

MICHIGAN FARM NEWS



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USDA announces county office closure list

In what out-going Agriculture Secretary Mike Espy termed a "heads-up notice to taxpayers and farmers," USDA finally announced that it will close 1,274 USDA offices nationwide and cut the number of staff by over 11,000 to a final number of 99,000 full time staff, saving taxpayers an estimated \$3.6 billion.

"To the taxpayers, we want to let them know that their government just got smaller," Espy said. "To our farmers, I want to let them know that the USDA and its services just got better."

Espy anticipates that the office closing and consolidations, combined with structural changes and operating procedures, should save producers over 2.5 million hours annually. Nearly 15 percent of the office closings will take place immediately, another 30 percent will be closed within the next four to five months, with the remainder scheduled to close over the next three years.

In Michigan, 23 USDA county offices will be closed and/or moved, with a majority of those closings occurring in counties where there are two more USDA offices within the same county, says Farm Service Agency Acting Director Jim Byrum. "In cases where we have SCS in one location and ASCS in another location, we're simply combining the two," he said.

After the closings, there will be a total of 53 offices located within Michigan, with 52 of them termed as USDA service centers. In regard to staff cuts, Byrum doesn't anticipate any from within the former ASCS operation. "We knew this was coming for quite some time, and we've been making plans to minimize the impact on personnel," Byrum said.

Overall workload, farmer proximity to another county office, and whether a county office was co-located with other USDA offices were the three primary factors in determining which offices would be closed, according to Byrum. He expects four of the closings to take place yet this winter, with the remainder closed over the next three-year period.

ASCS County Office Closure/Move List:

- Alger (will be served out of Escanaba office)
- Charlevoix (will be served out of Petoskey office)
- Clare (will be served out of Gladwin office)
- Kalkaska (will be served out of Traverse City office)
- Leelanau (will be served out of Traverse City office)
- Mackinac (will be served out of Sault Ste. Marie office)
- Macomb (will be served out of St. Clair County office)
- Missaukee (will be served out of Cadillac office)
- Montcalm (Stanton office moved to Greenville Service Center)

continued on back page

GATT passage means a level field for agriculture

Passage of the GATT implementing bill by the U.S. House and Senate "represents a vote of confidence in the ability of American farmers and American workers to compete in a global economy," according to MFB President Jack Laurie.

The Senate gave final approval to H.R. 5110, the Uruguay Round General Agreement on Tariffs and Trade (GATT). The vote on final passage was 76 to 24. In a narrower, more crucial, procedural vote which occurred before final passage, the Senate approved by a margin of 68 to 32 the budget impact waiver which was required under Senate rules before final consideration.

The House of Representatives had approved GATT in a vote of 288-146 prior to the Senate vote. President Bill Clinton is expected to formally sign the package so the pact can go into effect on Jan. 1, 1995.

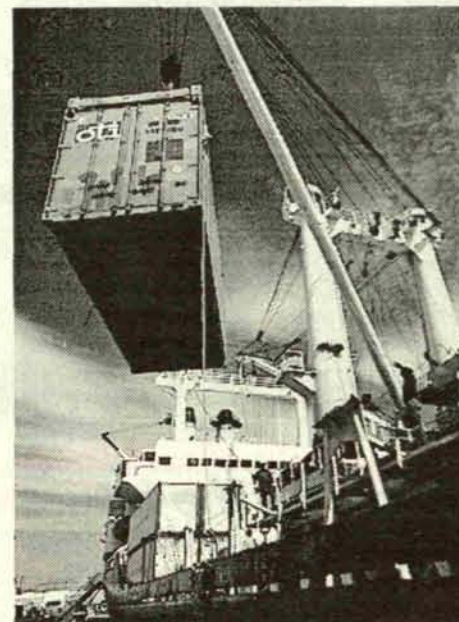
"Agriculture will benefit from expanded export markets due to lower trade barriers, reduced export subsidies by our competitors and fairer trade rules," said Laurie. "Passage of GATT is a major victory for Farm Bureau and is the culmination of many years' efforts by our organization. GATT would not have passed without strong support from the agricultural community."

The trade pact will benefit the nation as a whole and will help boost U.S. net farm income by more than \$1 billion per year, while creating more than 100,000 new agriculture-related jobs, according to MFB Commodity Activities and Research Division Director Ken Nye. American farmers, he said, will also see their competitors operate under fairer and more rational trading rules that will now be enforceable.

"It was unfortunate that all the hysteria about the World Trade Organization and U.S. sovereignty obscured the fact that the current playing field was tilted in favor of our competitors," Nye said. "The new trade agreement will rectify that."

Nye noted that agriculture will be one of many winners under the new trading rules. He said by eliminating import taxes, world income will increase by as much as \$5 trillion in the next 10 years and that higher world incomes will translate into increased demand for American-made and grown products and commodities. By the year 2005, he said, increased demand for U.S. commodities could boost U.S. agricultural exports by as much as \$8.7 billion.

