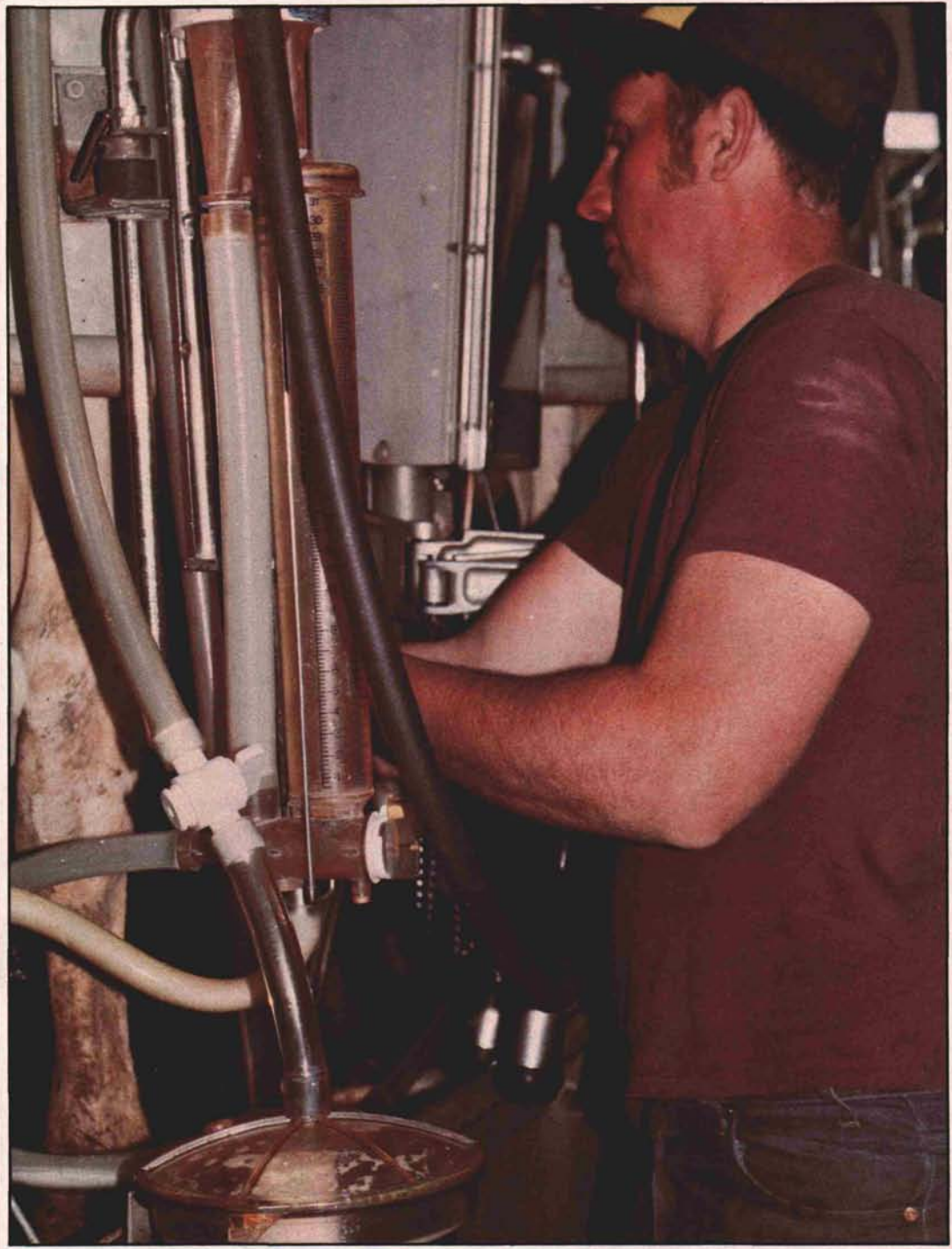


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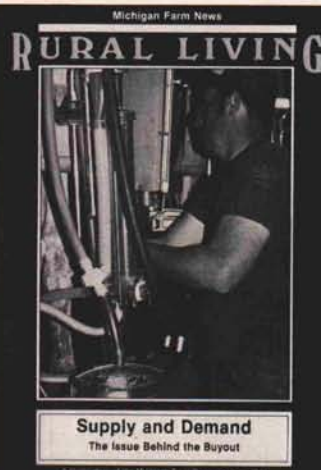
Supply and Demand

The Issue Behind the Buyout

RURAL LIVING

FARM NEWS

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THE COVER

The dairy herd buyout program is expected to reduce milk production by nearly 12% in Michigan.

Photo by Cathy J. Kirvan

In this issue:

Supply and Demand The Issue Behind the Buyout

Year-to-year "fix it" plans to balance milk supply and demand have frustrated dairy farmers. Future dairy policy, they say, must be long-range and provide true supply and demand signals to producers.

7

Freeze Damage and Marketing Issues Challenge Michigan Fruit Industry Resources

9

Sesquicentennial Kick-Off Promises Fun and Variety

All of Michigan agriculture will be represented June 14 in Lansing when the capital city hosts the kick-off celebration of the state's 150 years of statehood.

14

COLUMNS

- | | |
|-----------------------------|------------------------------------|
| Rural Route — page 3 | Agronomic Update — page 18 |
| Front and Center — page 4 | Discussion Topic — page 20 |
| Legislative Review — page 5 | Farm Bureau Market Place — page 23 |
| Rural Exchange — page 12 | |

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Vote 'No' in the Wheat Producer Poll



MFB President Elton Smith participated in an AFBF conference call to learn the details of the wheat producer poll.

Nearly a generation ago, the nation's wheat producers soundly rejected an attempt to impose mandatory production controls. Those producers who voted in the 1963 national wheat referendum stood their ground against government control of agriculture. The resounding "no" vote they delivered turned aside talk of quotas and production controls for all commodities for many years.

Now a new generation of producers must answer with unequivocal opposition to mandatory controls. Once again, the burden of choice falls on the shoulders of wheat producers.

The 1985 farm bill requires the USDA to poll the nation's wheat growers to determine the popularity of using mandatory production and marketing controls. Although vigorously promoted by supply control advocates in Congress, this minority could not obtain the votes necessary to make controls a part of the new four-year farm bill. They did succeed, however, in obtaining a requirement for a non-binding poll of wheat producers, which the secretary of agriculture must now conduct before July 1, 1986.

The adage of separating the wheat from the chaff is especially true in the so-called poll. The question being polled is whether producers would favor production and marketing controls in exchange for a guaranteed price equal to 125% of the cost of production. Those who interpret the polling as being a scientific, impartial determination of producer opinion, will find that they are sadly mistaken.

It is merely a "straw vote" — not scientifically reliable, and woefully lacking the basic information that producers must have to make a thoughtful management decision. The poll will not inform farmers in advance about how much land they must take out of wheat production. No information has been made available to indicate what other crops could be planted, nor how many head of livestock could be grazed on those idled acres.

Proponents of such production controls call this a "new idea" and tout the plan as the answer to the commodity's price and supply problems. In fact, controls and quotas are not a new idea. This concept has repeatedly failed in many countries of the world with many different commodities.

Not only are such controls not new, they are outmoded. Ignored is the fact that U.S. agriculture competes in an international market. Foreign producers are delighted to see the U.S., the world's largest exporter, relinquish our market shares to their expanded production capacity.

The recent past provides a clear cut example. In response to artificially high price supports for U.S. wheat established in the 1977 and 1981 farm legislation, Australian wheat production is up 80% and Argentine production has jumped 115%.

Today's producer cannot afford to be used as a pawn by supply control advocates whose political objective is government control for all of agriculture. Anything less than an emphatic "no" vote by wheat producers would encourage

legislation calling for the control measures for wheat production. Make no mistake — if supply control proponents gain this foothold in agriculture, they will push for controls in other commodities.

Farm Bureau leaders across the nation reaffirmed the organization's commitment to serve the best interests of all of agriculture in the 1986 Farm Bureau policy setting session in Atlanta, Ga. Voting delegates stated specifically that national farm policy decisions must recognize that all commodities are interrelated and that any change in the supply, demand or price of one affects the others.

In these difficult economic times, producers may be tempted to sacrifice their commitment to a market-oriented agriculture for short-term income gains. In the long run, however, the only way producers can benefit from their farm assets is to produce. At best, mandatory production and marketing controls guarantee only short-lived profits that will disappear when the domestic and international markets have responded to such artificial attempts to bolster farm income.

Agriculture has a positive and productive future ahead. Guarantee yourself the opportunity to produce for a profit; not government payments. Vote "NO" in the wheat producer poll before June 15, 1986!

