

# MICHIGAN FARM NEWS



January 15, 1991

## Revitalization Of Animal Agriculture Michigan's Livestock Initiative

In early 1989, an initiative to strengthen Michigan's livestock industry was born which would allow Michigan farmers and industry alike to capitalize on our state's assets. At the base of this initiative is a \$67 million renovation and expansion of animal science facilities at Michigan State University, according to Dr. Maynard Hogberg, Chairperson, Department of Animal Science at MSU.

With the help and guidance of a steering committee consisting of Michigan Farm Bureau President, Jack Laurie; Michigan Milk Producer's Association President, Elwood Kirkpatrick; Michigan Association of Agriculture Chairman, Frank Merriman; and Michigan Livestock Exchange General Manager, Tom Reed, the project took its first steps with the approval of \$1.2 million in planning money by the Michigan Legislature in the 1990-91 fiscal budget.

"This project started with the leadership of various agricultural and commodity organizations saying, hey, we've got some major problems facing the livestock industry and if we're going to maintain a strong viable livestock industry, we need help from Michigan State to resolve them," says Hogberg, citing manure management and Right-to-Farm as prime examples.

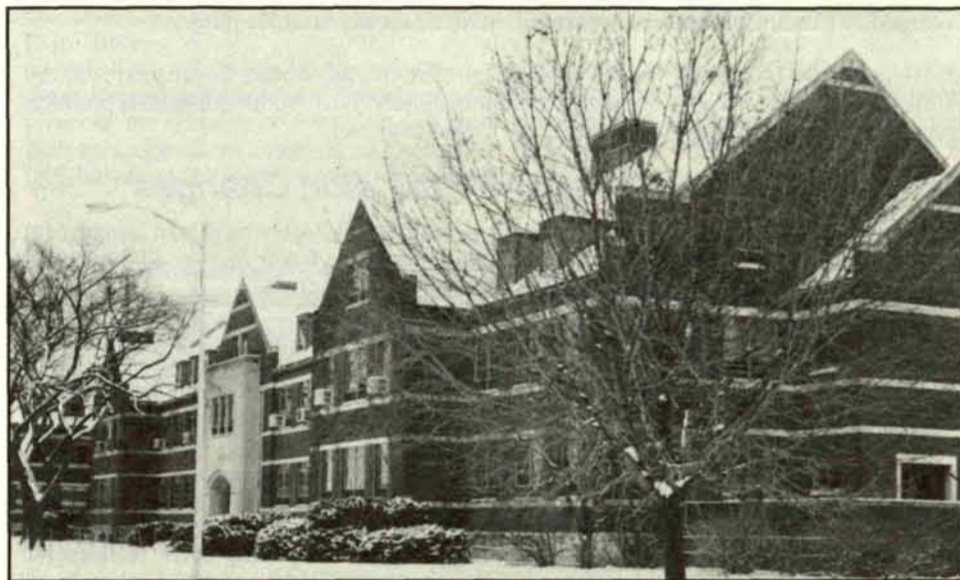
"That's when the committee decided to meet with the Dean about the potential for upgrading and renovating the Animal Science Department's teaching and research facilities," says Hogberg.

### Research

According to MFB President and steering committee chairman Jack Laurie, the economic prospects of the initiative are promising, but the need for environmental research and funding are crucial to ensure the future of Michigan's livestock industry.

"Research efforts on environmental issues are critical and at the starting point of any livestock and, consequently, economic growth plan," says Laurie. "In order to make this initiative successful MSU needs quality research and teaching staff; and to get those, you need quality research facilities. Because of different priorities at MSU, our Animal Science Department has fallen from a leadership position to the point where we need this initiative if MSU's Animal Science Department is to regain its previous leadership position."

In terms of staff, MSU's Animal Science Department ranks fourth out of 12 universities in the North-Central region. Looking at facilities and at flexible dollars for operating research programs and supporting technicians, however, MSU is severely behind other institutions, says Hogberg.



The Anthony Hall, Meat Lab, Dairy Plant complex is top priority in the renovation plans within the livestock initiative, according to Hogberg.

### Economic Potential

The selling point of the initiative to those who must allocate funds is the economic returns to the state of Michigan, says Hogberg. "The whole initiative is being built around, and rightly so, an economic development of the livestock industry to increase gross sales and cash revenues here in the state," says Hogberg. "That impact then becomes more jobs created, more people paying taxes and more income to the state."

According to estimates, the potential annual dollar value of Michigan's animal agriculture industry could be increased by \$1 billion within the next decade. Production increases in dairy, swine, beef, turkey, sheep and laying flocks could add an estimated \$450 million to Michigan's farm sales figure annually (see chart). In addition, value added in processing and distribution could generate an additional \$625 million in direct and indirect value for the state's economy.

### Funding, Putting It Together

According to Ron Nelson, MFB legislative counsel, once priorities are established architectural and engineering requirements can be completed. The proposal calls for a four year funding of the \$67 million, allocated by the state legislature out of available revenues.

Nelson cautions that the entire project is not a given in terms of funding. "I believe there's a solid commitment to fund the initiative, but with a projected tight state budget for the next two fiscal years - what's going to happen? The facts are, if there isn't enough money to go around, something needs to give. That's an economic reality," says Nelson.

Laurie voices the same caution. "There are 22 steps to a project of this nature - we're currently on number four," says Laurie. "It's critical that we as an industry keep this effort out front with our legislators and university officials."

### FACILITY NEEDS

- Anthony Hall: Ventilation system spews black dust and can't meet laboratory needs; freezers have broken seals.
- Dairy Plant: Doesn't meet USDA standards and is decades behind industry in terms of equipment.
- Meats Lab: Current lab does not meet USDA standards; outdated equipment has little relevance to industry.
- New infectious disease containment facilities at the veterinary research farm.
- Renovation of facilities at the beef, dairy, poultry and swine farms.
- New research farm facilities including swine farrowing barn and nursery, grower/finisher facilities and new horse barn and arena.
- Agriculture and Livestock Education Center located away from center of campus to replace Livestock Pavilion.

### PRODUCTION & ECONOMIC POTENTIAL

Species	Base		Projected Expansion		Additional Farm Income	Total Value Direct & Indirect
	Year	Number	Year	Number		
Dairy	'88	350,000	5-10	50,000	\$102,700,000 (1.44)	\$147,888,000
Hogs	'88	2,000,000	5-10	1,000,000	\$97,000,000 (1.32)	\$128,040,000
Cattle						
Feedlot	'88	300,000	5-10	300,000	\$66,000,000	\$179,520,000
Background Feeders	'88	135,000	5-10	150,000	\$20,000,000	
Beef cow/calf	'88	130,000	5-10	150,000	\$50,000,000	
Sheep (lambs)	'88	60,000	5-10	200,000	\$15,200,000 (1.32)	\$20,064,000
Laying Hens	'88	6,100,000	5-10	4,500,000	\$40,000,000 (1.44)	\$57,600,000
Turkeys	'88	3,000,000	5-10	6,000,000	\$65,000,000 (1.44)	\$93,600,000
<b>Total</b>					<b>\$455,900,000</b>	<b>\$626,712,000</b>

A 70 percent increase in the number of animals on Michigan's farms would generate an additional \$1 billion a year for what is considered a \$20 billion industry.

