NAFTA: Here's What the Opponents Aren't Telling You!

Michigan sugar farmers and MFB Board members toured Mexico's sugar producing region last January, to gauge that nation's ability to impact U.S. sugar producers under NAFTA. They witnessed Mexican sugar cane harvest, both mechanically and by hand.

NAFTA opponents claim:
"NAFTA will permit unsafe, polluting, and overweight trucks with unlicensed drivers to enter the U.S."

What they're not telling you:
The agreement contains a transportation section that will, for the first time, allow U.S. trucks and railroads access to the Mexican market. In 1995, a U.S. driver's license, a computerized CDL drivers license, a computerized CDL drivers license, and a U.S. transportation regulations program helps keep you in compliance over the same period (including licensing of trucks and drivers). In the meantime, all foreign and Mexican trucks must meet all U.S. standards.

Vehicle Inspection Standards Program.
U.S. enforcement officers will inspect the same stringent driver and vehicle inspections on Mexican and Canadian carriers as are currently conducted on U.S. carriers.

Diesel fuel in Mexico is quite clean. It meets all U.S. pollution standards except for a slightly less strict sulfur limit. This isn't a significant problem for U.S. air pollution, but it could cause problems for emission equipment in U.S. trucks traveling in Mexico. This discrepancy is being addressed in bilateral talks. Finally, nothing in the NAFTA prevents states from setting their own transportation regulations.

NAFTA opponents claim:
"Mexican farmers can out-compete U.S. farmers because of the low wage rates in Mexico."

Ethanol Powered Car Performs Well in Indy Test Drive

Two-time Indy 500 winner Gordon Johncock has proven, during a test run at the Indianapolis Motor Speedway, that ethanol blended racing fuel can perform in Indy Car competition.

Johncock, retired from active racing since 1985, is now a corn and beef farmer near Hastings Mich., farming 200 acres and raising 125 head of cattle. He's seeking approval from the Indy Car sanctioning bodies to run ethanol blended racing fuel at all races during the 1994 season.

According to Johncock, the purpose of the test was to prove the ability of ethanol-blended fuels to perform in high compression, high performance Indy-type racing engines. He feels strongly about improving the profitability of farming by developing new, alternative uses for farm products.

"As a farmer, I'd like to be able to run on fuel made from my own harvest," said Johncock. "Racing has been good to me, and the popularity of the sport is growing. I thought, why not use racing to promote America's farms and their products?"

The idea of seeking approval of ethanol blended fuel came to Johncock as he developed his idea of an all-agriculture, all-race, all-race, all-race, without sacrificing performance. The ethanol blend, utilized in the test, was manufactured by Zeol Racing Fuel, Inc., which has seen tremendous success across the country in sprint car, stock car, and drag racing events of all kinds.

Before the test, Johncock took practice laps in the 1992 Lola/Buick using the current fuel standard, methanol. After a short warm-up, Johncock turned in a couple of hot laps at around 210 m.p.h. The methanol remaining in the tank was then drained and replaced with ethanol-blended racing fuel. Without any modifications to the engines, Johncock still posted speeds in excess of 210 m.p.h.

"The car ran great! There was absolutely no difference," said Johncock shortly after climbing out of the car provided by McLaren Hybrids, Inc., America's fastest growing agricultural seed company, based in Ovid, Michigan. The test run, conducted in July, was aimed at proving the ability of ethanol blended racing fuel to reduce harmful emissions, without sacrificing performance. The ethanol blend, utilized in the test, was manufactured by Zeol Racing Fuel, Inc., which has seen tremendous success across the country in sprint car, stock car, and drag racing events of all kinds.

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NAFTA – Consider the Facts, Not the Political Propaganda of a Few

Over the years, one of the things I’ve admired most about our Farm Bureau organization is that our activities and policies are based on logic and sound reasoning rather than just wishful thinking. Farm Bureau, through our policy development process, provides a forum for open debate so that the true facts regarding any given issue can be carefully examined. It is our hope that all the implications are considered so that the full implications of any policy decisions can be weighed.

In order to gather information about the impact on agriculture of the North American Free Trade Agreement (NAFTA), a number of Michigan farmers and myself made two trips to Mexico last year. One of the trips included American Farm Bureau Federation President Dean Kleckner and other national agricultural leaders. The other visit included representatives of the Michigan sugar industry.

Being on the scene and talking to Mexican farmers gives uniquely valuable and accurate insights into what NAFTA really means. For example, I think it’s clear that U.S. fears of losing jobs to cheap labor in Mexico are overblown. Wages may be low in Mexico, but so is productivity. By and large, American workers are more productive and more valuable to an employer.

Likewise, Mexico does not enjoy the natural resources that give us competitive advantages in many industries. Transportation and technology also are in our favor. Mexico’s popoulace is growing at a tremendous rate. And thanks to recent free-market reforms, so is their economy. We saw great demand for imported food products. NAFTA doesn’t, in itself, destroy anyone, someone else will. NAFTA obstructs ignore the tremendous risks we face if we reject this historic agreement.

A failed NAFTA will create enormous problems for our nation and for Mexico – as well as for U.S. farmers. If we turn our backs on NAFTA and reject this powerful new trading relationship in our own hemisphere, we will forego billions in additional farm exports.

NAFTA guarantees that U.S. farmers will continue to benefit from recent export gains to Mexico – now our third largest market. If NAFTA is rejected, it won’t be long before Michigan farmers are disregustingly asking why such a large market was sacrificed to European or South American farmers.

Farm Bureau’s NAFTA policy was extensively discussed at the Michigan Farm Bureau’s 61st Annual American Farm Bureau annual meetings. The decision to support NAFTA is based on sound, factual study and research. Don’t believe the lies about NAFTA that are being spread by an obviously desperate political source who is beholden to special interests. I urge you to trust the results of Farm Bureau’s policy development process, a process that has served this organization and Michigan agriculture very well indeed for 75 years.

Elton R. Smith Chair in Ag Economics Filled at MSU

Sandra S. Batie, professor of agricultural economics at Virginia Polytechnic Institute and State University, has been selected as the first person to hold the Elton R. Smith Endowed Chair in Food and Agricultural Policy at Michigan State University. Her appointment is effective Sept. 1.

"Batie was selected as a result of an international search," said Fred L. Poston, dean of the MSU College of Agriculture and Natural Resources. "Her credentials are outstanding. She’s an accomplished researcher, teacher, policy consultant, author and speaker."

Batie received her bachelor’s degree in economics from the University of Washington and her master’s and doctoral degrees in agricultural economics at Oregon State University.