"American farmers already are the most productive and competitive in the world," Laurie said. "We



export about one-third of our production and we will thrive with an improved trading environment. We contribute the largest trade surplus of any sector of our economy, nearly \$20 billion a year. A trade pact that expands farm exports is good news for all Americans."

See GATT voting record—page 3

USDA reorganization underway

You can strike ASCS and SCS from the farmer's vocabulary and replace them with Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS), respectively. The name changes are just the first of many changes to be implemented under the USDA reform bill, according to State FSA Acting Director Jim Byrum.

Ultimately, the plan will also eliminate 14 USDA agencies, close 1,100 field offices throughout the U.S. and reduce staff by up to 11,000 over the next five years. Byrum doesn't expect recent general election results to have any impact on the reform measures.

Byrum, who was head of the Michigan ASCS, says that with the exception of a few very minor programs, everything that ASCS had been doing has been transferred to the FSA. First on the list of changes,

is the transfer of the farm loan program from the current Farmers' Home Administration.

"Our major objective is to make sure that we don't disrupt some of the traditional or existing farmer/loan officer relationships out there," Byrum said. "The move of the farm loan program will probably be several months down the road. The biggest change farmers are going to see is just that we answer the phones differently."

Sure to be high on the list of many farmers is the county office consolidation list, although Byrum expects actual consolidation to take place over a longer period of time. (See article at left.) "Our biggest concern is to make sure that producers continue to be serviced and that we do what we can to minimize the impact on personnel," Byrum said.

Overall workload and the actual number of farmers served by county offices were used as the primary consideration in determining which offices will be closed and/or consolidated, according to Byrum.

The USDA reorganization also included reform of the Federal Crop Insurance Program. The Crop Insurance Reform Act includes nearly \$1 billion for each of the next five years to replace the government's ad hoc disaster assistance programs which have averaged \$1.5 billion annually.

Under the new plan, administered by FSA, producers must participate in the catastrophic crop insurance program in order to be eligible for price support or production adjustment programs, certain FHA loans and new conservation reserve contracts.

MFB annual and Ag Showcase wows 'em in Detroit

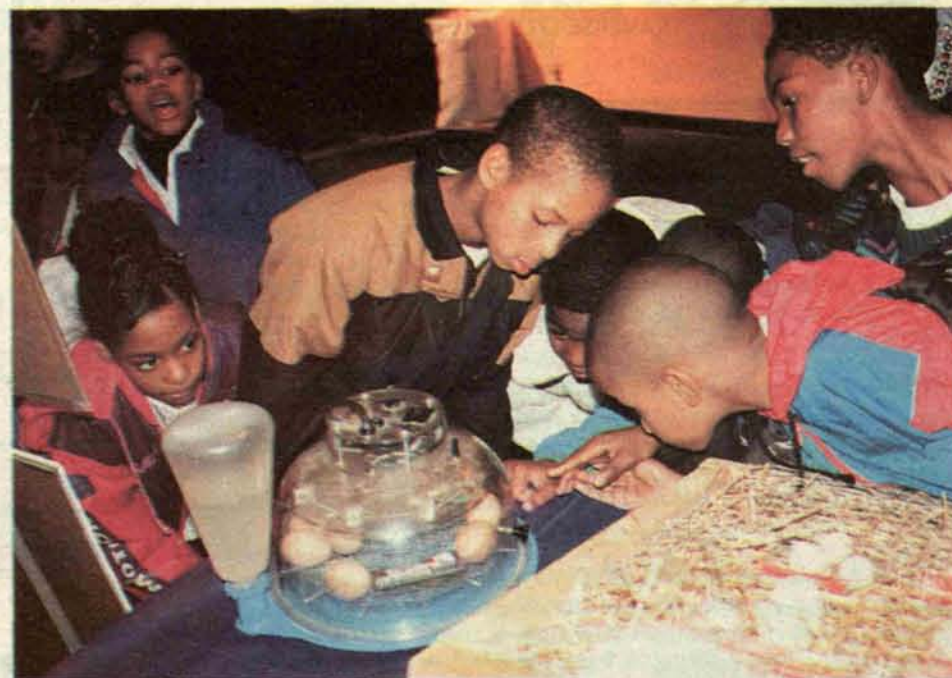
Over 500 school children and 4,000 adult visitors made a trip to the farm which happened to be located at the Renaissance Center's Westin Hotel, thanks to the efforts of over 100 Farm Bureau volunteers and the MFB State Promotion and Education Committee, who hosted the second annual Ag Showcase during the Michigan Farm Bureau annual meeting in Detroit.