- Beef** - potential to boost Michigan from 15th in the nation to the top ten.
- Pork** - meeting processor and consumer demand for pork would mean increasing Michigan production by two-thirds.
- Poultry** - producers currently supply only 45 percent of the turkeys, 70 percent of the eggs and .4 percent of the broilers consumed each year in Michigan.
- Sheep** - production, currently one-third that of Ohio, could be doubled.
- Equine** - this \$859 million asset could be increased by 20 percent during the next decade.
- Dairy** - another 50,000 dairy cows are needed to meet the cheese processing capacity of the cheese plant in Allendale.
- Resources** - 60 percent of the feedgrains grown in Michigan are shipped out of state. There are over 1 million acres of unused pasture available.
- Proximity to markets** - there are over 9,550 miles of freeway and a viable rail system for transportation needs to a number of large markets.

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## In Brief...

### Agriculture Secretary Yeutter Leaving

President George Bush has recommended USDA Secretary Clayton Yeutter as the new Republican Party chairman to replace the current and ailing chairman, Lee Atwater. The Republican National Committee will meet on Jan. 25 to confirm Bush's recommendation.

Candidates mentioned thus far to replace Yeutter include American Farm Bureau President Dean Kleckner, an Iowa hog and cash crop farmer, USDA Deputy Secretary Jack Parnell and Assistant Secretary for Marketing and Inspection Services Jo Ann Smith. Yeutter is expected to remain at USDA for at least another month.

### Blanchard Signs Farm Export Bills

In one of his last acts before leaving office, Governor Blanchard signed legislation designed to encourage Michigan agricultural and forestry exports. The new law will permit the state to invest surplus funds in banks that will in turn loan the money at slightly below market interest rates to farm exporters. The export loans will be fully guaranteed by the Federal Commodity Credit Corporation as part of USDA's export guarantee program.

MFB economist Bob Craig, says Michigan corn, soybeans, wheat, forest products, dry edible beans and beef exports should benefit immediately. Basic commodities and products processed from Michigan are eligible for the export program.

### Farmers Beware of Wetland Provision Changes

The 1990 farm bill changes the conditions under which a producer could lose Department of Agriculture benefits for "swampbuster" violations, warns Keith Bjerke, administrator of the USDA's Agricultural Stabilization and Conservation Service.

"The new law states that any alteration of a wetland may subject a producer to swampbuster penalties, while previously only planting of an annual crop on a converted wetland was cause for such penalties," Bjerke said. "I strongly suggest that producers become familiar with the changes before undertaking any drainage or other alteration of lands that could be considered wetlands."

### OSHA Violation Penalties Hiked

Despite Farm Bureau's objections, Congress approved a substantial boost in fines for violations of the Occupational Safety and Health Act (OSHA) and child labor laws. Farmers should be aware that penalties for a serious violation have gone from \$1,000 to \$7,000. The U.S. Labor Department has made a conscious decision that due to an inadequate number of inspectors to do thorough inspections, looking for violations, they intend to send a message with these severe penalties. Farm Bureau opposed the increases, believing that it will set a precedent for using increased fines as a way to raise revenue.

### Understand Social Security Requirements?

Farm employers should remember that Social Security withholding is required for all farmworkers except those whose total annual wages are less than \$150, according to Howard Kelly, labor expert with MFB. Kelly also notes that if a farmer's total payroll is over \$2,500, then withholding must be made even if the individual farm worker's wages don't exceed \$150.

"There are some people who incorrectly believe that foreign workers are exempt from withholding, like the seasonal agricultural workers, but they're not," says Kelly. "The only workers not required to have withholding are the H-2A workers, which are foreign workers under contract. To my knowledge, there are none in Michigan."

Kelly urges farm employers "not to be misled" by what he calls recent contradictory information being offered by the IRS and the Immigration and Naturalization Service.

### Engler Keynote Speaker at Mid-Michigan Ag-Day

Governor John Engler will present "Opportunities In Ag" as the keynote speaker during the second annual Mid-Michigan Ag Day, scheduled for Sat., Jan 19, 1991, at the Ovid-Elsie High School (located on the corner of Colony and Hollister Roads in Elsie).

Mid-Michigan Ag Day, co-sponsored by the Cooperative Extension Service of Clinton, Shiawassee, Ingham and Gratiot counties, opens at 8:30 a.m., with product display booths and classes scheduled during the day. Class options include: P.A. 116 and the Landowner; Controlling Weeds on the Farm (includes 1990 Weed Control Research Results and Recommendations); Commodity Marketing - Getting the Most for Your Production; Pesticide Safety; Earning Dollars From the Farm Woodlot; Estate Planning; Sustainable Agriculture; Assessing Your Farm Insurance Policy Coverage.

Participants also have an opportunity to take a Pesticide Certification/Recertification exam and blood pressure and cholesterol testing will be available throughout the day. A \$5 registration fee covers the lunch. For more information and class registration, contact David Elsinga, Shiawassee County CES Ag Agent at (517) 743-2251.

### Saginaw Farmers Go The Distance For CES

Saginaw County Farm Bureau leaders pulled out all the stops to save local funding for their Cooperative Extension Service recently. When the Saginaw County Board of Commissioners threatened elimination of all funding for the Saginaw CES, County President Don Sutto organized his troops and things started to happen.

Their strategy included calling a news conference to let the public know what such a loss would mean to the county's agricultural industry and alerting all Community Action Groups to contact the county commissioners to plead their case. At the following commission meeting several county Farm Bureau leaders effectively issued statements with more farmers outside the courthouse to show their support.

The result? A \$50,000 budget cut instead of complete elimination of funding. The CES wasn't the only service on the budget chopping block, but it was the only one to stir such strong local support. A salute to the Saginaw County Farm Bureau for making their voices heard!

### Pork Import Duties Under Review

If a bilateral trade dispute panel for the Canada-U.S. Free Trade Agreement in March rules in favor of removing countervailing duties on Canadian pork exports, it could have a major impact on the Michigan pork industry, according to MFB livestock specialist Kevin Kirk.

"It will displace some of our markets and increase the competition in an already highly competitive market," he said. "The removal of countervailing duties could increase the number of live hogs coming into the state. The packing industry would appreciate that, but we could see a reduction in the price that packers will pay for live hogs here in Michigan."

The U.S. Commerce Department lowered the countervailing duty on Canadian pork from 3.5 cents a pound to 3 cents last September.

### Alar Class Action Lawsuit Building Steam

On Nov. 28, 1990, apple growers in the state of Washington filed a class action lawsuit seeking damage against CBS, the NRDC and others for the presentation of a 60 Minutes story condemning the use of ALAR in apple orchards, thus resulting in substantial loss of market price and value of stored product. Plaintiffs allege product disparagement, interference with business expectations and unfair or deceptive trade practices. The complaint estimates monetary damages in excess of \$500,000. In addition, treble damages are being sought for each plaintiff in the class action lawsuit.

At the request of the Washington State Farm Bureau and counsel for plaintiffs, the American Farm Bureau Board of Directors reviewed this matter at its recent meeting and approved an action that AFBF provide ongoing legal support of plaintiffs' case and that the AFBF Economic Research Division, Commodities/Marketing Divisions, and the Information Division provide supplemental assistance as needed.