An economic policy analyst who specializes in agricultural and rural development policy issues, especially as they affect the future of U.S. agriculture, Batie was president of the American Agricultural Economics Association (AAEA) during 1989-90, and served as an AAEA director from 1984 to 1987.

The Elton R. Smith endowed chair was established in 1986 as a joint venture between the MSU Department of Agricultural Economics and Michigan Farm Bureau to honor the contributions of Elton R. Smith, former president of Michigan Farm Bureau and vice president of the American Farm Bureau Federation.

"We at Farm Bureau are delighted not only to realize our dream with the filling of the Elton R. Smith Chair, but we are especially pleased that Sandra Batie was selected as the first person to hold the chair. She has many of the qualities of leadership and vision that Elton Smith had. We are looking forward to a long and productive working relationship with her," said MFB President Jack Laurie.

Batie will conduct research on food and agricultural policy; provide policy education leadership for undergraduate, graduate and extension programs; and conduct policy research and education efforts across the department and the university, as well as with farmers, agricultural organizations, governmental units, consumer groups and organizations in the private and public sectors.
McPherson Appointed as New MSU President

Below, M. Peter McPherson accepts his appointment as the 19th MSU president from the MSU Board of Trustees. McPherson's previous career in financial and business administration will be put to the test as the university deals with restraining tuition increases and administrative costs.

A Kent County farm boy who grew up to be a bank executive has been picked by Michigan State University's Board of Trustees to succeed MSU's 19th president. M. Peter McPherson, a 1963 MSU graduate, was serving as executive vice president at Bank of America in San Francisco. McPherson was responsible for the Trust Department, domestic and international sales proceeds for shorn wool and shorn mohair. The wool and mohair market is now being operated beginning with the 1993 marketing year.

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One of the major challenges facing McPherson is helping MSU provide the opportunity for a quality and affordable education according to Ron Nelson, legislative counsel for MFB.

"The Legislature has limited funds and over the past several years, the increase in year-to-year appropriations to MSU has been minimal. Tuition is the other source of funding for the university, but as that increases, it limits the number of people who can afford to attend MSU," he said.

The proposed amendments provide for:
1. Revision of requirements for certification eligibility and elimination of the required list of eligible varieties.
2. Revision of field and storage isolation requirements.
3. Revision of storage and sanitation requirements for bacterial ring rot infected potatoes and cattle potatoes.
4. A reduction in the number of field inspections from three to two or more for prenuclear, nuclear, generation I, II, III, IV, premation, foundation, and foundation seed potatoes.
5. Sanitation and recordkeeping requirements for packaging facilities.
6. Inclusion of sanitation provisions to regulate access to storage, processing areas, and production facilities by non-distincted equipment. Required that trucks used to transport certified seed potatoes be cleaned other than on the seed farm premises.
7. Revision of sanitation standards for any grower operation in which bacterial ring rot has been identified.
8. Revision of grading tolerances for yellow tag and red tag grade seed potatoes.
9. Establishment of a tag (purple) for prenuclear stock.
10. Additional definitions for operation, prenuclear seed stock, certification, separate operation, and tolerance.

The department invites all interested persons to present their views regarding the proposed amendments either orally or in writing. Those wishing to testify in person at the hearing are required to bring written statements with them. Written comments must be received by the Pesticide and Plant Pest Management Division by 5 p.m., Wednesday, Sept. 15, 1993.

A copy of the proposed amendments to the regulations can be acquired from the Michigan Department of Agriculture, Pesticide and Plant Pest Management Division, P.O. Box 30017, Lansing, Michigan 48909, telephone (517) 373-9753, upon request.
A more "normal" summer has left Michigan bean prospects improved for the remainder of the season, according to the Michigan Agricultural Statistics Service. Cumulative growing degree days are up significantly from 1992, while precipitation levels are also higher except in the Thumb and parts of the Thumb. Based on conditions as of Aug. 1, yields are forecast to be higher than 1992 levels for all but small grain crops. The corn yield is forecast at 110 bushels per acre, up five bushels from 1992. Acres for harvest as grain is expected to total 10.1 million acres, down 11 percent from 1992. Production is expected to total 6.1 million hundredweight (cwt.), an increase of 57 percent from 1992.

Soybean production is estimated at 5.5 million bushels, an increase of 8 percent from 1992. The expected yield is 36 bushels per acre, up 3 bushels from last year.

Dry bean yield is forecast at 1,600 pounds, up 350 pounds per acre from last year. Production is expected to total 6.1 million cwt., an increase of 57 percent from 1992.

Sugar beet production is forecast at just over 3.4 million tons, down 10 percent from last year. The all hay yield is estimated at 3.91 tons per acre, down three tons from last year. The expected alfalfa yield, at 4.2 tons per acre, is up 14 percent from last year. The expected alalfa yield, at 4.2 tons per acre, is up 14 percent from last year.

Summer potato production, pegged at 3.5 million cwt., is up 12 percent from 1992. The winter wheat yield is forecast at 45 bushels per acre, down five bushels from July, and down 11 bushels from 1992. Total production is down 31 percent from last year due to lower yields and less acres for harvest.

Out production is estimated at 9.2 million bushels, up 7 percent from 1992. The expected yield is 68 bushels per acre, down two bushels from last season.

Nationally, corn yield is forecast at 116 bushels per acre, down five bushels from last year's record yield. Production is estimated at 7.4 billion bushels, down 22 percent from 1992's record level. Acres harvested from grain were reduced down 5 percent from the June "Acreage" estimate of 87.5 million acres, due to flooding in the Midwest and a drought in the Southeast.

Soybean acreage was reduced down 7 percent from June's 1992 estimate of 54.9 million acres from June. Yields are expected to be 33.8 bushels per acre, down 3.8 bushels from 1992. Production is forecast at 1.9 billion bushels, down 13 percent from last season.

The dry bean crop is estimated to be up 18 percent. Winter wheat production, at 1.8 billion bushels, is up 11 percent from 1992.
10 Reminders for Successful Wheat Production in Michigan

Wheat is an excellent crop that fits well into many cash crop farm rotations. Planting wheat in your rotation can help increase soil productivity, reduce soil erosion, spread out your labor requirements and improve cash flow prior to fall harvest. To obtain your best yields, consider the following production recommendations:

1. Control perennial weeds prior to planting.
2. Avoid planting after wheat and other small grains.
3. Test soil and apply all recommended phosphorus, potash and manure. Plus 10 to 20 pounds of actual N per acre prior to planting or through the drill at planting.
4. Select certified seed of high yielding varieties for your area. "Chelsea," the new MSU release, is the highest yielding white wheat available.
5. Treat all wheat seed with a registered fungicide to protect the seed from seed and soil borne diseases.
6. Begin planting wheat anytime after the Fly Free date.

