

# MICHIGAN FARM NEWS



February 15, 1992

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## Ag Secretary Promotes Bush Economic Plan To County Presidents

A cut in the capital gain tax would not only benefit the agricultural economy, it could also make it easier for young farmers to get into agriculture, according to Edward Madigan, Secretary of the U.S. Department of Agriculture.

"Because we keep talking in Washington about changing the capital gains tax and not doing it, older farmers are not selling their land," said Madigan, speaking at a press conference Feb. 6 during the 1992 County Presidents' Conference in Detroit. "And as a result of that, younger farmers can't acquire farmland. If we could resolve this, we could provide the opportunity for a younger person to get on the land."

Speaking at the county presidents' luncheon, Madigan pointed out the savings a typical farmer could realize from President Bush's capital gain tax cut proposal. "If you sold a hundred acres of farmland at average Michigan farmland values, you would put an extra \$7,200 in your pocket," he said. "When people criticize the capital gains tax and say it benefits only people making more

than \$100,000 a year, what they don't tell you is that they're including the capital gain for that year in that calculation. A capital gains tax is not just for the rich. It can help the economy of the United States considerably."

Madigan also promoted Bush's proposed 12 percent investment tax credit. "If that tax credit would encourage you to buy a tractor, combine or truck, somebody's going to build that tractor, combine or truck. And that's going to create jobs for people."

The 1993 federal budget released by President Bush proposes a funding cut of \$2.4 billion for the overall agriculture budget in the new fiscal year. Nearly all of that decrease comes from funding for community and rural development.

Outlay levels are up for research and education. "We're trying to change the direction of research at USDA," said Madigan. "We want our scientists to focus some attention on developing alternative uses for crops that are frequently in surplus."



USDA Sec. Madigan addressed County Presidents, during their Feb. 6 conference.

He said that development of farm-based products like biodegradable plastics, soybean ink and cleaner-burning ethanol fuels help enhance the credibility of agriculture as an industry friendly to the environment.

"The political reality is that most congressmen do not represent agricultural areas," Madigan said. "If we're going to stay in the (political) fight, we've got to sharpen our environmental credentials."

## New MDA Initiatives To Reduce Pesticide Exposure In Michigan

Three new Michigan Department of Agriculture (MDA) programs will go a long way in reducing the potential for pesticide contamination, according to MDA Director Bill Schuette.

"The Michigan Department of Agriculture is absolutely committed to protecting the environment by removing outdated pesticides and recycling empty pesticide containers," said Schuette. "We are confident these programs will succeed in greatly reducing any potential threat that an accidental release of these chemicals would pose to ground and surface water."

### Clean Sweep

The Michigan Clean Sweep program will focus on eliminating outdated or suspended pesticides that could find their way into the Great Lakes. The first part of the program will include 16 West Michigan counties to help protect Lake Michigan from future

contamination. Licensed hazardous waste management companies will handle and transport the materials to approved hazardous waste incinerators, landfills or high temperature furnaces for disposal. The program is based upon the success of an earlier pilot program which collected 120,000 pounds of unusable pesticides from 360 participants in 24 counties. Some of the products that may be in storage and need to be properly disposed of include: DDT, Chlordane, Dieldrin, Aldrin, Heptachlor, and Lead Arsenate.

### Pesticide Container Recycling

Each year Michigan growers and applicators use up to 600,000 2-1/2 gallon plastic pesticide containers. In the past, these containers have been dumped in solid waste landfills, burned or stockpiled. The Pesticide Container Recycling Program will col-

lect these containers, grind them into usable granules and recycle the granules into new non-consumer, environmentally safe pesticide containers. Close monitoring will ensure that collected containers have been cleaned to remove any pesticide residue. This will be a cooperative venture between MDA and MSU, the Michigan Agri-Business Association, and Grower Service Corporation, a subsidiary of United Agri-Products. Although MDA will help fund this proposal, it's anticipated the majority of the funds will come from private sources.

### Pesticide Regulatory Education

The third program, Pesticide Regulatory Education Program, will be conducted as a joint effort between MDA, MSU and EPA. One aspect of this national pilot project will focus on training state regulatory officials from all over the nation on EPA's new

initiatives for the disposal and recycling of used pesticide containers. Participants will be briefed on the new federal requirements, review existing state programs and develop model plans that satisfy the federal mandates. MSU and MDA were successful in obtaining federal funds from EPA to support the program.

Work has already begun on all three initiatives with full implementation expected within the next few months.

According to Schuette, "One of MDA's top priorities is the environmental stewardship of Michigan's natural resources. I think Michigan farmers will welcome our efforts, particularly those who have been safely storing outdated pesticides and containers awaiting the technology and means to properly dispose of them."

Winter in Michigan means county Farm Bureau-sponsored mall displays across the state. These gems were part of the Saginaw Fashion Square Mall's Farm Bureau Days, Jan. 24-26. The annual event, sponsored by Gratiot, Midland, Saginaw, and Tuscola counties, included this exhibit by the A-tractive Tractor Club of Central Michigan.

The mall show included a Saginaw Young Farmers petting farm, a display by the Tri-County Horse Association and an "Ag Olympics" event that consisted of a corn shelling and shovelling contest, a blind-folded potato toss and wagon races. Sunday's festivities included eight heats of tractor races as well.

During the three-day event, the county Farm Bureaus distributed 30 lbs. of salami, 7,000 cones of cotton candy, 230 lbs. of sugar, 11,000 cups of popcorn, 4,000 cups of soynuts, 84 lbs. of ham, and 3,500 cups of baked beans.



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## Farmers and Farm Bureau – Integrity and Commitment

The recently completed 1992 American Farm Bureau Federation annual meeting in Kansas City was a showcase for the people and programs that make Michigan Farm Bureau one of the most respected state Farm Bureaus in the nation.

In the area of member involvement, Michigan Farm Bureau was honored with 12 Gold Stars for outstanding program achievement. These stars were recognition that Farm Bureau members and their organization conduct well organized, effective programs that make a difference.

The Washtenaw County Farm Bureau won the County Farm Bureau Program Exchange for their "Project RED" Agriculture in the Classroom project. This innovative activity and the well-constructed convention center display impressed Farm Bureau members from all over the country.

Our Young Farmer and Rancher contest participants did a great job representing their state. Andy and Beth Snider, of Hart, were one of three runners-up in the Distinguished Young Farmer competition and Bob Mayer, of Bronson, made the final four in the national Discussion Meet. Their performance really highlights the abilities of these young farmers who represent the future of our industry.

Your Farm Bureau delegates did their usual competent job during the policy session. Three major policy areas deserve special note. Farm Bureau's dairy position was reaffirmed. It calls for the use of a voluntary diversion program in any inventory management effort, a dairy heifer export program, revamped milk standards with higher solids, and no assessment other than those needed to fund a diversion program.

Of interest to our Michigan specialty crop industry: delegates called for a longer phase-in period in the North American Free Trade Agreement for import-sensitive commodities.

And in reference to the GATT trade negotiations, delegates approved policy stating that Farm Bureau will not support elimination of Section 22 import quotas for sugar and dairy products in the negotiations unless they are replaced with tariff quotas which retain a substantial level of import protection. U.S. commodity support prices should only be reduced when it can be assured that the multilateral reductions are being made on a basis and in a manner which is both fair and equitable to U.S. producers. The policy recommends that all foreign export subsidies be properly identified and completely eliminated.

In conclusion, the activities of the 1992 AFBF annual meeting really underscore an important observation about our organization. Other interest groups, such as environmentalists, have much greater financial resources than Farm Bureau. But I can think of no other group that brings a greater level of integrity and commitment to their industry than do farmers. These are our strengths and advantages that will allow us to prevail in the legislative and public opinion battles of the coming year.

*Jack Laurie*  
Jack Laurie, President  
Michigan Farm Bureau

### New Facilities Planned for MSU Food Safety Center

Robert Hollingworth, director of the Pesticide Research Center at Michigan State University, has been assigned an additional role as acting director of MSU's embryonic National Food Safety/Toxicology Center (FS/TC). Hollingworth will lead development of the center's programs and construction of an animal facility and laboratory research building.

The research building will be a federally funded structure costing an estimated \$17 million, and will be built just east of the Veterinary Clinical Center. Additional FS/TC facilities for animals will be built south of Mt. Hope Road and will cost another \$6 million. Planning, architectural services and a sewer extension will add another \$2 million to the project costs.

MSU plans to match a total of \$25 million from the federal government through new research and office space, bringing the total value of the FS/TC facilities to \$50 million. When the project is complete in 1995, it's expected to make the campus a major national center for food safety research and allied service and teaching programs. Initial planning for the new center was carried out by Lawrence Fischer and Robert Leader of the MSU Institute for Environmental Toxicology.

### Futures Users Fee Resurfaces In U.S. Budget

An often-debated proposal to impose user fees on U.S. futures markets resurfaced in the proposed 1993 budget, prompting the Chicago Board of Trade (CBT) to come out swinging in opposition to the Bush administration plan, according to a *Knight Ridder* report.

It's the third time in as many years that President Bush has tried to put some responsibility for funding the industry's regulator, the Commodity Futures Trading Commission, in the laps of U.S. exchanges. In its fiscal 1993 budget, the White House is projecting a \$5.6 million increase in the CFTC's budget that would be funded by 15-cent user fee on futures and options transactions done on U.S. futures exchanges.

"The President and his administration are out of touch with reality on this," said Thomas Donovan, CBT president and chief executive officer. "We will encourage (Congress) to reject once again this foolish idea before America's leadership position in the global futures industry is thrown away. CBT Chairman William O'Connor noted that U.S. exchanges are facing increasing competition from overseas and that a user fee could become "the straw that broke the camel's back in terms of our competitive position against foreign futures exchanges." In 1991, the CBT's volume fell 10 percent.

## In Brief...

### January Farm Prices Unchanged From December

The index of prices received by U.S. farmers for their products in January was unchanged from the December level, but was down 4.9 percent from January 1991, according to recent USDA estimates.

Lower prices in January for eggs, hogs, and milk were offset by increases in the prices of tomatoes, wheat and corn. USDA said in its monthly Agricultural Prices Report. USDA said prices for fuels and feeder livestock were significantly lower than the last time they were surveyed in October.

### USSR Grain Pact No Longer Valid

A special agreement between the former Soviet Union and the U.S. to buy millions of tons of grain each year is null and void, USDA spokesman Roger Runnigen announced recently. Under the U.S.-USSR Long Term Grain Agreement, the former USSR each year was obligated to buy 4 million tons each of U.S. wheat and feed grains and 2 million tons each of U.S. soybeans and soymeal.