Visitors to the showcase were greeted by tasty samples of various Michigan-produced commodities, as well as a chance to see real pigs, chickens, calves, goats and sheep. Students from the Butzell Middle School, enrolled in a summer ag program, also served as hosts and caretakers for the livestock that were on display.

In other state annual action, Tuscola County dairy farmer Jack Laurie was re-elected president, Tom Guthrie of Delton, representing District 4, was re-elected vice president. Richard Leach of Saginaw, representing District 8, was re-elected third member of the Executive Committee.

Newly elected to the MFB Board of Directors were Alan Garner of Mason, representing District 5; and Rick Johnson of Leroy, representing District 7. They were elected for one year to fill out the unexpired terms of Mark Smuts of Charlotte and Larry Snider of Hart, both of whom resigned.

Re-elected to the MFB Board were Blaine Vansickle of Marshall, representing District 2; Tom Guthrie of Delton, representing District 4; Wayne Wood of



Marlette, representing District 6; Richard Leach of Saginaw, representing District 8; and Margaret Kartes of West Branch, representing District 10. Faye Adam of Snover and Judith Emmons of Sheridan were

re-elected as directors at-large. Brigitte Leach of Kalamazoo was elected as Promotion and Education representative and Andrew Hagenow of Rockford was re-elected as Young Farmer representative.

2 From the President...



Vision for the future

Adapted from President Laurie's Annual Address at the MFB Annual Meeting

What's our vision for where we want our industry to go in the future, and what kind of programs will help us fulfill that vision? In a highly competitive world market where capital and knowledge flow easily from one country to another, do we really want to try and wall ourselves off with quotas on production and the resulting restrictions on our business freedom? Rather than fruitlessly trying to curtail supply, isn't it far preferable to try boosting our efficiency and increasing the demand for our products by aggressively pursuing world trade opportunities?

It may sound like a cliché to say, every year, that our industry and organization faces challenges. But

meeting and overcoming challenges is what defines and makes Farm Bureau a success. Those of you who purchase Donna Wilber's book *In the Service of the Farmer, Part II* (and I hope each and every one of you do buy it) will find that ever since 1919, our Farm Bureau history has consisted of crossing one hurdle after another. Every year it's been different problems—every year new solutions to those problems. The one constant, the one dependable factor, is the strength of member involvement that makes positive change possible.

Agriculture has changed a lot in the 75 years that Farm Bureau's been around. Society has changed. The economy has changed. What hasn't changed is the flexibility of our Farm Bureau structure to adapt to the times. That's why our organization is still around and thriving after 75 years while other farm groups have fallen by the wayside.

The biggest challenge to our continued success is not legislative, regulatory, or economic factors outside these walls. It's the challenges within, the hurdles that all of us, as leaders, must continually overcome in finding new, creative ways to motivate and inspire the member involvement that has always been the lifeblood of Farm Bureau. It's a tough job. Our farmer members are busy people, with lots of demands on their time. And it's easy and comfortable for them to turn to staff to get the job done.

No doubt about it, we have a top notch staff that does a great job assisting us. But they can't do everything. Our organization's credibility with lawmakers, regulators and the general public depends upon real farmers like you leaving the tractor seat and using tools of persuasion, communication and commitment to cultivate a rich harvest of legislative and regulatory victories.

I'm confident that you'll continue to do that.

Jack Laurie

Jack Laurie, President
Michigan Farm Bureau

In brief...

Milk production up

Dairy herds in Michigan produced 461 million pounds of milk during October, 18 million pounds more than a year ago, according to the Federal/State Michigan Agricultural Statistics Service. Milk per cow averaged 1,375 pounds, up 5 percent from last year. The Michigan dairy herd was estimated at 335,000 head, down 3,000 head from October 1993.

The preliminary value of milk sold averaged \$13.50 per hundredweight (cwt.) in October, \$0.40 more than last year. Mid-October slaughter cow prices averaged \$38.20 per cwt., \$10.10 less than the previous year.

Milk in the 21 major states totaled 10.7 billion pounds, 3 percent above production in these same states in October 1993. Production per cow averaged 1,330 pounds for October, 50 pounds more than October 1993. The number of cows on farms was 8.03 million head, 41,000 head less than last October and 9,000 below September 1994.

Dairy manufacturing plants in Michigan produced 1.5 million pounds of butter in September, 4 percent more than a year ago. Ice cream output totaled 1.9 million gallons, 20 percent less than September 1993.

Pest resistant plants to be regulated

The Environmental Protection Agency announced that it plans to regulate pesticides that have been bred into plants to provide resistance to disease and insects.

"They're going to be regulated not unlike other pesticides, but with different criteria," an EPA spokesman said. "What we're worried about is if you take a toxin or a piece of bacteria and put it into a corn plant, it may be toxic to the insect, but it may also be toxic to people."

EPA Administrator Carol Browner acknowledged the need for regulation, but said the new plants could be beneficial because they could help decrease the need for pesticide use in the environment.