Hessian Fly-Free Dates for Michigan

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1From "Insect Control in Small Grain Crops," MSU Extension bulletin E-0829.

August Fruit Report Shows Higher Yields for Michigan

Warm weather in July spurred development of fruit crops in the Great Lakes state. Insect infestations and frost kill have been negligible, according to the Michigan Agricultural Statistics Service.

The sets of fruit that are pollinated earliest, however, were hampered by the below normal spring temperatures. There has been scattered hail injury in apples, and some disease damage in plums, grapes and sweet cherries. The quality of fruit, however, should be higher than in 1992.

The Aug. 1 grape production forecast for Michigan was 55,000 tons, up 17 percent from 1992. If realized, the yield would be five tons per acre.

The potential peach output was placed at 50 million pounds, equal to last year's crop. The pear tonnage was cast at 5,000 tons, a drop of 17 percent from 1992. The plum crop was predicted to plummet to 3,000 tons, down from 8,000 tons the last two years.

The apple production forecast was 1.1 billion pounds, up 2 percent from the bountiful 1992 season. If realized, the state yield would be 20,600 pounds per acre.

Nationally, the apple crop was placed at just under 10.5 billion pounds, up less than one percent from 1992. Production in Washington and New York was forecast at 4.8 and 1.02 billion pounds, respectively.

The peach crop forecast, excluding California clingstone, was 1.63 billion pounds, up 10 percent from last year.

Peach production was placed at 5.63 million tons. Five million of this production is in California.

The pear output was set at 945,300 tons, a 2 percent rise from 1992. California, Washington and Oregon accounted for 96 percent of the crop.

The plum production forecast was 29.500 tons, slipping from 38,100 tons a year ago. These figures include production in Michigan, Idaho, Oregon and Washington.

Michigan State University Wheat Breeding Program: Multi-Year Performance Summary (All County sites included)

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7. Seed with a properly equipped grain drill in seven-inch rows. Place seed one to two inches deep using a seeding rate of 29 to 32 seeds per foot of row (2.5 to 3.0 bushels per acre).
8. Top-dress with 80 to 90 pounds of actual N per acre at spring green-up.
9. Spray for broadleaf weeds, if required, after crop is fully tilled.
10. Scout fields for insects and diseases and apply pesticides only when needed. Be sure to apply pesticides at the growth stages recommended on the product labels.

August 30, 1993

Michigan Farm News

Interpretation: Yield comparisons are only valid within a column. 1993 yield data is calculated using a 1/10 acre conservative seeding rate. Data for Susquehanna are for only 4 sites (occurrence 2 at Lenawee County).
The grain markets have been jumping for continue through at least the first major frost and soybeans in the eastern Corn Belt. There opportunities between now and harvest for market or drowned out due to the flooding in the com and soybeans were either not planted and moderate stocks of soybeans left over the other hand, we have huge stocks of com in the Com Belt. Over 7 million acres of from this year, and excellent looking com and the 1993 yield was listed as 43 bushels per acre versus last year's 50.

The annual average U.S. price is expected to be around $2.75 per bushel. As of this writing, you can sell wheat for higher than that. So the critical question is: will it pay to store and/or wait to pay? Wheat prices are likely high if corn and beans do; therefore, it may be rational to wait to price some of your wheat given the strong odds and exports off 120 million bushels. Despite this, carryover is still only expected to be 180 million bushels or 9.5 percent of use, which is tight. Historically, fundamentals would suggest a price over $7.00 for this tight of a carryover. But it's obvious the market is very cautious, given the sharp drop-off in prices after the report. Was that just technical, or does the market have a different idea of just what the fundamentals are?

The USDA also released its Supply/Demand Balance Sheet which incor- porated these estimates for the 1993-94 corn marketing year and it is shown in Table 1. As you can see, we are coming into the year with about 25 percent of what we used this past year. When you add that to this year’s smaller crop, we are expected to end up with 17 percent more than we needed at the end of the 1993-94 marketing year.

Index: 1 = Higher Prices, 2 = Lower Prices, TP = Topping, BT = Bottoming, ? = Unsure

Feed use is expected to drop off some due to higher prices, lower relative wheat prices and more feed quality wheat. Exports are expected to drop off due to higher prices, the world economy, and rest of the world production. Overall, this lowers use, but use will still be larger than production, which will lower ending stocks.

Strategy: Corn prices are expected to average about $2.35 per bushel, which adjusted seasonally, would translate into $2.20-2.25 at harvest. If you have not priced any new crop, consider doing so and then price more on rallies.

For those who have priced a significant amount, consider waiting for a sharp rally, but be ready to pull the trigger. I expect at least one early frost rally. Watch the basis offered on new crop contracts; in some cases, a hedge-to-arrive appears to be a better alternative.

If we have much of a rally from here, consider forward pricing. There has been pressure put on feeder prices with the increase in feed prices. Higher feeder prices in the winter and spring will mean some red ink for cattle sold at the above prices. However, the supply of feeders is not burdensome, so don’t expect to see much of a drop-off in prices.
Limited Liability Companies – Will it Work for Your Operation?

Ralph E. Hepp
Agricultural Economist
Department of Agricultural Economics
Michigan State University

The limited liability company (LLC) is a new form of business entity for Michigan which was authorized by Act No. 23, Public Acts of 1993, effective June 1, 1993.

Prior to the limited liability company alternative, two or more individuals could operate a common entity as a partnership or as an unincorporated entity. Now the option of the limited liability company allows a third alternative business organizational structure for individuals.

The business entity is an unincorporated association having two or more members and is formed under the rules and regulations prescribed in Act No. 23. Persons who contribute capital or perform services to a limited liability company are called “members.” The appropriate term for the contributor to a partnership is a “partner” and to a corporation is a “shareholder.”

Although the characteristics of the limited liability company parallel those of a limited partnership and a subchapter “S” corporation, there are differences in organization and regulation. This article will explain the characteristics of the business entity.

A limited liability company is a legal entity that is taxed as a partnership while providing limited liability for all of its members. For federal tax purposes, the income and expenses of an LLC, like a partnership, pass-through the business to the members and are taxed only at the member level.

However, all members of an LLC, like the shareholders of a “S” corporation, have liability for the LLC’s debts and claims against the LLC. No member has the personal liability of a general partner, which is the characteristic of a limited partnership.

In other states, the IRS has also held that the conversion from a limited or general partnership to an LLC does not affect a termination of the partnership or cause gain or loss to be recognized. The LLC is treated as a continuation of the existing partnership.