Elton R. Smith

*Elton R. Smith, President
Michigan Farm Bureau*

The USDA has designated July 7-11 for statewide elections of individual pork producers for possible appointment to an industry-wide committee that will administer a promotion, research and consumer information order for pork. Candidates receiving the highest number of votes in Michigan will be eligible for appointment by the secretary of agriculture to the state's three positions on the National Pork Producers Delegate Body. The delegate body will consist of approximately 165 producers, including two or more representing each of the 50 states, and four importers. It will be responsible for administering all aspects of the pork order.

Voting will take place at county Extension offices during regular business hours. Producers are urged to vote in person, but if not possible, an absentee voting packet containing a ballot and registration form may be obtained from Jim Epstein, National Pork Producers Election, P.O. Box 23762, Washington, D.C. 20026-3762. Absentee ballots must be postmarked by July 11 and received no later than July 18. Votes will be tallied locally by ASCS officials and results forwarded to the USDA secretary.

The ninth biennial Capitol Bean Day will be held June 10 from 11:15 a.m. to 2 p.m. on the east lawn of the state capitol. Capitol Bean Day is co-sponsored by the Michigan Bean Commission, the Gratiot County Farm Bureau Women and the Fairgrove-Labor Day Bean Festival Committee. Special guests during the celebration will include Gov. James Blanchard and several members of the state Legislature.

Look for the big yellow and white Farm Bureau and affiliated companies tent at Ag Expo '86, July 22-24 at Michigan State University. The tent will be on lots 248, 249, 348 and 349, the same location as last year, and will feature exhibits by MFB, Farmers Petroleum Cooperative, Farm Bureau Insurance Group and MFB Group Purchasing. Endorsed by the North American Farm Show Council, Ag Expo will feature a 35-acre central exhibit area. It will be open Tuesday and Wednesday from 9 a.m. to 5 p.m. and Thursday from 9 a.m. to 4 p.m.

Formal dedication ceremonies for the MSU Clarksville Horticultural Experiment Station will be conducted on June 17. The dedication begins at 5 p.m. The station will be open to the public 7-9 p.m. for tours. The station comprises 440 acres of research sites for all types of vegetable and fruit production. When it is fully developed, it will be one of the foremost horticultural experiment stations in the world. The station is located in western Ionia County along I-96, approximately 20 miles east of Grand Rapids and 45 miles west of Lansing.

Western Michigan University is offering a number of scholarships for students who are enrolled or plan to enroll in agriculture or agribusiness programs during the 1986 fall semester. The grants will include \$400 for students who are presently in high school or a community college; two Lee O. Baker scholarships of \$500 each will be awarded to current students as well as several \$400 awards. Inquiries regarding the WMU ag program and scholarships should be directed to the Agriculture Program, Department of Consumer Resources and Technology, Western Michigan University, Kalamazoo, Mich. 49008.

MFB Group Purchasing's Summer Implement Parts Sale will be June 23-July 16. Steel products available will include sickle assemblies and guards, gathering chain, combine twin point conversions, roller chain, slash points and much more. To develop a better understanding of products available, a series of sale kick-off meetings will be held around the state. Dates and locations are June 23, Aldrich's Restaurant, Frankenmuth, 7 p.m.; June 24, Jackson County FB office, 7 p.m.; June 25, Tift's Restaurant, Howard City, 8 p.m.; and June 26, Grayling Holiday Inn, 7 p.m. For more information on the meetings or to find out the name of your local steel vendor, call your county FB secretary.

The annual reopening period for FB's health plan subscribers is June 6-20. During this time, members will have the opportunity to make changes in their coverage and add a dependent child between the ages of 19 and 25, if eligible. All processed changes will be effective with the Aug. 20 billing. Watch your mailbox for more information from Blue Cross Blue Shield of Michigan and Health Maintenance Organizations in participating counties. To apply for a change, contact your county FB secretary between June 6 and 20.

Wheat Producer Poll to Take Place This Month

Wheat Producer Poll — The USDA will conduct an informal poll of wheat producers nationwide to determine whether there is industry support for mandatory production controls. The poll, which will take place in June, is required by the 1985 farm bill. Results of the poll are advisory and further action is at the discretion of the secretary of agriculture.

Health Insurance Deductions for the Self-Employed

— By unanimous vote, the 20-member Senate Finance Committee reported the tax reform legislation to the Senate for consideration. The bill includes a provision allowing self-employed persons a tax deduction of one-half of their health insurance premiums.

Support for the health insurance premium deduction is also provided in a separate bill, S. 2403. The bill has been co-sponsored by Sen. Don Riegle.

Dairy Buyout — A recent court order issued in Texas gave the USDA until June 1 to issue new rules for the \$1.8 billion program to reduce the nation's dairy herd by 1.5 million animals over the next 18 months. USDA Undersecretary Daniel G. Amstutz said the court order does not end the buyout program but will require some modification. At issue is interpretation of the rule limiting slaughter of dairy animals to a total of 7% of the nation's herd in any one year.

It is not clear whether the 9,502 dairy farmers who have contracted to sell more than 633,000 cows, 216,000 heifers and 165,000 calves during the first marketing period would

have to accept modifications in their contracts to remain eligible for the program.

1987 Budget Bill — The Senate passed a budget bill that meets the Gramm-Rudman-Hollings deficit target of \$144 million for next year. It remains to be seen whether President Reagan will go along with the \$13 billion in new taxes for 1987. Sen. Phil Gramm, chief sponsor of the deficit reduction legislation, said he will recommend the president approve the new taxes for the 1987 budget, but would oppose additional tax increases in the following years.

FIFRA Reauthorization

— Sen. Jesse Helms has introduced an FB-backed bill (S. 2346) to revise the Federal Insecticide, Fungicide and Rodenticide Act.

The bill contains language which would provide farmer liability protection. The section would exempt an ag producer or applicator from liability for any damages related to pesticide application unless he or she "acted unreasonably with regard to such pesticide use or application." Application in compliance with label instruction would be considered evidence of reasonable use.

Ag Credit — At this writing, 160 House members and 57 U.S. senators have signed as co-sponsors of the concurrent resolution (HCR 310) expressing the sense of the Congress in support of ag loan restructuring actions by commercial banks and the Farm Credit System. Congressmen supporting the resolution include Michigan Sens. Levin and Riegle, and

Reps. Carr, Davis, Henry, Kildee, Levin, Schuette, Siljander, Traxler, Vander Jagt and Wolpe.

WASHINGTON

A related announcement came from the Farm Credit Administration indicating that the credit agency would institute a debt restructuring plan for ag loans. In many ways the plan would resemble FB's debt restructuring plan. In addition, the Farm Credit Administration has announced its intention to lower interest rates on Federal Land Bank loans by 1%.

Omnibus Trade Bill — The House Ways and Means Committee has amended the omnibus trade bill to make treatment of ag products more consistent in antidumping and countervailing duty cases.

The amendment is intended to apply to cases such as the recent International Trade Commission decision on Canadian hogs and pork in which the ITC ruled that hog producers and packing companies did not have common interest. The amendment would also ensure that foreign producers do not escape countervailing duties by adding a small increment of value to an ag product through processing.

The committee also unanimously approved an amendment introduced by Rep. Bill Schuette which would prohibit foreign agricultural interests from receiving state or local tax exempt bonds for the purpose of establishing agricultural operations in the U.S.

Sales Tax Exemption Proposed for Grain Bins

Sales Tax on Grain Bins — S.B. 738 and 739, which would exempt "portable grain bins" from sales tax, are on the Senate floor. Portable is defined as a bin which is "designed to be disassembled without significant damage to its component parts." FB supports the legislation. It is opposed by the Treasury Department.

Sales tax on grain bins has been an issue for some time, with one court ruling they are taxable and another court ruling they are not.

LANSING

As introduced, the bills also contained a sales tax exemption for tile used for farm drainage. The Senate Finance Committee amended this out of the bill, saying that tile is "permanently affixed" and becomes a "structural part of real estate." Present law does not permit exemption for such use.

Crop Gleaning — H.B. 4494 would extend the farmers' tax credit for gleaning through 1988 and increase the credit from the present 10% to 20%. The credit is based on the wholesale value of the gleaned crops. FB supports the legislation.

Charitable organizations "glean" fields and orchards for leftovers or unharvested products. The gleaned food is processed and used by charitable food kitchens located throughout the state. There are also 12 food banks in Michigan which provide food for charity.

Ag Labor Camps — H.B. 5538 has been introduced to put into law the dates that are required to provide heating facilities in seasonal housing. Presently regulations require heating before May 31 and after Sept. 1. H.B. 5538 would change the September date to the 15th.