Regulation of the new plant varieties would fall under the umbrella of the Federal Insecticide, Fungicide and Rodenticide Act, and the Federal Food, Drug and Cosmetic Act; however, EPA proposed some exceptions to the regulations.

High court to examine seed sales

The Supreme Court has taken up the question of sales of protected seed varieties under the old form of the Plant Variety Protection Act, which was amended in 1990 to preclude most sales of extra seed.

The case involves Iowa farmers, Denny and Becky Winterboer, who were sued by the Asgrow Seed Co. after they allegedly sold their soybean crop as seed to neighbors. A district court found in favor of the seed company, ruling that producers could only save enough seed to plant their land in the next year. But that ruling was overturned by an appeals court that said the couple could sell up to half of their crop as seed. A ruling is expected before next spring.

No surprise—farm numbers on the decline

The 1992 Census of Agriculture, showed that the U.S. had 1,925,300 farms. This is the first census with fewer than two million farms since 1850. The highest count showed 6.8 million farms in 1935.

Although overall farm numbers were down, production increased, "thus continuing the trend toward more efficient agricultural productivity." The census showed 333,865 farms with sales of \$100,000 or more accounted for only 17 percent of all farms, but 83 percent of total sales. There were 46,914 farms with sales of \$500,000 or more in 1992, compared to 32,023 farms of that size in 1987.

The study showed Wisconsin, Minnesota, New York, Ohio and Pennsylvania all had large declines in dairy herd numbers, while California, Texas, Washington, Idaho and New Mexico experienced large increases in dairy numbers. It also showed a large shift in hog concentration to North Carolina, where that state registered a 108 percent growth in the number of hogs sold in 1992 compared to 1987. North Carolina jumped from the sixth ranked hog state in 1987 to second in 1992.

Between 1987 and 1992, average farm size increased from 462 to 491 acres, average sales from \$65,165 to \$84,459 and average farm expenses from \$51,797 to \$67,928. The average age of farm operators rose from 52 to 53.3.

EPA to review atrazine

The Environmental Protection Agency has launched a "special review" of atrazine, cyanazine and simazine. The use of the popular pesticides could be restricted or even canceled "if health data warrant such action," the agency said.

The special review was launched "because it has been determined that the use of each of these pesticides may pose a significant risk to public health," EPA said. Administrator Carol Browner said she is concerned that traces of the compounds may be found in drinking water and that her agency will determine what steps to take to guard against the potential adverse effects to human health.

The review, which is expected to take about one year to complete, will weigh the risks and benefits of atrazine use. EPA estimates up to 80 million pounds of atrazine are applied to U.S. crops annually. Thirty-four companies hold registrations for atrazine products, although it was first registered by the Ciba Corp. in 1958.

Confirmed, worms are good for soil

A U.S. Agriculture Department study confirmed that earth worms help make soil healthy, contribute to quicker soil saturation, help plant roots get water more efficiently and even help to reduce water and soil runoff.

USDA conducted its worm study on Iowa test plots, one tilled without worms and one untilled with approximately 100 night crawlers per square yard. The study showed the untilled, worm-filled field soaked up two inches of water in only 12 minutes, while it took two hours to soak up the same amount of water in the tilled, worm-free plot.

The study also examined soil as an "ecosystem," finding that in order to obtain "healthy" soil, fungi, insects, microbes, bacteria and nematodes must all play an integral role.

Planted acres, no-till, deep-till all up

With an increase of nearly 7.7 million planted acres last year, the "National Crop Residue Management Survey" showed both no-till and deep-till farming methods increased as well.

Although mulch-till methods decreased by nearly two million acres, no-till planting methods increased by 4.2 million acres, giving no-till a net increase. Deep-till methods increased on just over 3.5 million acres. The increase in planted acreage was attributed to land returned to production after being enrolled in set-aside programs.

More spent on taxes than on food

With the average American's per capita tax bill reaching \$7,554 last year—over a third of the average individual's median income—a Cato Institute report showed that Americans spent more on taxes than food, clothing and housing combined.

The report said Congress approved measures that raised taxes by \$262 billion and killed bills that would have helped to decrease the tax burden, including those cutting the capital gains tax and expanding individual retirement accounts.

FDA helps clear the way for new crops

The Food and Drug Administration has helped to clear the way for seven new varieties of genetically engineered plants, raising the ire of environmentalists and ever-critical food safety activist, Jeremy Rifkin.

FDA announced that three new tomato varieties, a new disease resistant squash, herbicide resistant cotton and soybeans and a beetle resistant potato variety had passed initial safety requirements.

"This is ecological roulette," Rifkin, head of the Pure Food Campaign, said. "When you release a genetically engineered plant into the environment, the organisms are alive—they can reproduce, they can mutate and you cannot recall them to the laboratory."