Federal Tax Treatment of LLC

The state of Wyoming passed legislation authorizing an LLC in 1977, but it was not until 1987 that the IRS issued Rev. Rul. 88-76, which ruled favorably on the classification of the Wyoming LLC as a partnership for federal income tax purposes.

Business Characteristics of an LLC

An LLC is a separate legal entity like a partnership and corporation, distinct from its owners, that has full powers to conduct business in its own name. The business provides management through its members or managers, whereas a partnership’s management is prescribed in Act No. 23. Persons who contribute capital or perform services to a limited liability company are called “members.”

Unlike “S” corporations, the LLC is not restricted in the number of members nor are members restricted from forming partnerships, pension plans, or other entities.

LLC’s are generally subject, however, to rigorous disclosure, record keeping, and reporting requirements that do not apply to general partnerships. LLC’s allow contributions to capital by members in the form of cash, property, and services rendered, and recognize binding obligations to make such contributions.

Articles of Organization

Articles of organization are filed with the Department of Commerce to get a limited liability company recognized in Michigan. The articles of organization shall contain the name of the company, the purposes for which the company is formed, the mailing address of the company and to the address of the registered agent, a statement if the company will be managed by a manager rather than the remaining members, the maximum number of years of duration of the company, and a signature of the registered agent.

The name of the company must not duplicate names used for other LLC’s, partnerships or corporations and must include the words “limited liability company” or contain the abbreviation “LLC” or “L.C.”

Dissolution of an LLC

A limited liability company is dissolved and its affairs shall be concluded upon the happening of the first to occur of the following:

1. At the time specified in the articles of organization or an operating agreement,
2. Upon the happening of events specified in the articles of organization or an operating agreement,
3. By the unanimous consent of all members,
4. Upon the death, withdrawal, expulsion, bankruptcy, or dissolution of a member, or the occurrence of any other event that terminates the continued membership of a member, resulting in a limited liability company, unless either of the following applies:
   a. Within 90 days after the termination of membership, a majority of the remaining members, voting in accordance to the terms of their operating agreement or according to the articles of organization, if no operating agreement governs the dissolution of a company, consent to continue the business of the company and to the admission of one or more members as necessary; and
   b. Management of the limited liability company has not been delegated to managers, and the operating agreement does not allow an assignee to become a member other than by unanimous consent of the other members, and the business of the company is continued as provided for in an operating agreement.
5. Upon the entry of a decree of judicial dissolution.

Markets continued from page 6

HOGS

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Safety Signs Warn Motorists of Left Hand Turns

We've all seen it happen or even experienced a close call ourselves. An anxious driver can't wait to get around a large piece of farm equipment that’s moving way too slow in their opinion. Once on-coming traffic clears, the unaware motorist prepares to pass in the left hand lane, just as the farmer is preparing to turn left into a farm yard or field.

As you prepare for a hectic fall harvest season, be sure to make these road safety caution signs a part of your equipment readiness checklist. Available in either hard plastic or self adhesive vinyl, these 12 inch by 18 inch bright yellow signs alert motorists that you may be making a left hand turn without warning.

According to MFB Promotion and Education Department Manager Julie Chamberlain, signs will delivered to county Farm Bureaus approximately four to six weeks after the group order is placed.

For ordering information, contact your county Farm Bureau office, or MFB's Promotion and Education Department, at 1-800-292-2680, extension 3213.

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 83 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 from Farm Bureau Insurance.

A NEW MONEY SAVING HEALTH PLAN
FOR FARM OWNERS & OPERATORS

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.

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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.
Last winter a farmer stood up during a Worker Protection Standard presentation and said, "Right now, the only farmers who are really knowledgeable about the regulations are those farmers who have either been fined or have had to go to court over some issue. If we don't know what the regulations were, we could have saved a lot of money. Farmers want to comply to the best of their ability, but if they don't know what the rules are, it's difficult to comply," he concluded.

That sentiment is more common than ever with the rapid increase in farm regulations. It's becoming more difficult for farmers to keep track of the many rules and regulations that affect their operation.

In response to member-policy calling for help in addressing labor regulatory questions, Michigan Agricultural Cooperative Marketing Association (MACMA), and the Michigan Farm Bureau, have developed RCAP - the Regulatory Compliance Assistance Program. This program is designed to provide concise, worded, regulatory information and implementation aids to subscribers. RCAP is working closely with state and federal agencies, Michigan State University staff, attorneys and farmers to make sure the information is current and useful.

"It can be said right now that RCAP will be an important and valuable program for Michigan agriculture," said Dr. Allen E. Shapley, MSU agriculture labor specialist. "MSU is not going to abandon our programming in the area of agricultural employment. The programming of the two organizations should be very complementary in meeting the needs of agricultural employers and employees for a long time to come."

The program currently has two subscription packages available - the RCAP Newsletter Package for $79.00 per year or the RCAP Manual Package for $200.00 (each, plus tax). A yearly renewal is recommended for the package and new packages are included with each renewal.

The program currently has two subscription packages available - the RCAP Newsletter Package and the RCAP Manual Package. Both packages contain the RCAP Newsletter and a Required Poster Pack. The Manual Package also includes the RCAP Farm Manual for Michigan Farmers.

The Required Poster Pack contains 15 bright yellow posters, made of weather resistant material, that are required by various regulations to be posted by employers. If you employ one or more workers, you are required to post many of the posters. The RCAP Manual covers in detail the requirements of each poster.

Compare the interest rates. The interest rate on the MemberLine VISA and Gold MasterCard is just 13.9% A.P.R. - one of the lowest interest rates available. In addition, you pay an interest on new credit card purchases when your full balance is paid by the due date.

Compare the fees. The MemberLine VISA has no annual fees, no membership fees and no application fee. The annual fee for the Gold MasterCard is $20 — far lower than the fee charged for most gold cards. For added savings, the $20 fee is rebated every year that you make $3,000 or more in net purchases.

Compare the premiums. Both the MemberLine VISA and the Gold MasterCard offer a wide array of complimentary features and options for your protection and peace of mind. And when you carry a Gold MasterCard, you'll enjoy the added advantages of a higher credit line, executive travel privileges, emergency road assistance, purchase protection insurance and a warranty extension program - valuable "extras" you and your family can depend on.

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KALAMAZOO, Ml 49033-9917

Michigan Farm News August 30, 1993

RCAP - Keeping Your Farm in Compliance With Labor Regulations

At left: Al Dietrich, a partner in the Farm Ridge View Orchards in Ottawa County, and a worker review the posters the operation received as subscribers to RCAP. The farm employs over 50 seasonal workers for harvesting and packing apples, cherries, and asparagus. "I'd highly recommend RCAP, especially to someone who's unfamiliar with all of the regulations," Al said. "Farmers should I wait until they're hit with a lawsuit to become aware of all the different regulations. A lot of growers are finding out the hard way.

