Monsanto Roundup-Ready soybeans gaining international approval

Two key approvals for importation of Roundup-Ready soybeans into Europe and Japan should help to alleviate a great deal of the domestic controversy surrounding acceptance of the soybeans here in the U.S. by major exporters.

The European Commission has officially cleared the way for the Roundup-Ready soybeans to be imported and marketed in the 15 member countries of the European Union (EU). The decision, which is binding on all EU countries, says that because Roundup-Ready soybeans are as safe as other soybeans, they can be handled like all beans without segregation or labeling.

The EU decision covers imported soybeans only. There is not a request submitted for planting Roundup-Ready soybeans in Europe, according to a Monsanto press release.

Regulatory approval to allow importation of whole Roundup-Ready soybeans into Japan was also granted on April 1, by the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF). Under the Japanese approval, Roundup-Ready soybeans can be imported, and culminated as well in that country, based on a safety evaluation conducted by MAFF's Evaluation Commission.

Two additional approvals allowing for consumption of the beans are still needed in Japan. Food safety approval is expected this summer, following by food approval expected sometime prior to harvest.

According to Bob Boehm, the EU decision that "products containing modified soybeans do not require labeling" is significant for U.S. producers.

"The labeling issue is important because it recognizes that it's not possible to identify the modified soybeans at their components," Boehm explained. "In other words, when the Roundup-Ready soybeans are mixed with regular soybeans they remain anonymous."

Individual EU countries may still pursue labeling requirements but trade experts suggest they would be on very tenuous legal grounds. Moreover, the three countries that voted against the EU agreement - those most likely to pursue the labeling issue - represent a very small percentage of the demand for soybeans relative to the total EU market, says Boehm. "Although we may hear periodic rumblings about labeling in the next few months, such talk will represent little, if any, real substance and should be viewed accordingly," he said.

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Property owner opposition puts Upper Peninsula power line project on hold

For Delta County co-op operator and self-employed architect David Hayes, his ideal home was to be built on a bluff overlooking the 200 acres he and wife, Louene, and four children call home.

Unfortunately, after a year and $70,000 into building his dream home, it appears that spectacular view will also include a 138,000-volt power transmission line just 90 feet from the building site. Why? To have the line run 446 feet farther away would have cost him $7,000. 800 feet farther would have cost him $70,000.

Along the proposed power line project, the corridor is conveniently diverted to a railroad right-of-way to avoid crossing two federally designated wild and scenic rivers in the Hiawatha National Forest and to avoid "associated requirements and restrictions concerning adding new visual impacts to a river that are undesirable," according to Bob Miller, Wisconsin Electric principal representative of state relations.

An 80-mile power line project in the Upper Peninsula has pitted landowners and four townships against a power company to get the project halted.

While most property owners readily agree the project is needed, many are angered by the arrogant attitude and the apparent double standards exercised by Wisconsin Electric on the routing of the power line.

Wisconsin Electric, based out of Milwaukee, Wis., is installing a 138,000-volt power transmission line in a joint project with Upper Peninsula Power Co. and the Edison South Electric Co. The project includes a major upgrade of an existing substation in Manistique, construction of new electrical switching stations near Arnold and Perkins, and the transmission line to connect the switching stations with a new substation near Chandler. The project is supposed to have followed an existing pipeline right-of-way.

Approximately 90 miles of the 80-mile project have hit a snag, however, with four townships withdrawing their support for the power line project until an agreement is reached on the routing. According to Miller, when the project was originally proposed, Wisconsin Electric had suggested following three possible existing corridors, either a gas pipeline, oil pipeline or a railroad. He claims that townships voted to support the project regardless of the corridor followed.

"At the time they (the townships) issued their resolutions of support, there was no distinction on their part over whether or not one route would be acceptable or unacceptable," Miller said. "There was a general agreement that all three routes appeared to be reasonable and that they would support all three."

Local property owners, however, say otherwise. "When Wisconsin Electric approached Reneg Township, they showed a map of the power line going through forest land," contends Christine...
President

Ominous rumblings about food prices

The news media has started doing a few alarming stories about the possibility that high grain stocks, combined with heavy exports, over the short crop year, could cause a big jump in food prices in 1996. The media and general public's growing concern about food prices is tanged up with fear and misinformation about the impact of the new farm legislation. People outside of agriculture are getting a distorted picture of the farm bill. They hear that given farmers a "lucrative" government payment regardless of what they grow, but they don't hear or recognize that the transition payments are phased-out over seven years and that farmers have given up significant financial risk. There are two reasons why choice of who grow food should be very concerned about a food price scare. First, all of it, there's the danger that consumers will blame farmers for the price hikes. Many of you may remember the "beef boycott" of the mid-1970's where groups would raise prices everywhere else. The combined company intends to continue the partnership between Farmland Industries, Pioneer Hi-Bred International, and other companies to develop high-quality seeds that will provide for the USDA's ethnic programs. The sale is still subject to closing details, including financing. It's expected to close within a couple of months. If completed, the deal would give DTN, based in Omaha, Neb., more than 30,000 farm data agriculture customers, bringing DTN's total in the agricultural sector to more than 100,000. The combined company, headquartered in Des Moines, Iowa, was formed in the fall of 1990 as a partnership between Farm Industrial, Pioneer Hi-Bred and A&C Information systems. The distribution network of the farm data industry will be changed. The new distribution system will be called DTN. No terms of the deal have been disclosed.

New state statistician

David D. Klewe became the new Michigan state statistician for the Federal/State Michigan Agricultural Statistics Service (MSS) on March 31. MSS is jointly funded by the Michigan Department of Agriculture and the United States Department of Agriculture National Agricultural Statistics Service. The new MSS office at Lansing provides current agricultural acreage, yield, production, inventory and price information for the state of Michigan. Klewe is a native of the Pacific Northwest, having grown up on a cattle ranch and in farm living in Washington. He has been employed by the National Agricultural Statistics Service since 1973. Dave comes to Michigan after serving the last four years as state statistician in Alaska. He has also worked in Missouri, Washington, D.C., California, and Washington. Dave is a graduate of Washington State University and did graduate work in mathematical statistics at Oregon State University. Dave comes to Michigan with great anticipation. Many similarities exist between Michigan and diverse agriculture and Washington, where he was raised. But regardless of the state, agriculture faces many new challenges. With food prices soaring, challenges can become a major opportunity for changes that yield workable solutions. An old proverb says, "A man's judgment is no better than his facts." Providing timely, reliable, technical, agricultural information is the mainstay of the new state statistician position. Please call Dave at 517-455-7301, if you have any questions or concerns.

Wheat crops to be destroyed in two states — Cost to reach over $9 million

The government is ordering the destruction of another 20 million bushels of wheat in Arizona and Texas because the crops were found to be infected with the Karnal bunt fungus, according to the Agricultural Department. USDA said some of the growers' losses may be covered at the rate of $900 per acre. However, these prices depend on farmers collecting crop insurance payments. In total, USDA estimates that it will spend $9 million to destroy wheat acres, and another $15.1 million to contain and control the Karnal blast outbreak. In Arizona, USDA plans on having 70 employees working on Karnal blast by mid-April. In addition, the Arizona Department of Agriculture has created 250 new positions to monitor the state's wheat acres as Karnal blast grows under this state. 

Vegetarianism on the rise in Great Britain

Vegetarianism is on the rise in Great Britain due to the mad cow disease scare, according to the Associated Press. The London-based Agricultural Society said it has been receiving more than 600 calls a day from people interested in learning more about vegetarians due to fears of eating tainted meat. According to the latter, the last 18 years has seen the largest number of "vegetarian" people, said Steve Conner, society spokesman. The purchase of vegetarian cookbooks also has increased. The USDA reported a 50 percent increase in sales of vegetarian cookbooks during the last two weeks. However, some in the country that have not given up their traditional beef-eating ways, thousands have been heading to British supermarkets to purchase beef at slashed prices. Savory— one of the two largest grocery chains in the country — sold out of beef last weekend due to price cuts.

U.S. fruit orchards face deadly virus epidemic

U.S. fruit orchards have been scored infestation of a deadly virus — plum pox — that is attacking fruit trees throughout the nation. According to the Agricultural Research Service, dendroceres have devised a potential remedy in the event that the disease enters the United States. After five years of testing, USDA's Agricultural Research Service has developed a genetically engineered plum virus that appears to be resistant to the virus. It is good to know that we now have some control strategies ready if plum pox hits our orchards," said Ralph Glickman, an entomologist with the Agricultural Research Service. The genetically engineered trees now will be tested further in Central Europe, Scora said. Additional tests will be undertaken in the United States to improve the overall fruit quality of the new tree line.

Corn futures fuel inflation worries

Corn futures reached an all-time high early this week, generating a sharp across-the-board surge in commodities and prompting market analysts to issue warnings on inflation and the economy. According to William Smith, of the Chicago Sun Times, the bull market in corn, along with recent increases in crude oil and precious metals, suggests that prices may be heading upward, diminishing the chance that the Federal Reserve will lower interest rates. Commodity prices are one of a few factors used to determine the trend and inflation rates. Bond traders, who understand commodities' impact on raw material prices, have been alarmed by the upward trend in commodities prices. The rise could put pressure on bonds. The price of corn, especially, seems to have surged recently because of extremely low stockpiles and increased exports. Monday's closing price for corn for May delivery was $4.35 a bushel, the highest price ever on the Chicago Board of Trade. 