Other critics of the engineered foods caution that persons with food allergies should be careful when consuming new food products because the genes of nuts, fish and other products may be used to obtain certain qualities.

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Editorial: Dennis Rudat, Editor and Business Manager. Design and Production: Jeffrey Rutzky. Staff Contributors: Mike Rogers, Connie Lawson, Henry Huisjen.

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CAPITOL CORNER



CORNER

Delegates establish MFB policy on key issues

3

Private property rights spearhead delegate discussion during policy resolution sessions.

Policy discussion and voting by the 454 county Farm Bureau delegates dominated the activities of the recent MFB state annual meeting in Detroit. Delegate action was completed on a wide range of issues including:

Private property rights—Delegates supported legislation that would require state agencies to evaluate the impact that proposed state rules and regulations would have on private property rights.

Farmland preservation—They reaffirmed their belief that P.A. 116, the Farmland and Open Space Preservation Act, has proven to be an effective voluntary method of preserving farmland and that any amendments to the Act should not dilute the original intent of the Act, which is to preserve agricultural land.

Disaster program task force—The delegates supported creation of an MFB Task Force to analyze the new federal disaster programs and their applicability to Michigan agriculture. The Task Force will also evaluate the need for a long-range state program to complement the federal efforts to provide producers with new protection against weather-related crop losses. The delegates supported a temporary and limited state zero-interest loan program for weather losses.

Right-to-farm—They supported an amendment to Michigan's Right-to-Farm Act to require the plaintiff in a nuisance suit against a farmer to be held responsible for the actual cost incurred in the defense of a suit when it is found there is no cause for action against the farmer. The delegates also said the act should be amended to provide that after a person files three unsubstantiated claims against a farmer, the person would have to pay the investigation and enforcement costs of any additional meritorious claims filed.

Coastal Zone Management Act—Delegates said that rather than accepting the federal mandate for prescribed management measures for every farmer in the state, the agricultural community itself should develop an alternative approach to address agriculturally related non-point source problems.

They also said the Michigan Department of Agriculture should be given lead agency status for



implementing any agricultural non-point source measures, and that any such measures should be targeted toward farmers who may have non-point problems rather than imposing the measures on all farmers.

Highways—The delegates expressed concern about deteriorating roads and bridges in rural Michigan. They reaffirmed their support for an increase in the state fuel tax of not more than six cents a gallon and that the exact magnitude of the increase be established based on actual road maintenance and improvement needs.

Elections—Delegates expressed concern about the negative campaigning conducted in 1994. They urged candidates in future elections to conduct campaigns based on issues rather than personal attacks.

National farm policy—They reaffirmed their support for a market-oriented farm program with

a gradual phase-out of all individual farm programs over a period of years. The delegates supported continuation of the basic provisions of the 1990 Farm Bill in the 1995 Farm Bill, supported continuation of the Conservation Reserve Program (but said land enrolled should be limited only to highly erodible land), asked that the size and use of acreage reduction programs be minimized to maintain U.S. agriculture's competitiveness in world markets and supported a dairy self-help program.

Fiscal policy—The delegates took a strong stand against the federal government mandating programs for state and local governments without providing complete and continuous funding for the programs.

Tax reform—They asked that the present \$600,000 federal estate tax exemption be increased to \$1 million and indexed annually for inflation.

USDA leaves set-aside for U.S. 1995 corn crop at 7.5 percent

USDA has stuck by its decision to set the 1995 acreage reduction program for corn at 7.5 percent and at zero percent for sorghum, barley and oats, according to a *Knight Ridder News* report.

On Sept. 30, USDA announced that corn farmers will be required to idle 7.5 percent of their corn acres in 1995 to qualify for government farm program payments, up from zero percent in 1994.

At that time, USDA also said sorghum, barley and rye growers will be able to plant all of their land and still collect government benefits.

USDA said that although its estimate of feed grain supplies had risen 6 percent from its Sept. 30 prediction, prospects for feed grain use this season and in 1994-95 "are up as well."

The likelihood of lower world feed wheat supplies and lower Chinese corn exports has led to better prospects for U.S. corn exports.

"Therefore, no adjustment in the feed grain ARP percentages is warranted," USDA said.

USDA raised its forecast of 1994 corn production to a record 10.01 billion bushels, up from its estimate of 9.26 billion in September.

In light of the larger-than-expected corn supplies, Sen. Bob Kerrey (D-Nebr.) urged USDA Secretary Mike Espy to boost the 1995 corn set-aside to 10 percent.

However, USDA's decision should please the National Corn Growers Association, which had urged USDA to adhere to its decision to set the 1995 corn ARP at 7.5 percent.