### Ag Leadership at MSU's Helm -- Finally!

The only land-grant university in the nation without agricultural representation on its governing body... That was MSU in 1980 when MFB's AgriPAC decided to try to change that situation. Farm Bureau members across the state worked hard to get "Friend of Agriculture" Tom Reed elected and he became the lone MSU trustee with an agricultural background. His experience as an agricultural agent, Michigan Farm Bureau staff member, and Michigan Livestock Exchange manager made him a strong advocate for agriculture, but he was still a lone voice. In 1984, AgriPAC endorsed Branch County farmer Dean Pridgeon and, the former MFB vice president and MDA director joined Reed to become the second voice for agriculture on the MSU Board of Trustees.

Reed and Pridgeon were elected chairman and vice-chairman respectively at the December MSU Board of Trustees Meeting! Congratulations.

### Mark Lauwers Places In National Competition

Michigan Farm Bureau's Distinguished Young Farmer, Mark Lauwers of Almont, in St. Clair County, took runner-up honors in national competition at the American Farm Bureau Annual Meeting in Phoenix, Arizona. Lauwers and his wife, Christine, are partners in the family's 2,400 acre cash crop operation. As a runner-up, Lauwers will receive a free one year subscription to Farm Bureau's ACRES, a commodity marketing information service, and a year's free use of an AT&T computer to take advantage of ACRES.

Mark Doherty of Traverse City, state winner in the Young Farmer Discussion Meet, also represented MFB well in "some of the toughest competition ever" while in Phoenix.

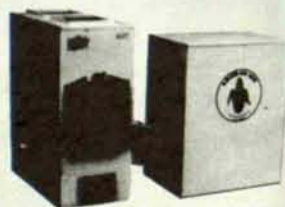
### College Scholarship Information

During discussion on reaffirmation of MFB's policy of student loans at the recent state annual meeting, a delegate shared valuable information of interest to farmers with college bound students. There is a special farm supplement to the financial aid form which takes into account your debt and percentage of ownership and recognizes that a farmer should not have to sell land or any part of the business in order to pay for a child's education. The form can be requested by writing to: College Scholarship Service, P.O. Box 6312, Princeton, N.J. 08541.



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### National Legislative Accomplishments - 1990

#### 1990 FARM BILL

Although the 1990 farm bill wasn't perfect, it contained enough favorable provisions to receive the support of Farm Bureau. Farm Bureau recommended passage of the bill on the basis that it continues an agricultural market orientation and gives farmers greater planting flexibility. Included in the more than 3,000 page, \$40.8 billion bill were \$13.6 billion in budget cuts for the five-year life of the farm bill.

#### GATT NEGOTIATIONS

Farm Bureau participated in and played a leading role in advising U.S. trade negotiators on behalf of agriculture's interests in the Uruguay Round of General Agreement on Tariffs and Trade (GATT) talks.

#### HEALTH INSURANCE TAX DEDUCTION

The extension of the health insurance tax deduction was among the high points for agriculture during the 101st Congress. The deduction was to expire Sept. 30, 1990. As a result of Farm Bureau's efforts, the 25 percent deduction was extended for another 15 months. In addition, Farm Bureau helped obtain more than 230 co-sponsors of legislation that would increase the deduction to 100 percent and make it permanent.

#### FEDERAL CROP INSURANCE

Congress agreed with Farm Bureau and voted to keep the federal crop insurance program alive by approving funding for 1991, and promised further reform in the future.

#### CAPITAL GAINS

The push for reinstatement of capital gains treatment secured substantial support in both the House and Senate, despite the opposition of congressional leadership. Although not fully implemented in the budget package, the efforts to reinstate capital gains will form the basis for increased activity in the 102nd Congress.

#### RECLASSIFICATION OF ANHYDROUS AMMONIA

Farm Bureau led a successful fight against reclassification of anhydrous ammonia to a poisonous gas, saving farm producers millions of dollars in added handling and insurance costs.

#### WILD AND SCENIC RIVER DESIGNATION

Farm Bureau led a successful drive to defeat efforts to expand wild and scenic river designation in the Upper Peninsula and northern Lower Peninsula of Michigan.

#### GARBAGE BACKHAULING IN FOOD TRUCKS

Legislation to ban the practice of "backhauling" garbage and hazardous materials in trucks and railcars that also carry food was approved with support of Farm Bureau.

#### AMERICAN HERITAGE TRUST ACT

A proposal that would have provided \$1 billion per year for government acquisition of private land was successfully opposed by Farm Bureau.

#### MEXICO FREE TRADE AGREEMENT

Farm Bureau instructed the International Trade Commission that any bilateral free trade agreement between the United States and Mexico "must be weighed carefully" before deciding even whether to enter into negotiation. In general, Farm Bureau opposes bilateral free trade agreements as they conflict with the most-favored nation principle of the General Agreement on Tariffs and Trade.

### State Legislative Accomplishments - 1990

#### COMMERCIAL DRIVER'S LICENSE (CDL)

Farm Bureau was successful in obtaining the adoption of numerous amendments to Michigan's Commercial Driver's License (CDL) law which are favorable to farmers. Amendments to the CDL include a clarification of federal provisions which allow many farmers to be exempt from obtaining a CDL. Farm Bureau was involved throughout the negotiations which lasted for over a year. Farm Bureau's efforts resulted in several bills signed by the governor to implement needed exemptions for farmers.

#### NO-FAULT INSURANCE REFORM

Farm Bureau remained firm in the position of supporting "Reform, Not Rollbacks" and successfully opposed mandated auto insurance rate rollback legislation. Farm Bureau was concerned that mandated cost reductions by the legislature would set a precedent for mandating prices of other goods and services provided by the private sector. Farm Bureau continues to support meaningful auto insurance reform which would allow insurance companies to reduce the cost of auto insurance.

#### AES/CES FUNDING

Farm Bureau aggressively and successfully supported several bills relating to funding for Michigan State University's Agricultural Experiment Station and Cooperative Extension Service despite limited available funds in a very restricted and tight state budget. An initial appropriation of \$1.2 million was approved to begin the Revitalization of Animal Agriculture Project at Michigan State University. The initial appropriation will provide for planning money to carry out the \$67 million project. Farm Bureau was active in supporting both the \$67 million project and working directly with legislators to encourage appropriation of the planning money.

#### DEPARTMENT OF AGRICULTURE FUNDING

Assuring food safety and monitoring weights and measures are important programs administered by the Department of Agriculture which protect all consumers. Again in 1990, Farm Bureau worked with the legislature to stress the importance of adequate funding for the Department of Agriculture. Such funding included an equine survey to provide an up-to-date analysis of the equine industry, disease problem, and potential future needs of an important growing segment of Michigan's agricultural economy.

#### INHERITANCE TAX REFORM

Farm Bureau lobbied aggressively in support of several bills to implement needed inheritance tax reform for Michigan farmers and small businessmen. Provisions sought by Farm Bureau included total exemption and the adoption of the federal "pick up" tax to promote the transfer of farm property from generation to generation. In spite of Farm Bureau's aggressive effort in support of the bills, the bills died at the end of the 1990 legislative session because of political factors.