Despite that, Runnigen said, the U.S. would not hold the Commonwealth of Independent States (CIS) to the obligations of the grain pact. "The LTA was an agreement with a nation that no longer exists," he said. The U.S. and the USSR signed their first grain pact in 1975 after the USSR unexpectedly bought massive amounts of grain in 1972-73, shocking U.S. supply channels and pushing domestic grain prices higher.

The most recent 5-year agreement was to cover the years 1991-96, but the end of the Soviet Union has now made that pact obsolete. USDA confirmed the LTA's demise, after the CIS made its first purchase of U.S. corn since the formation of the commonwealth. USDA said the recent corn sale forced a decision whether to continue to count sales under the agreement. The department concluded that the pact was no longer valid since the former republics of the USSR are now all independent nations.

### Milk Price and Production Rising

Dairy herds in Michigan produced 436 million pounds of milk during December, up 7 million pounds from a year ago, according to the Federal/State Michigan Agricultural Statistics Service. Milk production rates averaged 1,290 pounds per cow, increasing 40 pounds from a year ago. The Michigan dairy herd was estimated at 338,000 head, 5,000 fewer than last December.

The preliminary value of milk sold averaged \$14.30 per hundredweight (cwt.) in December, \$2.20 more than last year and \$.20 higher than November 1991. Mid-month December slaughter cow prices averaged \$46.10 per cwt., \$.60 less than the previous year.

Milk in the 21 major states totaled 10.4 billion pounds, one percent less than production in these same states in December 1990. Production averaged 1,242 pounds for December, 17 pounds more than December 1990. The number of cows on farms was 8.36 million head, the same as November 1991 but 191,000 less than December 1990.

Dairy manufacturing plants in Michigan produced 1.7 million pounds of butter in November, 12 percent more than a year ago. Ice cream output totaled 1.4 million gallons, 14 percent less than last November.

### 1993 CRP Enrollment Expected to Slow

USDA expects farmers to enroll 381,000 acres of environmentally sensitive land in the Conservation Reserve Program in fiscal 1993 (October-September), compared with an estimated 1.1 million this year, according to *Knight Ridder News*.

The CRP, created by 1985 farm law, is a long-term land retirement program intended primarily to take highly erodible farm land out of production. But the program was reshaped in the 1990 farm act to also include land where farming threatens water quality.

In the 11 sign ups held so far, farmers have agreed to idle 35.5 million acres, usually for 10 years, in exchange for annual rental payments from the federal government. The administration estimates those payments at 1.79 billion dollars in fiscal 1993, up from 1.73 billion this year.

The budget also estimated that farmers would enroll 200,000 acres of wetlands, at a cost of almost \$161 million, in the Wetlands Reserve Program created by the 1990 farm act. In total, USDA is required to enroll at least 40 million acres in the two programs by the end of 1996.

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## CAPITOL

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### Medical Liability Reform

#### MFB Position

MFB is a member of the Michigan Medical Liability Reform Coalition, representing more than 50 groups, associations and organizations across the state that are actively supporting these reform measures.

#### Action Needed

Farm Bureau members are encouraged to contact their legislators and ask them to support the reform legislation, House Bills 5434 and 5435.

#### MFB Contact

Howard Kelly, Ext. 2044

At press time, 63 of the 110 State House members had signed on as co-sponsors of a two-bill package, HB 5434 and HB 5435, calling for tort reform and alternative dispute resolution measures. Highlights of the bills include:

- Disputes could be settled through the use of an alternative system for resolving claims before they go to court, possibly saving millions in legal transaction costs and provide settlements to patients much faster than currently possible.

- Require patients to officially notify doctors, hospitals, and other providers 180 days prior to filing a suit, to allow them time to prepare a defense.

- Create a sliding scale contingent fee system for attorneys, replacing the current system that allows lawyers to receive one-third of a patient's settlement. Currently, only 37 cents of every liability dollar actually goes to a patient.

- Requires better qualified "expert" witnesses at Michigan trials.

The reforms place no limits on the amount of economic awards (lost wages and medical rehabilitation costs) that a patient can collect. They do limit non-economic awards to \$250,000, meaning the same injuries and settlements will be treated more equally across the state.

### Scrap Tires

#### MFB Position

Farm Bureau supports Rep. Bodem's bill with the amendment pertaining to agricultural use of scrap tires.

#### MFB Contact

Vicki Pontz, Ext. 2046

Rep. Beverly Bodem (R-Alpena), is sponsoring H.B. 5315 to amend the Scrap Tire Regulatory Act (STRA) which would exempt an operating business where scrap tires are used as bumpers for safety purposes from the Act. Michigan Farm Bureau has approached the sponsor to offer an amendment to the bill which would exempt tires being used by a farmer in the farmer's own farming operation for the purpose of securing stored feed.

SRTA of 1990 requires owners of 500 or more scrap tires to register with the Department of Natural Resources for \$200 annually, establishes requirements for storage including mosquito control, and requires the person accumulating the tires to maintain a surety bond in favor of the state in an amount sufficient to cover the cost of removing the tires from the collection site in the case of an emergency.

Rep. Bodem has agreed to Farm Bureau's suggested amendment while a subcommittee is working on other amendments to SRTA. Action is expected in the House Conservation, Recreation and Environment Committee before month's end.

### DNR Reorganization

#### MFB Position

Farm Bureau voiced its concern regarding the governor's appointment of the NRC chair and the need to guarantee citizen input in a letter to the governor and has not taken an official position on the DNR's implementation plans.

#### MFB Contact

Vicki Pontz, Ext. 2046

Executive Order 1990-31, issued in November by Gov. John Engler, reorganized the Department of Natural Resources by eliminating 19 boards and commissions (including the Water Resources Commission and the Air Pollution Control Commission) and streamlining the decision making authority of the DNR director.

The executive order also allows for the governor to appoint the chair of the Natural Resources Commission. DNR staff have been working to implement the executive order that includes the dissemination of a "department calendar" to notify citizens of all decisions to be made by the department on permits, rules, game orders, etc. The department and the Legislature have held hearings on the proposed Phase I (or interim) implementation plan and approved a procedure for adopting the Phase II or final implementation plan.

Ingham County Circuit Court Judge Houk overturned the executive order Jan. 30, stating it was unconstitutional and a misuse of executive powers to reorganize a government agency that is established by statute. The governor's office is expected to appeal that decision to the Michigan Supreme Court. In the meantime, the Water Resources Commission and the Air Pollution Control Commission will continue to operate as they did prior to the issuing of the executive order.

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

**American Farm Bureau Capitol Hotline**  
**1-800-245-4630**



### Local Wetlands Ordinances

#### MFB Position

MFB policy supports legislation that prohibits local wetlands ordinances that are more stringent than the state Wetlands Protection Act and, therefore, supports SB 522 as introduced.

Senate Bill 522, which would prohibit local units of government from enacting or enforcing ordinances pertaining to wetlands, has been referred again to the Senate Committee on Local Government and Urban Development. The committee has held meetings with interested parties to attempt to arrive at a compromise, with a substitute bill expected within two to three weeks.

Farm Bureau is working for a substitute bill that ensures statewide standards for wetlands determination and uniform application of the law in all areas of the state.

**MFB Contact:** Vicki Pontz, Ext. 2046

### Local Pesticide Ordinances

#### MFB Position

Farm Bureau policy opposes regulation of pesticides by local units of government. We support SB 643 as introduced.

Senate Bill 643, which would prohibit local units of government from enacting or enforcing pesticide control ordinances has been reported out of the Senate Agriculture, Forestry and Wildlife Committee.

The full Senate considered the bill on Feb. 4, adding several amendments in the process. The bill was referred back to the Senate Agriculture Committee and is expected to be reconsidered by the full Senate within weeks. **Members are encouraged to ask their Senator to support the measure as introduced.**

#### MFB Contact:

Vicki Pontz, Ext. 2046

### Pesticide Regulation

#### MFB Position

Michigan Farm Bureau supported the rules package. MFB has been a part of a working group to draft these rules for the past two years.

#### MFB Contact

Vicki Pontz, Ext. 2046

The Michigan Department of Agriculture has drafted regulations as required by the 1988 amendments to the Michigan Pesticide Control Act. Some of the provisions in Regulation 637 include the requirement that all applicators prevent off target drift, maintain pesticide equipment in sound mechanical condition including properly functioning shut-off valves and anti-siphoning devices, and have a "spill kit" available at all times.

Applicators must identify sensitive areas such as schools, parks, bees, organic farms, etc., and prevent pesticides from drifting onto those areas. Applicators who use drift minimization practices and put a drift management plan in writing will be given special consideration in any regulatory enforcement action.

The regulations allow for pesticide-containing materials such as soil, sediment and debris to be land applied if the active ingredient can be measured and the application is no greater than label rates. Applicators must wear protective equipment as described on the label and shall contain all spills promptly.

All commercial applicators must install mixing and loading pads, meet posting and notification requirements, and notify all persons registered with the department as "sensitive persons" at least 24 hours in advance of applying pesticides. MDA has held public hearings and the rules will go to the Joint Committee on Administrative Rules this winter.

## INS Revises Employment Eligibility Form I-9

Michigan Farm Bureau has received numerous calls regarding a previous article on a new Immigration and Naturalization Services (INS) Form I-9 now in effect and being mailed to employers. These forms are also available at INS offices and Department of Labor Wage and Hour offices.

Form I-9 is the form used to establish a worker's employment eligibility under the 1986 Immigration Reform Act. These forms must be completed and on file each time a worker is hired, and must be retained for three years after the date of hire, or one year after the employment ends, whichever is later.

A number of recent changes are important. Employers should be aware that it is discriminatory to specify which documents an employee must show for employment authorization. Employers can't ask for more or different documents than the employee offers, nor refuse to honor documents which reasonably appear to be genuine.

In addition, old I-9 forms can be used until the new forms are readily available, and it is not necessary to complete a new I-9 form on any employee whose present I-9 form is still valid.

To obtain copies of the new I-9 forms and the new **Handbook for Employers**, which contains instructions for completing Form I-9, members should either write or call the INS at the following location:

**Immigration/INV**  
**Federal Building**  
**333 Mt. Elliot Street**  
**Detroit, MI 48207**  
**Phone: (313) 226-3270**

According to MFB's Howard Kelly, the new I-9's were originally required to be used by all employers after Nov. 20, 1991. The INS has extended this deadline date, however, to June 30, 1992, to allow employers adequate compliance time.





