competitive.

China currently has a 9 percent share of Japanese poultry imports, while the U.S. holds a 33 percent share. USDA estimates the U.S. will lose some market share to China and Thailand in 1992.

Major import growth markets in the next two years are expected to be Japan and Germany. Although East Germany's switch to a market economy under the German

unification has hampered production, heightened demand for poultry products led to strong imports and a 4 percent increase in broiler consumption in 1991, USDA said.

As a result of increased demand in both regions of Germany and the collapse of production in eastern Europe, broiler meat imports were up 17.1 percent in 1991, USDA said.

Japan's imports are expected to be furthered by declining domestic production. Japanese production fell 2.3 percent to 1.3 million tonnes in 1991.

That decline is forecast to continue in 1992 and 1993 as increasing production costs and weak domestic prices force Japanese broiler farms out of business. According to USDA, the number of farms has dropped to 4,700 in 1991 from 7,000 in 1985.

U.S. Meat Group Predicts Pork Exports Will Grow to \$1.8 Billion by 2001

U.S. pork exports could more than quadruple to a value of \$1.8 billion annually by the year 2001, the U.S. Meat Export Federation (MEF) predicts, according to a *Knight Ridder News* report.

The projection was based on a recent study of foreign export markets for U.S. pork, including Asia, Mexico, the Caribbean and the Commonwealth of Independent States. The study will be used as a springboard for industry efforts to increase exports. Domestic consumption has been generally level for the past 7 years.

With current U.S. pork exports at about \$400 million annually, the MEF projection could be considered ambitious.

Mark Gustafson, an MEF vice president, said reaching the \$1.8 billion goal will depend in part on several trade developments that are not necessarily under control of U.S. industry or government.

For example: trade barriers in South and North Korea would have to be eliminated or reduced; Taiwan would have to scale back its government subsidies of pork products; and the EC would have to lift trade barriers against U.S. products.

As for the cash-starved former USSR, the only commodity purchases it is making are with the help of U.S. subsidy programs. Rumors and expectations are that pork will be a major player in the latest round of subsidy and credit packages to the CIS.

Denmark, Netherlands, Canada and Taiwan historically have been successful in competing with U.S. pork products in foreign markets.

It pays to associate with Alamo.



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14 Discussion Topic for November, 1992 -- How Much Government Do We Want and Who Should Pay For It?

For most of human history, people had little or no choice about the kind and amount of government they had. They suffered under kings and dictators, and submitted to the demands of their rulers.

The American Revolution signaled the end of that kind of tyranny. The war was spurred by a yearning for "Governments (that) are instituted among Men, deriving their just Powers from the consent of the Governed," and by a revulsion against "taxation without representation."

For much of our U.S. history, we had limited government. But that was changed by two cataclysmic events: the Great Depression and World War II. The suffering of the Great Depression led to demands for greater government participation in the economy. The demands of total war production in the fight against Germany and Japan increased the breadth of government's involvement in all aspects of our social and economic life.

Government expansion accelerated once again during the 1960's "Great Society" crusade against social problems. And despite the limited government philosophy of President Reagan (from 1982-87, the average annual rate of federal spending increases was actually reduced), the scope of government involvement and spending in our society has continued to increase. From 1988 to 1992, the average annual rate of increase of federal government spending doubled to almost \$95 billion. After adjusting for inflation, federal spending increased from about \$1 trillion in 1981 to almost \$1.4 trillion in 1991 -- a 40 percent increase.

This huge jump in government spending was partly financed by an increase in the tax burden on the middle class. In 1989, a family of four with a median income earned \$34,200 a year. Half of the nation's households had incomes above this level and half had incomes lower than this level. This median family paid nearly 24 percent of its income to the federal government in taxes, including income taxes, Social Security and Medicare taxes.

By comparison, in 1948, a family of four with a median income of \$3,200 paid almost no income taxes and only \$60 in Social Security taxes.

Government is also being financed by debt. Gross federal debt as a percentage of gross domestic product has steadily increased since 1980. The national debt in the post World War II period went to pay temporary war-related spending. But modern federal debt loads are being used to finance all sorts of current consumption programs and interest payments.

What can be done? Farm Bureau policy calls for a freeze in total federal spending, including entitlement programs, at the previous fiscal year's level with the exception of interest payments on the national debt and natural disasters. The organization supports fundamental reform in federal entitlement programs and cost-of-living adjustments; a constitutional amendment to restrict the spending authority of the federal government to no more than 19 percent of the gross national product; and legislative

or constitutional changes to give the president line-item veto power and write-down authority in appropriations bills.

What does the future hold? Much depends on the outcome of the Nov. 3 election for president and Congress. But it would be ironic to see Americans embrace an expansion of the government social-welfare state at the same time that people in other nations around the world are wrestling their lives and freedom away from the heavy hand of bureaucrats.

Discussion Questions:

1. What does your group feel has been the reason for the increase of government involvement and spending in this country?
2. Should taxes be increased to pay off the federal debt? If yes, which taxes should be increased? (income, luxury, capitol gains etc.)
3. If spending cuts are the answer, where should spending cuts begin?

INS Launches Campaign to Replace Old "Green Cards"

The Immigration and Naturalization Service (INS) is requiring permanent resident aliens in the U.S. who carry a "green card" issued before 1978, to obtain new cards by July 31, 1993.