#### AMENDMENTS TO THE ENVIRONMENTAL RESPONSE ACT

Farm Bureau successfully fought to exempt landowners from liability when applying pesticides and fertilizers according to generally accepted agricultural and management practices and label directions. Farm Bureau also supported limiting liability to innocent landowners and commercial lending institutions not involved in the management of the agricultural property.

#### BURNING BAN

Farm Bureau worked to exempt farmers from a bill which would ban open burning of brush. The purpose of the legislation is to reduce air pollution from the burning of brush, leaves and grass clippings, encourage composting and to reduce disposal in landfills. Farm Bureau testified on the unique aspects of agriculture and was successful in including amendments to allow agriculture to burn brush on farms.

#### WATER USE REPORTING

Farm Bureau supported passage of legislation, with exemptions for agriculture, which requires registration and reporting by certain water users in the Great Lakes Basin. The legislation is intended to protect the water of the Great Lakes region and provide information on water use to effectively oppose diversion of water from the Great Lakes.

#### AG-EDUCATION FUNDING

Farm Bureau strongly supported efforts to provide legislative funding to enhance agricultural education and FFA programs. Such efforts included a \$150,000 Agricultural Education Grant for the hiring of two technicians in MSU's Agricultural and Extension Education Department for the 1990-91 fiscal year. The role of the technicians is to work directly with agri-science teachers and local agricultural advisory committees to strengthen existing agri-science programs and assist schools in implementing a new agri-science curriculum.

#### AGRICULTURE EXPORT BILLS

Legislation to enhance and promote export of Michigan agricultural commodities and products, and creating the Michigan farm export loan program was signed by the governor with Farm Bureau's support. The bills would allow lenders the use of surplus state funds at lower than market interest rates to reduce the cost to exporters of Michigan farm products.

#### MEDICAL RESTRICTIONS

Several bills were introduced in the 85th legislative session with the intent of clarifying the use of steroids and the disposal of medical waste. The bills, as drafted, could have impacted veterinary medicine and the use of certain pharmaceuticals in livestock. Farm Bureau was successful in obtaining amendatory language to clarify that the bills were intended to impact human medicine and not extend to veterinary medicine practices.

#### BOVINE SOMATOTROPHIN (BST)

Several bills were introduced to address the labeling of milk produced from cows injected with BST, to prohibit the use of BST, and to mandate a public health study regarding the effects of BST. Farm Bureau expressed concern and opposition to each of the bills. As a result, none of the bills were passed and died at the end of the legislative session.

#### LPG TANK TAX EXEMPTION

Assessing procedures on LPG tanks have varied among assessing units of government. Farm Bureau supported a bill to clarify that all LPG tanks would be exempt from assessment and subsequently, property tax.

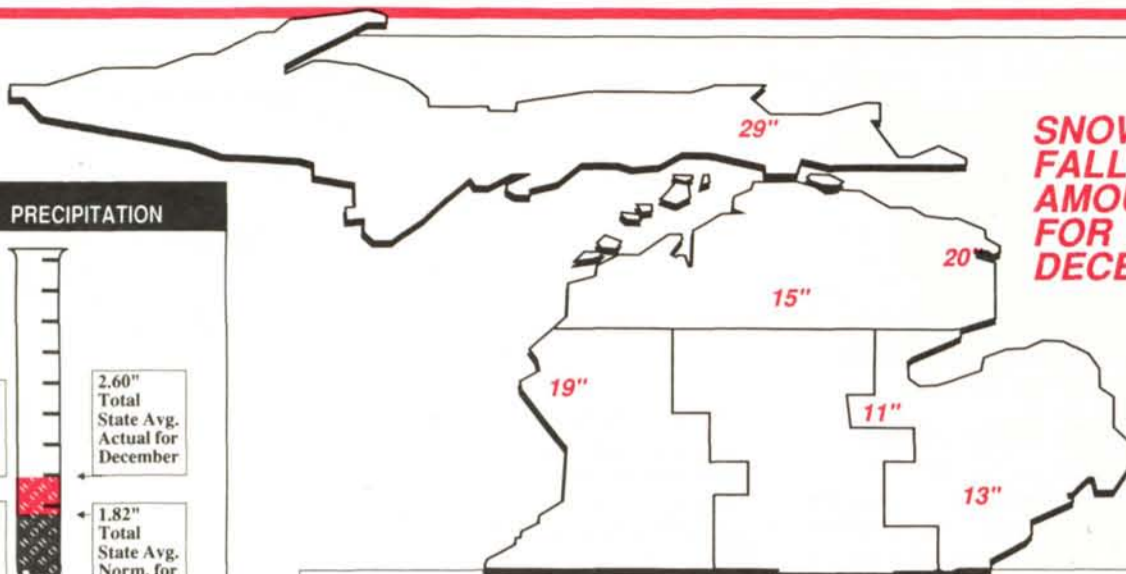
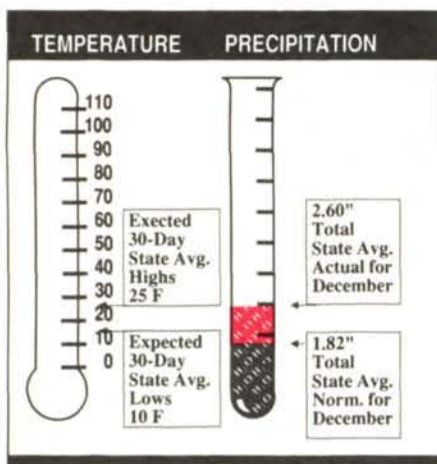
#### P.A. 116 PAYBACK CALCULATIONS

Farm Bureau gave strong support to the original intent of a P.A. 116 payback calculations bill introduced to address technical corrections for payback calculation of tax credits received on P.A. 116 agreements. Under the original intent of the proposal, payback would have been based on the amount of tax credit actually claimed and received during the last seven years on the individual contract not being renewed, as opposed to the entire amount of credit received on multiple contracts. Several amendments were added which broadened the scope of the bill. Failure to reach a compromise on these amendments resulted in the eventual demise of the bill in the final hours of the legislative session.

#### WOOD ASH FERTILIZER

Farm Bureau was instrumental in encouraging communication between DNR, MSU and the regulated producers of wood ash to allow limited application of wood ash on farmland. Wood ash contains the micronutrients typically purchased in the form of commercial fertilizer and had previously been disposed of in landfills.

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**SNOW FALL AMOUNTS FOR DECEMBER**

For The Month of December	Temperature			Precipitation		Normal
	Max.	Min.	Avg.	Snow (inch.)	Total Precip.	
Alpena	55	1	26.7	19.7	1.79	1.95
Detroit	56	3	32.8	13.2	4.37	2.52
Flint	56	-3	29.8	10.6	2.49	2.0
Grand Rapids	52	-1	30.0	18.6	2.97	2.55
Houghton Lake	50	-1	25.9	15.3	1.55	1.89
Sault Ste. Marie	47	-11	22.2	29.2	2.48	2.57

The latest 30-day outlook issued by the National Weather Service calls for near normal to below normal temperatures across Michigan during January. In addition, an active storm track through the Ohio Valley is expected to provide above normal precipitation over the entire state, especially in southern Michigan. Given below normal temperatures, much of this precipitation would be in the form of snow. Normal daily highs during January range from the low 20s in the Upper Peninsula to the low 30s in the extreme south. Low temperatures generally reach the 5 to 15 degree range, except in the southeast and along Lake Michigan, where the upper teens are normal.