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# Weather

## Michigan and Major Commodity Area Extended Weather Outlook

T - Temp.	2/15.....2/29	2/15.....4/30
P - Precip.	T.....P	T.....P
Michigan	A.....B	A.....B
W. Corn Belt	A.....B	N.....B
E. Corn Belt	N.....B	N.....B
Wint. Wheat Belt	N.....N/A	N.....N
Spr. Wheat Belt	A.....B	A.....B
Pac. NW Wheat	A.....N	A.....B
Delta	B.....A/N	B.....N
Southeast	B.....A	B.....A
San Joaquin	N.....N	B.....N

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

Jeff Andresen, Ag Meteorologist, MSU

An active storm track brought moderate to heavy snow and arctic air to much of Michigan during the middle and latter part of January, especially in southeastern sections of the state where snowfall for the month neared 20 inches in some spots compared to 10 inch normals. With the exception of the northern and western Upper Peninsula, and a few spots in eastern lower Michigan, precipitation was below normal.

Much above normal temperatures early in the month and again at month's end led to above normal averages for January. Temperatures for the month averaged from 2 to 7 degrees above the 30-year

## Michigan Weather Summary

1/1/92 to 1/31/92	Temperature		Precipitation	
	Observed Mean	Dev. From Normal	Actual (inch.)	Dev. From Norm
Alpena	23.2	+4.3	1.74	+0.05
Bad Axe	24.6	+2.6	1.63	+0.07
Detroit	28.4	+5.7	1.78	+0.04
Escanaba	22.4	+5.9	1.67	+0.05
Grand Rapids	27.4	+5.6	1.52	-0.92
Houghton Lake	23.7	+5.0	1.28	-0.41
Lansing	26.2	+4.3	1.34	-0.36
Marquette	18.3	+7.3	1.40	-0.62
Muskegon	29.0	+5.5	1.36	-1.02
Saginaw	25.7	+3.3	1.51	-0.05
Sault Ste. Marie	17.6	+3.6	2.94	+1.12
South Bend	30.0	+6.9	1.64	-0.80
Traverse City	26.5	+4.9	1.66	-0.25
Vestaburg	24.8	+2.7	2.15	+0.47

normals, with the greatest departures from normal occurring in northern and western portions of the state.

## 30 and 90-Day Forecasts

With El-Nino conditions presently continuing in the equatorial Pacific Ocean, milder and drier than normal weather is expected to continue into early spring. Both the 30 and 90-day forecasts are calling for above normal temperatures and below normal precipitation statewide, although the historical correlation of El-Nino events and subsequent Michigan weather becomes weaker as spring approaches. If this outlook holds true, it would be the sixth consecutive Michigan winter of normal to above normal temperatures.

## Slight Increase In 1991 Fruit Production

Overall output of Michigan's seven major fruit crops in 1991 increased slightly from last year's below average harvest, according to the Federal/State Michigan Agricultural Statistics Service.

Total production of apples, grapes, peaches, pears, plums, sweet cherries, and tart cherries increased 9 percent from the 1990 level to 597,000 tons. The apple, sweet cherry, plum and pear crops posted gains. A week of unusually warm weather late in March accelerated fruit development stages and left the crop vulnerable to prolonged freezing temperatures which hit the state on April 10 and 11.

Most crops suffered damage to bloom and as a result disease was widespread. The warm and then cold weather during critical growth periods during bloom resulted in poor pollination. This was magnified by lack of rainfall leading to production levels improved from last year, but below the five year average of 657,500 tons.

Apple production in the state at 880 million pounds was 17 percent above last year's level. Michigan ranked third in apple production behind Washington and New York.

The Michigan Tart Cherry crop was 31 percent below last year's low level. Utilized production was 100 million pounds with little waste. The Michigan crop accounted for 58 percent of U.S. production.

Sweet Cherry production rose 38 percent from the 1990 level, with an estimated 22,000 tons ranking Michigan fourth in the nation behind Washington, Oregon, and California.

The state's 40 million pound Peach harvest was down 11 percent from the previous season's crop. Michigan Grape output remained the same as last year's level of 46,000 tons. Prune and Plum production in the state was up 50 percent from last year to total 9,000 tons. PEAR production was also up at 5,000 tons, 100 percent more than last year.

## Colorado Potato Beetle/Nematode Control Workshop February 20

A Potato Pest Management Workshop is scheduled for Feb. 20, at Maxfield's Restaurant in Wyman, according to Don Smucker, Montcalm County Extension Director. The workshop, which begins with registration at 8:30 a.m., will deal with Colorado potato beetle in the morning session and nematode and early-die management in the afternoon.

The workshop will feature resource people from Michigan State University, the agricultural industry, and local farmers. Topics will include biology and behavior of the pests, and control thresholds, strategies and alternatives.

Reservations for the buffet lunch are required and can be made by calling the Montcalm County Extension office at (517) 831-5226, extension 248.

## Southeastern Michigan CES Melon School at Domino Farms

Melon school, a day long program of interest to growers, will be held on Feb. 29, at Domino Farms, Ann Arbor, jointly sponsored by Washtenaw, Macomb and Monroe County Extension Services. Topics to be covered include use of drip irrigation and plastic mulch; pollination; fertilization; weed, insect and disease control as well as cultivar information, post harvest handling, economics and melon carving. A grower panel will share insights on production and marketing ideas.

The \$25 per person registration fee includes lunch and notebook and is required by Feb. 15, 1992. To obtain a registration form or more information, call the Washtenaw County Extension office at (313) 971-0079.

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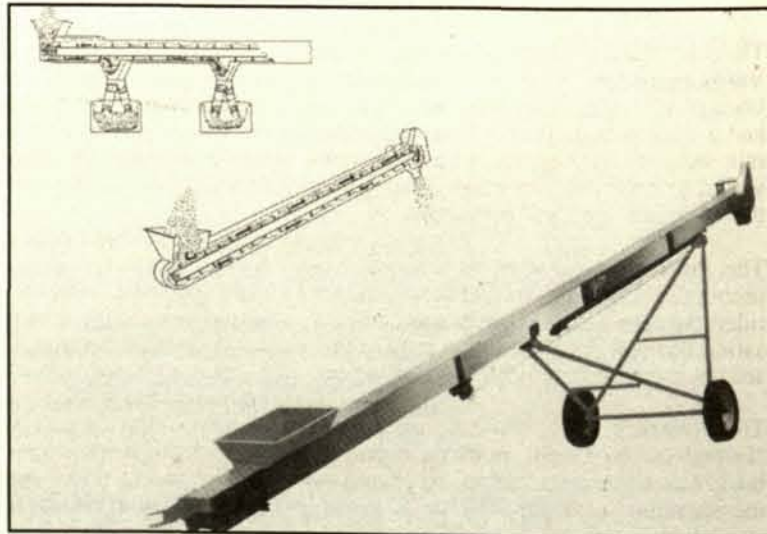
New Cardinal conveyors, with a PVC belt that has two-inch, high-bonded cleats spaced six inches apart, minimizes damage to grain, apples, potatoes, and other crops, and can be used to move fertilizer and other materials as well.

Developed by Cardinal Grain Systems, Inc., Columbia City, Ind., the conveyors are designed with 16 gauge galvanized steel construction and 10 gauge galvanized head and boot section to provide a long rust resistant service life.

The versatile conveyors can be top or bottom driven, allowing material flow to be reversed and come in 11' base units equipped with weather covers, flooring and electric, hydraulic, or gas drive. They move material horizontally or up to a 45 degree angle with chassis at rates up to 125 cubic feet per minute.

Cardinal conveyors are available in 6", 10", 16", and 24" widths, and can handle material up to 2-3/4" high. With the addition of an available raised cover, Cardinal conveyors will handle higher materials. Conveyors equipped with a chassis are available in lengths up to 67'. Conveyors without chassis are available in lengths up to 163'.

## Cardinal Grain System's New PVC Conveyors



The flexible conveyors can be tailored to fit current needs and upgraded as your needs change. Available equipment includes chassis for portability, discharge spout, inlet hopper, tow hitch, raised cover to convey higher material, and 8' add on sections. For free literature or more information, contact Cardinal Grain Systems, at (219) 244-4654.



## 1992 Michigan Cow-Calf and Backgrounding Shortcourse

The MSU Cow-Calf and Backgrounding Shortcourse is a six hour indepth session providing information to update cattlemen on a number of topics including herd health, animal care and handling, selection and breeding programs, pasture management, and tips for improving profitability.

**The shortcourse content and schedule is:**

**2 p.m. "Growing and Harvesting Pastures to Make a Profit"** - (Pasture species; grazing systems; expected production; new equipment for grazing operations) - Ben Bartlett, Extension livestock/dairy agent, Marquette.

**2:45 p.m. "Management Tips for Improving the Profitability of Your Backgrounding Operation"** - (Strategies for increasing output per unit of input) - Steven Rust, Animal Science, MSU.

**3:30 p.m. "Herd Health Programs"** - (Cow calf programs; stocker programs; and record keeping) - Faculty members, Large Animal Clinical Sciences, MSU.

**4:15 p.m. Break**

**4:30 p.m. "Proper Administration of Animal Drug, Biological/Chemical Products"** - (Product storage, handling and administration, extra-label use, withdrawal times) - Faculty members, Large Animal Clinical Sciences, MSU.

**5:15 p.m. "Animal Care and Handling"** - (Proper care and handling of cattle; discussion of handling facilities) - Frank Wardynski, Ionia County agricultural agent, Ionia.

**6:00 p.m. Dinner** (included in registration fee).

**7:00 p.m. "Beef Performance Testing: What it can do for you"** - (How beef herds can improve over time; potential impact on income) - Beth Doran, Extension livestock agent, Sandusky.

**7:45 p.m. "Management Tips for Improving the Profitability of Your Cow-Calf Operation"** - (Strategies for increasing output per unit of input) - Mary Kaercher, Kalamazoo County agricultural agent.

**8:30 p.m. "Where is the Beef Industry Headed?"** - (Price and demand; impact of safety and diet/health concerns; breeding programs needed to meet future needs) - Harlan Ritchie, Animal Science, MSU.

**9:15 p.m. Discussion;** questions and answers

Pre-registration is required at a fee of \$20 for the first family member. Additional family members may register for \$15 per person, to cover the costs of the dinner, educational materials, and travel expense of speakers.

**Please Check Which Location You Plan To Attend**

- |   |                                      |
|---|--------------------------------------|
| <input type="checkbox"/> Bruce Crossing   | <input type="checkbox"/> Lawrence    |
| <input type="checkbox"/> Escanaba         | <input type="checkbox"/> Clarksville |
| <input type="checkbox"/> Sault Ste. Marie | <input type="checkbox"/> Jackson     |
| <input type="checkbox"/> Gaylord          | <input type="checkbox"/> Big Rapids  |
| <input type="checkbox"/> Hale             | <input type="checkbox"/> Saginaw     |

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Number in your party attending \_\_\_\_\_ Enclosed is a check for \$\_\_\_\_\_.