Water Planning Commission — S.B. 629 passed the Senate some time ago; it is now on the House floor. It requires that the 15-member Great Lakes and Water Resources Planning Commission be increased to 16. The additional member must represent agriculture and would be appointed by the governor.

The original legislation creating the commission also required ag representation. However, the commission was appointed by three different people — the governor, speaker of the House and Senate majority leader — and agriculture was inadvertently left out.

FB has insisted that agriculture be properly represented as it probably has more at stake than any other segment of the economy.

Gas Tax Refund — If passed, S.B. 741 would permit farmers to claim a gas tax refund on their state income tax the same as they do now on the federal income tax. Presently the tax refund can be claimed up to one year from date of purchase by filing special forms.

The bill was amended to allow farmers to claim the refund under either the present tax system or new income tax system. FB supports the bill as amended. It is now on the Senate floor.

Bottles — Wine cooler bottles have become a problem as throw-aways.

FB supported new regulations by the Liquor Control Commission to require a deposit on wine coolers so they would be returnable the same as beer and soft drink containers are now. However, the legislative Joint Committee on Administrative Rules defeated the proposal. Committee members believed extending the law to wine coolers by regulation would be unconstitutional.

Bills are being introduced to amend the law. H.B. 5510, sponsored by Rep. Charles Mueller, would not only bring wine coolers under the law, it would also include all alcoholic beverage bottles. Rep. Mueller believes that all grain-based spirits should be included in the bottle bill, and has asked the attorney general for an opinion.

FB policy maintains that such bottles should be included because they constitute a serious litter problem along roadsides and in the fields.

If the Legislature does not act, there may be a petition drive to put the issue on the ballot. The present law, which passed in 1976, resulted from a petition drive and vote of the people. FB was one of the strong leaders in that effort.

P.A. 116 Tax Refund — H.B. 4788 has passed the House and is expected to pass the Senate. The bill would require that tax statements furnished with P.A. 116 participants' tax returns

(continued on page 22)

SUPPLY & DEMAND

The Issue Behind the Buyout

By *Connie Turbin*

Announcement of the whole herd buyout program barely caused a ripple in the milk tank at the Gasper family dairy farm in Ionia County. Lewis and Ken Gasper, father and son partners in the operation, say they never really considered entering the program, but they're concerned that more "tinkering" with the industry isn't going to return dairying to the supply and demand balance that existed before the 1977 farm bill.

It's not the individual programs that they disagree with, the men say. Rather they feel frustrated by the year-to-year "fix it" plans.

"It bothers me," Ken says. "First the industry jumped on the diversion program, then the buyout and already everyone is talking about quotas. Good managers are being buffeted by these swings in the dairy program and those who are having problems just don't have the flexibility to respond."

Ken and Lewis favor a two-tiered pricing system for base and surplus milk similar to that which was in effect prior to 1977. "The base-surplus system gives the producer some price

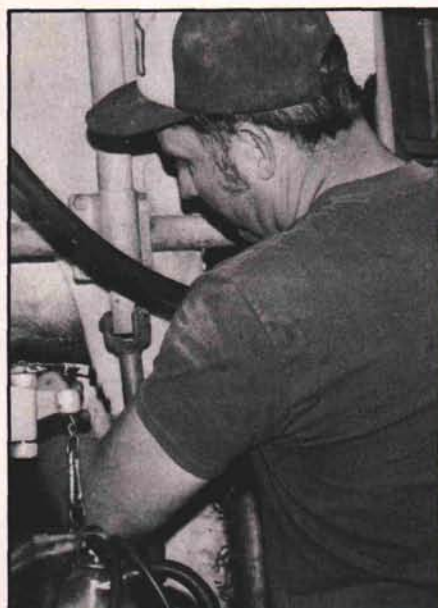
protection and provides some production controls," Ken says. "I like the system because it leaves the decision in the hands of the dairyman. If there's a milk surplus, the support price will be adjusted downward. If you want to produce that extra 10% of milk and get, say \$3.00 (per cwt.), you can go ahead and do it — if you can afford to."



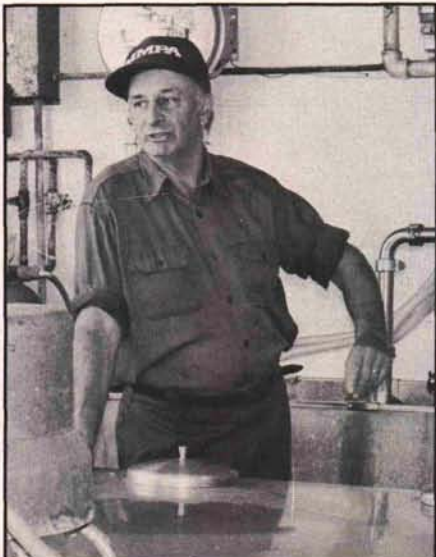
Year to year "tinkering" with the dairy program concerns active producers like Ken and Lewis Gasper, partners in Lew-Max Farms. They favor a two-tier pricing system for base and surplus milk.

Lewis agrees. "Until this problem is under control it's going to cost us one way or another — whether we pay for the program, or the support price drops. Under the buyout program, we'll pay the assessment and still watch the support price drop."

The struggle to remain profitable in a troubled industry has been frustrating for Elwood and Eleanor Schwartz. After a lifetime of dairying on the family's Allegan County farm, the couple, now 62 years old, were looking forward to retirement in just three years. But when the announcement of the whole herd buyout program was made, the Schwartzes made the decision



At Lew-Max Farms in Ionia County, the Gaspers will continue to milk 80 cows twice a day, seven days a week. According to Ken, herd production has remained relatively constant over the past two or three years. There is no plan to increase production.



The dairy herd buyout program accelerated retirement planning for Elwood and Eleanor Schwartz. If they had stayed in the dairy business, said Elwood, anticipated equipment repair and replacement costs would have further eroded their dairy farm income.



Dairy operations will continue on the Schwartz Dairy Farm in Allegan County until February 1987. Their bid for the second marketing period was part of the tax planning they discussed with a tax specialist at the time of the program announcement. The Schwartzes will farm cash crops and raise beef animals for the next three years.

to accelerate their retirement plan. A bid to eliminate their herd of 180 dairy animals in the second marketing period was entered and accepted.

"Fortunately for us, the announcement came at tax time and we talked it over pretty thoroughly with our tax man. Without the program, we would have waited until we were both 65 and sold the animals at auction," Elwood says.

"The program came at just the right moment for us. We have very little outstanding debt. We haven't made any major equipment purchases since 1970, the herd size has remained stable at about 85 milking cows, and our family is grown. If we had stayed in the dairy business, we would be at the point where repairs and replacements would become necessary."

Eleanor and Elwood won't give up farming entirely. For at least the next three years, they will raise corn, soybeans and beef cattle on their 150-acre "home farm."

Both the Schwartzes and Gaspers express concern that the whole herd buyout program is yet another "bandaid" approach to a complex problem of matching production to demand in the marketplace. A powerful dairy lobby works hard to protect the income and investments of dairy farmers and dairy processors, but these farm operators agree that the supply control plans developed by the industry and instituted by the government have not really been beneficial to dairy farmers nor to agriculture as a whole.

"There seems to be a trend in government of protecting agriculture from the marketplace, but where has it gotten us?" asks Ken. "I'm concerned that the industry may get so protected that it will take away the incentive to be a good manager."

Over the years, Elwood says, dairying has been a good farm enterprise, providing a comfortable living for his family, but he

does not hesitate to add that in the past six or seven years, it has been increasingly difficult to make a profit. "For us and a lot of other dairy people it's just been a case of hoping you can pay the bills."

While these two dairy operators don't hold high hopes that the 18-month buyout will "fix" the problems in the dairy industry, they optimistically view it as another opportunity for the industry to research and develop an economically sound, long-range plan.

Dairy farmers, both in and out of production, will be watching and participating in discussions about future dairy policy. Whether those solutions involve strict production controls through a quota system, or a support price mechanism that responds to consumer demand for fluid milk, the industry's remaining producers aren't likely to be satisfied with programs that inhibit long-range planning or which will continue to provide artificial production incentives.

Freeze Damage and Marketing Issues Challenge Michigan Fruit Industry Resources

By Cathy J. Kirvan

Three strikes and you're out, right? Not for Michigan's fruit industry. Despite four nights of killer frosts, the USDA secretary's decision to terminate the federal marketing order for red tart cherries and foreign apple juice concentrate imports depressing U.S. apple prices, industry leaders have not given up hope that they can turn the situation around.

It was too early to tell the extent of the frost damage as *Rural Living* went to press, according to Dr. Jerome Hull, horticulture specialist for the MSU

Extension Service. Estimates of this year's crop will be made in early June, after the good blooms set fruit and damaged blooms drop.