The extended seasonal outlook for January through March calls for a continuation of colder and wetter than normal weather. This would likely result in a heavier than normal snowpack for most of the state. Periodic intrusions of arctic air should also induce heavy lake-effect snowfall, reversing lower than normal snow totals in affected areas during December.

*Jeff Andresen  
Agricultural Meteorologist  
Michigan State University*

# Weather

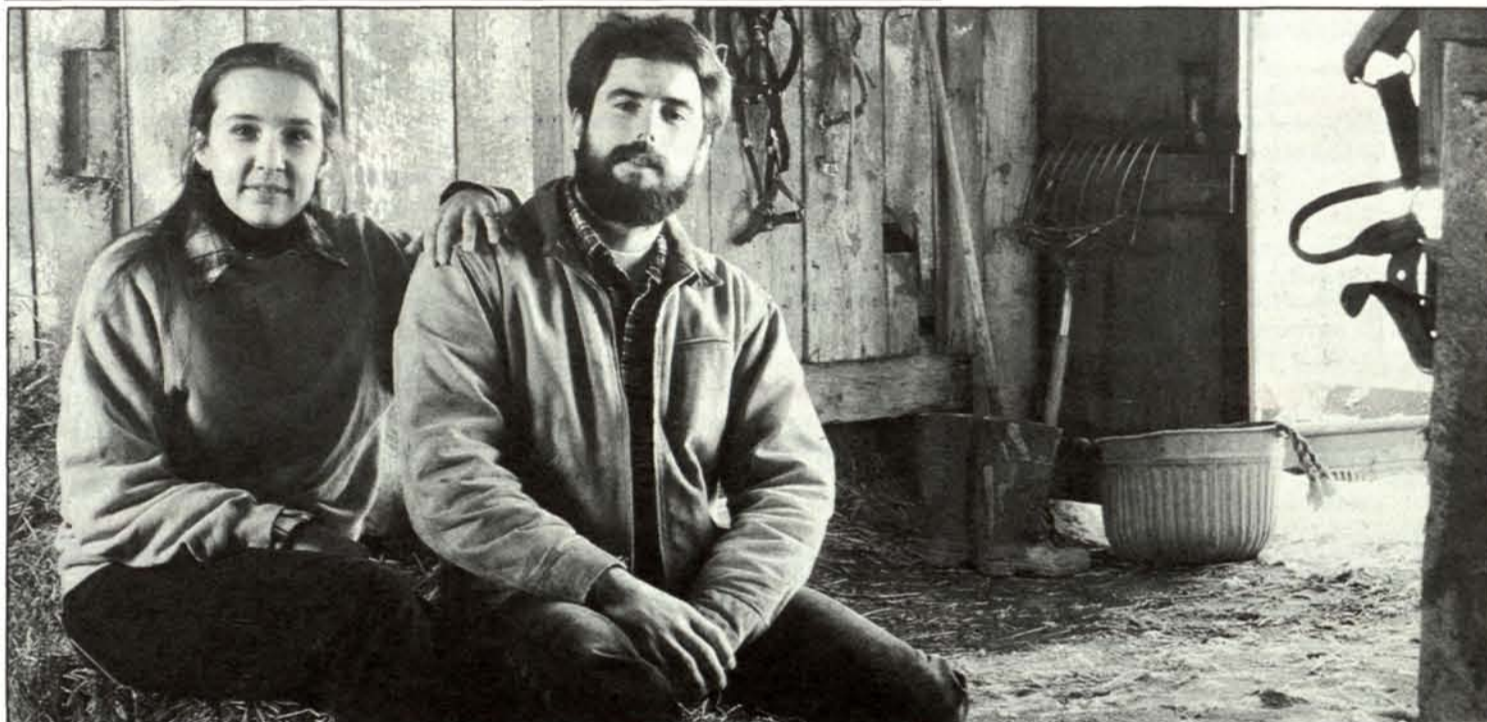
## Record Cold Takes Its Toll

Record cold temperatures took their toll on California's winter fruit and vegetable crops, but the full extent of losses will not be known for several weeks, according to a California Farm Bureau report.

The navel orange crop in the the San Joaquin Valley was severely damaged, with 80 percent of the crop remaining to be harvested, which may ultimately be lost. Attempts to salvage damaged fruit for juice may be limited due to processing capacity.

Citrus packinghouses have laid off workers as a result of the freeze, with estimates of up to 15,000 workers being displaced. Harvest delays and damage to broccoli, cauliflower and celery crops in the San Joaquin and Sacramento valleys have been reported, with damage estimates as high as 50 percent.

California's early strawberry crop was damaged in areas of San Diego and Orange counties. Mature fruits and blossoms suffered frost damage, but plants will soon begin their next cycle of berry production.



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## 1990 Crops Set The Pace

### Michigan Number 1 in Pickles

Michigan's 1990 production of cucumbers for pickles at 141,600 tons is down nearly 4 percent from last year. Despite the decline, Michigan continues to rank first in production, accounting for approximately 22 percent of U.S. output. Both planted and harvested acres at 25,000 and 24,000 respectively decreased by 500 acres. Yield dropped slightly from previous year's level and has been estimated at 5.9 tons per acre. Average price per ton rose \$3 from a year ago to reach \$171 per ton. Overall, the total value of production, at \$24.2 million, is down just slightly from 1989 figures.

### Record Dry Bean Yields

For the second straight year, Michigan dry bean growers benefitted from an excellent growing season and posted record yields in 1990. Excellent growing conditions resulted in timely planting and an excellent pod set, and although wet weather hindered harvest, it was completed slightly ahead of normal. According to the Federal/State Michigan Agricultural Statistics Service, Michigan's 1990 crop is estimated at 5.6 million hundredweight (cwt.), 41 percent above 1989 figures.

Yields for all dry beans averaged 1,650 pounds per acre, topping 1989's record yield of 1,500 pounds. Planted acreage of all dry beans, at 360,000 acres was up 60,000 acres from 1989 levels also. Navy bean plantings accounted for 225,000 acres while all other classes totaled 105,000 acres. Michigan growers harvested 340,000 total acres, up from the 265,000 acre harvest in 1989. Navy beans and all other bean harvested acreages were 242,000 and 98,000 acres respectively.

Navy bean production totaled a little over 3.9 million cwt., an increase of 29 percent from 1989, while production increases were noted for all colored classes as well, with Black Turtle bean production more than doubling from a year ago levels.

Nationally, 1990 dry bean production is estimated at 36.2 mill cwt, up 38 percent from 1989 and 70 percent above 1988 figures. Harvested acreage was up 28 percent from 1989, while the average yield gained a 7 percent increase. Record yields in Michigan and New York coupled with record production in Nebraska helped produce a bumper crop.