Make checks payable to Michigan Sate University (\$20 for the first person and \$15 for each additional person) and mail before March 1 to: **Harlan Ritchie \* Department of Animal Science \* Michigan Sate University \* East Lansing, MI 48824.**

### Cow-Calf Shortcourse Dates and Locations

March 9	Tulppo's Restaurant	Bruce Crossing
March 10	Ranch Steak Seafood Restaurant	Escanaba
March 11	Bruce Township Hall	Sault Ste. Marie
March 12	Palmer's Place (formerly Chalet Restaurant)	Gaylord
March 13	St. Paul's Lutheran Church	Hale
March 16	Van Buren Vocational Tech Center	Lawrence
March 17	MSU Clarksville Experiment Station	Clarksville
March 18	Holiday Inn (intersection I-94 and U.S. 127)	Jackson
March 19	Best Western Hotel & Restaurant	Big Rapids
March 20	Holiday Inn (Intersection I-75 and M-46)	Saginaw

### Retail Partnership Aims At Increased Beef Sales

Teaming up for a common goal, the beef industry and A.I. Steak Sauce are working on a special \$6.5 million retail promotion to increase beef and A.I. sales. The promotion, which has already been initiated with pre-event advertising, runs through Feb. 29.

"The partnership between the beef industry and A.I. is a natural one since A.I. sales are influenced a great deal by our sales," says Jane Frost, a New Mexico beef producer and chairman of the Beef Industry Council (BIC) retail subcommittee. The promotion, "Beef and A.I. Meal Makers," includes point-of-purchase materials, recipe cards, a free -standing newspaper insert, and entry forms for the National Beef Cook-Off.

Additionally, A.I. is running a \$44,000 sweepstakes that will increase awareness of beef at the counter. Grand prize for the sweepstakes is \$5,000 in cash and free beef for one year. "The promotion will focus on the new, easy-to-fix beef recipes that are featured on the in-store recipe cards," Frost adds. "The recipes also will be included with coupons that were placed in newspapers throughout the country Feb. 2, reaching 45 million consumers." More than 21,000 grocery stores nationwide are participating in the promotion, which is designed to help generate greater consumer awareness of beef.

### Court Sets Stage For "Rails To Trails" Resolution

The United States Claims Court has cleared the way for landowners to seek compensation when abandoned railroad lines are converted to recreational trails.

The court ruled in favor of Paul Preseault, a Vermont landowner, in his case against the United States. The court ruled that Preseault had a valid private property interest in the railroad right-of-way which had been converted to trail use. The court ruling paves the way for a "takings" compensation.

The Preseault case went to the U.S. Supreme Court in 1990. At that time the court ruled the appropriate remedy was compensation through the Claims Court. The Preseaults were the first to file such an action.

The American Farm Bureau had filed a "Friend of the Court" brief on behalf of landowners when the matter was heard by the Supreme Court.

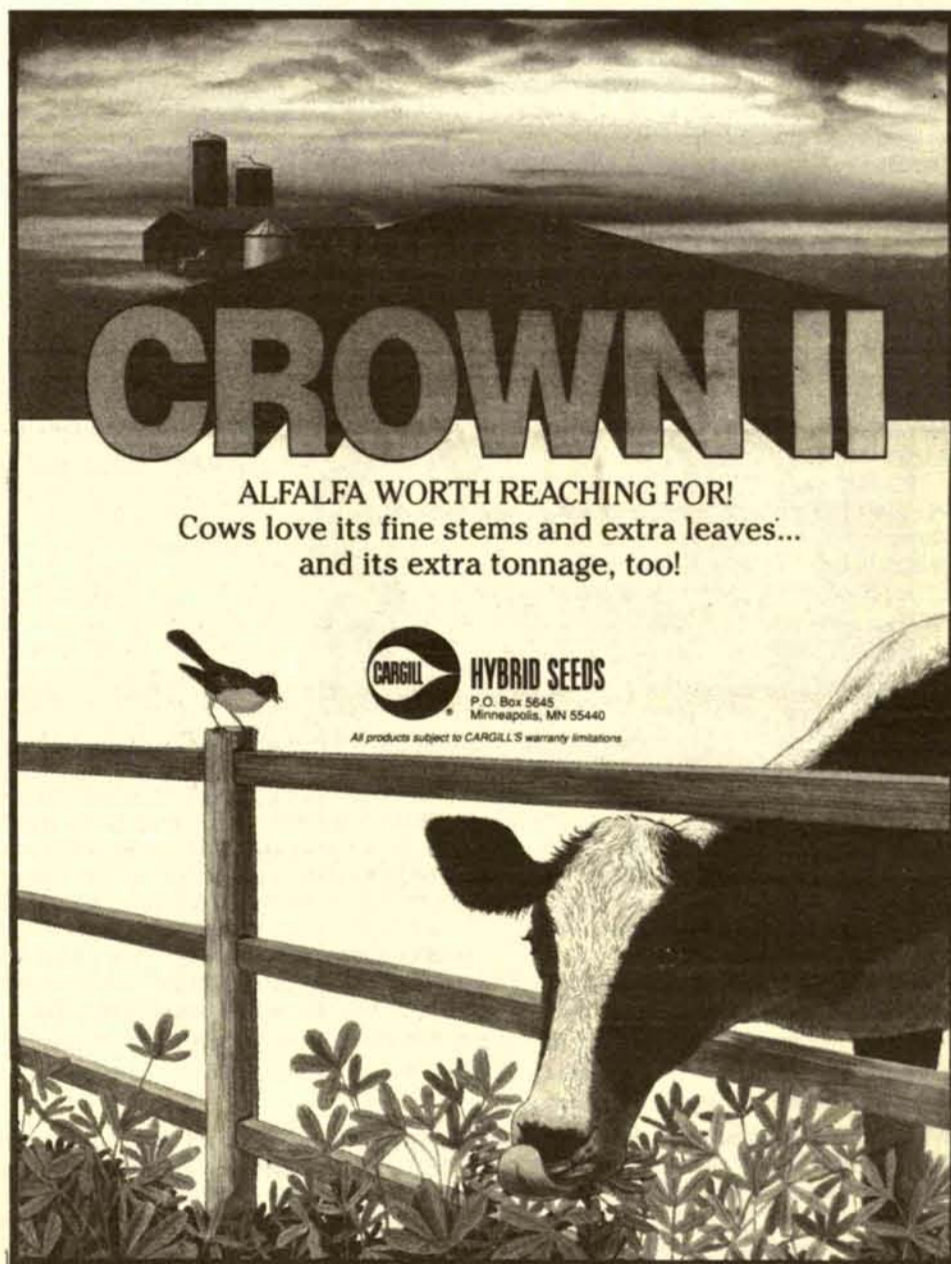
"This action sets the stage for final resolution of the rails to trails matter," said Richard Krause, AFBF assistant counsel. "After more than four years of uncertainty, it seems we have finally reached the merits of

the issue--whether this amounts to a 'taking' that requires compensation."

The controversy stems from a 1983 federal statute preventing abandoned railroads from reverting to private ownership, instead allowing the strip of land to be used for recreational trail use without the consent of the abutting landowners. Farm Bureau and others charged the action amounted to a "taking" without compensation.

Landowner objections have been based on historic easement agreements, protected by state law, specifying that when a rail line is abandoned the rights revert to the landowners. Congress muddied the waters in 1983 by passing legislation which considered recreational trails a form of "railroad use."

"In order to reach the taking issue, the Preseaults had to prove that they had a valid property interest in the right-of-way," Krause said. "The Claims Court ruled that they had such an interest and could proceed with their claim that the property interest was 'taken' by the Rails to Trails law. We expect other cases to move forward based on this ruling," he concluded.



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## Market Outlook

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

### Corn

Corn prices have made a significant comeback since early January. For this to continue, exports will need to pick up some. The U.S. has exported an average of 29 million bushels per week since the 1991-92 corn marketing year began Sept. 1.

In order to meet the USDA annual export projection of 1,575 million bushels, we will need to export an average of 31 million bushels per week for the rest of the marketing year which ends Aug. 31, 1992.

Last year's weekly average for the last 7 months of the year was 35 million bushels, but demand is down this year due to the reduced purchasing power of the Commonwealth of Independent States (CIS). An important number for U.S. corn exports is the February credit allocation to the CIS.

The preliminary 5-month average U.S. corn price is \$2.33 per bushel. This would mean corn producers who participated in the 1991 Corn Program will receive about another 18 cents per bushel. The official number should be released the end of February. Hopefully, the payments will come in March.

As of early February, the nearby basis was down to 14 cents at Saginaw; the July basis was 25 cents. The market is saying it will

### Wheat

Wheat exports have continued to be strong. Weekly exports have averaged 24.7 million per week for the first 8 months of the marketing year and need to average 22.8 the remaining 4 months to reach the USDA projection of 1,250 million bushels for the 1991-92 wheat marketing year. Given the need by the CIS, and the short crops in India and Australia, we should reach the projection which means stocks will remain tight.

We will begin to learn in the next 6 weeks whether we have reached the price peak.

### Soybeans

Weekly soybean exports have averaged 15 million bushels per week for the first 22 weeks of the 1991-92 soybean marketing year. It will need to average 11.2 million bushels per week over the remaining 30 weeks to meet the USDA projection of 665 million bushels for the year. However, the pattern will probably be heavy exports through April and then a significant slowdown as new South American crop comes into the world market.

As of the first part of February, the Brazilian crop was looking quite good and could turn out to be significantly larger than the present USDA estimate. If this is true, it will quickly overshadow the drowning out of part of the Argentina crop we saw earlier. No matter which way I put the fundamentals together,

### Hogs

Where are all the hogs coming from? For the last three weeks of January, hog slaughter ran 12-15 percent above year ago levels. The December Hogs and Pigs Report indicated that slaughter would be up about 5 percent. Either the report was in error or we should come back to much lower slaughter levels soon. I am very leery that the report understated the number of hogs.

### Seasonal Commodity Price Trends (long term)

Wheat	↑ ?
Corn	↑
Soybeans	↑ ?
Hogs	↑ ?
Cattle	↑

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

pay you 11 cents to store the corn for the next 5 months. While this is enough for on-farm storage, it will not pay commercial storage. The relatively tight basis is saying the market wants the corn.