"One thing you need to keep in mind when you talk about killing frost is that if there is 100% bloom setting fruit, growers would be out taking fruit off the trees because they could not carry that much fruit through to a good, high quality crop," Hull said. "On an apple tree, if 10% of the flowers set fruit that's a crop. The same is

true on a peach tree. If you get a third of a bloom on a cherry tree to set fruit then you've got a crop."

Hull said there is reason to be concerned about the quality of this year's fruit crop. The early and unseasonably warm weather caused trees in southwest and central Michigan to bloom two to three weeks early, making them especially susceptible when killer frosts hit in late April and early May.

After four nights of freezing temperatures this spring, many growers checked blossoms to determine the extent of damage in their orchards.



"An apple tree will have five or six flowers and the first to open is what we refer to as the king bloom," he said. "That bloom forms the largest, the most desirable fruit and it's also the first bud to be killed by frost."

What is left, Hull said, are side blooms — less developed flowers that form smaller fruit. "It's more of a challenge to pollinate and set the side bloom. But if the side bloom does set fruit, we could have a nice crop in Michigan this year."



Just two days before a severe damaging frost, Blossomtime Festival queens from 29 southwest Michigan communities toured fruit, livestock and dairy facilities in the area.

In southwest Michigan, which was hit the hardest by the April freeze, Van Buren County horticulture Extension agent Mike Thomas said the situation varies greatly from orchard to orchard.

"We've got growers who will have a full crop if everything goes well from now on," he said. "They had good pollination days and they've got blossoms. But we also have others where you can't find a live blossom on the tree."

Thomas said most growers in his area have a "wait and see"

attitude. "Nobody's putting any extra money into anything until they get through bloom," he said. "Fortunately, most of the fruit growers here have had two or three fairly good years in a row and if they've been judicious with their money, they should be able to survive this."

Cherry Marketing Order to be Terminated

A short crop due to frost may have positive side effects for the red tart cherry industry as a whole, said Harry A. Foster, secretary-manager of the Michigan Agricultural Cooperative Marketing Association's Red Tart Cherry Growers Division.

"It could be a classic example of how the federal marketing order works," he said. "The concept of the order is to hold cherries from big crop years in freezer storage and supply them to the market in the shorter crop years."

Foster said the cherry industry was shocked by the decision of USDA Secretary Richard Lyng to terminate the federal marketing order on April 30, 1987. The secretary announced his intentions following the recent referendum by growers and processors in the eight states covered by the order.

Growers and processors vote by both number and volume. By volume, the grower vote was 55% in favor of retaining the order, 45% opposed. By number, the growers defeated the order by a slim 20 vote margin (less than 1%). In order to defeat the market order, processors must oppose it by both volume and number. Since they favored it by a 60/40 volume ratio but opposed it by number, they voted in favor of the order.

Michigan growers and processors favored the order in both number and volume.

"The secretary considered the referendum results, which could

have gone either way, and made a political decision to terminate the order," Foster said. "Considering how close the vote was, he could have decided to leave the order in place for another five-year period. That would have put everyone on notice to get some of the market order issues better organized."

The MACMA Red Tart Cherry Growers Marketing Association is considering spearheading an effort to write a replacement order, taking into account the problems surfaced in the close vote. "We're still analyzing our options," Foster said, "but we realize that the market order needs change. The industry has changed in many ways since the order was written and adopted in 1971 and we hope to write an order that will reflect those changes while continuing to service the marketing needs of the cherry industry."

Foster said one of the biggest problems of the cherry industry is assuring an adequate supply of cherries in a short crop year. "If there aren't enough cherries to keep the shelves filled, marketers and consumers tend to pull away from cherries. Then we come along with a crop that is bigger and have a difficult time getting enough cherries back on the shelves to move enough tonnage to handle the larger crop."

"With two big crops in 1984 and 1985, we have a larger than normal carryover," he said. "If we have a shorter crop this year because of the freeze, it will trigger the sale of some of those reserve pool cherries. If that is the case, then the order is doing just exactly what it was designed to do."

"The fact that the order is still in place for a year will give us the opportunity to demonstrate very clearly that the federal marketing order was properly conceived, properly designed and has been a very



"If we have a shorter crop this year because of the freeze, it will trigger the sale of some of those reserve pool cherries. If that is the case, then the marketing order is doing just exactly what it was designed to do."

**— Harry Foster, Secretary-Manager
MACMA Red Tart Cherry Growers Division**

able marketing discipline and marketing self help tool for our industry."

Juice Imports Depress U.S. Apple Prices

The apple industry situation is different. Apple growers, too, are waiting for the "June drop" to determine the extent of frost damage but they're also waiting for the International Trade Commission to decide if their industry has been injured by foreign apple juice imports.

As consumer demand for apple juice began to increase rapidly in the 1970s, domestic growers expanded their production. A five-fold surge in imports in less than five years resulted in reduced grower prices in all three apple markets — fresh, peeler and juice.

The American Farm Bureau Federation, with financial support from 28 state FBs including Michigan, filed a complaint with the U.S. government. FB charges that a large share of the imported product is made from concentrated apple juice that is subsidized by Eastern European countries, transhipped through Western Europe and exported to the U.S. FB is seeking temporary relief in the form of quotas or tariffs.

Three people representing Michigan's apple industry testified at the ITC hearing in mid-April.

"It is a tragedy of the greatest magnitude that juice markets developed by the domestic industry and supported by our advertising dollars are lost to

cheap foreign concentrate," said Jerry Sietsema, a grower from Kent County. "It is quite ironic that in a rapidly expanding juice market, the share of domestic juice used is getting to be less and less each year."

Pete Morrison, a grower and processor from Grand Traverse County, testified that American apple juice processors cannot offer growers better prices and still be competitive in the marketplace. He said it costs \$6.22 per gallon to produce concentrated apple juice in his family's plant. "It is easy to see that we will not be able to compete for very long against foreign apple juice concentrate being brought into this country at prices ranging from \$4.75 to \$5.15 per gallon."

Tom Butler, manager of MACMA's Processing Apple Growers Division, told the commissioners that low demand for juice apples has "created chaos in the industry." To regain lost juice revenues, he said fruit of inferior quality is pushed into the peeler and fresh markets, bringing down those prices as well.

FB's complaint requests relief for five years. The quotas or tariffs would be based on the amount of juice imported into this country for the last five years.

"Temporary relief would provide incentive for the revitalization of idled U.S. concentrating capacity and for construction of new plants," Butler said. "It would also give domestic concentrators time to establish a customer base."

The ITC was expected to decide if the industry has been injured by the imports during the week of May 18. If they find in the growers' favor, there will be another hearing to determine the remedy. The ITC will make its remedy recommendation to the president in late June. The president has 60 days to take action.

Clinton Young Farmers Hold Baby Animal Day



Springtime brings baby lambs and Abigail Ashley, daughter of Ted and Tammy Ashley of St. Johns, enjoyed showing off this newborn to visitors during Baby Animal Day.

RURAL RASCALS

Over 300 rural and urban visitors participated in the Clinton County Young Farmers' Baby Animal Day in late March. This was a hands-on event to acquaint the community with the livestock side of farming.

Baby animals, including lambs, chicks, pigs, calves, bunnies and geese, were available for petting and feeding. Each family on the tour received a pamphlet explaining the parentage of the baby animals.



Amanda Straub, one of over 300 visitors on the Baby Animal Day tour, delicately handles a baby chick. She's the daughter of Clinton County farmers Howard and Mary Jo Straub.

ROBERT DELANO: Private Citizen

After attending the Washington Legislative Seminar this year as a legislative leader, I had the privilege of visiting former AFBF President Robert Delano on his three-generation family farm in Virginia.

I was interested in learning what his plans were when he "returned home" after six years as AFBF president and 18 years as president of the Virginia Farm Bureau. What is the former president of the nation's largest farm organization and leader of trade missions to Europe, Australia and many other nations going to do to occupy his time?

Since January, he has returned to being a deacon at the Warsaw Baptist Church, been elected to the board of directors of a local bank and accepted a position on the board of the Rappahannock Community College Foundation. This is all, of course, in addition to operating his 400-acre grain farm.

Along with spending more time with his wife, Martha, he enjoys visiting with his father,

who at 89 is still residing on the "home place," and his children. His son lives in Richmond while his daughter lives "just up the road." Watching him play with his only grandchild, Richard Gouldin III, makes it clear that much time will be spent in this endeavor.



Former President Delano exemplifies Farm Bureau's purpose and policy through all he does, whether within Farm Bureau or not.