Discrimination in Employment, Disabilities and Employment, Payment of Wages, Records-Posters-Notifications, Farm Labor Contractors, Social Security, Workers Compensation Insurance, Unemployment Insurance, Agricultural Labor Relations, Transportation, Labor Camps, OSHA Standards, Sanitation Standards and Pesticides. Each section will cover several provisions. For example, the Pesticide section will cover the Worker Protection Standard, Worker and Community Right to Know requirements, Pesticide Recordkeeping, requirements for pesticide applicators licenses and also provisions of acts such as the Fair Labor Standards Act section dealing with protective equipment.

This manual is the easiest, best and most organized method to quickly find the regulatory information I need," said Howard Kelly, MFB legislative counselor. "This manual is like a dictionary; you don't need all of the information, but when you do need information, you need it now, you need it right, and all in one place."

Additional products and services under development include: Employee Policy Manuals, Agricultural Job Descriptions, Required Training Programs that can be modified to your farm's specific conditions including video and audio tapes, manuals and on-farm training programs, English/Spanish translation services (which are now available), on-farm compliance audits and a legal assistance referral system.

"Right now, the rules and the regulatory burdens are primarily on those who hire," Anderson said. "The rules general industry has had are being shuffled down to agriculture and that's why I've found a lot of hiring are going to find this program very helpful up front."

To subscribe to an RCAP service or for additional information on the program, contact your MFB Regional Representative or Craig Anderson at 1-800-292-2600, extension 2311.

The Farm Bureau MemberLine™ VISA & Gold MasterCard. Two good reasons why it pays to compare before you apply for a credit card...
If you're using diesel fuel in your farm equipment, as well as your truck, you'll need to either maintain separate tanks for highway and non-highway uses, or use only low-sulfur fuel starting Oct. 1.

New Environmental Protection Agency regulations regarding the content of sulfur and aromatics in diesel fuel, as well as the cetane number, will go into effect at that time. Off-road and on-road fuel will be differentiated by both sulfur and color, according to Farmers Petroleum Cooperative, Inc., Sales and Marketing Manager, Tim Underwood.

"It's important that farmers have a good understanding of these new regulations, and their fuel inventory properly adjusted by Oct. 1," said Underwood. "The EPA has the authority to sample and test all diesel fuel and violations can result in fines of up to $25,000 per day, per violation."

Diesel and heating oils with a sulfur content of more than .05 percent will be dyed a blue color and will be illegal to use in vehicles designed for highway use.

The new regulations allow fuels with a sulfur content of more than .05 percent, but not exceeding .5 percent, to be used as heating fuels. These fuels (similar to present day #2 fuel oil and diesel fuels fall into this category) must be dyed blue and can't be used on the highway.

Fuels used in trucks, autos, or any vehicle that can be licensed for use on the highway must use a diesel fuel containing less than .05 percent sulfur, and must not be dyed blue.

According to Underwood, the process of desulfurizing fuels requires severe hydro-treating to remove the sulfur which also removes much of the lubricating capabilities of the diesel fuel. "To compensate for the loss of lubricity, an additive should be added to the low-sulfur #2 fuel to prevent accelerated engine wear.

Off-road vehicles (tractors, combines, stationary engines) are exempted to use the low-sulfur fuels. However, licensed farm vehicles are not exempt from the new regulations and must use low sulfur whether they are being used on public roads or not.

If you intend to convert an existing tank currently storing #2 diesel fuel, to store low sulfur #2 diesel, you must completely empty the tank so that the low sulfur fuel will not be contaminated, in order to meet EPA specifications.

"Farm Bureau members can avoid a lot of confusion by purchasing farmers Petroleum Gold Flame LS premium diesel fuel with a lubrication and cold flow additive package already added," said Underwood. "Using Gold Flame as your only diesel fuel will eliminate the possibility of contaminating low sulfur diesel with a dyed, high-sulfur diesel, while also providing excellent engine wear protection."

For more information on the new regulations, contact Farmers Petroleum Cooperative at 1-800-292-2680, extension 2801.

15 Percent of Farmers Operate 57 Percent of Michigan Farm Acreage

The number of farms in Michigan during 1993 is estimated at 52,000 farms, down 2,000 from the previous year, according to the Michigan Agricultural Statistics Service. This is the first yearly decline since 1990. Michigan has 16.7 million acres of land in farms, down 100,000 acres from the previous year. The average size of a Michigan farm in 1992 was 206 acres.

Of all Michigan farms, 8,000 were in the $100,000 and over economic class, unchanged from the previous year. These large farms operated a total of 6.1 million acres, up 100,000 from last year. Farms with sales between $10,000 and $99,999 accounted for 16,500 farms and 3.1 million acres. This is a decrease of 13,000 farms and 3.1 million acres.

A farm is defined as "an establishment from which $1,000 or more of agricultural products were sold or would normally be sold during the year" and must be operating on June 1.

Land in farms includes: crop and livestock acreage, woodland, pasture, land in summer fallow, idle cropland, and land enrolled in the conservation reserve program and other set-aside or commodity acreage programs. It excludes any land operated by the United States Department of Agriculture, other federal agencies, or state and local governments.

The number of farms in the U.S. is estimated at 2,068, down one percent from 1992. Total land farms is 978 million acres, down 1.8 million acres. The rate of decline in the number of farms follows the historical trend, while land in farms declined marginally.

The average farm size increased from 468 acres in 1992 to 473 in 1993. Texas held its position as the state with the most farms, 158,000, and over sales class comprised 16.4 percent of the total while operating 54.4 percent of the nation's farmland.
Manure Management Practices Win Swartzendruber White Pine Award

Below (l-r) Sen. Joel Gougeon (R-Bay City) looks on as brothers Paul and Ralph, and father George Swartzendruber, are congratulated by MDA Director Bill Schuette.

E nvironmental Stewardship

Research Promises Plants that Adapt to Your Needs in the Future

A Michigan State University scientist has used a common weed to find a way to alter the properties of plant fibers used for making paper and animal feed.

The breakthrough, reported in the current issue of Science, holds promise as the first step in a scientific journey to change plants for the sake of the environment and the pocketbook.

"This is the first time we've been able to substantially make changes in the cell walls of plants," said MSU Botany Professor Chris Somerville. "This is part of the process of better adapting plants to our needs."

Somerville and two post-doctoral associates, Dieter Reiter and Clint Chapple, outlined in an article published in the Friday, Aug. 20, edition of Science, the development of genetic approaches to alter the cell wall - and thus the strength - of a plant's cell wall.