Supply fears fuel breaking of record prices

Near panic about tight supplies LED to record highs for wheat and corn futures on the Chicago Board of Trade. Soybean futures also rose sharply in response to the shortage. For six straight days, corn futures reached all-time highs before falling back late last week. Wednesday. U.S. Agriculture Secretary Dan Glickman, in response to reports of extensive frost damage to soft red winter crops in Illinois, Indiana and Ohio. This year's soybean harvest was the lowest in 12 years, low corn and soybean supplies and the jump in the future prices. U.S. Agriculture Secretary Dan Gillickman has been encouraged recently to move prices for explosive corn as a result of supply shortages. 

How does corn equte today?

With corn prices reaching record levels over the last couple of weeks, outside of the agriculture industry think that the corn market is getting out of control. That's just not so, according to the York, Neb. News Times newspaper, which says nearly 95 percent of the nation's restaurants are purchasing their harvests and even with the 5 percent or so remaining, it would take a lot more corn to cover high input costs. Central Nebraska corn farmers Ed Bembak said in a News Times story that 1974 — the last time corn reached the $4 level — a farmer needed to sell $8,750 bushels to buy a new combine. A similar purchase in 1996 would require a farmer to sell $31,250 bushels. According to Dine Chevrolet, could be purchased in 1974 with profits from 1,575 bushels of corn, but Bembak said a 1996 Chevrolet would cost up the entire contents of a 1,575 bushel grain bin. Something to think about.

High corn prices force ethanol production cutoff

Due to record corn prices, the Archer Daniels Midland (ADM) announced it would cut back on ethanol production. ADM said it would cut back on ethanol production when corn prices drop to "reasonable levels." May corn on the Chicago Board of Trade (CBOT) last week closed at $3.97, $.07 over the CBOT starting futures price in 1973. The real-time futures were being traded at $3.95 a bushel.

Corn growers file moral rights complaint

Florida tomato growers file complaint

Florida Agriculture Commissioner Bob Crawford has announced that the state will back tomato growers in a complaint to the International Trade Commission and the Commerce Department asking for remedies to Mexican tomato dumping. Crawford said: "This is just another part of the normal market forces. The cutback in production would equal approximately 190 million bushels over a year-long period. ADM prices are at the break-even point for ethanol production.

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Michigan Farm Data to be sold to DTN

Bucharest Farmers, the company that supplies the Farm Data service, has agreed to sell, in principle to be acquired by Data Transmission Network (DTN), as a major competitor in the electronic news. The combined company intends to continue offering both Farm Dayta and DTN news services. The deal is subject to closing details, including financing. It's expected to close within a couple of months. If completed, the deal would give DTN, based in Omaha, Neb., more than 30,000 farm data agriculture customers, bringing DTN's total in the agricultural sector to more than 100,000. The combined company, headquartered in Des Moines, Iowa, was formed in the fall of 1990 as a partnership between Farm Industrial, Pioneer Hi-Bred and A&C Information systems. The distribution network of the farm data industry will be changed. The new distribution system will be called DTN. No terms of the deal have been disclosed.
The Michigan Aquaculture Development Act was passed by the Michigan House on June 27, 1995. This act has two main goals: to protect the environment and to promote the development of the aquaculture industry.

The act establishes a regulatory framework for aquaculture activities, including the establishment of a licensing system. Aquaculture operations are required to obtain a license from the Department of Agriculture, which issues licenses to businesses that meet certain criteria.

The act also establishes a permit system for aquaculture operations, which includes the issuance of permits to conduct aquaculture activities. The permits are issued by the Department of Agriculture and are subject to certain conditions, including the requirement that the applicant be able to demonstrate the financial ability to carry out the proposed aquaculture activities.

The act provides for the establishment of an aquaculture research and development program, which is funded through an annual appropriation. The program is designed to support research and development activities in the aquaculture industry, including the development of new fish and shellfish species, the improvement of production methods, and the development of market opportunities.

The act also establishes a public relations program, which is designed to promote the benefits of aquaculture to the public. The program includes the issuance of brochures, the development of educational materials, and the provision of information to the public about the benefits of aquaculture.

The Michigan Aquaculture Development Act is an important step in the development of the aquaculture industry in Michigan. It establishes a regulatory framework that will help to ensure the sustainability of the industry, and it provides for the development of the industry through research and development activities.
The overall seriousness of weed problems may be related to management practices used when the land was idled, Loux said. "The problem is that fields have been managed in various ways," Loux said. "What helps favorably is if it’s been mowed every year in the program. Although annual mowing keeps down brush and small trees, it might not have been enough to handle perennial broadleaf weeds that thrive in undisturbed soils. In addition, CRP rules required farmers to keep the land in cool- or warm-season grasses or legume mixtures, which will need to be burned down.

As for continuing weed problems, much depends on the buildup of weed populations when the land was idled. Loux said. Left undisturbed, weeds, such as giant foxtail, spread seeds across the field, leaving a "pretty good seed bank," he said. "It all depends on how messy it was before you go in there and on how good a job you do on weed control," Loux said. "Do what you have to do for weed control." Generally, expert high populations of giant foxtail in lands converted from CRP to crop production. Control preplant weed escapes with postemergence chemicals. An economical approach for controlling foxtail in soybeans would include a preplant application of either Presto, Campfire or Fos Semtex to control grasses, followed by a postemergence treatment such as Select, Assure, fusion or Post Plus for later-emerging foxtail plants. Postemergence options for grass control in corn include Atrazine or the use of Post Plus on one of the new cyhalomun or thifensulfuron-methyl hybrids. "Sign-up dates and other details of this early offer will be announced after the ruling-making process is completed," said U.S. Agriculture Secretary Dan Glickman. "We will make an announcement on options to extend expiring CRP contracts before the early-out sign-up period begins, allowing producers all of the information they need to make the CRP decisions."

Ohio State University Extension has issued Fact Sheet AGF-024, "Converting CRP Land to Crop Production," with detailed recommendations for converting CRP land to production uses. The fact sheet was developed before the USDA announcement and is based on a Sept. 30 contract expiration date. The publication is available on Ohio State Extension's Office home page on the World Wide Web (http://www.ag.ohio-state.edu/ohipline).
Uniyroal Chemical voluntarily removes several crop uses for miticides.

Reporting to constituent Uniroyal Chemical Corp. announced today it has voluntarily canceled registered uses of its propigetiee miticide on apricots, apples, peaches, pears, cranberries, strawberries, green beans, lima beans and figs. This action is being taken to reduce dietary exposure as requested by the United States Environmental Protection Agency (EPA), using EPA's current risk assessment model. Existing stocks of propigetiee products will be marketed by the company, and new labels will be placed on the hands of growers and pesticide applicators.

Even though our research showing propigetiee is safely available for use on these crops as shown by the results of our studies, it is not yet completed, Uniroyal Chemi-
cal is acting now to assure consumers that their food is safe and healthy, and that they do not need to be concerned, says John Westcott, worldwide business director for insecticides at Uniroyal Chemical. "Propigetiee is an important insecticide management (IPM) tool in the growers battle against mites and the damage they can cause to crops quality and yield," he said.

This particular time to alert concerned growers may have about whether propigetiee will be available to them this growing season. By removing these uses, we know growers have been assured they can order for their harvest this season.

MICHIGAN FARM NEWS
April 30, 1996

Managing the conversion of CRP to cropland

developed by Dr. George Rankin, Technical Agronomist, Northwest King.

As Conservation Reserve Program (CRP) contracts expire, the 20 million acres enrolled in this program will return to row crops. With present provisions for early exit and current grain prices, 1 to 5 million of the 15 million acres planned for harvest this fall are expected to be cropped this year. These acres present significant opportunities, but there is a downside. A grower’s ability to keep in mind the constraints in these fields are likely equally different from those on acres currently in production. Presently, commercial interests and the policies in these fields more rapidly, and, under no till or reduced tillage systems the rate is slower.

Uniyroal Chemical also announced that its AgroDL should be used to reduce the risk for population and for agri-culturalists, plantings of selected insecticides and herbicides.imer and more moist soils can make planting and tillage operations more difficult. Wireworms, white grubs and other soil-inhabiting insects associated with these crops will be more of a serious in these fields. Therefore, a substantial amount of residue will be left when the fields are ready for the next crop.

Strip Tillage may be a Better Option for New Croppers

Strip tillage is a more intensive preparation than conventional tillage. It is limited, however, in situations where strip cropping is the situation that clearing the area over the seed slice for corn will increase the soil temperature, improve the rate of emergence and result in higher yields. The response to starter fertilizer will be lower in winter than the yield potential of a substantial portion of the residue. The use of cortisone would be advisable in the first half pay-

One of the traditional challenges in sod fields is managing the herbicide residues. The use of controlled burning to control weeds should be considered if you will be planting a large acreage. Reducing planting speed or increasing planting depths slightly may also be necessary to get satisfactory results. Plants hybrids with early maturity ratings than the standard hybrids may be more tolerant to weeds.

While there is less data available for the higher mowers, the seeding will be more variable with this approach, however, land charge would be underwritten by the first half pay-

With less than 5% slip and 85% tractive efficiency. With less than 5% slip and 85% tractive efficiency. With less than 5% slip and 85% tractive efficiency. Nine years of proven performance. Nine years of proven performance. Nine years of proven performance. Nine years of proven performance.
Market Outlook

By Dr. Jim Hilkert, Department of Agricultural Economics, Michigan State University

CORN

It's cold or warm? It is wet or dry? Or, are planting and growing conditions great across the Corn and Soybean Belt? New crop prices will continue to jump around until the market gets a better handle on what acreage and yield may be, and that will be the beginning of July — at the earliest. As can be seen in column 2 of Table 1, we have pushed 1995-96 projected ending stocks down as low as possible.