How they voted on GATT

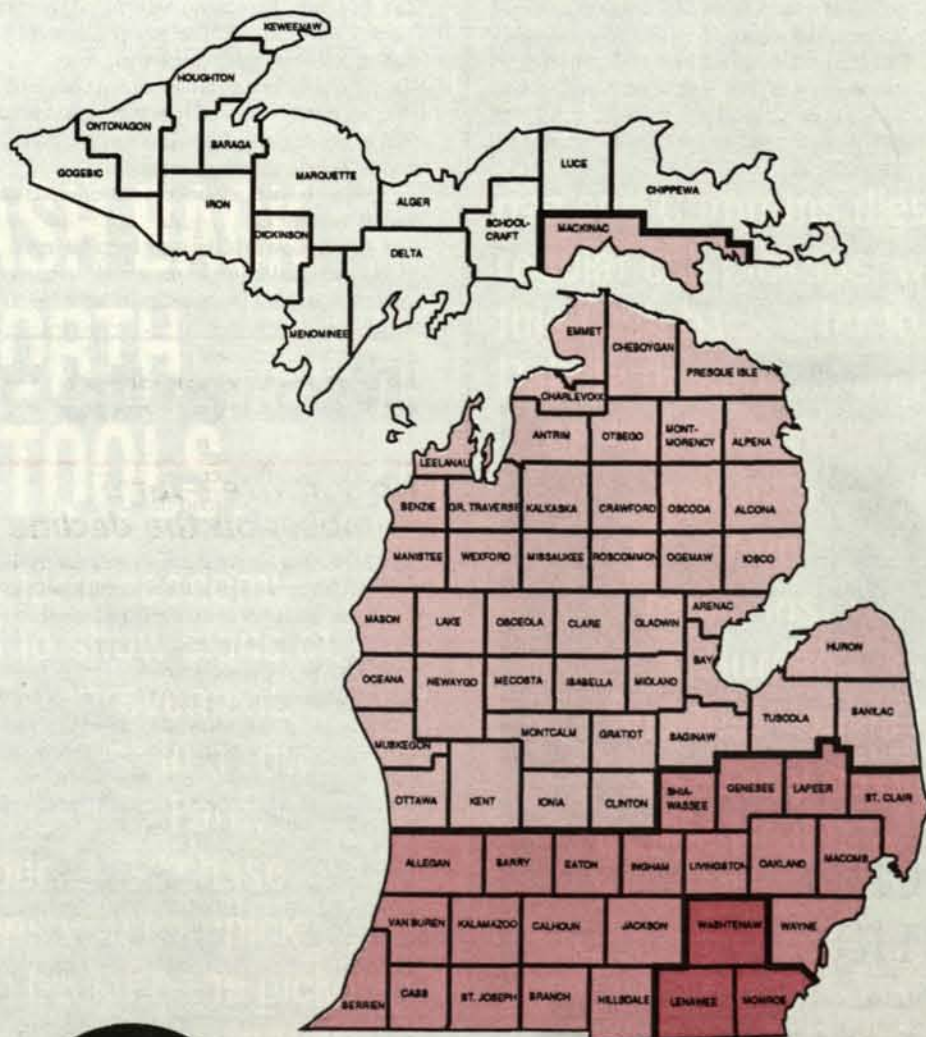
The U.S. House voted Nov. 29, 288-146 for the passage of the bill to make statutory changes to implement the new world trade agreement negotiated under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The U.S. Senate followed suit on Dec. 1, passing the implementing language by a margin of 76-24. Both Michigan Sens. Don Riegler (D-Flint) and Carl Levin (D-Southfield) voted in support of the measure.

The agreement would lower tariffs and trade barriers, ensure stricter enforcement of world trade rules through the newly established World Trade Organization (WTO), and expand GATT rules to cover such economic sectors as agriculture, services and intellectual property. The bill will also accelerate tax payment schedules, change eligibility standards for certain federal programs, and make other changes to offset lost revenues from tariff reductions in order to comply with pay-as-you-go budget rules.

Michigan Delegation of U.S. House of Representatives			
1 Stupak B (D)	N	9 Kildee D (D)	N
2 Hoekstra P (R)	Y	10 Bonior D (D)	N
3 Ehlers V (R)	Y	11 Knollenberg J (R)	Y
4 Camp D (R)	Y	12 Levin S (D)	Y
5 Barcia J (D)	N	13 Ford W (D)	N
6 Upton F (R)	Y	14 Conyers J (D)	N
7 Smith N (R)	Y	15 Collins B (D)	N
8 Carr B (D)	Y	16 Dingell J (D)	Y

Michigan U.S. Senators
 Carl Levin Y Don Riegler Y
 Key: Y = YEA; N = NAY
 Farm Bureau favored a "Y" vote.