"It may be in the first step, Somerville said, in growing genetically modified woody plants that can be converted to paper with less environmental pollution.

"Because the cell walls comprise the main fiber component of domestic animal crops, the results also point the way to developing crops more easily and efficiently digested by livestock. Developing such a crop could lead to significant economic savings."

The test plant is Arabidopsis (a RAB i dus), a weed of the mustard family. It is the same plant Somerville used to prove that plants can grow plastics.

"The research last was hailed as one of the top science stories of the year by Time magazine."

Somerville describes the cell wall research as parallel research on another class, natural polymers - cellulosic and related polysaccharides.

The cell walls of all plants, including both trees and plants with little or no woody tissue, such as corn and alfalfa, largely are composed of complex mixtures of these polymers.

Changing the proportion of these polymers in the cell walls of wood plants mean fewer toxic chemicals and energy to turn the wood into paper.

It also could permit the recovery of useful byproducts from the paper making process that now are discarded.

Research Summary

- There are hundreds of genes thought to control cell wall biosynthesis - that is, producing the chemicals that make the cell wall.
- The MSU research uses standard genetic methods to inactivate, one at a time, those genes.
- The goal: Figure out which genes the plant doesn't need to grow properly and survive, but which do cause the plant fibers to be hard to process or digest.

By contrast, the production of plastic plants meant adding genes to plants.

Another MSU scientist, Michael Allen, sees the new research as exciting. An associate professor of animal sciences and an expert on animal nutrition, Allen said creating crops consistently easy to digest can mean big savings in food production.

"It believes it's one of the most meaningful areas of research," Allen said. "If we can develop genetics that produce crops with higher fiber and digestibility and get it into the marketplace, it's going to help solve the world's problems.

The research, which has been in progress about four years, is funded by the grants from the U.S. Department of Energy, the USDA and private funding.

Maintaining Your Well Water Safe

For some Americans, wells are the only important source of water for their homes, farms and offices. If turned on, the tap brings water for drinking, livestock, crop irrigation and many other uses. A turn of the tap can provide information on the right water supplies.

Some combination of four factors is either spring or fall applied by injection as needed, based on manure analysis and soil needs.

"We haven't broken it down into a dollar value, but based on MSU figures, testing is definitely paying off," said Paul. "By taking soil samples, we're injecting manure exactly where it's needed, while controlling odor and preserving nutrients."

Looking Out For The Environment

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800-447-7436
Soybean Cyst Nematode (SCN), first detected in Michigan in 1987 in Gratiot County, has now spread to at least 11 other Michigan counties, threatening yields and profitability for soybean producers.

A 33-county testing program, sponsored by MSU and the Michigan Soybean Committee, will provide an accurate picture of just how widespread the problem has become this summer.

It’s believed the nematode made its way into the U.S. from Japan, where it was first reported 75 years ago. The first U.S. reports of SCN came from North Carolina in 1954 and has now spread to 28 other states via contaminated soil or improperly cleaned seed. In the corn belt states of Iowa, Illinois, and Indiana, there are very few counties that aren’t infested with SCN.

SCN is a microscopic worm that goes into the root system of a soybean plant and feeds within the root, according to Peggy Thorson, north central region soybean cyst nematode project coordinator. The female nematodes swell up as they feed, and are then fertilized by the male. As the female swells, it pops out of the root. Eventually the female dies after she has laid her eggs, forming the cyst.

"Each cyst can contain as many as 200 to 250 eggs and will over winter rather easily," explained Thorson. "Unfortunately, the nematode is non-responsive to many chemical control options and yield losses can range from 10 to 85 percent."

Thorson suggests that soybean growers determine if they have an SCN infestation by digging up the roots of a soybean plant and looking for small pinhead shaped circles on the roots.

Soybean Cyst Nematode - Will it Cost You?

Michigan’s newest soybean pest is spreading to more Michigan acres, cutting soybean yields by 10 to 85 percent. What does it look like, do you have it, and what can you do?

At right, MSU Nematode Diagnostician Fred Warner shows growers what SCN looks like on soybean roots, during an SCN tour at an MSU research plot in Saginaw County.

They’re very much smaller than a nitrogen fixing nodule - nearly 100 times smaller - and they’re a white to light cream color," explained Thorson.

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MAKING YOUR FUTURE MORE PREDICTABLE

Symptoms: Above-Ground

Above ground symptoms of SCN damage are not unique to SCN. They can be mistaken for damage from compaction, iron deficiency chlorosis and other nutrient deficiencies, drought stress, herbicide injury, or other plant diseases.

SCN often has gone undetected for several years because these nondescript symptoms were attributed to other causes, according to MSU nematode diagnostician Fred Warner. A comprehensive testing campaign that would sample 2 percent of the soybean acreage in each county will allow producers to help determine just how severe the problem is in Michigan.

Many of the counties haven’t been sampled and we expect that this nematode is present in many more counties than just the 12 we’ve identified thus far," said Warner. "We currently have 300 samples and I suspect we’ll receive another 300, so we’ll have a fairly extensive survey this year that should generate a lot more information."

Growers should look for problem areas in a field, says Warner. The first obvious symptoms of SCN injury is the appearance of stunted, yellowed, less vigorous plants. These infested areas will vary in their size, often showing a sharp dividing line at the edges between stunted and apparently healthy plants.

Yellowing of the plant due to SCN will generally occur in July and August, and will start at the edges of the leaves affecting leaves on the entire plant.

An area of SCN damage will often appear elongated, usually in the direction of tillage operations. Most severe damage is often in the center of the area, with damage decreasing toward the margins. Such areas frequently develop near a field gate entrance, wherever equipment enters a field, or near fences where wind-blown soil may accumulate.

Symptoms: Below Ground

Roots infected with SCN are dwarfed or stunted. SCN decreases the number of nitrogen fixing nodules on the roots. SCN also makes the roots more susceptible to attacks by other soil-borne pathogens.

The only unique symptom of SCN infection is the presence of adult female nematodes and cysts on the soybean roots. They can be seen with the unaided eye, although observation with a magnifying glass is easier.

Roots must be carefully removed from the soil or the cysts may be dislodged. Observation of adult females and cysts on the roots of the soybean plant or in the soil is the only way to accurately diagnose SCN infestations in the field.

SCN Sampling Procedure

SCN Management Practices

Managing for Avoidance

Growers should make avoidance their top priority in combating SCN. That means keeping contaminated soil from getting into a clean field, and making sure the seed that you're using is properly cleaned and treated, says MSU nematologist Fred Warner. "As a farmer, your goal should be to keep non-infested fields uninfested as long as possible," advises Warner. "Once you have soybean cyst nematode, you have it - you can't get rid of it from a field forever."