The USDA did make some significant changes in the 1995-96 supply/demand report (shown in Table 1), released April 11, based on the stocks report and the Hogs and Pigs report. The feed use projection was increased 100 million bushels, to 4.7 billion bushels, based on corn already fed and animal numbers for the remainder of the year. The feed, seed and industrial use projection was lower.

Seasonal Commodity Price Trends

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<tr>
<td>Soybeans</td>
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</tr>
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COMMODITY PRICE TRENDS

Table 1 - Corn

<table>
<thead>
<tr>
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<tr>
<td>Beginning stocks</td>
<td>850</td>
<td>1,255</td>
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<tr>
<td>Production</td>
<td>7,475</td>
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<td>Imports</td>
<td>10</td>
<td>15</td>
<td>13</td>
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<tr>
<td>Total supply</td>
<td>9,063</td>
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<td>1,169</td>
<td>1,630</td>
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<tr>
<td>Total domestic</td>
<td>7,228</td>
<td>6,330</td>
<td>6,625</td>
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Table 2 - Wheat

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WHEAT

The USDA also made some significant changes in their 1995-96 supply/demand projections. The new projections are shown in Table 2. Food use was raised 10 million bushels, exports 25 million bushels, and ending stocks were lowered by the total. The 12.4 percent shortage to use to figure is extremely low and will keep prices high at least until harvest. But it is not clear prices will fall at harvest.

Projections for both the number of acres that will be harvested and the yields for wheat keep falling. Conditions in the wheat growing areas continue to be very poor. The one exception to that is the white wheat conditions in the state of Washington, which appear quite good. I have now lowered my wheat yield projection to 5 bushels under trend and lowered harvested acres 400,000 acres (1 percent). The bottom line, as shown in column 3 of Table 2, is that the situation stays almost as tight as this year.

New crop wheat prices over 5 are very good prices. Consider pricing some of your new crop at these levels if you have not priced any up to this point. Then be ready to price a bunch if prices on the September futures rally toward 6. Remember, price into the rally. Whether you price any before harvest or not, the main income worry this year will be yields. I can't forecast prices in any scenario before or during harvest.

SOYBEANS

The USDA also shows 1995-96 soybean export projections being 15 million bushels under and seed use 5 million bushels higher than previously thought, although they lowered their crush projection 10 million bushels lower, lowering expected ending stocks 10 million bushels. These estimates are shown in column 2 of Table 2. A total of 100 million bushels of soybeans left over is sufficient, but it certainly doesn't help our new year's supply. I have increased my estimate of soybeans planted for the 1996-97 crop year (Table 3, column 5) by 300,000 acres. Again, these beans will be gained from CRP acres, bad wheat acres, and an increase in double-cropping with these high prices. However, this did not increase my estimate for next year's supply, rather, it just made up for the 17 million lower beginning stocks. As shown, there is little reason to believe the soybeans situation will change much this year. Production should be 16.50 even at harvest.

Looking at new crop forward contracts, we can not only do a lot better than that, but we can lock in very good prices for harvest delivery. Again, the advice is the same — consider pricing some now if you have not already, and have pricing objectives in place for more, so that when you are out planting this spring you don't miss them.

HOGS

The USDA revised their second quarter pork production estimate to 1 percent below a year ago. In their analysis and mine, this translates into a 1 percent in the first quarter, which is very close to what the USDA is saying production is expected to be up 2.5 percent, which translates to $46-52 per cwt. This is somewhat lower than July and August futures. The reason for this is the trade is exporting less, probably 1-2 percent. If you haven't already, consider locking in prices on some of your production if futures have not fallen sharply from mid-April levels.

Further production is expected to be up only marginally and the USDA expects prices in the $49-50 area. When compared to last fall, that is quite good, but the futures were offering higher prices. Again, consider forward pricing some of your fall production if you can get a decent basis and a good price.

Total pork production for 1996 is expected to be up a bit as a first quarter production was down 4 percent this year. With that in mind, the crush per person is expected to drop from 25.5 pounds to 17.4 pounds of retail weight.

CATTLE

Beef production is expected to be up 2-3 percent in 1996; however, the big increase was the 7 percent in the first quarter. The remainder of the year is expected to be up 2-3 percent. High corn prices may lower some. High cow slaughter is increasing production some now, but will mean less southwest beef and 197c in 1997.

Second quarter production is expected to be up 2 percent. The USDA feels this should mean prices in the $60-65 range. While these prices are possible, the market is fighting it. Third quarter production is expected to be up 1 percent with prices in the $60-65 range. While these prices are possible, the market is fighting it. Third quarter production is expected to be up 2 percent with prices in the $65-66 range. See how these numbers match up with the Cattle on Feed Report released April 19.

More new livestock buildings on the horizon at MSU

A new animal science and research center, a poultry building, a new facility for dairy cattle metabolism research and renovations to the beef cattle research center are the next installments in the $10 million modernization of Animal Agriculture Initiative at MSU.

The new swine facility will use state-of-the-art technology to enhance industry education, research and public service. The facility will be the first of its kind in the country.

Anthony Hall renovations on schedule

Animal science faculty and staff members toured Anthony Hall in early March and report that all is going well. Internal walls are being finished and noticable progress can be seen in the new manure handling system. Demolition of the dairy plant, which was started on December 10, has been completed, and construction on the new milking and dairy facility is continuing. Plans to remodel the third floor of the building are being considered. This remodeling project is very well on schedule. Completion is slated for summer 1997.

MICHIGAN FARM NEWS

April 30, 1996
1995 financial results for measuring profitability

Also in Table 1, we see that returns for unpaid labor and management (your own time) ranged from a positive $147,997 to a negative $39,433. Because these averages are sorted on the basis of profitability, they show comparative returns for the best to the worst. They can be thought of as the "wage" that all unpaid family labor earned on your farm. You might compare it with what you would earn if working off the farm. Unpaid time included is approximately equal to 1.5 to 2 full-time people. To know your own results, again, your total return is for the use of your time and your money. By knowing your net farm income (total return), we can subtract the value of either your time or money, and end up with the other. I'm oversimplifying it a little here, but I'll give you the basics. For Return on Assets, start with your net cash income, and adjust it for changes in inventories, accounts payable/receivable, and subtract a reasonable depreciation in order to find your total return. Next, add back the interest expense in order to arrive at the return on all assets (your plus the banker's). Then, subtract an estimated value of your family labor. Last, divide the result by the value of your assets, and the result will be your Return on Assets. For Return to Unpaid Labor and Management, simply begin with your total return, and subtract a reasonable interest charge on your net worth. We used a 6 percent charge in our calculations. That leaves us with the conclusion that, instead of the type of farm determining the results, management determines the results.

Table 1 — 141 Michigan Farms: 1995 Farms Management Chart

<table>
<thead>
<tr>
<th>Category</th>
<th>Top 25%</th>
<th>Upper 25%</th>
<th>Lower 25%</th>
<th>Bottom 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average of Return on Assets</td>
<td>15%</td>
<td>7%</td>
<td>-2%</td>
<td>-5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$188,948</td>
<td>$60,607</td>
<td>-$2,975</td>
<td>-$39,433</td>
</tr>
</tbody>
</table>

With this in mind, consider Table 1, which shows the results from farms of all types throughout Michigan. From it, we can see that returns on the farmers' money averaged 15 percent for those in the highest group. The lowest group lost 5 percent on their money. These numbers can be compared to what might have been earned if their assets had been sitting in a savings account or some other investment.

Gray leaf spot development: prevention in corn

Gray leaf spot, a fungal disease of corn, made itself apparent last summer in a lot of fields in Cass and Kent counties, as well as other counties in Branch and Monroe counties. The disease was also found in fields in Montcalm, Ionia, and Saginaw counties, but it was difficult to detect. Patrick Hart, Extension plant pathologist at Michigan State University, says the disease tends to show up late in the growing season (after plant anthesis) and while it does not reduce yield directly, it may predispose the plant to other diseases. Hart says that research reports indicate that tillage, or lack of it, can influence the rate of disease development and its severity. Gray leaf spot is more severe when tillage practices leave corn residue on the soil surface and when corn-corn rotations are practiced. Hart says, "Conventional tillage and rotation with soybeans or small grains reduces the incidence of the disease."

Because gray leaf spot development is so dependent on the environment, it is impossible to predict the potential for a disease outbreak in 1996, Hart says. However, he recommends that farmers in southwest Michigan where the disease was severe, growers consider crop rotation and conventional tillage as a precautionary measure against disease development. Variety selection is also important, and seed dealers should be consulted for information on gray leaf spot resistance and susceptibility in specific hybrid varieties, Hart adds.
**Weed Strategies**

Dr. Karen Renner, Department of Crop and Soil Sciences, Michigan State University

In March 1996, Frontier was granted registration of Frontier for use in dry beans (and sweet corn, peanuts, and grain sorghum) on March 12, 1996. The application rate for Frontier should be 13 oz/acre if the CEC is less than 5 and 16 oz/acre (label reads 14 to 20 oz/acre) if the CEC is 5 to 9. If the CEC is 10 to 14, the application rate of Frontier should be 20 oz/acre (label reads 18 to 22 oz/acre). These rates are the same as Frontier application rates in corn and soybeans.

### Application Rate and Rate

Frontier can be applied preplant incorporated on medium and heavy soils and should NOT be preplant incorporated on coarse-textured soils. Preemergence applications are recommended on all soil types. If no rain occurs in 5 to 7 days following a preemergence application of Frontier, the field should be rotary hoed, but the hoe kept shallow. There is a postemergence label for Frontier on dry beans (through third trifoliates) but we have not applied Frontier postemergence in Michigan.