**For those who have not priced much of their corn, consider taking advantage of \$2.50 per bushel, plus prices to catch up on some sales. While there is a good chance of a strong rally this spring or early summer, I would not suggest speculating on the whole crop. Also, start looking for new crop pricing opportunities on rallies. The odds are corn prices next fall will be considerably below what you can lock in for fall delivery now.**

Kansas will need a good spring to have a normal crop. With new crop prices being over \$3.60 per bushel in many parts of the state, it is tempting to do some pricing.

**About the only advice is to price small parts of your expected crop as the prices continue their rally. If the winter wheat crop recovers this spring, prices could be as low as \$3 this summer. If Kansas does not recover, we could stay over \$4 for the year. This pricing decision really comes down to your willingness to take risk.**

I keep coming up with next fall's price below \$5.40, unless we suffer poor weather conditions during our growing season. Yet we have seen opportunities to price soys for fall delivery in the \$5.80 range. The basis remains historically tight.

**Consider catching up some sales on rallies, especially if you are still holding a majority of your crop. While we will still probably see some increase in old crop soy prices, the market does not want to pay full storage costs with the basis. If you want to stay in the market, consider a basis contract or a minimum price contract if your monthly storage costs are over 4 cents per bushel including the cost of money.**

**Watch for pricing opportunities on rallies. I am less confident than the market that we will hold the April futures over \$40 per cwt., although the cattle information may help and pork demand has picked up a bit. Look for summer opportunities around \$45 and fall opportunities in the low \$40's.**

### Dairy Outlook

Larry Hamm

As usual, milk prices are being affected by a combination of market forces and government policy initiatives. The good news is that dairy product markets appear to have stabilized at levels higher than last year. Therefore, farm milk prices may settle this spring significantly higher than last year.

The USDA recently changed the CCC product purchase prices it uses to operate the price support program. They dropped the purchase price of butter by 11 cents per pound to \$.8725 per pound. By law, the USDA is required to try to keep the price support at \$10.10 per cwt. Therefore, it had to raise the price of nonfat dry milk 6.2 cents per pound to \$.9120 per pound. These new prices will produce the same support price, but they greatly revalue the butterfat and nonfat solids components of milk.

The USDA arithmetic might seem remote to farms here in Michigan except that it directly affects butterfat differentials. The bonuses or penalties that producers get for their butterfat above or below 3.5 percent test milk will go down around 1.5 cents per point. For producers who average 3.7 percent test milk over the year, the USDA change will take about 3 cents per cwt. off of their milk checks.

The USDA is also considering rulings to implement changes in the Federal Milk Marketing Orders and the way the Minnesota-Wisconsin (M-W) price is calculated.

### Table Eggs

Allan Rahn and Henry Larzelere

Egg prices plunged sharply at the end of last year and averaged in the mid 60 cents per dozen range in January, almost 25 cents per dozen below their January 1991 levels. Higher feed ingredient prices, relative to a year ago, also increased production costs about 2 cents per dozen and squeezed egg producer net returns even further. Egg prices have rebounded into the low 70's in early February, but prices are likely to be quite volatile during the first quarter.

Expect New York prices to retailers for Grade A large white eggs in cartons to average near 70 cents per dozen during the first quarter. Easter falls on April 19 this year. This relatively strong demand period will provide a boost for egg prices in April,

### Cattle

On Jan. 31, the USDA released the Jan. 1, 7-State Cattle-On-Feed Report and part of the quarterly 13-State Cattle-On-Feed Report. The initial reaction was a little bearish as the reports showed a few more cattle than expected and heavier placements in December than expected. However, the weight breakdowns showed that most of the extra cattle were heavy and should be gone by now. Those weighing over 1,100 pounds on Jan. 1 were 111 percent of last year.

The quarterly 13-State Report showed total on feed to be 94 percent, placed in October-December to be 96 percent, and marketed in October-December to be 100 percent, all compared to year ago figures. The monthly 7-State Report showed on feed Jan. 1 to be 93 percent, placed in December 102 percent, and marketed in December 106 percent, again all compared to the previous year. The marketing numbers were positive. These numbers, along with slaughter weights only being up 2-3 percent rather than the earlier 6-7 percent, show we may be getting more current.

The weight breakdown for steers shows that there should be a tightening of supplies from the middle of February though about April.

## FARM BUSINESS OUTLOOK

Since both of these actions require a "regulatory" ruling, they are likely affected by President Bush's State of the Union speech. The Administration has ordered a 90-day moratorium on new government regulations. Presumably this would affect the milk orders and new deliberations on the M-W. This will further delay Michigan's attempt to get component pricing into the state's milk pricing. Component pricing is needed to overcome the impact of the rapidly declining butterfat differential.

Fortunately, the dairy product markets seem to have stabilized. The wholesale butter and powder markets are settling in at their new support purchase price level. If cheese prices fell to support, the M-W would likely fall to \$10. The good news is that the wholesale cheese prices, as measured by the National Cheese Exchange, have settled at 8 cents per pound above the support purchase levels.

If cheese prices continue to hold, the M-W will not drop nearly as low this spring compared to last year. This means that the average price for all of 1992 will be higher than 1991. As farm prices begin to move lower in the next few months, there is some comfort in that right now it doesn't appear that we will have a repeat of last year.

but prices in May and June are expected to be weak and the lowest of the year. Prices during the second quarter are likely to average 5 to 10 cents below the first quarter. Prices during the third quarter should seasonally recover into the low 70 cent range.

The nation's table egg-type laying flock on Jan. 1 was estimated by the National Agricultural Statistics Service at 235.3 million layers, 2 percent above a year ago. The 4 percent increase reported for the December egg-type chick hatch continues a hatch increase trend and indicates that more pullets will be coming into the laying flock through the first half of the year. Flock size reduction prior to that time in response to the lower egg price levels will require sizeable spent hen slaughter increases.

Steers between 900-1,100 pounds on Jan. 1 were 94 percent of last year, steers between 700-900 pounds were 97 percent, steers between 500-700 pounds were 84 percent, and the few steers on-feed below 500 pounds were 107 percent. While this means that supplies will be near last year's levels, it does not mean last year's prices.

As mentioned earlier, pork supplies are up sharply, poultry supplies are also up, and both disposable income and perceived future income over the next several months are down.

**If the tighter supplies drive spring pricing opportunities into the upper \$70's, consider doing some forward pricing. Also, consider watching the June futures for levels in the \$73-\$74 per cwt. range for pricing opportunities. At this point, a reasonable pricing goal for the second half of the year is the low \$70's. Consider using these numbers both when considering forward pricing opportunities and when determining how much you can pay for feeders. Make sure you have looked at the annual Cattle Inventory Report, released Feb. 7, for adjustment in the above advice.**



## Canadian 1992 Spring Wheat Acreage Expected to Grow

Canada's Gross Revenue Insurance Plan (GRIP) will dictate what farmers plant this spring, with early indications pointing to higher canola and wheat acreage than in 1991, according to an industry spokesman.

Meanwhile, use of production-enhancing chemicals and fertilizers are expected to record a decline because of the program, they said.

GRIP is a voluntary safety-net program, operating similar to an insurance plan. Premiums are paid into the program by producers, provincial governments and the federal government. Benefits are paid back to contributors when prices and income drop below established price levels.

The program, implemented at the beginning of the 1991-92 crop year, was established to provide price protection for grain and oilseed farmers and to stabilize farm incomes.

Charlie Pearson, a grain analyst with the Market Analysis Branch of Alberta Agriculture, told *Knight-Ridder Financial News* there's the potential for canola acreage in 1992 to exceed the 1989 record of 9.0 million acres because of GRIP.

Favorable GRIP pricing levels and the fact that canola works well for cash flow purposes will be behind the increase in acreage, Pearson said. In 1991, Canadian canola acreage totaled 8.075 million acres, according to figures from Statistics Canada.

Canadian all-wheat seedings this spring will match and possibly exceed the 35.83 million acres planted in 1991, Pearson said, also citing a favorable GRIP support level, as well as strong demand from major importing nations for wheat. Pearson said the biggest increase in wheat seedings will come in the spring wheat varieties.