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McBain	McBain Grain Co.	616-825-2172
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Paris	Dick Ford	616-769-7939
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Albion	Rod & LuAnn Ley	517-524-6495
Brown City	Robert Howland	313-688-2703
Capac	Bob Blumerich	810-395-4517
Okemos	Wayne Cook	517-349-9502
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4

Weather

Above normal temps expected through December

Dr. Jeffrey Andresen, Extension agricultural meteorologist, Department of Geography, Michigan State University

An active southwesterly, upper air flow persisted for much of November, causing mean temperatures for the month to surge to much above normal levels (generally 2-6 degrees F above normal). The southwesterly flow also resulted in a series of powerful storms that brought heavy precipitation and high winds to most areas (mainly in the form of rain except in far northern sections of the state).

The upper air flow pattern described above is expected to continue well into the winter months, with both the National Weather Service 30-day outlook (for December) and 90-day outlook (for December through February) calling for above normal temperatures. Precipitation is expected to continue at above normal levels through December, and at near normal levels for the December-February winter season.

This outlook should be welcome news to those who suffered through last winter's brutal cold, but an unfavorable omen for skiers, as snowfall with such a pattern would likely be less than normal, especially in areas of the state away from the lakes.

Record fall potato production

Fall potato yields in Michigan are expected to average 290 hundredweight (cwt.) per acre, 6 percent (20 cwt.) below last year's record high, according to the Federal/State Michigan Agricultural Statistics Service. The 1994 fall crop is forecast to produce a record high of 12.2 million cwt., up 3 percent from last year and up 1 percent from the previous record in 1984. The fall crop represents 84 percent of Michigan's total potato production. Harvest acreage at 42,000 increased 4,000 acres from a year ago. Above normal temperatures and excessive soil moisture during the growing season reduced yield potential in some areas.

Nationally, fall production is forecast at a record high of 412 million cwt., up 7 percent from last year and 9 percent higher than 1992. The 1.18 million acres for harvest is 5 percent above 1993 and 1992. Yields averaged 348 cwt. per acre, up seven cwt. from a year earlier. Eight states (Idaho, Washington, Colorado, Montana, New Mexico, Minnesota, Wisconsin, and Michigan) produced their largest fall crop since records began in 1949. Most Western and Central States harvested record high yields per acre. Idaho leads the nation with 33 percent of the fall potato production.

MSU's wheat 2000 club seeks to reverse acreage decline

With wheat prices hovering around \$3 and the average cost of production running about \$3.20 to \$3.50 per bushel, it's understandable why the crop may be losing favor with Michigan's farmers.

That disfavor has been reflected in a nearly steady decline in wheat acreage. In 1967, growers planted about 1.13 million acres; in 1993, according to most recent statistics, 580,000 acres of wheat were harvested in Michigan.

Statewide per acre yields during the past 26 years have oscillated between 36 and 60 bushels, with an average of 50.3 bushels and a mean of 44.1 bushels.

These figures sharply contrast with MSU's field trials. In 1994, trials in Lenawee, Kalamazoo, Ionia, Saginaw, Huron, Sanilac and Ingham counties, 100-bushel-per-acre yields were not uncommon.

MSU's five-year on-farm trials of eight wheat varieties show an average yield of 84.1 bushels per acre; the range was 68.9 to 80.5 bushels per acre.

So why the discrepancy between the statewide average and MSU's field trial average? And why has there been such a dramatic drop in the number of acres planted to wheat in the past 26 years?

These figures are apparently frustrating to growers and MSU agronomists alike and may be a little scary for Michigan's milling industry, which in 1990 was valued at \$1.5 billion.

Larry Copeland, Michigan State University Extension agronomist, says there is a general feeling that Michigan's wheat industry is at serious risk.

"Growers are well aware of today's potential wheat yields and they don't understand why they've fallen short of their goals," Copeland says. "Moreover, neither we nor they understand why the per acre yield is so inconsistent throughout the state from

year to year, but we intend to find out what can be done about it."

The vehicle for finding out is MSU's Wheat 2000 Club.

Copeland, several fellow agronomists and MSU Extension agricultural agents are recruiting growers to participate in a three- to five-year project intended to raise the statewide wheat yield average by the end of the decade.

The goal, Copeland says, is 100 bushels per acre. To date, 25 growers have joined the club. More are wanted.

"We'd like to have every county in Michigan's wheat-growing regions represented," Copeland says. "We are also enlisting the cooperation of the millers because this project needs to involve everyone associated with Michigan wheat production."

Copeland's game plan includes drawing from MSU's field trial research, *Successful Farming's* MAX computer program and the Intensive Cereal Management (ICM) program commonly used in Europe to help growers increase wheat yields.

He also envisions periodic workshops, special training for growers and variety trial field tours.

"However, this is not going to be a one-way street," Copeland emphasizes. "We need to understand the limitations facing growers; we need to work with them on their farms, and we need to get ideas from them that will in turn benefit us."

"Establishing a good cooperative effort between the researcher, Extension, the grower and agribusiness gives us every reason to believe that we will reach our ultimate goal," Copeland says.