I would expect dry bean tolerance to be good (some leaf crinkling) but Frontier would not control grasses and other weeds that have emerged at the time of application. We will research postemergence applications in 1996. The application rate for Frontier should be 13 oz/acre if the CEC is less than 5 and 16 oz/acre (label reads 14 to 20 oz/acre) if the CEC is 5 to 9. If the CEC is 10 to 14, the application rate of Frontier should be 20 oz/acre (label reads 18 to 22 oz/acre). These rates are the same as Frontier application rates in corn and soybeans.

### Dry Bean Tolerance

Dry edible beans are more tolerant to Frontier than to Lasso. Kidney, cranberry, small red and photo beans are tolerant to Lasso, Dual, or Frontier.

Tolerance of navy beans and black turtle soup beans varies by variety, with some varieties (Mayflower, T-29, Midnight) being more tolerant to Dual. Variety testing was completed in the greenhouse and has not been repeated in the field. Early season injury to certain varieties of navy and black turtle soup beans will be greater, compared to Dual, if Frontier was applied under conditions of high moisture.

### Weather Conditions

Weather conditions will influence how well Frontier controls weeds and the dry bean tolerance. It takes less rainfall to activate preemergence applications of Frontier (5/8" of rain). Under conditions of high rainfall, Frontier will control season-long grasses longer than Dual.

### Have you ordered your Crop Advisory Team Alerts?

How would you like a team of experts to rely on for agronomic information during the upcoming growing season for timely pest and weed control information and warnings? Better yet, how would you like that service for just $30 for the entire growing season? Michigan State University’s Crop Advisory Team Alerts or CAT Alerts could be the answer!

Each issue of the CAT Alerts offers advice targeted for the current growing conditions. By subscribing, you’re able to make better-informed decisions that will keep your work profitable and efficient. The CAT Alerts are available in four editions: fruit, vegetable, field crop and landscape. Each is published weekly at the start of the growing season and then switches to every-other-week in late July or August, depending on pest activity. Subscribers can choose from mail or fax services.

The fax service is generated through the MSU Extension Van Buren County office. In addition to receiving the Alert, fax subscribers also have access to the alert on seven dates for teams of experts, including a toll-free number that provides them automated document request services for requesting specific documents via fax.

Those documents include a variety of weather information and Extension Bulletins, including pest control recommendations. Regional pest/crop status reports are also available. All fax-related services are available 24 hours a day.

To subscribe, fill out the attached subscription form and mail it with your check (made payable to Michigan State University) to: CAT Alerts, Bns 11 Ag Hall, East Lansing, MI 48824-1199. For additional information or assistance, call (517) 355-0117.

### 1996 CAT Alerts Subscription Form

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  - **Field Crop Alert:** $30
  - **Vegetable Alert:** $30
  - **Landscape Alert:** $30

- **Total amount enclosed:** $30

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- **Address:**
- **City:**
- **State:**
- **ZIP:**
- **Phone:**
- **County:**
Weather Outlook
by Dr. Jeff Andresen, agricultural meteorologist, Department of Geography, Michigan State University

For much of the past several weeks, a persistent troughing pattern over the Great Lakes region has led to a series of cold, polar-origin air masses moving southward into Michigan, resulting in below-normal temperatures and, recently, much lower-than-normal growing degree day accumulations.

Recently, however, medium-range forecast guidance has begun to suggest that this pattern will gradually change to a more southerly orientation across the Midwest during the next few weeks. This would lead to more seasonable temperatures and, perhaps more importantly, above-normal precipitation in association with an active storm track.

Given the availability of cold air at higher levels of the atmosphere, this type of pattern is frequently associated with severe weather outbreaks in the Midwest. Outside of Michigan, note that the near term jet stream pattern mentioned above should also bring rainfall back to sections of the southern Great Plains, which have been stressed by persistently dry weather for much of the past few months.

The National Weather Service long-range outlooks continue to call for near equal probabilities of below-, near-, and above-normal temperatures and precipitation. Looking further ahead into the summer season, the NWS long-term outlook calls for near equal chances of below-, near-, and above-normal precipitation, but odds to favor above-normal temperatures.

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Precision Agriculture

by Neil R. Miller

Twenty years ago, I worked with a 75-year-old Mennonite farmer named George Martin. George was about as conservative and traditional as they come. But nonetheless, 20 years ago George was practicing what today's trade magazines talk about as the agriculture of tomorrow: site specific management.

George never bought a tractor. He farmed with horses and a walking plow till the day he died. So every year he literally walked every square foot he farmed. As he plowed, George saw every broken tile, every washout and every weed problem on his farm. One weed he kept a particular watch for was red sorrel. George knew that wherever this weed started spreading, the soil needed lime. He never saw a new soil test, but when he saw a patch of red sorrel establishing itself, he spread lime on that spot. He was practicing site specific lime application.

Site specific management (SSM) did not begin with the introduction of the personal computer or the launching of the first GIS satellite. In fact, you're practicing SSM whenever you manage one part of your farm differently from the rest because of its unique characteristics. SSM is possible now, with conventional equipment knowledge of the land you're farming, and a commitment to good management practices.

Last August in a workshop we held in Gales, Mich., developed the following list of "Conventional Site Specific Management" practices:

- Varies rates and spot applications of lime and fertilizers
- Varies analyses of fertilizers
- Spot applications of manure and sludge
- Varies rates of applied herbicides based on soil and soil texture
- Spots sprays and herbicides
- Varies rates of planting
- Varies varieties/hybrids according to soil type, planting date, etc.
- Random tillage

How effective are these practices?

I'd illustrate how variability in pH and potash levels can be reduced significantly using conventional SSM. The farmers involved have a high commitment to good management, and do not hesitate to vary rates between and within fields, nor to skip spots that already test high. With conventional fertility management, SSM is easiest when broadcast fertilizers are applied. Constraints to conventional SSM include:

- A lack of good information on field variability, equipment limitations (e.g., on no control from one cab), and the increasing complexity of most farm operations. We have had clients who gave up trying to manually adjust starter rates on their planters. There were simply too many other variables to keep track of while planting, and in large fields it was difficult to follow fertility maps with adequate precision.

GIS technology will resolve some of these problems by increasing the precision of positioning and allowing computers to adjust rates according to a predefined prescription. Be aware, however, that high tech equipment will not remove the need for good management. In fact, it will introduce a whole new level of demands for calibration, data managing, etc. The biggest concern to SSM using any technology is the farmer's commitment to good management. Keep this in mind this spring as you calibrate your equipment and plan where and at what rates you will apply your inputs. The place to begin using SSM is with your existing equipment. The time is NOW!

Use site specific management now!

Figure 1: The range of soil pH values on this farm in St. Clair Co. was reduced significantly using conventional equipment to vary rates and spot-apply lime. Each line represents one ten-acre sample tested in 1991 and retested in 1994.

Figure 2: The range of soil potassium test values was reduced significantly after just 3 years of conventional SSM on this farm in Shiawassee Co. Each line represents one ten-acre sample tested in 1991 and retested in 1994.

Alamo locations are popping up everywhere.

When traveling in the United States, Canada, or even Europe, you won't have to look far to find Alamo Rent A Car. With over 120 locations in the United States and Canada (75 of which on airport), and more than 70 locations in Europe, there will always be an Alamo location near you. As a member, you are entitled to discounted daily, weekly, and weekend rentals, special coupon offers, as well as all the privileges of Alamo's frequent flyer program.

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Eating blueberries with those carrots

Eaters of children, you're taught that carrots and blueberries are beneficial for your health. Now, a study by researchers at Agriculture and Agri-Food Canada, USDA's northern counterpart, finds that blueberries have positive effects on eyesight. The study also finds that the berries' potent antioxidants help in the treatment of diabetes, inflammatory joint disorders, blood vessel disorders, and certain types of cancer.

Low bush wild blueberries are native to North America and are harvested commercially in Maine and eastern Canada. Their deep blue color, intense flavor and small size are unique. According to the United States Food and Drug Administration, they are an excellent source of Vitamin C.
Almost 600 farmers participated in study about manure management practices and their relation to the Michigan Right-to-Farm Act.

The results of a recent survey of livestock operations found that approximately 80 percent of the respondents knew they were required to operate under generally accepted agricultural and management practices in order to gain protection from nuisance lawsuits under the Michigan Right-to-Farm Act (MRTF).

In the fall of 1994, 596 farmers from 60 counties in Michigan participated in a manure management practices survey in an effort to enhance the growth of Michigan animal agriculture, "explains Kevin Kirk, MFB commodity specialist and coordinator of the survey. "The survey answers questions about livestock and poultry producers' level of knowledge about manure management practices," stated Maynard Hogberg, chairperson of Michigan State University's Animal Science Department, "We now know where to concentrate our educational and research efforts."

Michigan Right-to-Farm Act knowledge

About two-thirds of the farmers in the survey were familiar with the generally accepted agricultural and management practices for manure adopted under the MRTF Act.

The results indicate to Michigan State University's College of Agriculture and Natural Resources where additional education is needed for producers," said Kirk. According to Kirk, awareness of MRTF Act was observed to be the greatest among poultry farmers (95.1 percent) and large dairy farmers, while large horse farms owned the least aware. Owners of small farm operations were less knowledgeable overall than owners of large farm operations.

The majority of the farmers (66.5 percent) were unaware that the Michigan Department of Agriculture could document and consider a farm protected under MRTF if it was following the recommended practices.