## Unverferth MFWD Front Hub Extensions Permit Shorter Turns and Increase Visibility

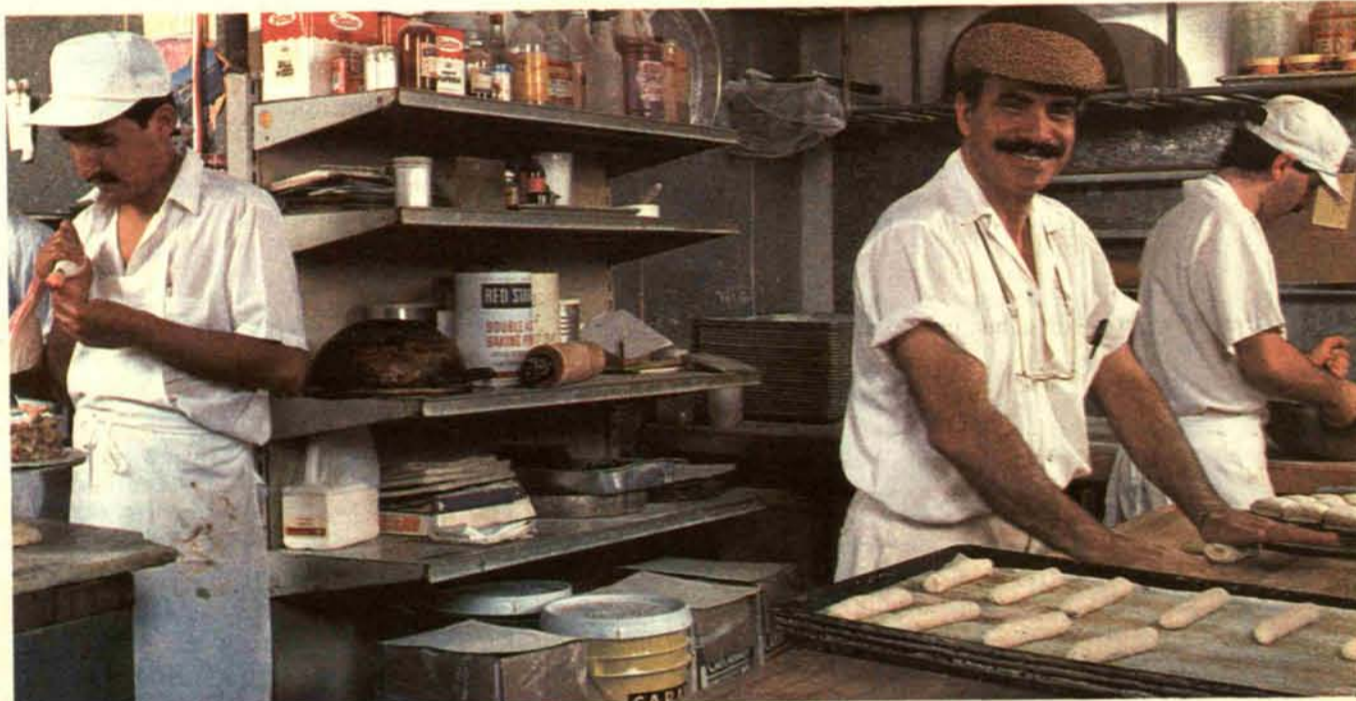
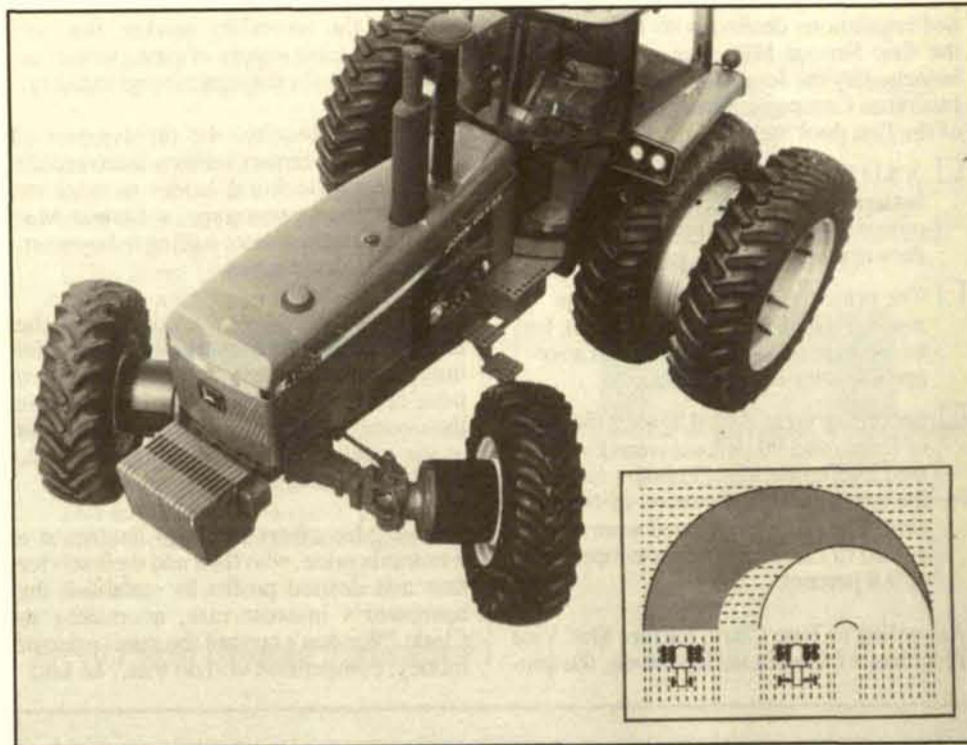
Heavy-duty, MFWD tractor front hub extension manufactured by Unverferth Manufacturing Company, Inc., Kalida, Ohio, allows up to 40 percent tighter turns. The result is reduced crop damage, increased maneuverability and better row visibility.

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For more information, contact Unverferth Manufacturing Co., Inc., P.O. Box 357, Kalida, OH 45853, telephone 800-322-6301, 419-532-3121. FAX 419-532-2468.

## New Product Profile



## Michigan Farm Bureau Membership Report

	State Status	
	1991/92	1990/91
New	8,924	9,398
Renewals	88,030	86,251
Total	96,954	95,649
Goal	120,000	114,500
% Goal	80.80%	83.54%
Need	23,406	18,851
Target	45,427	45,709
(target is farm-member objective)		
% Target	89.14%	89.23%

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If you're a small business owner who is dissatisfied with your present employee health care plan — or a small business owner who is ready to initiate your first employee health care plan — contact your local Farm Bureau office. We'll listen to your health care coverage needs, tailor a package to suit your preferences, and then cut to the bottom line.

Farm Bureau, specialists in all business insurance needs, can be depended on to protect the interests of small business because we understand the interests of small business.

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# 8 Farmer Mac Loan Program Finally Launched – Will it Survive?

After several years of sorting through rules and regulations dealing with loan pooling, the first Farmer Mac loan pool has been launched by the John Hancock Mutual Life Insurance Company. Some of the highlights of the first pool include:

- A \$112 million package with 512 loans made or held by the insurance company that meets Farmer Mac underwriting standards.
- The principal amounts of the loans range from \$2,500 to \$2.5 million, for an average of \$230,000 with an average maturity of four years.
- Securities were issued against the pool of loans, and 90 percent were guaranteed by Farmer Mac. Lenders retained the non-guaranteed portion of 10 percent. The securities issued were reported to carry an average coupon rate of 9.8 percent.

According to Tom Clark, Farmer Mac Vice President of Corporate Relations, the pro-

gram authorized by the 1987 Farm Credit Act is intended to allow farmers access to funds in the secondary market, that will result in a stable supply of credit with competitive rates for the agricultural industry.

Farmer Mac requires the involvement of four parties: a farmer seeking intermediate credit, an agricultural lender to originate the agricultural mortgage, a Farmer Mac "pooler," and investors willing to buy mortgage backed securities.

In simple terms, the lender sells the farmer's agricultural mortgage to a pooler that must accumulate loans from at least three of ten geographic regions from across the country, with no more than 40 percent of the value coming from any one region, to minimize risk.

Farmer Mac offers funds to lenders at a wholesale price, who then add their service fees and desired profits to establish the borrower's interest rate, according to Clark. "We don't control the retail price of money; competition will do that," he said.

For example, Clark says, a 10-year fixed rate loan, fully amortized, is currently sold at wholesale through Farmer Mac at 7.6 percent. Lenders, based on their fees and profit expectations, may add another 1/2 percent for service and another 1 percent for profit, meaning that hypothetically a borrower could end up with a 9.1 percent interest rate on a fixed 10 year mortgage.

Unfortunately, first time jitters for the new program have, in Clark's opinion, delayed the program for several years and cast a shadow of doubt over a well-intentioned and needed program.

"Every pool of loans that's formed, has to be backed by a 10 percent cash reserve, to serve as a cushion for losses," said Clark. "This created a problem with credit regulators who decided they would not relieve the banks of lending limit restrictions or capital requirements on the loan that was sold."

After 10 months of trying to reason with regulators, the lending limit restrictions were resolved in October of 1990, peaking the interest of smaller banks who could originate the agricultural loans. However, it took another year of battling regulators, and an act of Congress, to resolve the capital requirements debate, and attract the interest of the larger banks and other institutions wanting to serve as poolers.

### The Chicken or Egg Dilemma

A major obstacle cited by Clark is the lack of participation by the nation's largest agricultural lender, Farm Credit Services. "Farm Credit Services has chosen not to use Farmer Mac throughout our development," said Clark. "By their choice not to get involved, you immediately take 50 percent of the potential lending market off the table in terms of developing Farmer Mac."

Clark claims that even the interest of local Farm Credit Services to use the secondary mortgage program has not changed the overall system's mindset thus far, despite the original investment by Farm Credit Service stockholders to fund Farmer Mac.

"I'm sure their lack of participation will change because we think there's a very solid argument, a very solid case, that participation in the secondary market will be beneficial to Farm Credit Services and to its

borrowers," Clark said. "It (Farmer Mac) offers them access to competitive funding, and it deals with a problem they've had to manage in the past of interest rate risk for intermediate or longer term debts."

According to Jim Bremer, CEO of Farm Credit Services of Michigan's Heartland, the length of time required by Farmer Mac to get all the pieces in place, has justifiably raised concerns and doubts. "You've got people with money invested that are saying, 'you can't keep using all of our capital without any results,'" he said.

"The key is this: Farmer Mac has got to get going real quick. If they don't start pooling some mortgages real soon and they keep operating at a loss, I think Farm Credit will probably try to get away from the thing," said Bremer. "This year will be a critical test for Farmer Mac."

According to Bremer, Farmer Mac is also hindered by three major problems: lack of standardization in agricultural mortgages, low agricultural mortgage volume, and the lending limits and capital requirements.

Bremer claims that in spite of its inherent problems, Farmer Mac has potential. "We think it's an option for some of our customers and we may be able to get some better rates out there in the process," he said. "The idea is good and it gives farmers another source of money."

Bremer readily admits that Farmer Mac has some appeal to Farm Credit Services based on the interest rate risk management offered by the secondary mortgage. "Every lender wants to avoid interest rate risk," he said.

Farmers interested in learning more about Farmer Mac can call 1-800-879-3276, says Clark. However, he'd like to encourage farmers to ask their farm lenders about Farmer Mac first, and also suggests that the lenders call the same number.

"If the lender resists, then the borrower should say, 'If you're not willing to find out about this program, I'm going to find a lender who will,'" advises Clark. "We've got to get both ends working together. We've developed a program that's available right now, today, but it only works if everyone's involved."

## Representative Camp Labels Dunkel's GATT Proposal Bad for Agriculture

Michigan's representative on the House Ag Committee, tenth district U.S. Rep. Dave Camp (R-Midland), speaking to farmers attending the mid-Michigan Ag Day, expressed doubts about the latest proposal to settle the 5-year bid GATT trade debate.

"The House Ag Committee held hearings on the Dunkel proposal in January," announced Camp. "There are serious concerns, especially in the sugar and dairy areas because it (Dunkel proposal) essentially calls for elimination of Section 22 import protections."

Camp said other countries are having problems with the Dunkel proposal as well, making its passage and successful completion to GATT questionable. The agricultural aspect of GATT, says Camp, is a stumbling block since the European Community is opposed to reducing their subsidies.

Camp predicted the U.S. will continue helping the new Commonwealth of Independent States meet their food needs, but that a form of barter should be developed. "I'd like to see them pay for food items with their abundant resources as opposed to always having the food aid tied to a credit guarantee," he said. "We need to work hard on that."

Camp predicted that in 1992 a capital gains tax cut, would be implemented, the 25 percent health care premium tax deduction for self-employed individuals be maintained if not increased to 100 percent, and if dairy prices hit 1991 levels, legislation will be readily forthcoming in an election year.



In terms of new projects for Michigan, Camp has high hopes for the recently unveiled "Going Global" computer marketing program based out of the Clinton and Saginaw County Cooperative Extension offices. The program is part of a USDA and Commerce Department data network to develop market outlets for agricultural and industrial goods.

Camp discussed his Farm and Forestry Energy Conservation Act, a national version of the successful Michigan Energy Conservation Program. "We have 26 co-sponsors, and I'd like to see it be a part of the President's National Energy Program," he said.

