

MANAGEMENT LETTER

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Those "in the know" say that bankers will have a few more loan problems with slow payments increasing along with defaults. Bank loaners will be a lot more cautious on new loans and more choosy, BUT estimated bank profit is to be up to 7% in 1982 over 1981. Small town banks primarily in farm areas are feeling a pinch, however.

Slow recovery...according to a number of Washington sources with July tax cuts starting the recovery rolling, if only slowly. Inflation will average about 6% which will also be about that amount next year. High interest rates are the real bugaboo..slide easy in the summer and then up the bid in early '83. The prime rate they say may rise to 17% or so and slip to 15% this fall, then maybe to 16% during the winter.

From the Government...Congress will not pass emergency bailout programs for farmers, many controversial issues will be avoided because of fall elections.

Special sales and promotions are getting consumer attention these days. Merchandising and sales promotions are taking on increasingly important aspects with higher costs and more careful buying. Many advisory services are very clear on their emphasis of their positive aggressive selling and constant attention to marketing. It is strictly a consumers market these days.

Now is the time for your sixth month financial check-up! Review your tax returns for the past 3 or 4 years and divide them into categories of income items. Do the same for analyzing your deductions, income adjustments, and so forth. Evaluate the taxes you've paid as to a percentage of total income. Have you been getting large tax refunds at the end of the year? If so, you're making interest free loans to the government which they obviously appreciate. You can increase your withholding or reduce tax payments and then invest the money. However if you under estimate by more than 20%, you could be liable for penalties which amount to 20%. Proceed on to plan your spending for the last six months of the year and figure how to minimize your tax load by taking advantage of many options which are available from your financial advisor.

A statement worth repeating..."The budget should be balanced. The treasury should be refilled. Public debt should be reduced. The arrogance of officials should be tempered and controlled, and assistance to foreign lands should be curtailed lest we become bankrupt. The people should be forced to work and not depend on the government for subsistence." If you can agree with this statement, you're in pretty good company. It was made by Cicero in the year 78 A.D.

States to have greater involvement in disease and pesticide quarantines. The Federal Register, on June 9, 1982, published a notice that states and other interested parties would very likely be given the responsibility for control of a number of weed and pest programs. For example, the likelihood of federal involvement in control survey and quarantine programs for golden nematode, witch weed, bollworm, and gypsy moth will be terminated. This would then pass through states as their responsibility for control.

National Council of Agricultural Employers states...when hiring illegal aliens, you can refuse to hire them and ask for citizenship or authority to accept employment in this company. But, you must impose the same exact proof requirements on every person hired no matter what the job vacancy being filled.

Farm Labor Contractor Legislation getting close to consensus... difficult but not impossible. One reminder...our present law requires that agricultural employers who are registered as farm labor contractors must comply with Part 40, Subpart 40.19 of FLCRA: No farm labor contractor may transport migrant workers within the meaning of the act unless person shall submit written proof that every such vehicle is in compliance with all applicable federal and state safety and health standards and with rules and regulations promulgated by the Bureau of the Motor Carriers Safety Federal Highway Administration.

Would you believe...? That Social Security taxes of the average worker rose by 2,011 percent from 1950 to 1980?

That 25 percent of workers today pay more in Social Security taxes than they pay in federal income taxes?

That Social Security taxes in 1940 cost a worker only \$30 for the whole year?

You do believe that? That's no surprise...you paid the tax!