About 50 percent of those surveyed felt manure could be applied to frozenground while 49.8 percent were familiar with the Generally Accepted Agricultural and Management Practices for Manure Management Practices that they test the nutrient content of manure, according to the study. Only 21 percent of those surveyed reported that they test the nutrient content of manure, according to the study. According to the study, 60 percent test their land over five years, while 16.5 percent have never tested the soil. The largest segment of the study that did not do any soil testing was large horse farms, with 60 percent not even having their fields soil-tested.

Nutrient values and the need to test your manure

"Recycling plant nutrients from the crop to animals and the soil for growth of crops again is an age-old tradition," explains Kirk. "Depending on the species of animal, 70-80 percent of the nitrogen (N), 80-95 percent of the phosphorus (P), and 80-90 percent of the potassium (K) end up as feed. As feed will be recycled in the manure and therefore be available for recycling to soils."

Only 21 percent of those surveyed reported that they test the nutrient content of manure, according to the study. Turkey operators, local feedlots and large dairy farms were the most common farms utilizing nutrient testing.

The Importance of EyeCare.

According to Kirk, the most common practice utilized to control odor was to avoid spreading near neighbors homes, and on weekends. "The farmers who avoided spreading manure on weekends and holidays the most were large-dairy farms and large swine farms," Kirk said. "Incorporating liquid manure into the soil followed by the most widely used practice to reduce odors," he adds.

Survey results indicated that over the past five years, almost 17 percent had received a complaint about their manure management practices. Of those complaints, 43 percent were odor complaints and 21 percent were complaints about the location of the manure application. Other complaints were about manure spillage, runoff and the time of application.

Practices to control odors

According to Kirk, the most common practice utilized to control odor was to avoid spreading near neighbors homes, and on weekends. "The farmers who avoided spreading manure on weekends and holidays the most were large-dairy farms and large swine farms," Kirk said. "Incorporating liquid manure into the soil followed by the most widely used practice to reduce odors," he adds.

Findings of manure management survey revealed

Survey Participants

<table>
<thead>
<tr>
<th>Species</th>
<th>Animal units</th>
<th>Surveys sent</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy, Milksows</td>
<td>25-149</td>
<td>276</td>
<td>91</td>
</tr>
<tr>
<td>Dairy, Milksows</td>
<td>150+</td>
<td>279</td>
<td>117</td>
</tr>
<tr>
<td>Swine, Hogs</td>
<td>100-499</td>
<td>256</td>
<td>86</td>
</tr>
<tr>
<td>Swine, Hogs</td>
<td>500+</td>
<td>257</td>
<td>85</td>
</tr>
<tr>
<td>Beef, Beefcows</td>
<td>10-49</td>
<td>53</td>
<td>24</td>
</tr>
<tr>
<td>Beef, Beefcows</td>
<td>50+</td>
<td>58</td>
<td>28</td>
</tr>
<tr>
<td>Beef, Feedlots</td>
<td>50-399</td>
<td>52</td>
<td>22</td>
</tr>
<tr>
<td>Beef, Feedlots</td>
<td>400+</td>
<td>55</td>
<td>23</td>
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<tr>
<td>Sheep</td>
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</tr>
<tr>
<td>Sheep</td>
<td>200+</td>
<td>56</td>
<td>30</td>
</tr>
<tr>
<td>Horses</td>
<td>5-14</td>
<td>49</td>
<td>11</td>
</tr>
<tr>
<td>Horses</td>
<td>15+</td>
<td>59</td>
<td>15</td>
</tr>
<tr>
<td>Poultry</td>
<td>3000+</td>
<td>38</td>
<td>24</td>
</tr>
<tr>
<td>Turkeys</td>
<td>100,000+</td>
<td>10</td>
<td>5</td>
</tr>
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</table>

Frequency of Manure Nutrient Analysis

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
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</thead>
<tbody>
<tr>
<td>Farm Publications</td>
<td>300 114 45 11 1</td>
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<tr>
<td>Association Publications</td>
<td>26 64 112 71 35</td>
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<tr>
<td>Extension Publications</td>
<td>161 173 67 11 5</td>
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<tr>
<td>Government Publications</td>
<td>18 41 69 87 56</td>
</tr>
<tr>
<td>General News Media</td>
<td>23 43 55 47 114</td>
</tr>
</tbody>
</table>

Prioritized 1, 2, 3, etc., 1 being most important.

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Fuel injection maintenance can keep a tractor smiling

Putting off routine tractor servicing can be devastating.

C
case in point: fuel injector inspection and maintenance. The average cost for inspection and service of a diesel engine’s fuel injectors is about $200 and takes between three and five hours, said John Strangberg, Case Corp. farm equipment service manager.

“Neglecting this inspection can lead to engine damage that can easily cost upward of $5,000 and a whole lot of time in the shop,” he said.

While most equipment operators know there is some danger in neglecting routine maintenance and inspections, some do it anyway.

“Neglecting it and not doing it right can be devastating,” Strangberg said. “Your truck is coming up, you know it’s for your own good, but there are about one hundred other things you could be doing at home.”

It’s not until something goes wrong that could have been prevented that a person realises a little prevention can go a long way.

What can go wrong?

When fuel injectors weaken and wear down, deterioration begins. A fuel injector can begin to leak past the past

trods and into an engine’s crankcase and oil. This leaking fuel dilutes the lubricant of an engine — the oil — and makes it very hard. Over a short amount of time, the oil becomes an ineffective oil fuel mix.

Fuel injector maintenance keeps tractor engines running smoothly and is simple and inexpensive.

Regular fuel injectors inspection can prevent major repairs down the road. Here, fuel injectors are being removed for testing.

Before rolling out...know a few tips about those agricultural tires

A
w heel in a corn-stalk wheel is used to be a quality check. Today, most folks who know their agricultural tires go far beyond the kicking ball.

A few good tricks, glances and questions about these tires will be so valuable; however, expanding your tire horizons a little can pay off in a big way. For Information on the state of your tires, help you get the best use out of tires and tell you what to look for when it’s time for replacements.

Good deal or bad deal?

One of the top reasons for deals is to get increased inflation, particularly in loose soil conditions or in wet areas of the field. Ducks also provide additional lead capacity for more tractor operation for a greater tractor load area. Tire inflation pressure can often be reduced to increase ground pressure and improve performance; however, in dual applications must have space to avoid the dual wheel placement or road build-up. Smaller tires need at least 3-12 inches of dual spacing; larger tires need to be up to 45 inches. For modular, the tire inflation pressure grows to 50 psi.

Tractor need ballasting?

Actually, overballasting is a much more common problem than overinflation. One of the first things to check out if your tractor needs more weight is to check its wheel slip percentage. Fuel injection systems bring every tractor to 10 percent to 15 percent for 2WD tractors, and 8 percent to 12 percent for 4WD.

To keep a track on your tractor’s wheel slip involves measuring the distance, when the tractor is loaded and unloaded, for a given number of wheel turns. The formula for this is:

Loaded  Revs. - 100 = % Slip

L  L

Iron weights vs. calcium chloride

When it comes to picking types of ballast, there will be two primary factors to consider.

One important tip is to check your tire air pressure when tires are cold, before the tractor is put to work. The tire’s temperature (heat) that will increase tire pressure. Underinflation is one of the leading causes of tire damage. (These tire tips were provided by the Rubber Manufacturers Association and various tire makers.)

Reading your tires

Every tire has a variety of symbols, numbers and letters stamped on the sidewall. Some of those symbols mean:

(Four stars) Tire should receive 18 psi

Three stars Tire should receive 24 psi

Two stars Tire should receive 30 psi

One star Tire should receive 34 psi

Farm implement tires

An ag use and limited trailer highway service

NHS (Not Highway Service) Service Limited to ag use

SS - Skid-Steer or Mini Loaders

Numbers on a tire’s sidewall indicate rim size width and section height. For instance, the marking “18.4-34” means the tire has a 18.4 inch tire diameter and is a 34 inch of rim. A common indication of a built innovation, the dashed, has a rim diameter of 38 inches, and a ply rating of 16.

Insecticide cost must also be considered. Each grower may want the expected economic benefits from use of one insecticide so the cost of the insecticide. This decision may vary on a field to field basis, in some cases depending on yield history, crop variety, etc.

One decision to use an insecticide is made, the table below may be used to select the product that most closely fits the pest or pests that are present.

<table>
<thead>
<tr>
<th>Crop Insecticides</th>
<th>Cost (Alfalfa)</th>
<th>Cost (Barley)</th>
<th>Cost (Canola)</th>
<th>Cost (Corn)</th>
<th>Cost (Fescue)</th>
<th>Cost (Grain Sorghum)</th>
<th>Cost (Millet)</th>
<th>Cost (Oats)</th>
<th>Cost (Pea)</th>
<th>Cost (Rye)</th>
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<tr>
<td>Carbaryl</td>
<td>$10</td>
<td>$15</td>
<td>$20</td>
<td>$25</td>
<td>$30</td>
<td>$35</td>
<td>$40</td>
<td>$45</td>
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<td>Glyphosate</td>
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<td>$40</td>
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<td>Imidacloprid</td>
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<td>$80</td>
</tr>
</tbody>
</table>

Rates and placements of commonly used at-planting corn insecticides and their compatibility

The control of various insect pests of corn. Rates are expressed as ounces of product per 1,000 linear feet of row.


t1 A sidenote: b = conventional band, i = in furrow, c = at cultivation. Letters represent the recommended placement method. N = not a labeled crop; sp = suppressed; s = suppression

Before planting: "Rescue treatment" application is recommended method of control for this insect.

...on a field to field basis, in some cases depending on yield history, crop variety, etc.
The farm bill will keep the long haul

May 1996

A Message from the Community Action Groups of Michigan Farm Bureau

The April issues of the Michigan Farm News contain detailed information on the short- term "nuts and bolts" details of the new farm law. The discussion topic for this month will be looking at long-term changes that will impact this historic farm legislation.