I'm sure the Delanos of Warsaw, Va., will continue to accomplish these things and I wish them well in their "retirement."

*Dawn Wilkinson, Fennville
Allegan County*

Winning Beef Recipe is a "Honey"



Melissa Mathie, an artist from Morrice, Mich., won the annual Michigan Beef Cook-Off Contest held May 3 at the Meridian Mall, Okemos. Her recipe for honey baked beef pockets earned her the \$1,000 cash prize and the opportunity to participate in the National Beef Cook-Off.

The national competition will take place Sept. 14, 15 and 16 in Dearborn. Contestants will be competing for over \$10,000 in prizes.

Nine contestants participated in the Michigan contest, which was sponsored by the Michigan Cattle Women. The Michigan Cattle Women will also host this year's national contest.

Extension Says 'Thanks' for FB's Support

Thank you for a tremendous article in the recent edition of *Rural Living* regarding the EMAT program. Having Sandra Hill and two of our staff members adorning the cover in full color is a little hard to beat.

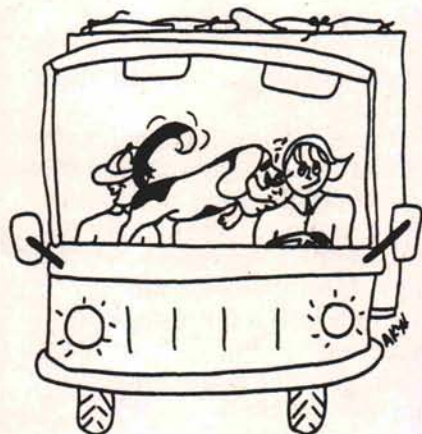
As you know, we do greatly appreciate the total support that Farm Bureau has given to the Cooperative Extension Service in this as well as many other efforts. However, this one is most timely and one that is really meeting critical needs of farm families across the state.

Your support through this article, the support of your president, Elton Smith, your board of directors, as well as the individual county units, is beyond what anyone would have projected. We are indeed grateful and look forward to not only the continuation of this program but initiation of others as the need arises.

J. Ray Gillespie
Associate Director/Programs
MSU Cooperative Extension
Service

FARMETTE

By *Andrea Hofmeister*
Tuscola County



"His name is Phydeaux and Jimmy's mommy said I could have him because he's cross-eyed, he dlgs holes and he brings dead mice to the back door. Boy! This is our lucky day!"

Festivals Celebrate Michigan's Diverse Agriculture Industry

The arrival of the long-awaited spring and summer months signals the birth of a new growing season in the Great Lakes state and with it comes the annual parade of fresh fruits, vegetables and commodities from Michigan's orchards, vineyards and fields.

Starting with the maple syrup "run" in early spring and continuing through apple harvest in the fall, thousands of the state's residents and tourists alike salute the bounty of Michigan's diverse agriculture as communities across the state sponsor commodity festivals.

June 7	Strawberry Festival, Battle Creek
June 12-14	National Asparagus Festival, Shelby/Hart
June 20-22	Sugar Festival, Sebawaing
June 20-22	Strawberry Festival, Belleville
June 26-29	Strawberry Festival, Cheboygan
June 27-29	National Pickle Festival, Linwood
June 28	International Sausage Festival, Battle Creek
July 4	Eau Claire Cherry Festival, Eau Claire
July 5	International Cherry Pit Spit, Eau Claire
July 6-12	National Cherry Festival, Traverse City
July 10-13	Corn Festival, Auburn
July 11-12	Strawberry Festival, Chassell
July 16-20	National Blueberry Festival, South Haven
July 17	Chicken Broil (featuring Michigan products), Manchester
July 16-20	Kalamazoo County Flowerfest, Kalamazoo
July 24-27	Munger Potato Festival, Munger
July 24-27	Farmers' Festival, Pigeon
July 31-Aug. 3	Made in Michigan Expo, Chesaning
Aug. 1-3	Glad/Peach Festival, Coloma
Aug. 8-10	Mint Festival, St. Johns
Aug. 15-17	Blueberry Festival, Montrose
Aug. 22-24	Melon Festival, Howell
Aug. 30	St. Joseph Today Harvest Festival, St. Joseph
Aug. 31-Sept. 1	Harvest Festival, Manton
Sept. 1-3	Peach Festival, Romeo
Sept. 4-7	Michigan Wine and Harvest Festival, Kalamazoo/Paw Paw
Sept. 5-7	Potato Festival, Posen
Sept. 6-7	Harvest Festival (Tabor Hill Winery), Buchanan
Sept. 6-7	Seafood Festival, Marquette
Sept. 11-13	Harvest Festival, Scottville
Sept. 12-14	Michigan State Potato Festival, Edmore
Sept. 18-20	Marquette County Harvest Festival, Marquette
Sept. 19-21	Four Flags Apple Festival, Niles
Sept. 19-21	Festival of the Pines, Lake City
Oct. 3-5	Huron Township Applefest, New Boston
Oct. 9-13	Apple Festival, Bangor
Oct. 18	Blossomtime Festival of Wines, Lake Michigan College, Benton Harbor

Sesquicentennial Kick-Off Promises Fun and Variety

By Donna Wilber

There's going to be a big birthday party on the state capitol mall June 14 — and you're invited! While you're there, you'll get a preview of agriculture's role in Michigan's sesquicentennial.

The June 14 festivities will only be the kick-off of an 18-month celebration of Michigan's 150th birthday. There's plenty more to come and Michigan agriculture is tapping all of its resources and creativity to be on center-stage.

Plans being developed by an ag subcommittee of the Michigan Sesquicentennial Commission extend beyond the June 14 kick-off and beyond 1987, the sesquicentennial year, with long-term projects designed to strengthen tomorrow's agriculture and benefit the state's future citizens.

Composed of representatives of various segments of the ag industry, the subcommittee operates under the leadership of Montcalm County Farm Bureau President L. Charles Mulholland.

"Agriculture has played a major role in the development of this state and it's only right that we pause to reflect on those contributions and pay tribute to what we have accomplished. It also provides us with the opportunity to prepare for the future of our industry," he said.

A "Michigan Agriculture... Is Forever!" theme was developed by the Michigan Department of Agriculture to communicate the message that the industry was a key to the state's economic growth in the past, is a major factor in the state's economic well-being today, and will continue to be in the future.

The theme will appear on over 200 highway billboards throughout the state to promote ag-oriented festivals, and county and state fairs, as well as fruits and vegetables available for picking or purchase at local farms.

"Taste Michigan" at Kick-Off

Agriculture — both past and present — will be on display during the June 14 sesquicentennial kick-off activities beginning at 1 p.m. in downtown Lansing with "150 Years of Michigan on Parade." A 40-foot ag float pulled by a six-horse hitch, a steam engine manufactured in Port Huron at the turn of the century, several horse and carriage units, and an old-fashioned country band with square dancers, will be part of the big parade.

Dignitaries will be delivered to the capitol steps by horse-drawn carriages for the opening ceremonies at 3 p.m. The Michigan Horse Council and Great Lakes Draft Horse Association

will provide "people movers" in the form of horse-drawn wagons throughout the day's activities.

Commodity groups and food processors will feature their products at a "Taste Michigan" concession area from noon until 4 p.m.

Ralph Kirch, administrator of MDA's Exhibition & Racing Division who is "on loan" to the Sesquicentennial Commission as coordinator of ag activities, expects the opportunity to "Taste Michigan" will draw a good share of the anticipated huge crowd attending the kick-off.

"The aroma of the pork, beef, turkey and other Michigan food products and the sounds of the calliope and country band are certain to attract people to the ag area," Kirch said.

Tickets, at 25¢ each, will be sold to festival-goers by the Future Farmers of America. The tickets may then be exchanged for food items at the various booths to help offset the costs.

While festival-goers munch on their Michigan food products, they can view demonstrations of sheepshearing, wool weaving and spinning, wheat flailing, a burr mill and a fanning mill, watch log-sawing with an old steam engine, and compare old Michigan-made farm implements with today's modern

equipment. From there, they can walk to the lobby of the North Ottawa Tower Building for the MDA's open house and pick up a bag of popcorn from an old-fashioned popping machine.

Still in the planning stages for the kick-off is baking the world's largest blueberry muffin. "We're going to try to break into the Guinness Book of World Records," Kirch said. "We don't know how we're going to do it yet, but if it can be done, we'll do it."

A highly-visible project of Michigan's bedding plant industry, which ranks first in the nation, will be a sesquicentennial logo flower bed around the statue of Gov. Blair in front of the state capitol. A more permanent structure will be installed later with an underground sprinkling system and floodlights. Following the ses-

quicentennial, the flower bed will be available to carry theme or logo messages from organizations in the state.