The old cards, known officially as the I-151, Alien Registration Receipt Card, will expire on that date because the INS is replacing them with newer cards (I551s) that may be read by machine, contain more identifying information and are more resistant to counterfeiting. The new card will contain the photograph, fingerprint, and signature of the person to whom it is issued.

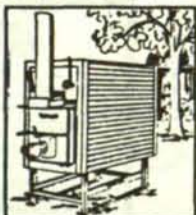
In announcing the card replacement program, INS Commissioner Gene McNary said, "The new card has modern security features that provide positive identification and will be an important step toward eliminating discrimination that may result from employers fearful of hiring an alien if they're unsure of the documents presented."

An application form for the new card may be obtained by calling a toll-free number (1-800-755-0777). When the form is completed and two photographs are obtained, they must be taken to the nearest INS, along with an application fee of \$70. Resident aliens who have been traveling abroad may also file a completed application at a U.S. port of entry upon their return.

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A rugged, yet economical new primary mulch tillage implement has been introduced by Farmhand, Inc.

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Don't Overlook New Label Requirements for Atrazine Use

On May 4, 1992, the U.S. Environmental Protection Agency (EPA) adopted several changes in the atrazine label effective for all atrazine-containing products produced after Aug. 1, 1992. The rationale behind these label changes is primarily to reduce the risk of atrazine reaching surface water.

The label changes fall into two general categories: (A) application rate and (B) buffer zones or set backs. Specific label changes, grouped by category, are as follows:

A. Application Rate

1. The maximum application rate will be 2.5 lbs. ai/acre/year combined pre- and post-applications. In addition, no more than 2.0 lbs. ai/acre may be applied in any one application. Previously, up to 3 lbs. per acre could be applied.

2. For soil applications on highly erodible land (as defined by SCS) with greater than 30 percent surface residue, the maximum single application rate will be 2.0 lbs. ai/acre. On highly erodible soils with less than 30 percent surface residue, the maximum single application rate will be 1.6 lbs. ai/acre.

3. Atrazine use for non-selective weed control on non-crop land will be deleted from the label (this includes uses around buildings, fuel tanks, fence rows, etc.).

B. Buffer Zones

1. The label will state that no atrazine application is allowed within 66' of points where field surface water runoff enters perennial or intermittent streams and rivers. Considerable confusion exists regarding the definition of a perennial or intermittent stream or river. A document is being

prepared by the manufacturers of atrazine, which should help clarify this definition. Based on available information, it appears clear that any drainage route identified on a U.S. Geological Survey map would fall under this classification and sod waterways in fields would not.

2. On highly erodible land, the 66' buffer zone from runoff entry points must be seeded with a suitable cover crop. Where there are multiple runoff entry points, farmers may choose to place a 66' (or wider) strip of the field bordering permanent or intermittent river or streams into a government reserve program.

3. A 200' buffer zone is required around natural or impounded lakes and reservoirs. This will not include farm ponds, unless they are used for human drinking water.

Changes in the atrazine label are all additions to the current label. All restrictions currently on the label will remain on the new label. For example, atrazine will continue to be classified as a restricted use pesticide (RUP), fall applications will not be permitted, etc.

Changes in the maximum atrazine application rate should not require significant changes in atrazine use in Michigan, since most atrazine is applied below the 1993 limits currently. The label change, which will require the greatest change in current practices, is the requirement for buffer zones from the point of entry of surface water into rivers and streams.

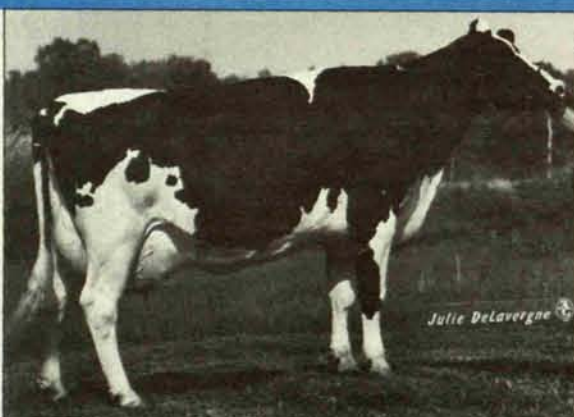
The manufacturers, state regulatory agencies, USDA, and EPA are working on interpretation of these label changes.

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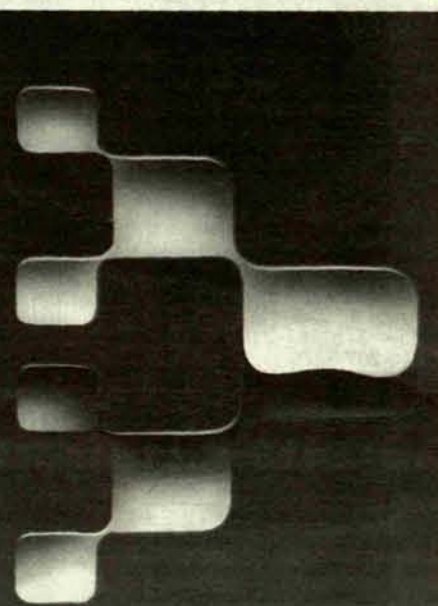
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