Common sense sanitation practices can be very effective in preventing or delaying the spread of SCN to uninfested land. If only certain fields on a farm are infested with SCN, planting and cultivating of these fields should be done after uninfested fields have been worked. After working in infested fields, equipment should be thoroughly cleaned with high pressure water or steam. Seed grown on infested land should not be used for planting uninfested fields unless the seed has been properly cleaned. Soil can be spread in soil associated with the seed.

Managing Once Contaminated

Without economical chemical control options, growers basically have few options once they confirm that a field is contaminated. Rotation and a resistant variety of soybean are the most likely management solutions, although research is being done on delaying the spread of SCN. Warner notes that a resistant variety of soybean and a rotation of crops may be the only options available to growers.

SCN Management Risk Levels

The SCN Management Risk Level (O-5) is based on results of nematode sampling. There are four risk levels: O, L, M, and H. A risk level of O corresponds to a field that is considered to be uncontaminated. A risk level of M corresponds to a field that is considered to be contaminated.

Sample Size

Each sample should consist of a pint of soil collected from a large sample composed of 10 or more subsamples.

Small area (less than 0.5 acres), take at least 10 subsamples.

Medium area (0.5-1.0 acres), take at least 25 subsamples.

Large area (1.0-5.0 acres), take at least 50 subsamples.

No one sample should represent more than 80 acres. Mix subsamples in a clean pail or a plastic bag and submit one pint to a县 for nematode analysis.

Sampling Instrument

Take samples with a soil sampling tube, trowel, or narrow-bladed shovel at a depth of 0.8-1 inch. Include as many feeder roots as possible to recover any root feeding (endoparasitic) nematodes.

Sample From Problem Areas

Plot-parasitic nematodes feed only on living tissue and are rarely found in dead root samples. Therefore, take samples from the margin of the problem area where the plants are still living.

Sampling Container

Either the special nematode sample container provided by Extension or a plastic bag can be used for nematode samples. Place samples in plastic bags as soon as possible. Nematodes will die if the sample is allowed to dry. It's important that nematodes are living when the samples reach the lab.

Sample Storage

Soil and root samples should be regarded as perishable and should be analyzed and processed as soon as possible. Ideally, they should be stored at 10-15°C (50-59°F) until analysis.

Do not expose them to direct sunlight or store them in hot areas such as the trunk of your car. Temperatures greater than 40°C (100°F) will kill nematodes.

How to Submit Samples

Samples for nematode analysis are usually submitted through the local Extension office, accompanied by a completed form. The information requested on the form is essential for diagnosing nematode problems and proper recommendations for nematode management.

When this procedure is recommended, the grower will be notified of the sampling date and the delay will receive the results within two months after the sample was received.

Results and Recommendations

Sampling and recommendations are usually returned to the grower by the local Extension office. A field report and a map of the area where nematodes will be recorded on the assay form along with an indication of whether or not nematodes are a problem.

You will be referred to an appropriate Extension specialist for recommendations. Those recommendations should be discussed in detail with the local Extension agent or private consultant.

SCN Sampling Procedure

A laboratory of soil and root short system tissue is necessary for diagnosis or long-term avoidance of plant-parasitic nematode problems associated with soybeans. In Michigan, this service is provided by the Michigan State University Diagnostic Service Laboratory for Nematology.

A $10 fee is charged by MSU for analysis of each combined soil and root or individual sample. The rate of 90 cysts per pint is charged for lots of 20 to 49 samples, and $8 per sample for 50 or more samples. Prepayment is desired. A $5 fee is charged for all billings. Samples for nematode analysis should be shipped to:

Nematode Advisory Service Laboratory
Department of Entomology
Michigan State University
East Lansing, MI 48824

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SCN Sampling Procedure

A laboratory of soil and root short system tissue is necessary for diagnosis or long-term avoidance of plant-parasitic nematode problems associated with soybeans. In Michigan, this service is provided by the Michigan State University Diagnostic Service Laboratory for Nematology.

A $10 fee is charged by MSU for analysis of each combined soil and root or individual sample. The rate of 90 cysts per pint is charged for lots of 20 to 49 samples, and $8 per sample for 50 or more samples. Prepayment is desired. A $5 fee is charged for all billings. Samples for nematode analysis should be shipped to:

Nematode Advisory Service Laboratory
Department of Entomology
Michigan State University
East Lansing, MI 48824

Sampling Instrument

Take samples with a soil sampling tube, trowel, or narrow-bladed shovel at a depth of 0.8-1 inch. Include as many feeder roots as possible to recover any root feeding (endoparasitic) nematodes.

Sample Size

Each sample should consist of a pint of soil collected from a large sample composed of 10 or more subsamples.

Small area (less than 0.5 acres), take at least 10 subsamples.

Medium area (0.5-1.0 acres), take at least 25 subsamples.

Large area (1.0-5.0 acres), take at least 50 subsamples.

No one sample should represent more than 80 acres. Mix subsamples in a clean pail or a plastic bag and submit one pint to a county for nematode analysis.

Sampling From Problem Areas

Plot-parasitic nematodes feed only on living tissue and are rarely found in dead root samples. Therefore, take samples from the margin of the problem area where the plants are still living.

Sampling Container

Either the special nematode sample container provided by Extension or a plastic bag can be used for nematode samples. Place samples in plastic bags as soon as possible. Nematodes will die if the sample is allowed to dry. It's important that nematodes are living when the samples reach the lab.

Sample Storage

Soil and root samples should be regarded as perishable and should be analyzed and processed as soon as possible. Ideally, they should be stored at 10-15°C (50-59°F) until analysis.

Do not expose them to direct sunlight or store them in hot areas such as the trunk of your car. Temperatures greater than 40°C (100°F) will kill nematodes.

How to Submit Samples

Samples for nematode analysis are usually submitted through the local Extension office, accompanied by a completed form. The information requested on the form is essential for diagnosing nematode problems and proper recommendations for nematode management.

When this procedure is recommended, the grower will be notified of the sampling date and the delay will receive the results within two months after the sample was received.

Results and Recommendations

Sampling and recommendations are usually returned to the grower by the local Extension office. A field report and a map of the area where nematodes will be recorded on the assay form along with an indication of whether or not nematodes are a problem.

You will be referred to an appropriate Extension specialist for recommendations. Those recommendations should be discussed in detail with the local Extension agent or private consultant.
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NAFTA: What the Opponents Aren't Telling You! continued...from page 1

What they're not telling you:
Washington analysts agree that NAFTA will have relatively small effects on the production and distribution of most agricultural products. Other factors taken together, however, are much more important: labor productivity, resource availability, infrastructure, cost of capital, etc.