## DEKALB-PLANT GENETICS

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HYBRID	YIELD	HARVEST MOISTURE	VALUE/ACRE	\$ADVANTAGE
DK485	237.6	18.4	\$502.05	
Funks G4160	205.2	18.4	\$433.59	\$68.46
Cargill 3427	216.1	18.6	\$455.32	\$46.73
Pioneer 3751	226.3	18.7	\$476.14	\$25.91
GH H2349	215.8	19.0	\$452.10	\$49.94
GL 438	208.0	19.2	\$434.51	\$67.54
Callahan C743	214.0	19.3	\$446.40	\$55.65
GL 482	203.8	19.7	\$442.68	\$79.37

#### TEST LOCATION: INGHAM COUNTY ZONE 2

HYBRID	YIELD	HARVEST MOISTURE	VALUE/ACRE	\$ADVANTAGE
DK485	131.0	16.6	\$283.88	
Pioneer 3751	101.3	19.8	\$209.79	\$74.09
Pioneer 3733	129.8	20.5	\$266.09	\$17.79
Crows 179	126.5	16.4	\$274.88	\$ 9.00
Jacques 5170	127.5	16.7	\$275.91	\$ 7.97
Cargill 3427	87.9	17.6	\$187.84	\$96.04

#### TEST LOCATION: HURON COUNTY ZONE 3

HYBRID	YIELD	HARVEST MOISTURE	VALUE/ACRE	\$ADVANTAGE
DK485	203.5	19.9	\$420.84	
Pioneer 3733	182.2	20.3	\$374.64	\$46.20
GL 450	196.3	20.3	\$403.00	\$17.84
GL 468	167.8	21.2	\$340.47	\$80.37
GH H2390	177.0	21.4	\$358.07	\$67.77
NK 3808	192.0	18.9	\$402.82	\$18.02
Funks G4140	180.2	18.3	\$381.30	\$39.54
NK 3624	182.6	18.2	\$386.93	\$33.91

#### 1991 HURON COUNTY SILAGE TRIALS

HYBRID	DRY MATTER	GREEN WEIGHT	DRY WEIGHT	VARIANCE DRY WEIGHT
DK485	45.0	20.4	9.1	
Pioneer 3779	43.2	17.9	7.7	-1.4
Pioneer 3573	40.8	19.8	8.1	-1.0
Great Lakes GL468	42.7	18.7	8.0	-1.1
GH H2331	43.8	20.3	8.9	.2
Crows 179	41.7	19.5	8.1	-1.0
GH H2349	44.5	16.9	7.5	-1.6

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## Farm Electrical Safety: Fence Controllers

the UL information on the nameplate near the model number on the controller.

- Install all fence controllers away from farm buildings. Lightning striking a fence frequently follows the wire to the controller, resulting in a fire.
- High-voltage plastic insulated wire must be used whenever the wire from an approved electric fence controller comes within one foot of a building. Non-resistor-type automotive ignition wire is good for such an application.
- Never install a weed chopper or weed burner electric fence controller in a building. These types of controllers and the fence wires they charge should be at least 16 feet from any building. Use only approved electric fence controllers.
- Make sure the fence controller is well grounded so it functions properly. Make the ground connection according to the manufacturer's instructions. Attach the ground cable to a 1/2" copper-clad or 5/8" galvanized steel rod driven at least eight feet into the soil.

Be sure to use a lightning arrester on every hot wire coming to the controller.

- Be aware of the hazards of a poorly maintained electric fence system on dairy farms. Stray voltage from an electric fence can reduce herd productivity. Some cases of stray voltage have been traced to a leaking insulator or accidental ground on an electric fence or cow trainer system. Check the condition of insulators frequently.
- Warn children and visitors of the danger of contact with an electric fence. Avoid locating charged wires within five feet of a stock waterer, pump, pipe, or other good ground sources.

### From Farm Bureau Insurance



Weed-cutting, weed-burning, or weed-chopping electric fence controllers are a valuable tool for controlling livestock, but they can cause fires if improperly installed. Weed controllers are designed to deliver a spark with enough energy to destroy weeds that come in contact with the wire—and if the wire is too close to a farm building, a fire may result.

You can reduce the risk of fire by locating an electric fence controller on a wooden post at least 16 feet from a farm building. Electric fences can be safe and efficient if you follow these guidelines:

- Use a fence controller approved by Underwriters' Laboratories. Look for

## Michigan Agricultural Stewardship Association - It's Official

With the election of officers and the approval of organizational bylaws, the Michigan Agricultural Stewardship Association (MASA) was officially created, appropriately enough, in MSU's relatively new Crops and Soil Sciences Building, on Jan. 25, just a year after the concept was created.

According to the bylaws, MASA is considered a statewide non-profit educational organization committed to the development of agricultural systems that are economically feasible, agronomically sound and environmentally safe, according to newly elected MASA President Jerry Wirbel, a Midland County cash crop farmer.

"We're going to try, as farmers, to show other farmers through the use of demonstration projects, that they can make changes in their farm operation that are better for the environment as well as their income, while also trying to educate consumers about what the agricultural industry is doing to protect the environment and provide a safe food supply," explained Wirbel.

Dr. Oran Hesterman, an MSU professor in Crop and Soil Sciences and a CES specialist, agreed with Wirbel's analysis, adding that the group spent a great deal of time in selecting a name. "By naming themselves MASA, they are acknowledging that they're a group of farmers interested in stewarding the industry of agriculture in the state of Michigan by stewarding the soil and water resources that are at the base of that industry," Hesterman concluded.

Not to be confused as an organic farm club, or a no-till club, Wirbel claims that the organization has some members that still follow the conventional tillage process, but are interested in learning more about reducing tillage and costs, while maintaining profitability.

MASA had a list of demonstration projects as diverse as its membership in 1991, sponsoring 15 demonstration projects including banded versus broadcast herbicides in corn and soybean plots, corn insecticide trials, variable rate nitrogen applications, no-till and conventional till yield trials in black turtle beans, rotary hoe weed control in soybeans, pesticide reduction in apples and cherries, rotational grazing, and ridge-till versus conventional-till sugar beets. The organization is aiming for 30 demonstration projects in 1992.

According to Hesterman, Michigan's diverse agriculture requires that MASA go beyond the traditional mindset of corn and soybeans. "We have a vital livestock industry, we have a diverse fruit and vegetable industry, we have nursery crops and the people involved in this organization really span the gambit geographically and in terms of agricultural enterprises," he said.

Hesterman said the lack of a direct farmer/researcher link was the push behind the shove in the creation of the new organization, adding that the quick formation of MASA is proof positive that it was desperately needed.

"We knew from the contacts that we were getting at MSU and through CES that there were people who were interested in exploring opportunities to farm in a more economically feasible and agronomically sound matter," said Hesterman. "We now have a constituency group that we can listen to as we start contemplating what kinds of programs we need to put together, so that we can really respond to the needs of those farmers in this state."

Newly elected MASA officers include President Jerry Wirbel, of Hope, in Midland County; Vice President Gary Hoyt, of St. Louis, in Midland County, a dairyman and potato grower; Secretary Tom Guthrie, of Delton, in Barry County, a diversified crops farmer (Guthrie was also nominated to represent MASA on the regional sustainable agriculture council headquartered in Lincoln, Nebraska); Treasurer Christopher Lufkin of Grand Rapids, who works for TransNational Agronomy.

Other elected directors include Larry Mawby, a fruit grower from Suttons Bay in Leelanau County; Russ LaRowe, a Soil and Water Conservation District employee from Kalamazoo; Roger French, a dairyman from Kalamazoo; Greg Mund, a Soil Conservation Service employee from Muskegon; and Paul Luttenbacher, an integrated pest management scout and greenhouse operator from Clio in Genesee County.

Membership dues for farmer members are \$25 per year, \$100 for institutional membership, and \$150 for charter members, and \$5 for students. For membership information, write Tom Guthrie, 7301 Milo Rd., Delton, MI 49046, or call (616) 623-2261.

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Neal, Kelly, Pat, Harold and Marty Travis operate North Valley Farms, a 300-cow dairy operation at Shepherd, MI. The four brothers farm with their parents, Pat and Evelyn Travis. The farm has a 20,500-lb. milk RHA and produces 1,000 acres of hay and corn.

## HOW A DROUGHT SET SEEDS OF EXPANSION FOR THE TRAVIS FAMILY.

"We've just completed the second phase of a dairy expansion that includes a free-stall, center-feed barn and double-8 milking parlour. The expansion began in 1988 after a severe drought forced us to make some serious decisions. As brothers, we knew we wanted to farm together with our folks but a cash-crop business was too risky for all of us to depend on.

"Looking back, 1988 wasn't a pretty year to begin an expansion, but Farm Credit had confidence in us and stood behind our decision. Our loan officer has been a tremendous planning resource and helped us work through countless 'what if' situations on the computer.

"A lot of lenders wouldn't have been able to grasp our vision for this family dairy business but Farm Credit not only grasped it, they helped us figure out a better way to make it happen. If it hadn't been for the facilities expansion loan and other help from Farm Credit, there's no question that several of us couldn't be in this operation today."



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# 10 Michigan's Fastest Growing Cattle Feeding Program

Raising holstein steers primarily on corn and pelleted supplement has emerged throughout smaller Michigan cattle feeding operations as an efficient means of raising feeder calves.

According to MSU Beef Cattle Feeding and Management Professor Dr. Steven Rust, the corn fed beef program carries many different names depending upon the feed company from which you buy the seven to 12 percent pelleted supplement, but "it's Michigan's fastest growing program in the cattle feeding sector."

"The issue is if you take a holstein calf between 200 and 400 pounds and put it on the program, it will have feed conversions of less than six pounds of dry matter to put on one pound of gain," explained Rust. "If you take that same calf, and go through a more conventional program, which may include a high silage diet or grass until he weighs 800 pounds and then put him on a 80 to 90 percent corn diet, his conversions in the feedlot or on that corn portion of the diet will be approximately eight and one half to one or more."

When talking efficiency of corn use, putting these cattle on the program at a much younger age with no roughage in the diet is a much more efficient way as long as corn is cheap. This program is more cost effective than going with an extended growing period before you put them on the high corn diet, according to Rust.

"The program works best on dairy steers because they eat more and the meat is leaner," explained Alan Wheeler of the Mason County Elevator Company, a division of Kent Feeds. Kent Feeds markets its own pelleted supplement, known as Kent NRB (No Roughage Beef), to a growing number of cattle feeders who want to eliminate roughage from their feeding program.

"The NRB program is starting to become more of an alternative to conventional feeding programs," said Wheeler. "People are starting to realize that it's an easier way to feed out steers."