Post Kick-Off Activities

After the kick-off parade, the ag float will be loaded on a semi-trailer, with "Michigan Agriculture... Is Forever!" billboards on both sides, to visit other parades throughout the season. Those parades won't be limited to commodity festivals. "We expect the Michigan State and University of Michigan football teams will be going to bowl games and we'd like to see the float in those parades too," Kirch said.

"We're looking for sponsorship to pay the expense of the horse hitch. Those horses really add a lot of class. They compete very well with the Budweiser hitch."

Kirch gets enthusiastic when he talks about an added dimension to the ag float — characters depicting Michigan commodities "to shake hands with the kids along the parade route or wherever we do the 'Taste Michigan' promotion. We could have a whole stable of those characters which would make a great half-time show at football games. We could even have contests through the Ag in the Classroom project to name the characters."

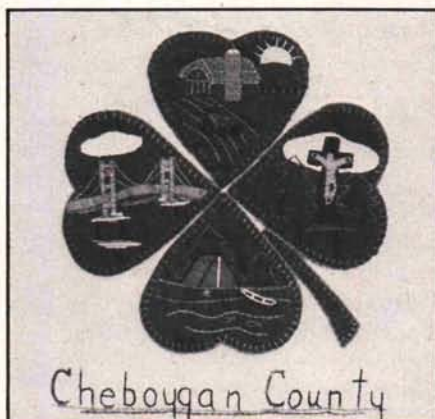
Other promotional projects underway include an audiovisual presentation on "150 Years of Michigan Agriculture," a brochure on "Michigan Agriculture Today and Tomorrow," and an update of the "Michigan Country Carousel" guide to

(continued on page 17)

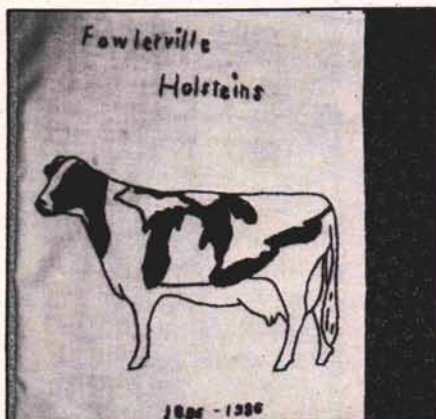
A 'Stitch in Time' Preserves Memories



The Michigan 4-H Friendship Quilt, created in 1983 at quilting bees throughout the state, is composed of patches from 60 counties in Michigan, each patch representing something unique to the county. It is now on display at MSU's museum. During the sesquicentennial, many county 4-H groups will make their own friendship quilts.



A separate image is depicted on each leaf of the large 4-H clover on the Cheboygan County patch. One leaf represents agriculture, one of the county's important industries. Another shows the 55-foot high Indian River Shrine, the world's largest crucifix. The Mackinac Bridge spans across another leaf, and the last leaf shows a camping scene, one of the many tourist attractions in the county.



See anything unusual about this cow? This creative design by Livingston County FB member Jean Robb is part of a quilt depicting Fowlerville's history. The Fowlerville Philomathean Women's Club is helping the community celebrate its 150th anniversary by preparing the quilt for raffle. Each club member stitched or painted one or more quilt blocks. Jean and her husband, George, are long-time breeders of registered Holsteins under the Rustic Herd prefix.

Farmer-Member Totals Affirm MFB's Leadership Role in Agriculture

By Marcia Ditchie

With the commitment to build upon the success of last year's campaign and carrying the torch of a renewed challenge with Ohio Farm Bureau, membership workers across the state combined their talents to achieve Michigan Farm Bureau's membership goal of 94,893 on April 3, three weeks earlier than in 1985.

Membership growth has continued and by mid-May over 15,000 new members had been signed and MFB had surpassed 1986 goal by more than 1,500 member families.

"Our membership totals send a message about the positive image people have about Farm Bureau," said MFB President Elton R. Smith. "Farmers are making it very clear that they are willing to join and support Farm Bureau, the grassroots organization that offers members an opportunity to influence and shape the future of their farming industry."

With the steady increase in regular farmer members, MFB now represents 80% of the state's farmers. That figure projects a positive image in the state Legislature when the time arises to vote on ag issues.

"When we're dealing with agricultural issues here in Lansing, Farm Bureau has the largest impact," said Rep. Lewis Dodak (D-Montrose), House majority floor leader who is a member of the Saginaw County FB.

Dodak said the organization's clout in Lansing is based on its grassroots structure. "One of the most effective things Farm Bureau does on the local level

is to invite legislators to Community Group meetings to discuss issues," he said.

Rep. Gary Randall (R-Elwell), assistant minority leader of the House, also expressed respect for FB's policies. As a long time member of the Gratiot County FB, he is well aware of the grassroots nature of the state's largest farm organization.

"Farm Bureau has always provided a pretty accurate reading of where a majority of the farmers in the state are at any particular time and I've always valued their counsel a great deal," Randall said.

Awards Recognize Membership Achievements

Both county FBs and individual workers will be recognized for their extra efforts on this year's campaign with the presentation of several awards this fall.

The Fabulous Fifteen Club is reserved for the first three counties to reach goal in each membership category. Members of this exclusive club will be recognized at the 1986 MFB annual meeting. They are: in the 1-500 member category — Mackinac-Luce, Antrim and Menominee; 501-1,000 — Midland, Ogemaw and Wexford; 1,001-1,500 — Muskegon and Kalamazoo, with several counties still in contention to fill the final spot; 1,501-2,100 — Wayne, Livingston and Macomb; and 2,101 and over — Kent, Bay and Monroe.

The Golden Tractor award provides additional emphasis on regular member growth. This award recognizes the top two counties in each membership

category having the highest percent of regular members on Aug. 31, 1986. Counties must have reached at least 100% of target to qualify for this award, which will be presented at the state annual.

Every county achieving 100% of target in 1986 will receive a target plaque during their annual meeting this fall.

Now in its fourth year, the Director's Key Club recognizes individuals for their efforts in helping to maintain and increase regular members. Each membership worker, secretary or agent who writes five or more new regular members is inducted into this exclusive club at their county annual and invited to the next year's membership kick-off dinner at the state annual.

The newest membership incentive is the Top Defender award, which recognizes counties that do the best job of retaining members. The five counties in the state that have the highest member renewal percentage will receive this award at the state annual.

An additional incentive in the 1986 campaign has been the renewal of the "gentle rivalry" between Michigan Farm Bureau and Ohio Farm Bureau. With a campaign spirit reminiscent of the late 1960s, the rivalry was soundly renewed at the Michigan/Ohio Breakfast during the AFBF annual meeting in Atlanta, Ga. MFB President Elton Smith and OFBF President James Patterson issued a proclamation and membership challenge. The state having the largest numerical gain in members on Aug. 31 will be declared the winner of the contest.

Sesquicentennial

(continued from page 15)

pick-your-own farms, roadside markets, wineries, maple syrup operations, fisheries and nurseries.

Long-Term Projects

The ag subcommittee has targeted creation of a Food and Agriculture Center near Michigan State University as its number-one ongoing project for the sesquicentennial. The center, which has been under discussion by farm leaders for a number of years, would provide a location for livestock, machinery, trade and educational activities, and for demonstration and promotion of the processing, distribution and marketing systems which make Michigan ag products available throughout the nation and world.

Other ongoing projects on the priority list include emphasis on ag education throughout the school system, a traveling ag exhibition explaining Michigan's heritage and future promise in agriculture, signs and information on agriculture at entrances to the state and other tourist centers, promotion of ag tourism especially in the Upper Peninsula, emphasizing its Scandinavian heritage, and encouragement and promotion of municipal and farm markets.

Farm Bureau's Role in the Sesquicentennial

Where does Farm Bureau fit into the sesquicentennial activities? Ag Subcommittee Chairperson Mulholland believes that with their unique grassroots structure, county Farm Bureaus can play a leading role in their respective communities.

"A logical first step is to make sure that agriculture is represented on the sesquicentennial agencies that will be formed in nearly every Michigan

community. County FB leaders can do that by volunteering to serve on these committees," he said.

Projects which could be undertaken by county Farm Bureaus, their various committees and Community Action Groups, include:

- Hold an all-Michigan sesquicentennial dinner.
- Sponsor farm tours, especially those with historic buildings or equipment.
- Develop a rural-urban exchange program where children can visit a farm and work there for a period of time.
- Sponsor a contest for school children to develop new ways of using Michigan food products.
- Sponsor a recipe contest for Michigan products.
- Set up a bus tour of Michigan's ag sectors, from farm to processing plant to grocery store or restaurant.