In all of these other respects, the U.S. agricultural sector has a decided advantage. Mexico will have an advantage in some products, but not in most (which is clearly demonstrated in virtually every study conducted on this question).

NAFTA opponents claim:
"Mexico allows the use of many pesticides banned in the U.S., including DDT. Mexico also allows crops to be sprayed with contaminated water. NAFTA will result in a less safe food supply in the U.S."

What they're not telling you:
NAFTA makes no changes in U.S. food safety inspection requirements (NAFTA only codifies existing U.S. laws). The U.S. has a much lower rate of foodborne illnesses, and a much lower rate of bacterial contamination, than Mexico. In the U.S., we have the advantage.

Apparenty, NAFTA opponents have begun a "DDT scare" because, according to the Governmental Accounting Office (GAO), the Mexican government is still authorized to use DDT in southern Mexico to control mosquitoes that carry malaria. GAO found no reason for concern that this usage would affect food for export to the U.S.

And, to repeat, U.S. import inspections for all illegal residues, such as DDT, will not be impeded by NAFTA. Opponents are saying incorrectly that Mexico allows 58 pesticides banned in the U.S. In fact, the GAO has found that there are 58 pesticides where Mexico and the U.S. have set different tolerances or where there is a tolerance for a given crop in one country but not the other.

GAO found only six pesticides where Mexico has established a tolerance for products exported to the U.S. in which case, Americans in low paying jobs will be disadvantaged.

What they're not telling you:
NAFTA will encourage Mexico to strengthen enforcement of its pesticide laws (which, according to the GAO, are already very similar to ours).

The quality of Mexico’s water supply no doubt needs to be improved. Generally, more developed countries are better able to afford water purification systems. Improving Mexico’s economy through NAFTA will enable this effort. Crops produced in Mexico for export to the U.S. market must comply with U.S. residue standards and, therefore, cannot be sprayed with contaminated water that would taint the product. Farm Bureau would oppose any weakening of U.S. food safety laws. On the contrary, we believe that NAFTA will result in safer food both here and in Mexico.

NAFTA opponents claim:
"NAFTA will drive down U.S. farm income, reduce U.S. food safety, and in which commodities, overall farm income will increase under NAFTA."

What they're not telling you:
NAFTA will establish a minimum quantity that Mexico will have to allow in duty-free imports in the future. This level will gradually increase until there are no longer any restrictions on imports of U.S. products.

The new system is less restrictive (even with some high initial tariffs in a few cases) and guarantees a minimum level of imports from the U.S. — a guarantee that never existed before and which will expand in the years to come. In addition, the new system still allows the Mexican government to import more than the minimum level established each year to satisfy domestic demand, just as it always has.

Opponents have tried to make the minimum guarantee appear to be a maximum limit. They seem to be arguing that they would rather have the current import regime, under which the Mexican government can choose to import nothing at all (or perhaps worse, to buy it all from other countries). This makes no sense.

Of some farm products (tomatoes and dry beans, for example) by introducing high tariffs where no tariffs currently exist.

The high tariffs above the guaranteed quota are part of the import safeguard system to be used by both countries during the 10 to 15 year transition to free trade. The U.S. will have the same system for a number of products (e.g., peanuts, some winter vegetables and citrus). If we expect to use this safeguard mechanism for sensitive products, then we have to allow Mexico to use it, too. Indeed, the fact that Mexico identified potatoes and dry beans as two commodities that should use the safeguard system is further proof that Mexico cannot compete with U.S. producers and that U.S. exports will grow in the future.

NAFTA opponents claim:
"Support for NAFTA means many U.S. farmers will be forced out of business."

What they're not telling you:
Farm Bureau supports NAFTA because it will help keep farmers in business. Unless we develop new markets abroad, U.S. agriculture will face downsizing at a rapid pace and more farmers will be forced off their farms. The NAFTA was drafted to maximize the length of the transition period for products that are sensitive to import competition.

Ten to 15 years should help many producers adjust to the new competition. We also believe that farmers should be eligible for any trade adjustment assistance program that the administration intends to implement.

NAFTA opponents claim: "Maybe NAFTA will result in a net increase in U.S. jobs, but they're mainly low paying. Or the jobs created by NAFTA in the U.S. will be in high paying sectors, in which case, Americans in low paying jobs will be disadvantaged."
"NAFTA: What the Opponents Aren’t Telling You!" continued...from page 15

and have better benefits than those competing with imports.

The most important export sectors (aircraft, construction machinery, computers, engines, scientific instruments, railroad equipment and chemicals) pay 12 percent above the national average wage. By comparison, the most important U.S. import sectors pay 16 percent below the national average wage, the only exceptions being steel and autos. The creation of more higher paying jobs in the U.S. is an advantage offered by NAFTA, not a reason to oppose it.

NAFTA opponents claim:

"U.S. firms will move their operations to Mexico to avoid strict U.S. environmental laws."

What they’re not telling you:

Mexico’s General Law of Ecological Equilibrium and Environmental Protection enacted in 1988 is roughly the same as U.S. laws and regulations.

In 1992, the Mexican Congress created the Secretariat of Social Development, the government ministry charged with environmental policy formulation and enforcement — essentially the Mexican EPA.

The environmental hurdles that companies wanting to locate in Mexico will have to jump will likely be no lower than those in the United States.

Opponents say it does not matter if Mexico has strong environmental laws and regulations because they are not enforced. The track record of Mexican President Salinas suggests just the opposite.

Since Salinas took office, Mexico’s environmental budget has increased 70 percent. The number of environmental inspectors has increased to more than 300. There have been suspensions of operating licenses and closures of 1,926 facilities for non-compliance with environmental regulations.

More than 100 facilities have been closed permanently in an attempt to curb pollution in Mexico City. These are not the actions of a country unconcerned with enforcement of environmental rules and regulations.

In addition, the side agreement on the environment will provide for an enforcement mechanism.

In a proposal by a number of prominent environmental groups, the side agreement would result in the creation of a North American Commission on the Environment (NACE). One of its main functions will be to monitor the performance of countries in complying with environmental laws and regulations.

When complaints of abuse or non-compliance are made, NACE would investigate and suggest a course of action. A successful NAFTA will help Mexico continue to make progress in the area of environmentally sound resource management.

A Princeton University study indicates that pollution levels began to decrease in 42 countries when per capita GDP increased from $4,000 to $5,000. If NAFTA could boost Mexico’s current GDP of about $3,700, it undoubtedly will provide access to greater resources for environmental protection purposes.