### Potato Yield Highest Since 1984

Michigan's fall potato production was estimated at 9.2 million hundredweight (cwt.), an increase of nearly 26 percent from previous year levels. Conditions throughout the season were favorable for growing and harvesting. As a result, fall potato yields averaged 280 cwt. per acre, up 35 cwt. from 1989, and the highest yield figures since 1984. Planted acreage increased by 1,000 acres from a year ago to 34,000 acres, while harvested acres reached 33,000, up 3,000 acres from 1989.

Fall potato stocks on Dec. 1 were placed at 5 million cwt., 25 percent above the 1989's stock on hand. Roughly 63 percent of the total stocks were whites, 34 percent were russets and 3 percent were reds. December 1990 stocks on hand were 54 percent of production, equal to 1989's level. Both processor and grower stocks are included in the stock summary.

Nationally, fall potato production is estimated at 344 million cwt., up 6 percent from 1989 and 10 percent from 1988. Harvested acreage was up 6 percent from 1989 at 1.5 million acres. The average yield of 298 cwt. per acre was down 1 cwt. from the year previous. Storage in the 15 major potato states held 217 million cwt. of potatoes on Dec. 1, 1990, up 8 percent from 1989.

## USDA Grants Targeted For Michigan Waters

The U.S. Department of Agriculture has approved a \$3,318,000 grant to reduce surface and groundwater contamination by agricultural practices in two Michigan regions. Beginning in 1991, the money will be used in the Saginaw Bay area and in Lenawee County to reach farmers via educational programs, demonstrations, technical assistance and, under certain circumstances, cost sharing projects.

The USDA grant for the Saginaw Bay area project totals \$2,058,000 to be used through 1995 for introducing new and innovative water quality management technology to farmers. The project involves 535,000 acres in portions of Bay, Tuscola, Saginaw and Huron counties, 95 percent of which is cropland.

In Lenawee County, \$1,260,000 is to be used through 1995 to encourage farmers to adopt existing water quality management practices for their operations. The program will focus on the Wolf Creek Watershed, which consists of about 48,000 acres in the

north-central portion of the county, about 58 percent of which is farmland.

The activities will be sponsored by the Michigan ASCS, Soil Conservation Service (SCS), MSU Cooperative Extension Service, with assistance provided by MSU's Agricultural Experiment Station and Michigan Dept. of Agriculture.

The projects will focus on "Best Management Practices (BMPs)" for farmers with recommendations including broader use of Integrated Pest Management, no-till or other practices that reduce soil erosion, improved handling and storage practices of fertilizers and chemicals, soil testing, and improved methods for overhead and sub-irrigation practices.

Farmers within the region covered by the grants are encouraged to contact their local Cooperative Extension Service, SCS or ASCS office for more information about the projects and educational activities that are being developed.



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## NOW Even More Reasons to Use Member Travel Services

### Agawa Canyon Snow Train - Friday, January 25-27, 1991 Cost \$279 per person

After a delightful drive north through Michigan (making several stops along the way), we will encounter many "snow sculptures" before reaching the lovely Water Tower Inn in Sault St. Marie. We have planned a "feast" for you this evening as we anticipate our train ride through the gorgeous snow clad forest tomorrow. You will encounter breathtaking natural beauty on your day-long train excursion through the wilderness of frozen lakes, ice formations and water falls. The modern train is very warm and comfortable; lunch will be served in the dining car as you enjoy the winter scenery. (Most meals are included).

### Longhorn World Championship Rodeo - February 9, 1991 Cost \$49 per person

Enjoy top-notch indoor rodeo action at the Palace of Auburn Hills. Bus transportation, excellent seating and meal included.

### Ice Capades - Wednesday, March 13, 1991 Cost \$59 per person

We have planned a lovely downtown dinner evening before our coach drives you to the door of the Joe Lewis Arena. Then we have a great evening of entertainment ahead of us as we enjoy lavish costumes and spectacular production numbers performed on ice by world class skaters. Clowns, special ice dancing and the music provide a night to remember!

### Shipshewana - Saturday, April 13, 1991 Cost \$69 per person

After a pleasant and relaxing drive, we'll arrive at the Dutchman Essenhouse in Middlebury, Indiana. Here we will be treated to a marvelous Amish-style lunch. Bring your appetite and save room for homemade pie! After lunch, we will take a short drive to the famous Shipshewana outdoor flea market where you can find many treasures, new or antique!

### Holland Tulip Festival - Thursday, May 16, 1991 Cost \$69 per person

The festival will be in full swing today as we visit Windmill Island and Dutch Village. We will view the parade from our comfortable lawn chairs, enjoy our included dinner at the Old School House and much more.

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Call **1-800-354-4272** or check the box by tour(s) of interest to you; clip this page and send to MFB Travel Service, 1000 Victors Way, Ann Arbor, Michigan 48108, to receive more information by return mail.

6

## MARKETS

### Seasonal Commodity Price Trends (long term)

Wheat	BT
Corn	↓
Soybeans	?
Hogs	↑
Cattle	TP

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

### Hogs

Early winter months are always a tough time to get a firm handle on the strength or weakness in the cash hog market. The recent drop in terminal weights are indicating that the industry has nearly worked through the harvest backlog.

Pork trade has been slow due to the collapse in wholesale ham prices. Until pork is used more aggressively, demand will suffer. The seasonal drop in slaughter numbers and the current cold weather should be supportive to cash prices.

### The Jan. 4, 1991, quarterly Hogs and Pigs Report indicated:

All Hogs and Pigs Dec. 1, 1990	
Kept for Breeding	101%
Kept for Marketing	100%
Sept.-Nov. Pig Crop	102%
Dec.-Feb. Farrowing Intentions	102%
March-May Farrowing Intentions	98%

The bullish report will be watched closely for 1991 trends in marketings and prices. On a positive note, there appears to be little or no herd expansion at this time, moving prices higher for the near term.

### Corn

Cash prices are already beginning to turn lower into what was expected to be a winter break. The seasonal weakness is driven by increased farmer selling for cash flow requirements.

Export demand is uncertain. Even with Soviet export credits, exports will fall well short of last season's level. The breakdown of GATT talks may also weigh on our markets both in unfair trade and lack of any new markets.

Although USDA's 7.5% set-aside announcement was expected, the markets responded negatively. The most supportive factor for corn over the short term may be the wheat price trend.

### Soybeans

The soybean market started 1991 off on a sour note with soy futures making new contract lows. The lack of any new export business and the anticipation of an increase in country movement prompted traders to move beans lower.

Soybean meal is the anchor for soybeans, as crushers have put meal in barges and sent them downriver without buyers. This means basis pressure, deliveries against future contracts and crush slowdowns.

South American weather is the factor that could turn our prices around. Observers there insist that acreage will be down 10 to 15 percent. Final production estimates will be a key factor to watch.

### Wheat

Competition on the world export front for wheat is fierce. Small lot export bonus business continues to work through the system but the orders are not market movers.

While USDA is working on an export bonus, the big buyers, like the Chinese and Soviets, are on the sidelines waiting. The Federal Reserve Board action to lower interest rates will support wheat prices, allowing a cheaper U.S. dollar to help stimulate export sales.

### Dairy

Cheese prices have stabilized over the past few weeks which is very supportive to milk prices. The December 1990 M-W dropped only \$.06 to \$10.19 from the November M-W price of \$10.25. Milk prices are about 180 degrees out of sink from seasonal price patterns. Milk production is unchanged to mostly higher throughout the country.