USDACertaintyGlickman said there is no doubt that in the long run, trade, not commodity programs, will define agriculture's future. The USDA expects U.S. agricultural exports to be $60 billion this fiscal year. American agriculture is currently twice as reliant on international markets as the U.S. economy as a whole, and by the year 2000 it will be 5-6 times as reliant.

As this trend continues, foreign economic conditions, policies and the weather increasingly will affect the entire U.S. farm market. American pro-
ducers. Long-term market trends are favorable to U.S. producers. But markets—especially agricultural producers—are volatile.

Glickman pointed out that in the past, the government could moderate the effects on produc-
ers with crop sales, acreage set-asides and stock management. That moderating capability will be much less in the future.

One implication is that a farmer's marketing skill and ultimate success will depend, in large measure, on whether he or she has a place in the future, according to Commodity Futures Trading Commission (CFTC) Commissioner John Dail. "The 69-year era of speculation is not over. The road for the next 21st century is there. There are too many de-
toars, too many stop signs," he said.

Dail called marketing the fits in a series of watershed changes in agriculture down through the ages, beginning with domestication of animals and cropping of crops, followed by mechanized equip-
ment, hybrid seeds, fertilizers and chemicals, the high tech age of genetic engineering, and precision farming through technologies, computing, etc. There will be many more changes over the next five years and many more changes to do the farm business forever.

With the federal government extricating itself from agriculture, it will soon be impossible, if it isn't already, to obtain loans with a marketing and risk management plan, he said. "Freedom to farm is the first expression of what's worth," he suggested, but warned farmers not to expose themselves to its inherent volatility. "Gor-

dernment risk is greatly reduced, but they also are driving at a safe speed, navigate curves carefully. That's where risk management comes in," he said. Farmers can deal with this change however, requires a changed attitude toward change, he observed. "People's ability to change is not a function of change, but an attitude of change." You must analyze what is new and different, and make constant adjustments.

The destination is to achieve a guaranteed revenue stream, which in turn will gradually increase your net worth.

There are two ways to get there, according to Dail. One is revenue insurance and revenue assurance. The steps involved in revenue assurance is outlined by the CFTC commission include:

- Sign up for the government Multi-Peril Crop Insurance (MPCI) program. "More participation has brought down the cost of crop insurance," he pointed out.

- Add the buy-up coverage to your policy.

- Secure replacement cost coverage of your insured bushels from a private crop insurance company.

- Buy a put option with the strike price that works for you.

- Reward contract if the cash market price exceeds the strike price and sell the put.

The revenue assurance route involves enter-
ing into a contract offered by certain companies to farmers who exclusively use their horticulture, seeds, etc., but there is a premium associated with it, said Dail. The premium is based on area yields. Compa-
nies then offer the yield risk on the Chicago Board of Trade.

Elements for a financial safety net, according to Dail, include:

- Keep good financial records, and understand how to use them to identify the rate of return on each enterprise operation.

- Investing the time, energy and money in the "knowledge work" necessary to comprehend and use problem risk management in your business. Dail emphasized that farmers should not be chasing the price and focus on securing revenue.

"That's the way you'll stay in business year after year," he said. And remember, if you take a profit, you'll never have a loss.

How American producers compete in an in-
ncreasingly market-driven economy will depend on many factors beyond commodity programs. "But if we simply continued current law, USDA analysts estimate government program payments would account for only one percent of total gross income of farm operators by the year 2000," said USDA Sec.

Glickman. So, for better or worse, Michigan produc-
ers are setting sail into uncharted production and marketing waters. Be sure to read future issues of the Michigan Farm News for navigational hints and advice.

Discussion Questions

1. What percentage of farmers in your area will use "risk management" alternatives to help them withstand crop failure or other disasters?

2. In what ways have farmers and agribusi-

ness started to adjust to the new gov-

erment farm policy?

3. Do you believe the enactment of "Free-
dom to Farm" lessons or increases the likelihood of future government farm policy changes in what ways?

4. How can farmers work to expand export markets and control government policies that might hurt agriculture's access to export markets?

5. With the elimination of government price support programs, what other policies are needed/likely in producer marketing programs or practices? How can Farm Bureau assist in making those changes?
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10

22

20

29

23

19

21

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20 - 30 - 31 - 32

18 - 19 - 20 - 21

29 - 30 - 31 - 32

6 - 7 - 8 - 9

46 - 47 - 48 - 49

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Soybean Marketing Challenge monthly position reports!

**Monthly Position Statements**

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<thead>
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<th>Date</th>
<th>Sold</th>
<th>Description</th>
<th>Price</th>
<th>Trade/Settle</th>
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**Account Balances**

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<td>(2,500)</td>
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<td>$15,425</td>
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The Andersons

By Marvin L. Hodson and Steve Beler

Our established marketing plan is based on the market opportunities and the constraints of this program. Our marketing plan established four marketing blocks for pricing decisions. We estimated 4,000 bushels of soybeans, which relates to a 40 bushel yield estimate. Our marketing plan considers production and pricing risk management, price opportunity, and marketing time frame considerations. The new crop soybean market posted significant gains in the first half of April. The market moved aggressively out of the long-term trading channel and is showing signs of panic buying situations. This type of activity could result in a rapid sell-off, which is worthy of a more aggressive risk management strategy.

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<td>ELECTRIC</td>
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<td>CYANAMID</td>
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</tbody>
</table>

**Earlier heifer breeding may improve profits for dairy farmers**

I f dairy farmers want to find a way to breed heifers sooner without reducing the heifers' future milk production, they could increase their profits. Traditionally, farmers breed heifers to first estrus between 22 and 50 months of age — once they've reached sufficient size to carry a calf and give birth. A SAPPRA research project is developing a way farmers can possibly reduce that time period and breed heifers earlier:

**Studying the effects of diet**

The project, headed by MAES scientist Allen Tucker, is studying the effects of diet combined with injections of bovine somatotropin (BST) on heifer growth and development. BST is a natural growth hormone. Animal scientists at MICH's Dairy Cattle Teaching and Research Center and MSU's Kellogg Biological Station have been studying BST on heifers fed a variety of diets, with or without injections of BST. Researchers found that heifers fed a high-protein, high-energy diet combined with injections of BST were ready to reach puberty and had greater bone, muscle and mammary growth than those on standard diets.

**Growing milk production high**

"In the past, dairy farmers had to wait until the heifer was big enough to cage without difficulty before they could begin breeding because puberty is tied to size," Tucker said. "They tried high-energy diets to speed up growth, but that can have a detrimental effect on the heifer's future milk production. We're trying to breed the heifer earlier without affecting subsequent milk production." The key may be the addition of BST before puberty to increase the heifers' rates of weight gain increase skeletal and muscle mass, and possibly decrease calving difficulties.

**Stimulating pubertal growth**

"We found that just feeding the heifers a high-energy, high-protein diet had no effect on the growth of the heifers' pelvic area," Tucker said. "Injection of BST increased the size of the heifers' pelvic area, which theoretically allows her to give birth easier." Tucker also believes the addition of BST may stimulate milk production in the first lactation because heifers fed the special diet with BST showed an increase in milk-producing cells in their mammary glands.

**SN: Grow growth without loss of milk production**

The second phase of the project is attempting to determine if BST can speed body growth without affecting milk production. The researchers are studying 105 heifers at the Dairy Cattle Teaching and Research Center at Kellogg Biological Station that are being fed standard diets; high-protein, high-energy diets; and high-protein, high-energy diets plus BST to determine the effect of BST on milk production.

"The key is to get the heifers producing a profit for farmers sooner," Tucker said. "This will help cut production costs for farmers.

The researchers plan to present their findings to the Michigan Professional Dairy Farmers Association, dairy farmers, Extension personnel and dairy industry representatives next year.
The FAIR Act of 1996: Commodity and conservation programs

By David B. Schweikhardt and Sandra S. Batie, Michigan State University, Otto C. DeYoung, III and Bob F. Jones, Purdue University

The Federal Agriculture Improvement and Reform Act contains major revisions in farm commodity programs. This paper summarizes the major provisions of the legislation. Because many program implementation rules must be developed, program participants are advised to consult their local office of the USDA Farm Service Agency for final program provisions.

The BUDGET FOR COMMODITY PROGRAMS: 1996-2002

The budget cost of farm programs dominated the debate on the 1996 farm bill and was a major factor in the decision to revise U.S. commodity programs. The total deficiency payments paid for feed grains, wheat, cotton and rice averaged $5.3 billion during the five-year life of the 1990 farm bill. Farm program spending decreased in 1995 as market prices rose above the target price levels. Early in the deliberations on the 1996 farm bill, the House and Senate Budget committees established limits on farm program spending for the 1996-2002 period. These limits established the budget for commodity programs that the House and Senate Agriculture committees were required to follow. Commodity program spending for the 1996-2002 period will average $5.3 billion, with the following limits in each of the next seven years.