• Plant sesquicentennial trees involving local elected officials in public ceremonies. Use species important to the local area.

• Arrange local ag tours for visitors which combine history, farming methods and pick-your-own opportunities.

• Publish a cookbook with recipes using Michigan food products.

• Have a Michigan ag trivia contest.

• Give special recognition for restoration of old farm buildings, or provide funding/volunteer labor to restore an old barn.

• Run a series on the history of your Farm Bureau in your county newsletter.

• Organize an old-fashioned community reunion with a picnic and fireworks.

• Seed area roadsides with native wildflowers.

MACMA FROZEN FOOD SALE

- Juice concentrates
- Select frozen fruits and vegetables
- Meats and cheeses

Stock up for the fall months!

ORDER DEADLINE: Aug. 27th

DELIVERY: Week of Sept. 10th

Mark Your Calendar



AUGUST 1986

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Save up to 60% on major purchases of name brand furniture, appliances, & more!

Give your family's purchasing power a real boost with the important discounts and savings available through Farm Bureau's Family Saver Buyer's Service. Discounts up to 60% on brand name items:

- Kitchen & laundry appliances
- Televisions & stereos
- Furniture & carpeting
- Sports & recreation equipment and more

Guaranteed Savings!

The buyer's service costs only \$20 per year and we guarantee you will save or your money is refunded.

Send \$20 for your one year Buyer's Service membership and receive the Family Saving Catalog.



Please complete and mail your check or money order in the amount of \$20 to: Michigan Farm Bureau, P.O. Box 30960, Lansing, Mich. 48909

Farm Bureau Membership Name (as shown on membership card)

Membership Number _____

Address _____

City _____

State _____

Zip _____

Telephone No. (____) _____

Research and Development Returns Yield and Market Gains to Soybean Growers

Soybean research and development conducted over the past decade is delivering returns in higher yields and greater market opportunities for Michigan producers. A review of yield and acreage statistics gives convincing evidence of the dramatic and steady growth of the industry in the state.

In 1960, Michigan farmers harvested 221,000 acres of soybeans. By 1977, that figure had more than tripled, reaching 725,000 acres. Year to year increases brought the 1985 soybean crop to an unprecedented 1,150,000 acres.

During the same period, average yields have improved. Here again, statistics tell the story. During 1960-64, Michigan's production was 1.2 bu./acre lower than the U.S. average of 24 bu./acre. However, during the time of rapid soybean acreage expansion, Michigan producers did well in their management for higher yields. The state's average yields from 1980-84 reached 30.7 bu./acre; 2 bu./acre higher than the U.S. average yields in the same period.

It is little wonder that soybean farmers have been supportive of a state check-off program to fund the research and development programs that have encouraged these yield increases. Farmers in Michigan first voted for the current 1/2¢/bu. soybean check-off in 1976. By law, check-off funds must be invested in soybean research, market development or education. Distribution of the funds is controlled by the Michigan Soybean Promotion Committee, which is composed of seven soybean farmers appointed by the governor.

Soybean Research — Necessity or Luxury?

About 40% of the Michigan check-off funds have been allocated to soybean research at Michigan State University. These projects can be categorized into three categories.

- Variety breeding and testing research specifically for Michigan.

- Production research projects on row spacing, weed control, tillage, nodulation, etc.

- Utilization research on projects designed to use soybean products.

The Varietal Breeding Program, developed specifically for Michigan, was not funded until 1982. Because of the state's unique soil and environment, adapting varieties from other states was a risky adventure at best. The program is being carried out under the research leadership of Dr. Tom Isleib. Although Isleib has done only three growing seasons of Michigan variety breeding, the research already shows promise. Soybean producers, through the Promotion Committee, funded this program again in 1986.

On-going research is being carried out to improve resistance to white mold, to increase yields under conservation tillage, to study water management and use by soybeans, to increase nodulation, to improve chemical and cultural weed control and to further investigate and control root rot.

A third category of research, and possibly the most important, is soybean utilization. The Promotion Committee funds research projects which develop uses for soybeans and soybean by-products. Current projects include the potential use of soybean oil as a carrier for pesti-

cide and fungicide application for specific commodities. The committee hopes to expand both the number of projects funded and the amount of money allocated to this type of research.

Funds Used to Expand Market

Michigan soybean check-off dollars do not work alone. Support of international soybean promotion projects conducted by the American Soybean Association opens market and income opportunities for soybean producers. Sixty percent of the Michigan check-off funds are combined with funds from 25 other states to finance the association's nearly 400 market promotion activities in 84 countries.

The combined funds provide seed money to support many projects. Every \$1 of check-off generates \$2.50 of promotional support from the USDA's Foreign Agricultural Service, agribusiness and foreign governments around the world. An independent study conducted for the association by Chase Econometrics showed that in a 10-year period, every dollar invested in export promotion increased gross soybean cash receipts by \$57.50.

Evidence of success is Southeast Asia's increase in U.S. soybean use from 9 million bu. in 1979 to 12 million bu. in 1985. Korea has increased use from 2 million bu. in 1971 to 26 million bu. in 1985. The most dramatic is Mexico's 1 million bu. use in 1970 to over 73 million bu. use in 1985.

Ongoing projects include shrimp aquaculture work in Southeast Asia which could demand 10 million bu. Domestic use of soybean oil as an elevator grain dust suppressant

could create a 20 million bu. need. Another 20 million bu. would be needed if a 5% soybean Mexican tortilla could be promoted.

State Soybean Growers to Vote in Referendum

The Promotion Committee has petitioned the Michigan Department of Agriculture to hold a referendum in 1986 to amend the present program to assess 1¢/bu., a ½¢/bu. increase. A public hearing was held on May 2 and the tentative voting dates are June 30-July 12. The MDA will mail ballots to the state's soybean producers and make extras available at county Extension offices.

The ballot will include two questions. One will ask growers if they want the Soybean Promotion and Development Program to continue. The second will offer the option of continuing the program but increasing the check-off to 1¢/bu. For the program to continue and to increase the check-off to 1¢ per bushel, there must be a simple majority of those voting and of the acreage they represent.

If passed, this 1¢ would put Michigan in line with other check-off states. Presently, soybean producers in 26 states pay assessments ranging from ½¢ to 2¢. Three states are at ½¢ and three are at 2¢ while the remainder are at 1¢.

The Michigan Soybean Association, a voluntary organization of soybean growers, supports the check-off increase and points out that at the 1¢/bu. assessment, a farmer growing 50 bu./acre is only spending 50¢/acre on promotion.

FB Supports Proposals

The Michigan Farm Bureau Executive Committee supported both the program continuation and increase in assessment. The proposal is consistent with Farm Bureau policy as it provides for a producer referendum and a refund of assessment.



Look What the Soybean Check-Off Has Done for You!

YOUR CHECK-OFF DOLLARS HAVE:

- Helped expand world markets for U.S. soybeans. Since 1976, soybean purchases are up 31% in Japan, 52% in Taiwan, 60% in Mexico and 35% in Korea.
- Generated an additional \$2.50 of outside money for every soybean grower dollar invested in market development. Each 32 cents of farmer funding generates 68 cents of funding from the USDA's Foreign Agricultural Service, which assists in the promotional effort, and from business or government cooperators in the foreign countries.
- Supported research to develop soybean varieties adaptable to Michigan's soils and environment.
- Supported utilization research on the use of soybean oil as an agricultural chemical carrier.

INCREASE WILL EXPAND MARKETS:

- Current funding levels aren't getting the job done. Last year market promotion projects totalling \$3.5 million were turned down because of insufficient funding. These were projects with an estimated return on gross soybean income of over \$76 million.
- Times of low price and large supply are when market promotion does the most good. Aggressive marketing can increase demand for soybeans and soybean products.
- A recent study by Chase Econometrics reported that from 1970 to 1980, check-off funded export expansion programs increased gross soybean farm income \$57.50 per dollar invested.

CHECK-OFF INCREASE SUPPORTED BY:

- Michigan Soybean Association
- Michigan Farm Bureau
- Ingham and Monroe County Farm Bureaus
- National Farmers Organization

Vote "YES" for Soybeans!

JUNE 30 - JULY 12

YES Check-off continued
 Check-off 1¢

Vote "YES" on **BOTH** Issues
for Better Markets

Advertisement paid for by the Michigan Soybean Association

The Discussion Topic is used by Community Action Groups for monthly policy discussions.

Marketing Orders Provide 'Self Help' Tool for Producers

In March the secretary of agriculture decided to discontinue the red tart cherry marketing order (effective in April 1987) that has been in place for the past 15 years. The decision came after a referendum in which growers voted by a slim majority of numbers to reject the order, but voted by a majority of volume produced to continue the order.