According to Kent Feeds, the NRB program works best by feeding a 90 percent high-moisture corn to 10 percent Kent NRB ration. The total amount of corn used in the ration will differ depending upon the moisture content of the corn.

But according to Gerald Eifert, an Okemos area farmer who raised 240 steers primarily on corn and pellet supplement from Purina last year, the program does have its limitations.

"Packers and livestock buyers are just starting to realize the leanness and quality of holstein steers raised on this program, but we're still getting paid \$63 to \$64 a hundredweight," states Eifert, who purchases all of his holstein steers as calves.



"We're making money, but it's tight all the time," adds Eifert, who participated in the dairy buyout program in the mid-'80s and is raising another 300 holstein steers for market this year.

Rust also admits that there are problems to the program. The cattle have a tendency to be quite cyclical in their intake patterns. "Some producers find it's a little easier to keep cattle on a consistent intake pattern by just giving them a pound of roughage one

time a day," he explains. "Those cattle are always going to have a minor stomach upset, called acidosis. Any small deviation in weather or whatever, unless you try to manage for that, could cause you some problems."

"We recommend a buffer to reduce acidosis," said Wheeler. "The buffer would be a cheaper way to eliminate acidosis than feeding hay or roughage, especially if you don't have the hay available."

### Kent Feeds NRB Efficiency Figures

Body Weight	Daily Consump. Air Dry	Avg. Daily Gain	Feed Eff.
600	17.5	3.11	5.62
700	19.7	3.28	6.01
800	21.0	3.15	6.66
900	22.4	3.08	7.27
1,000	23.7	2.99	7.99
1,100	25.8	3.06	8.43

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## Top Illinois Producer Priorities Differ

A study of farmers cooperating in the Illinois Farm Business Farm Management (FBFM) association, suggests that an orientation to financial planning and discipline spending are two important criteria that distinguish profitable farm operations from others for cash grain farmers in Illinois. The study also suggests that virtues, often held in high esteem in the agricultural community, such as working hard physically, rated low for the most profitable operations.

Two economists from the University of Illinois, Steven T. Sonka and James N. Thorpe, analyzed a sample of farm records of members of the FBFM, which has over 50 years of experience with more than 7,000 producers. These producers compile reports, business and financial data relating to their farm operations each year.

The study included data on the performance of 135 cash grain farms from 1976 to 1985. The study utilized real operating figures rather than government averages.

The study attempted to identify what particular characteristics or emphasis was used by top producers considered most profitable to those of producers considered least profitable. For purposes of the study, the top 34 farms were surveyed compared to the bottom 37 farms. Table 1 shows the measurement of farm characteristics in financial performance of the two groups. The ranking of the management orientation is shown in Table 2.

The survey indicated that farmers in the top group were oriented toward:

- Maximizing yields
- Financial planning
- Practicing discipline spending (spending a dollar only when the expected returns were greater than a dollar)

According to the survey, those in the bottom group had a greater orientation toward:

- Reducing operating costs
- Maximizing yields
- Working hard physically

For a copy of the report which contains much more detail, contact Susann Cole at (312) 399-5845.

Table 1  
**Selected Measures of Farm Characteristics and Financial Performance for a Sample of Illinois Cash Grain Farms\***

Characteristic	Average Values For		Difference (Top-Bottom)
	Top Group	Bottom Group	
**Net Farm Income (\$/acre)	110	58	52
**Corn Yields (Bushel/Acre)	133	127	6
**Soybean Yields (Bushel/Acre)	44	41	3
Corn Prices Received (\$/Bushel)	3.00	2.95	.05
Soybean Prices Received (\$/Bushel)	7.75	7.49	.26
Operating Expense/Acre	127	125	2.00
**Interest Expense (\$/Acre)	9	18	-9.00
**Number of Tillable Acres	495	603	
Soil Rating Index	86	86	
Percentage of Farm Acreage in:			
Corn	50	51	
Soybeans	44	43	
Diverted Acres	2	3	

\* All values are averages over the period of 1976 to 1985 inflation adjusted to real 1982 dollars.  
\* Statistically significant at the 1 percent level.

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 AC 15' 800-221 ~~\$141.39~~ \$127.25  
 IH 15' 800-301 ~~\$189.06~~ \$164.75

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 #60 ~~\$3.11~~ \$2.80 " "  
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CC-124 TWISTED CHISEL 4" SLASH POINT ~~\$12.14~~ \$10.93

SD-22 CHISEL SPIKE ~~\$24.46~~ \$22.01

MOLDBOARD ~~\$63.70~~ \$57.33

DOUBLE POINT ~~\$3.15~~ \$2.83  
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 \$12.15 \$7.15

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Table 2  
**Managerial Orientation for the High 25 Percent and the Low 25 Percent of Farm Operators**

Orientation to:	Average Top Group Rank*	Average Bottom Group Rank*
	Maximizing Yields	1
Financial Planning	2	5
Practicing Disciplined Spending	3	7
Marketing	4	4
Completing Details	5	5
Reducing Operating Costs	6	1
Reducing Overhead Costs	7	7
Searching for New Techniques	8	9
Working Hard Physically	9	3

\* A rank of 1 indicates that the activity received the most attention and 9 indicates that the activity received the least attention.

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## Storing Pesticides on Your Farm the Right Way?

Out of sight, out of mind, is not a phrase which should apply to pesticide storage. The health of the environment, your family and employees, and even your bottom line are all dependent on a responsible approach to the on-farm storage of pesticides.

Any storage area you choose should be highly visible and readily accessible to prevent vandalism. That may sound contradictory, but you are less likely to have unwanted visitors if they know they can be easily detected. And, if the site is readily accessible, you're more likely to regularly check it and the condition of your stored pesticides. Once a day isn't too often.

Locate your storage facility with an eye to preventing feed, food and water contamination during regular storage or in the event of a fire or storm destruction. Don't store pesticides near livestock and their feed, close to your well, dugout or any water course, or in a drainage channel or low spot.

Pesticide spills inside the storage area can be contained if the building has a cement floor with a lip around its perimeter. It's also a good idea to have a low earth embankment around the building to contain water and pesticides in the event of a fire.

Your building should be well ventilated to prevent fume build-up. It should also be kept locked and well-signed, indicating only authorized personnel are permitted.

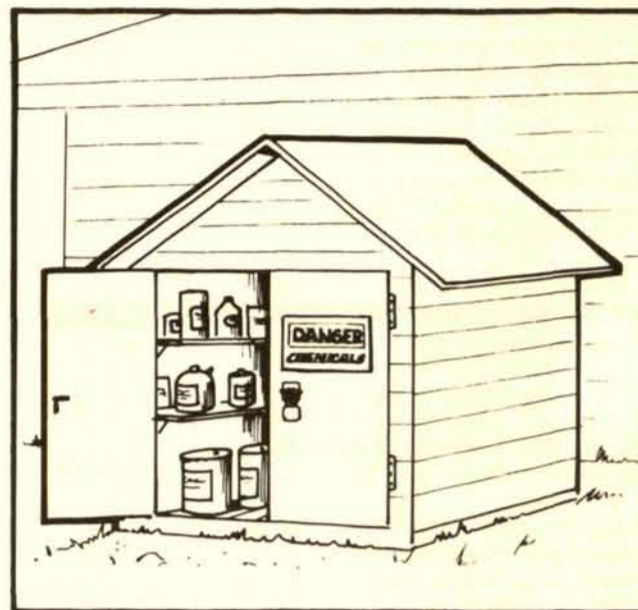
Petroleum products and pesticides should not be stored together, particularly if the pesticides are in plastic containers. Keep some absorbent material handy, like kitty litter to clean up spills.

Keep your safety equipment and protective clothing handy. Inside the storage area is fine as long as you can keep your equipment and clothing clean.

Be prepared for an emergency. Keep the emergency '800' numbers of pesticide manufacturers and the local phone numbers of fire, police and poison control center within quick reach.

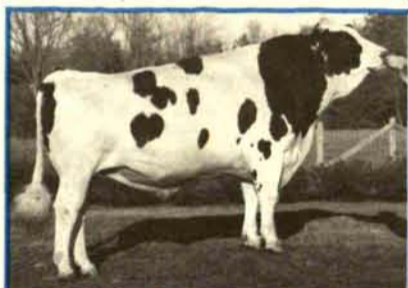
Make a list of all your stored pesticides including their trade and chemical names. Keep that list where it's accessible -- definitely not in the same building as your pesticides.

**Remember, the basement of your house, garage, or barns are not the place for pesticide storage. Safe storage, it's in your hands!**



Keep hazardous chemicals locked up

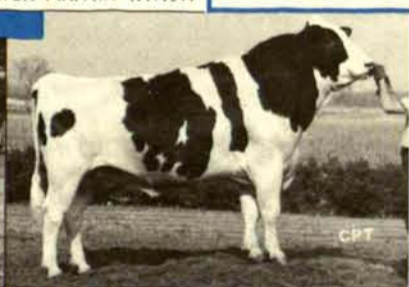
**3 OVER 70** lbs.



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21st CG(1-92) HL 978 LPR 295 PTAT+0.99 TPI+1044



**21H1333 Target**  
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21st CG(1-92) HL 957 LPR 262 PTAT+0.71 TPI+997



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21st CG(1-92) HL 957 LPR 278 PTAT-N/A TPI-N/A

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Sire	P\$	P	RelP	F	HL	LPR**	PTAT	TPI
21H738 <b>Rex</b>	+229	+66	99	+64	974	272	+0.59	+962
21H1273 <b>Centurian</b>	+215	+66	79	+59	964	256	+0.33	+877
21H1250 <b>Captain</b>	+222	+63	77	+75	927	218	+0.22	+813
21H1317 <b>Leather</b>	+198	+61	69	+51	976	247	+0.28	+790
21H1322 <b>Denby</b>	+183	+60	74	+32	971	221	+1.11	+846

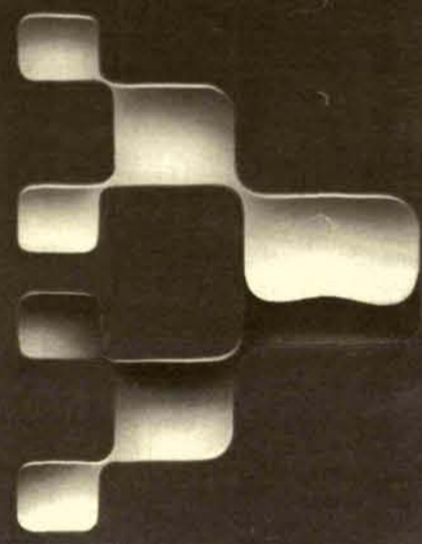
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