Contract Payment Authorizations

<table>
<thead>
<tr>
<th>Year</th>
<th>Contract Payments Authorized in Millions</th>
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<tbody>
<tr>
<td>1996</td>
<td>$1,644.1</td>
</tr>
<tr>
<td>1997</td>
<td>$1,738.4</td>
</tr>
<tr>
<td>1998</td>
<td>$1,743.6</td>
</tr>
<tr>
<td>1999</td>
<td>$1,760.7</td>
</tr>
<tr>
<td>2000</td>
<td>$1,810.2</td>
</tr>
<tr>
<td>2001</td>
<td>$1,922.2</td>
</tr>
<tr>
<td>2002</td>
<td>$1,808.0</td>
</tr>
</tbody>
</table>

Major provisions of the FAIR Act

- Production Flexibility Contract payments will replace target prices for 1996 to 2002. The acreage reduction program is eliminated.
- Participants must enroll in a Production Flexibility Contract during the 1996 enrollment period from May 20 through July 12, 1996, to be eligible for payments from 1996 to 2002.
- Acreage Base Acreages are converted to Contract Acreage for calculation of contract payments.
- Any crop except fruits and vegetables may be planted on Contract Acreage. There are no restrictions on all-below living, housing or grazing on Contract Acreage.
- Farms or producers with a history of planting fruits and vegetables on Contract Acreage may plant fruits and vegetables on Contract Acreage, but contract payments will be reduced for each acre of fruits and vegetables planted.
- Marketing loans will be available for feed grains, wheat, soybeans and other oilseeds.
- The loan rate on sugar is continued at 22.9 cents per pound for refined beet sugar.
- The Conservation Reserve Program and Wetlands Reserve Program are extended to 2002.
- The Environmental Quality Incentives Program provides cost-sharing payments for environmental protection investments.

Commodity Allocation Percentages

- Corn 46.2%
- Wheat 26.3%
- Oats 0.15%
- Barley 2.16%
- Rye 8.47%
- Soybeans 11.1%
- Rice 6.1%

The 1996 farm bill replaces the existing target price programs with Production Flexibility Contracts available to participants for the life of the act. The major changes in commodity programs include:

- Target prices and deficiency payments are eliminated for feed grains, wheat, cotton and rice.
- All existing Acreage Reduction Programs (ARP) provisions are eliminated.
- All existing 1996 Crop Acreage Base are converted into Contract Acreage for the payment of Production Flexibility Contracts.
- Eligible landowners and producers may sign seven-year Production Flexibility Contracts and receive contract payments (called Agricultural Market Transition payments) for 1996 to 2002. Contracts must be signed during the 1996 sign-up period from May 20 to July 12, 1996 if any contract payments are to be received between 1996 and 2002.
- Program participants are not required to purchase catastrophic risk protection crop insurance (CAT) to receive contract payments, but participants who do not purchase crop insurance must waive their eligibility for emergency crop loss assistance on the crops on which crop insurance coverage is waived. This waiver does not preclude a producer from obtaining an emergency loan or a payment under the Noninsured Assistance Program (NAP).
- The permanent legislation established by the 1958 and 1949 farm bills is retained.
- Production Flexibility Contract payments will be paid on eligible crop and that is enrolled in the program and that meets all compliance requirements. Landowners and producers enrolling farmland in a contract must comply with the conservation plan prepared for the farm under the Food Security Act of 1985, the wetland protection requirements in the 1986 act, and the planting flexibility provisions contained in the 1996 act.
- Cropland will be eligible for a Production Flexibility Contract if it has Contract Acreage attributable to the land and if it meets one of the following criteria:

Provisions of the new farm bill will be aired April 30

The new version of the farm bill signed into law April 1 by President Clinton will be discussed April 30 by Michigan State University agricultural economists and representatives of Michigan's Farm Service Agency. The discussion can be seen via a satellite broadcast at most MSU Extension county offices from 7:45 to 9 p.m. Because the new bill contains major changes in the farm programs, the broadcast should be of interest to farmers, farm credit representatives, agribusiness people, farm advisers and landlords who rent their land to growers, according to Sandra Batie, holder of the Bunn L. Smith Chair in Food and Agricultural Policy at MSU.

The broadcast will also include discussion on the new provisions, the effect of the new legislation on program payments and market prices, and some of the farm management problems the new farm program may create.

People interested in attending the broadcast are requested to contact their county MSU Extension office as soon as possible so that adequate preparations can be made.

Under the new farm bill, producers will be able to make cropping decisions based on market demands and crop rotation needs.
Continued from previous page

In general, if the crop is shared under a share-rent lease, the tenant assumes all or part of the risk of producing a crop. The owner of the eligible cropland and the producer (other than the owner) may share-rent the eligible cropland and enter into the same contract.

The producer (other than the owner) on the eligible cropland cash-rents the land with a lease expiring on or after Sept. 30, 2002 (the owner is not required to terminate the lease). The producer (other than the owner) on the eligible cropland cash-rents the land with a lease that expires before Sept. 30, 2002. The owner may enter into the same contract. Consent of the owner is required if the produce is to be transferred to the tenant.
Production flexibility contract payment worksheet, 1996-2002

FSA farm number: ___________________________ Contract commodity (corn, wheat, grain sorghum, oats, barley): ___________________________

<table>
<thead>
<tr>
<th>1996 Example*</th>
<th>1997</th>
<th>Year 1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Contract Acreage (Crop Acreage Base; Acreage by Commodity)</td>
<td>200 acres</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Program Payment Yield (Bushels per acre)</td>
<td>100 bu.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Contract Payment Quantity (Line 1 x 0.85 x Line 2)</td>
<td>17,000 bu.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Contract Payment Rate (Dollars per bushel)*</td>
<td>0.94</td>
<td>0.51</td>
<td>0.45</td>
<td>0.36</td>
<td>0.23</td>
<td>0.23</td>
</tr>
<tr>
<td>a. Corn</td>
<td>0.35</td>
<td>0.23</td>
<td>0.23</td>
<td>0.23</td>
<td>0.23</td>
<td>0.23</td>
</tr>
<tr>
<td>b. Wheat</td>
<td>0.94</td>
<td>0.51</td>
<td>0.45</td>
<td>0.36</td>
<td>0.23</td>
<td>0.23</td>
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<tr>
<td>c. Grain sorghum</td>
<td>0.41</td>
<td>0.41</td>
<td>0.41</td>
<td>0.41</td>
<td>0.41</td>
<td>0.41</td>
</tr>
<tr>
<td>d. Oats</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
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<tr>
<td>e. Barley</td>
<td>0.36</td>
<td>0.36</td>
<td>0.36</td>
<td>0.36</td>
<td>0.36</td>
<td>0.36</td>
</tr>
<tr>
<td>5. Annual Contract (Line 3 x Line 4a, 4b, 4c, 4d, or 4e)</td>
<td>$5,950</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1996 Example assumes: total crop base acreage of 200 acres; program yield from 1995 corn at 100 bushels/acre.

All contract payment rates are estimates based on assumed levels of enrollment by eligible program participants. Final payment rates will depend on program enrollment. The payment rates for wheat and feed grains may be reduced to reflect repayment of the advance payments received for 1995 crops.

Production Flexibility Contract payments are subject to a payment limitation of $40,000 per person annually.

Dairy provisions

by Larry G. Hamm, Michigan State University

The dairy bill authorizes loan levels of $95 million for direct farm ownership loans and $50 million for direct operating loans each of the seven years. Guaranteed farm ownership loans are authorized as $1.5 billion the first year and rise to $750 million for the last three years.

1998 and 1999. At the stroke of midnight on Jan. 1, 2000, the dairy price support will end and become part of the history of the 20th century. The price support program will be replaced by a recourse loan program for commercial processors, bulkers, powder and cheese. Loan prices will be set at the equivalent value of $9.9 per cwt. The deficit milk assessment is ended on the first day of the month following the month that President Clinton signs the act. Assessment collections will stop with milk shipments beginning May 1. The May assessments would have been over $0.20 per cwt. The rules on assessment refer to the milk price on hand, not changed. A refund of total assessments collected during 1996 will be made to dairy producers whose total milk marketings in calendar year 1996 do not exceed such marketing in 1995. The FAIR Act mandates that the number of Federal Milk Marketing Orders (FMMO) be reduced to between 10 and 14. The California state order, if requested, could be included as a separate order. The order decisions can be expedited and are required to be implemented by May of 1999. Count ordered delays will alter the implementation date by extending it. Of all the act's provisions, this one has the potential to affect Michigan producers' income the most. The act stipulates higher, but uniform, milk manufacturing "mak" allowances. These rate make allowances here, but lower them in California. The CCC is also allowed to change the "butter-powder-dilk" ratio; twice a year through 1999. The changing of the "fil" under surplus conditions directly impacts butter prices, and therefore produce milk checks — under the current component pricing schemes. The act also tries to assist the U.S. industry develop international dairy markets. The act mandates that the Dairy Export Incentive Program be funded to the GATT maximums. Also, the secretary of agriculture is to help the industry set up export trading companies. The USDA must also study and report to Congress impacts on the U.S. dairy industry of increased imports resulting from the GATT agreement.

There are other miscellaneous provisions and details in the Dairy Chapter. The direct impacts on dairy will not be dramatic in the short-run. However, as with the other commodities impacted by the FAIR Act, the dairy industry will be on a new historical footing as the 21st century down. 

USDA farm loan programs

by MFRC Commodity Activities and Research Division

The farm bill authorizes loan levels of $95 million for direct farm ownership loans and $50 million for direct operating loans each of the seven years. Guaranteed farm ownership loans are authorized as $1.5 billion the first year and rise to $750 million for the last three years.

ELIGIBILITY AND USE OF FUNDS

Direct farm ownership loans are restricted to borrowers with fewer than 10 years of farming experience, or farmers who have participated in USDA loan programs for the last 10 years.

Direct farm ownership loans may no longer be used to refinance other debts.

Direct operating loans are restricted to borrowers with fewer than five years experience, or fewer than seven years of direct borrowing.

Loans are no longer authorized for non-farm enterprises, such as roadside sales stands, pollution abatement, solar energy systems, recreation facilities, and rural businesses.