### Cattle

Cash cattle prices were reported slightly lower in quiet end-of-year trade. There are several important USDA reports due in the near future that cloud the horizon for the cattle market.

Even with new highs in the cattle futures market, time is running out for this trading cycle and seasonal cycle. The Persian Gulf crisis and potential recession weigh very heavily on cattle futures and cash prices. The consensus view on these situations is that they will be short and relatively painless.

Unless weather is a significant force or the Jan. 25, 1991, report indicates otherwise, an erosion in cash prices should be anticipated. National meat month in February should help delay significant losses until spring.

### 1991 Feed Grain Program

USDA has announced some of the most significant details of the 1991 Feed Grain Program.

#### Loan Rates:

Corn \$1.62, sorghum \$1.54, oats \$.83. The new farm bill froze the corn target price at \$2.75. USDA estimated the 1991 crop deficiency payment at \$.58, of which 40 percent or \$.232 will be advanced at sign-up, although those dates have not been

announced. The percentage advanced at sign-up is the same as last year, however, the estimated deficiency payment is much less than 1990 (\$.58 versus \$.90).

#### Set-Aside:

Producers must idle 7.5 percent of their base to participate. Because set-aside has been reduced from 10 percent last year, corn acreage is expected to increase 1.5 percent to 2.5 percent in 1991. USDA also announced a special acreage survey scheduled for late January and released Feb. 11, 1991.

### Don't Throw Away Expired CCC Certificates!

The USDA said a provision in the new farm bill now allows subsequent holders of expired Commodity Credit Certificates to exchange them for cash, according to Knight-Ridder News. To be eligible for exchange for cash, the certificates must have been purchased before Jan. 1, 1990. Holders are not allowed to receive cash in excess of \$1,000 for the certificates.

In addition to the \$1,000 payment limit, certificate holders can receive: 85 percent of face value during the 6-month period after expiration; 50 percent of face value during the 12-month period after it expires. Subsequent certificate holders cannot exchange them later than the 19th month after expiration and cannot receive a cash payment higher than the face value of the certificate.

### 1990 Wheat Farmer Owned Reserve

The Farmer-Owned Reserve (FOR) was opened for 1990 wheat by USDA price pressures and the fact that the new farm law allows entry and exit at the farmer's discretion. A signup will be held in January for a maximum of 300 million bushels. You'll be asked how much wheat you want to sign up. If you have a loan, you can sign up for the FOR to enter your wheat when the loan matures. If the signup yields more than 300 million bushels, USDA will cut everyone back proportionately.

1990 wheat is eligible for the reserve when 9-month loans expire. But entry may be limited...reserve can't top 300 million bushels. Notifying ASCS doesn't obligate producers to enter the reserve...just keeps options open. If you're considering taking FOR you'll need to get a regular loan by January 31 or crop won't be eligible.

### GATT Negotiations

The failure of the GATT negotiations will have very little immediate effect on the current U.S. agriculture situation, meaning agricultural trade will not immediately increase. Unfair foreign trade barriers will remain in place and continue to inhibit U.S. farm exports. The European Community's (EC) export subsidies, now around \$12 billion per year, will continue unchecked. U.S. trade policies will continue to operate as they have, and domestic farm programs will be implemented according to the 1990 farm bill.

The long term effect is very uncertain at this time. New market opportunities overseas will be extremely limited because of EC export subsidies. A wide range of other problems will not be resolved; transportation subsidies, health regulations being used as trade barriers, seasonal quota restrictions, high tariffs, and the GATT panel dispute settlement process will not be improved. A trade war is not out of the realm of possibility.

### Japan's Soybean Industry Gets Reprieve

The collapse of GATT negotiations in December gave Japanese soybean producers a temporary reprieve from greater competition from foreign soybeans, according to industry sources. The Japanese government had been on the verge of opening the doors to increased vegetable oil imports but has now decided to delay tariffs on oil imports. Not everyone is happy about the turn of events, especially consumers, trade houses and crushing firms, who had anticipated lower oil prices, according to Knight-Ridder News.

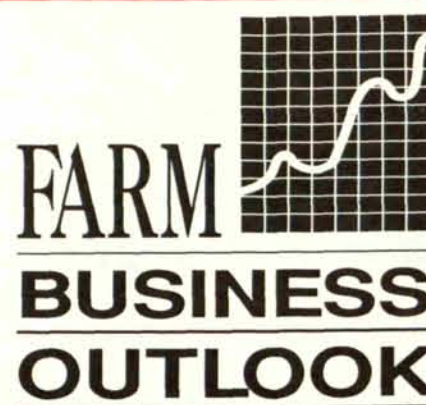
### Expect Full Impact of Higher Fuel Costs

Farmers will feel the full effect of the escalation in oil prices during the 1991 growing season, with higher input costs for fuel, fertilizer and ag chemicals. Bill Uhrig, Purdue University economist, says farmers will have to absorb some of the cost increases as grain prices will not rise enough to fully reflect the higher outlays for supplies.

Abner Womack, director of the Food and Agricultural Policy Research Institute at the University of Missouri, says higher oil prices could increase input costs roughly \$5 to \$6 per acre for soybeans, \$6 to \$8 per acre for wheat and \$12 to \$14 an acre for corn. On the average, Womack said costs for crop farmers will be about \$10 an acre higher because of the oil price hike.

### Signs of Sluggish Economy Grow

Durable goods orders plunged 10.5 percent in November, 1990, equaling the record fall of last January and giving further warning of a steep fourth quarter downturn in the economy. The Commerce Department also reported a 1.2 percent drop in the index of leading economic indicators. It was the fifth consecutive monthly decline in the index. As the economy lags, so does federal revenue. Personal income tax receipts for October and November were 3 percent behind last year's. Corporate receipts were down nearly 7 percent.





**DISCUSSION TOPIC: "The 1990 Farm Bill"**

The \$41 billion 1990 Farm Bill is one of the most complex pieces of farm legislation ever passed. Not only does it attempt to provide policy direction for the world's largest and most diverse agri/business industry, as amended by the Omnibus Budget Reconciliation Act, it also bears a share of the burden of helping to resolve the federal budget dilemma.

A publication from the USDA that provides only a bare-bones outline of the farm bill provisions runs 35 pages! So, rather than attempt to describe all the complexities of the new law, this month's discussion topic will key in on two crucial elements of special interest to Michigan farmers: triple base and conservation provisions.

**Triple Base**

The "triple base" program is a major flexibility feature that will permit farmers to plant at least 15 percent of their traditional base acreage to the crop of their choice, excluding fruits and vegetables. Crops planted on triple base are not eligible for deficiency payments but are eligible for commodity loans. Year-round haying and grazing is allowed. Under the optional flexibility plan, producers will be allowed to "flex" an additional 10 percent of their crop base for the 1991-95 crop years. No deficiency payments are paid on this acreage and limits may be applied on planting soybeans. Program crops on this acreage also are eligible for non-recourse loans and marketing loan protection.

**Conservation/Environment**

The 1990 Farm Bill for the first time requires record-keeping of restricted pesticides by certified applicators including farmers. Records of use must be maintained for two years and made available to federal and state agencies upon request. Producer's individual records are to be kept in confidence.