The secretary's action brought howls of protest from the red tart cherry industry, and underscored the controversy over the purpose of federal marketing orders and the role they play in the ag economy.

What is a Federal Marketing Order?

A marketing order is a "self help" plan that growers and handlers of a particular commodity in a specified geographic area design and operate to work out solutions to general industry problems regarding supply and demand. Once voted in by the industry and approved by the USDA secretary, marketing orders are issued as federal regulations and have the force and effect of law.

The desired effect of marketing orders is to provide an "orderly market" that reduces fluctuations in farm and retail prices and assures consumers a steady supply of quality products. The operations of marketing orders are financed by the affected growers and processors — not by federal tax money.

More than half of the U.S.-produced milk, fruits and specialty crops, and about 15% of the vegetables, are covered by 47 federal marketing orders for 33 commodities.

Not only does federal law authorize marketing orders, but

state governments authorize a variety of similar marketing arrangements for other fruit, vegetable and specialty crops. Michigan's Agricultural Commodities Marketing Act (P.A. 232) is an example of enabling legislation for state marketing programs. The combination of federal and state marketing arrangements can affect virtually all of the fruit, vegetable and specialty crops sold in the U.S.

How Marketing Orders Evolved

During the latter part of the 19th century and continuing through 1919, U.S. agriculture enjoyed a relatively uninterrupted period of rising prices made possible by increasing consumer incomes, growing population and an improved transportation and distribution system. But even during these relatively prosperous economic times, the fruit and vegetable industries experienced a variety of problems marketing their products. These included:

- The perishability of ag products and intense competition led to shortages and high prices followed by periods of gluts with low prices and waste.

- The distribution system was unable to adapt itself efficiently to the boom and bust cycle.

- Product perishability gave handlers, wholesalers and retailers opportunities to engage in unfair and discriminatory trade practices.

- Buyers were not confident as to the value or quality of the perishable products offered from distant sources.

A sudden decline in farm prices between 1920 and 1922 compounded the boom and bust problems of the fruit and vegetable industries. Further

economic stress emerged for growers as the relatively large plantings of trees and vines induced by the high prices during the preceding decade came into production. By the Great Depression, increased output levels and declining consumer incomes had caused an economic crisis in agriculture.

Congressional response to these problems eventually resulted in enactment of the Agricultural Marketing Agreement Act of 1937 (AMAA). The act authorized the USDA secretary to establish federal marketing orders as a means for improving the orderly marketing of domestically produced commodities. This legislation serves as the enabling authority for marketing orders today.

The principle objectives of the 1937 act were to enable farmers to obtain parity prices for their commodities; protect consumers by prohibiting any marketing actions that would maintain prices to farmers above the parity level; establish and maintain orderly marketing conditions in the interests of both growers and consumers; and establish and maintain orderly marketing conditions to provide for a more orderly flow of a commodity, thus creating greater stability in supplies and prices.

The parity objectives of the act have been diluted through legislative modifications, and orderly marketing has become the act's primary objective.

Amendments to AMAA have included orderly marketing goals beyond those of the early stabilization programs. Programs that use research to develop products more acceptable to the consumer, or that stimulate demand through promotion and advertising, have

been added to AMAA as tools to be used in improving order in the marketplace.

Marketing Order Controversy

Marketing orders have been controversial. Some growers and processors believe that they should not be forced to participate in an order which they did not approve, even if that order was ratified by a majority of the growers and processors. However, agriculture as a whole has strongly supported the "majority rule" concept.

Marketing orders have also been controversial with consumers. The underlying issue has concerned the degree of control and influence that growers obtain under marketing orders and the degree to which that control and influence could affect the amount of the commodity placed on the market and the resulting consumer price of the product.

Public concern about marketing orders increased in the early 1970s after the oil embargo and the Russian grain deal made the public more aware of the impact of shortages on commodity prices. Such external factors, along with escalating food prices and news accounts of commodities going unharvested, being plowed back into the ground or fed to animals brought about more interest in marketing orders.

Supporters believe that only a few of the 47 marketing orders use quantity controls that affect consumers and that these orders comprise such a small proportion of farm production that food prices cannot be significantly addressed. Supporters believe marketing orders are effective mechanisms for transforming industries that have traditionally focused on supply management into industries that focus on enhancing consumer demand.

The most recent extensive federal study of marketing orders was done at the request of the President's Task Force on Regulatory Relief and was completed in November 1981. The report focused on marketing orders' effects on economic efficiency, costs and production. Like the two previous presidential commissions, the report suggested some changes in the operation of marketing orders. As a result of the commission's report, the USDA secretary announced guidelines in 1982 and 1983 to encourage those changes.

But despite the new guidelines, marketing orders continue to be controversial. One source of controversy stems from the review authority of the Office of Management and Budget (OMB). The USDA secretary is responsible for making the final decisions on actions relating to marketing orders. However, in making any decisions that necessitate regulatory action, the secretary is required to consider factors such as the costs and benefits of the regulations to society and to submit the proposed action to OMB for review.

This review authority resulted in OMB Director David Stockman canceling the red tart cherry marketing order in 1982. The resulting outcry from growers and organizations such as Farm Bureau eventually resulted in Congress prohibiting OMB from using 1984 funds to review ag marketing orders or any activities or regulations under AMAA. The prohibition was continued in fiscal years 1985 and 1986.

Future of Marketing Orders

FB policy strongly supports federal marketing orders that are designed to provide for or-

derly marketing and an even flow of high quality products to consumers.

The policy states that orders should not be used to control production directly, establish closed markets, maintain artificially high prices or collect funds for the purchase of agricultural products for diversion purposes; should be paid for and controlled by producers; should be used to maintain and expand markets; should provide an opportunity for new producers to enter the industry; and should include certain provisions for periodic review through referenda to determine if the producers covered by an order favor its continuation.

Education of producers about the objectives and benefits of marketing orders may be a key to their success in the future. Harry Foster of the Michigan Agricultural Cooperative Marketing Association said that the red tart cherry marketing order vote may have been close because of a lack of understanding as to what the order accomplished while in effect.

"We have a generation of younger farmers in the cherry industry who have not had an opportunity to live without a marketing order, unlike their predecessors who lived through the market conditions of the 1950s and 1960s," he said. "The termination of the order by the secretary has really put a shock into everyone and has growers saying that we must come to grips with the marketing issues in the cherry industry." Foster added that industry leaders are considering development of a new cherry marketing order.

Farmers today recognize the need to adapt to changing market conditions. The use of marketing orders, and the ability to
(continued on next page)

Legislative Review

(continued from page 6)

show that either the current year or the previous year's taxes have been paid. If a paid receipt is not included, the refund would be a dual check made out to both the landowner and the county treasurer.

FB insisted on the amend-

ment to permit the use of the previous year's tax receipt. This would continue to make it possible to receive the refund check before paying the current year's taxes.

Unfortunately, there are cases where the landowner has received the refunds for some years, but never paid the taxes.

Inheritance Tax — S.B. 462 (sponsored by Sen. Nick Smith, et al.) would substantially alter Michigan's inheritance tax by adopting the same law now in effect in Florida and 15 other states. It would simplify the inheritance tax to conform with the federal law. State taxes would be the amount of the credit the federal government gives for state death taxes against the federal estate tax.

The legislation would, in effect, eliminate the inheritance tax for most farmers and other people due to the new high exemptions in the federal law.

It is claimed that many people are changing their official residence to Florida or the other states having this system in order to escape Michigan's present inheritance tax law.

FB is supportive of the bill, but is giving further study to the proposal as the present state law has special provisions exempting one-half of any state tax and delaying the other half if a farm is in P.A. 116.

Lansing legislative topics are reviewed by Robert E. Smith, MFB senior legislative counsel.

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Discussion Topic

(continued from page 21)

modify those orders to meet the changing needs of agriculture, may play a crucial role in the success of farming in the future.

Discussion Questions

- Do you believe the OMB should have veto power over federal marketing orders?
- Are there other commodities you feel could be covered under marketing orders?
- Do you feel that changes should be made in the way marketing orders operate? What changes should there be?

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(5-2t-29p)

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(6-51p)

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(5-3t-15p)

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(5-2t-62p)

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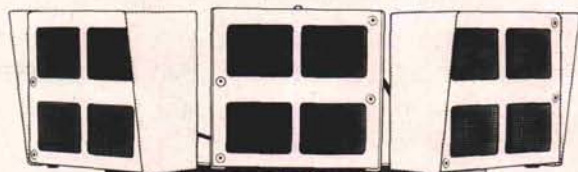
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