Emergency loans are limited to total indebtedness of $500,000 instead of $1,000,000 maximum for each natural disaster.

NEW ASSISTANCE TO BORROWERS

A 95-percent guarantee is available for guaranteed farm ownership loans to beginning farmers in conjunction with the down-payment loan program and for portions of guaranteed loans used to help graduate a direct loan borrower to commercial credit. The maximum for all other guarantees is 90 percent.

The secretary of agriculture may make available a five-year-line of credits for direct operating loans.

BEGINNING FARMERS AND RANCHERS

Eligible farm ownership applicants may participate in the 4 percent interest, 90 percent joint financing program, or the existing 30-percent down-payment program. Under the joint financing program, when another lender provides 50 percent or more of the amount financed in a transaction, USDA may charge a preferential interest rate, not less than 4 percent.

The bill targets 70 percent of available direct farm ownership loan funds to beginners. Sixty percent of the 70 percent is targeted to down-payment loans.

Beginning farmers have first priority to purchase farmland that USDA takes into inventory.

The bill raises the limit on the acreage an applicant may own and will qualify as a beginning farmer to 25 percent of the county's average farm size.

The bill increases the cash-flow margin requirement to 110 percent instead of 105 percent for borrowers whose loans have been restricted.

The bill requires USDA county committees to certify that an annual review has been conducted of a borrower's credit history, operation and loan program eligibility.

FARM BILL QUESTIONS?

Get answers in the next Michigan Farm News

Chances are you've a question or two about the new farm bill. While you're encouraged to call your county Farm Service Agency office for assistance, we'd also like to ask that you either phone or fax your questions to Michigan Farm Bureau, so that we can provide answers to your questions in the next issue of Michigan Farm News.

Staff in our Commodity Activities and Research Division will be available to either answer your question directly, or get you the information you need. More importantly, many of the 47,700 Michigan Farm News readers will have the same question that you do — so let's share the information!

The number to call is 800-292-3680, extension 2023, or those questions to Bob Boehm at (517) 353-6411.
Questions and answers regarding the new farm bill

by David B. Schweikhardt and Sandra S. Batie, Michigan State University; MFH Commodity Activities and Research Division

Q. What are the provisions of the new farm programs in the 1996 farm bill?

A. The 1996 farm bill replaces the price support program with a system of Production Flexibility Contracts (PFC) that farmers and landlords must sign to receive farm program payments (all crop, milk, and generic margin payments) for the next seven years. The new PFC will allow farmers and landlords with greater flexibility to market their farms with fewer regulations on what may be planted.

Q. How will landlord and tenant decisions be different under the new farm bill?

A. There will be three important differences. First, there will be one enrollment for the entire period of 1996 to 2002 rather than the annual enrollment required under the 1990 farm bill. Second, farmers and landlords will have greater flexibility to make planting decisions. Third, there is no acreage sensitive required. Participants are allowed to plan their entire farm without having to idle land as in the past.

Q. Why do I have to enroll in a seven-year contract in 1996 instead of enrolling in the program on an annual basis?

A. Congress intended to protect the PFC payments from future budget cuts by allowing participants to enroll in a seven-year contract to achieve a uniform program budget under the USDA to a contractual obligation, the House and Senate agriculture committees intended that the USDA will be legally obligated to make PFC payments.

PRODUCTION FLEXIBILITY CONTRACTS

Q. Who has the authority to sign a Production Flexibility Contract (PFC)?

A. In most cases, both the tenant and the landlord must sign the PFC. In some cases, only the tenant or landlord may sign. Check with the county office of the USDA Farm Service Agency (FSA) to determine who must sign the PFC for your farm.

Q. What does the Production Flexibility Contract require farmers and landlords to do?

A. Farmers enrolled in a PFC must abide by the conservation provisions and the current crop insurance regulations of the 1996 farm bill.

Q. When do I have to sign a Production Flexibility Contract for my farm?

A. The sign-up period for all PFC contracts will be from May 20, 1996 to July 12, 1996. All contracts must be signed during this period, since no enrollments will be permitted after this time.

Q. How do I know if my land is eligible to enroll in a Production Flexibility Contract?

A. Land will be eligible for enrollment in a PFC if it is planted in a commodity base crop in 1996 and the county FSA office will provide a list of eligible land.

Q. Is my land eligible to enroll in a Production Flexibility Contract if it has been in the Conservation Reserve Program (CRP)?

A. Land enrolled in a conservation reserve contract that expired or was voluntarily terminated after Jan. 1, 1995 is eligible for enrollment in a PFC. Land enrolled in a conservation reserve contract that was released by the secretary of agriculture between the period from January 1995 and the end of the 1996 signup period must be enrolled in a PFC during the 1996 signup period. Land enrolled in a conservation reserve contract that expires after Aug. 1, 1995 may be enrolled in a PFC when the conservation reserve contract expires.

Q. Can a landlord keep the same tenant for the next seven years if they sign a Production Flexibility Contract (PFC)?

A. No. Landlords and tenants may negotiate and terminate their leases just as they have done in the past. The land will still be eligible for PFC payments.

Q. How will the Production Flexibility Contract payments be divided between landlords and tenants?

A. Landlords and tenants may negotiate the division of payments in their lease just as they have done in the past. The 1996 farm bill requires the USDA to establish safeguards in the division of payments to protect the interests of tenants.

PLANTING FLEXIBILITY RULES

Q. What can I plant on my PFC acres in 1996?

A. The PFC will allow any crop except fruits and vegetables to be planted on Contract Acreage. Farmers who do not receive PFC payments for three consecutive years, or own farms or produce that are not eligible for PFC payments, can plant wetland or forest land.

Q. What if I change my mind about what to plant?

A. Farmers who don't purchase such crop insurance must have both a wetland and a forest plan in place to receive PFC payments, but farmers who purchase such crop insurance can change their commitment after the sign-up period.

Q. How will the Production Flexibility Contract Payment rules differ from those in the 1990 farm bill?

A. And PFC payment is tied to the targeted crop insurance payments and is based during the 1996 to 2002 period, since no enrollments will be permitted after this time.

PFC PAYMENT RULES

Q. Can a landlord receive payments on a rented acre?

A. No. Landlords and tenants will have the flexibility to make planting decisions as they wish, including the decision to leave land idle. There will be no reduction in PFC payments if landlord is not idle.

Q. If I plant a crop on a PFC acre, can I receive PFC payments?

A. Yes. Participants may consider a vegetable for the program purposes. Only those crops that can be planted on Contract Acreage are mung beans, dry peas and lentils. Planting of other crops is not permitted.

Q. Where can I locate a Production Flexibility Contract?

A. Congress intended to protect the PFC payments from future budget cuts by allowing participants to enroll in a seven-year contract to achieve a uniform program budget under the USDA to a contractual obligation.

Q. Will the Production Flexibility Contract payments increase when market prices increase?

A. No. The PFC payments are fixed payments and will not be adjusted when market prices change.

Q. When will the Production Flexibility Contract payments increase as market prices approach the target price?

A. No. The acreage Reduction Program (ARP) setaside requirements were eliminated in the 1996 farm bill. The crops will not be required to idle land to enroll in the program.

Q. Will I have to repay my past Production Flexibility Contract payments if I terminate the contract and leave the program in the future?

A. No. Future PFC payments would be terminated beginning with the fiscal year in which the land is withdrawn from the program, but payments received in prior years would not be repaid.

Q. How will Production Flexibility Contract payments be determined and paid under the 1990 farm bill?

A. A recent analysis by the Office of Management and Budget of the 1990 program provisions under this program will be greater than if the target price program had been continued. Given expected market price changes over the two years of this program, deficiency payments would almost certainly have been less than the expected PFC payments. Farmers and landlords will have greater flexibility to make planting decisions.

Q. Am I required to buy crop insurance to enroll in a Production Flexibility Contract?

A. No. Farmers and landlords are not required to purchase catastrophic risk protection crop insurance (CAT) to receive PFC payments, but participants who do not purchase such crop insurance must have both a wetland and a forest plan in place to receive PFC payments, but farmers who purchase such crop insurance can change their commitment after the sign-up period.

Q. What will happen if market prices increase and I do not plant a PFC eligible crop?

A. Farmers who don't purchase such crop insurance must have both a wetland and a forest plan in place to receive PFC payments, but farmers who purchase such crop insurance can change their commitment after the sign-up period.

MARKETING LOAN PROGRAMS

Q. What will be the loan rates on the marketing loans?

A. Loan rates will be the same as the 1990 farm loan rates, with the exception of the maximum loan rates for the current year. The 1996 loan rates in 1996 will be $2.58 for wheat, $1.89 for corn, $1.81 for soybeans, $1.55 for barley, and $1.03 for cotton.

Q. How do I compute my loan market prices?

A. Price loan rates are the same as the 1990 farm loan rates, with the exception of the maximum loan rates for the current year. The 1996 loan rates in 1996 will be $2.58 for wheat, $1.89 for corn, $1.81 for soybeans, $1.55 for barley, and $1.03 for cotton.

Q. How will these marketing loans differ from the loan rates under the 1990 farm bill?

A. As a marketing loan, producers have the option of repaying the loans at the lesser of the loan rate or a repayment rate established by USDA.

ADDITIONAL INFORMATION

Q. How can I get more information about the Production Flexibility Contracts?

A. Contact your county office of the USDA Farm Service Agency for additional details on program provision.

Q. Are there any other benefits from enrolling in the new farm program?

A. Yes. Norecourse marketing loans will be provided for all contract commodities (wheat and feed grains) and enrolled plants participating in a PFC.