There are also tougher swampbuster penalties that expand the list of lost program benefits if farmers violate conservation compliance plans or farm without an approved plan. Criteria for defining a wetland is continued predominance of hydric soil, saturated at frequency to support wetland vegetation.

The newly created Agricultural Resources Conservation program consolidates programs that protect highly erodible lands, wetlands and improve water quality. It includes a continuation of the Conservation Reserve Program and sets it between 40-45 million acres. New is the voluntary Wetlands Reserve Program, with a goal of 1 million acres of wetlands set in multiyear easements. Also new is a water quality incentive program offering cost-share assistance to producers with approved plans.

Farm Bureau supported passage of the farm bill, despite some misgivings about certain provisions and the budgetary aspects, said Almy. "Farm Bureau wanted the legislation to meet three objectives: maintain a competitive pricing system, ensure the opportunity for an adequate level of farm income and provide greater freedom to respond to market opportunities," he said. "The goals of maintaining a pricing system that allows U.S. farmers to compete in world markets and gives farmers more opportunity to respond to market opportunities were basically achieved."

But Almy said the goal of ensuring adequate farm income was somewhat affected by the budget reconciliation package. "Farm Bureau had called for a freeze in target prices, and the bill does maintain them at current levels for the 1991-95 crops. However, agriculture took a large share of the cuts that were ordered to meet Congress' deficit reduction goal. A total of \$13.6 billion was cut from farm program spending with passage of the omnibus reconciliation bill. Most of the savings will result from the triple base provisions, which would amount to a reduction in in-

come support for farmers who participate in the program. In addition, we oppose assessments or loan origination fees on milk, sugar, soybeans, wool and mohair. We feel this sets a bad precedent for future attempts to assess commodities for the purpose of balancing the federal budget."

**Discussion Questions:**

1. Have CAG members participated in USDA farm programs in the past? Yes No
2. In which USDA programs do members plan to participate in this year?
3. If CAG members don't participate in the USDA programs, what are the reasons?
4. How many members plan to participate in the:
  - Triple Base Program \_\_\_\_\_?
  - Wetlands Reserve Program \_\_\_\_\_?
5. What has been the best source of information regarding the new 1990 farm bill?



The New Lothrop FFA Chapter's Farm Management team placed 4th overall in the nation out of 42 teams while in Kansas City. 18 year old team member Matt Birchmeier took 1st place, individual score in the nation, while 16 year old brother Brett placed 6th in the nation and cousin Tom Birchmeier took a silver, placing in the top third in the country. Matt scored 283 points out of a possible 300 in the contest which consists of a one hour multiple choice test and a 2 1/2 hour problem solving session. The Farm Management contest is sponsored by John Deere, with support from local dealers. Matt and Brett received a \$900 and a \$500 scholarship respectively for their placings. Above, Ron Kuhl, of Heritage Equipment congratulates (l-r) Matt, Tom and Brett Birchmeier.



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# 8 STRESS ON THE FAMILY FARM

Farmers have always had to cope with uncertainty--but because agriculture is considerably more complex, the pressures of running a modern day farm can be overwhelming. That's why it's more important than ever for farm families to know how to deal properly with stress. The Cooperative Extension Service at Michigan State University believes in the value of these stress reducers:

**Quick Tips:**

- Do something for someone else-
- Don't be afraid to ask for help-
- Schedule time for yourself-
- Go easy on the criticism-
- Take one thing at a time-
- Try relaxation exercises-
- Work off your anger-
- Give in occasionally-
- Forgive and forget-
- Learn to say no-

**Communication**

Communication -- or lack of it -- can be the greatest strength or problem both within the family and the farm. Communication problems can lead to mismanagement, partnership disputes, marital disharmony, or even parent-child alienation. Don't close yourself off. In other words, don't be the only person who knows what's going on or the right way to do things. Spend time talking and LISTENING.

**Attitude**

A positive, "work-it-through" attitude is not as stressful or defeating as a "we'll-never-make-it" attitude. View challenge as a plus, a motivation rather than an immobilizer.

**Support Team**

You're not alone. Your support team is your team of experts--those people and resources available to you in times of need. They can help you determine what assistance you need to overcome a stressful situation.

**Farm and Family Goals**

Plan farm and business goals in harmony with family and personal relationship goals. Instead of making them work against each other, allow them to work together in mutually satisfying directions.

**Nutrition**

What you eat, when, how much and how quickly will affect how you feel and ultimately your productivity. Poor eating habits--skipping meals, eating heavily, an unbalanced diet, eating on the run--can zap your strength. Make the effort to eat wisely, and take time to eat. The break and the nourishment are both good for you.

**Weight**

An overweight or underweight body is a stressed and a vulnerable body. Try to maintain a weight that is comfortable and appropriate for you.

**Rest**

Try to maintain regular sleep patterns. Busy times mean long hours but if fatigue



causes slow or poor decision making, accidents, or daydreaming, you won't accomplish what you set out to do.

**Exercise**

Because you work all day long, you may feel you're getting enough exercise. But many farmers go from relatively inactive periods to overly active ones with little or no preparation. The change can be hard on your system, creating additional stress. Prepare yourself for active periods, and enhance your overall health, by keeping in shape. Regular exercise can be a good source of relaxation. If you've been inactive for a long time, a physical exam may be a good starting point.

**Work Time and Family Time**

Not taking time away from the farm can create tension in family relationships. Spend time with your family enjoying each other as well as working.

**Increasing Your Awareness**

Be aware of danger signals that tell you you're experiencing stress and know how to respond. Admit that you're "stressed" and identify the cause so that you can begin to lessen or alleviate the effects.

**Personal Skills**

The more confident you are in your abilities and skills, the less stressful changes and challenges will be. Know your strengths, skills, and weaknesses.

**Appreciation**

Perhaps many of the reasons you wanted to be a farmer or live on a farm are the very things you don't pay much attention to any more. Remember that your way of life holds much to be desired and appreciated.

**Humor**

Laughter, a smile, making light of a situation that doesn't need to be so dark -- humor is one of the most effective means of reducing stress.

For more information, contact the Cooperative Extension Service and ask for Extension Bulletin R-1697, Farm Family Stress.

## Big No-Till Gains In 1990

No-till hay seedings more than doubled last year, jumping 116 percent to 27,500 acres, and led the growth of no-till systems used by Michigan farmers according to a survey completed by the Soil Conservation Service for the Conservation Tillage Information Center in Fort Wayne, Indiana.

"No-till corn and soybeans continued to grow at impressive rates," said Jerry Grigar, Conservation Agronomist for the Soil Conservation Service in East Lansing. "Annual increases now exceed the total amount of no-till a few years ago," he added.

No-till corn increased 19 percent and no-till soybeans increased 25 percent over 1989. No-till fall-seed small grains nearly doubled in 1990, jumping 80 percent to 43,300 acres.

Mulch tillage, a type of conservation tillage that maintains 30 percent residue coverage after planting, increased 34 percent from 835,900 acres in 1989 to 1,120,500 acres in 1990. Most conservationists consider mulch tillage as an intermediate step between moldboard plowing and no-till.

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