More information about the Wheat 2000 Club and membership registration (it's free) can be obtained from the county MSU Extension office.

Michigan Weather Summary

11/1/94 to 11/30/94	Temperature		Precipitation	
	Observed mean	Dev. from normal	Actual (inch)	Normal (inch)
Houghton	36.0	+4.9	1.51	2.54
Marquette	35.1	+4.7	1.89	2.54
Escanaba	36.9	+1.7	2.04	2.65
Sault Ste. Marie	36.2	+3.2	2.88	2.65
Pellston	38.6	+3.8	1.92	2.69
Traverse City	38.9	+1.2	0.80	2.69
Alpena	40.0	+4.5	2.54	2.57
Houghton Lake	40.9	+5.3	2.61	2.57
Muskegon	42.9	+3.6	3.26	2.88
Vestaburg	39.4	+1.5	3.40	2.49
Bad Axe	40.9	+2.3	3.67	2.23
Saginaw	42.5	+4.1	3.42	2.23
Grand Rapids	43.1	+4.6	5.13	2.79
South Bend	45.9	+5.4	2.78	2.79
Jackson	43.6	+4.4	2.74	2.32
Lansing	42.4	+3.8	3.53	2.32
Detroit	45.8	+5.9	2.58	2.44
Flint	43.1	+4.2	3.13	2.44
Toledo	47.2	+7.8	2.61	2.44

Observed totals are accumulated from April 1. Normals are based on district averages.

Michigan and Major Commodity Area Extended Weather Outlook

T = temp. P = precip.	12/15-12/31		12/15/94-2/28/95	
	T	P	T	P
Michigan	A	A	A	N
West Corn Belt	N	N	A	N
East Corn Belt	A	N/A	A	N
Winter Wheat Belt	N/A	N	A	A
Spring Wheat Belt	N	N	A	N
Pacific NW Wheat	B	N	N	B
Delta	A	N/A	A	N/A
Southeast	A	N	A	N
San Joaquin, CA	N	A	N	N

A = above average; B = below average; N = normal; MA = much above; MB = much below; NP = no precip. Source: National Weather Service.

Record corn and soybean yields

Michigan farmers are reporting record corn and soybean yields, according to the Federal/State Michigan Agricultural Statistics Service. Above normal temperatures and below average precipitation during October pushed crops to maturity and allowed soybean harvest to progress ahead of the five year average, while corn harvest is running slightly behind the long term average.

Statewide, corn yield is forecast at a record high 117 bushels per acre, up five bushels per acre from the Oct. 1 estimate. The previous record of 115 bushels per acre was set in 1990. Total production, at 251.6 million bushels, is up 6 percent from last year.

The soybean yield is forecast two bushels higher than last month, to a record tying 38 bushels per acre. This record yield was also attained in 1990, 1991 and 1993. Total soybean production, at a record 58.5 million bushels, is 7 percent above the previous record set a year ago.

With almost all of the sugar beets harvested, yield is estimated at 16 tons per acre, down one ton per acre from 1993. Total tonnage from the 189,000

harvested acres is forecast at 3.02 million tons, 5 percent below last year.

Nationally, corn production is forecast at a record high 10 billion bushels, up 4 percent from the Oct. 1 forecast and 58 percent above the 1993 crop. Based on conditions as of Nov. 1, yields are expected to average a record high 138.4 bushels per acre, up 4.6 bushels from last month and seven bushels above the previous record yield set in 1992. Acreage for harvest as grain is estimated at 72.3 million acres, up 590,000 acres from last month.

Soybean production is forecast at a record high 2.52 billion bushels, up 3 percent from the Oct. 1 forecast and 35 percent above 1993. Yield is forecast at a record high 41.5 bushels per acre, one bushel above Oct. 1 and 8.9 bushels above 1993. The previous record high yield of 37.6 was set in 1992. Harvested acreage is estimated at 60.8 million acres, up 120,000 acres from the October estimate. Acreage changes for corn and soybeans were based on new data available from the Agricultural Stabilization and Conservation Service.

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6 Market Outlook

Corn

Ten billion bushels, that is not only a lot of corn to produce, but it is a lot of corn to use up. The November Crop Report showed the U.S. would have a record corn yield of 138.4 bushels per acre average. The total supply and demand numbers for corn are shown in Table 1. Michigan will also record a record corn yield with a state average of 117 bushels per acre, two bushels higher than the previous record.

As seen in Table 1, the USDA is projecting record corn use for feed. This is a reasonable forecast given low prices, the huge livestock inventory we now have, and projected meat production from now through August. Industrial uses for corn are projected to continue their growth, especially high fructose corn syrup and ethanol. As you can see, we expect more than a 6 percent increase over last year.

Export projections are harder to forecast. The USDA projection of 1.625 billion seems quite reasonable given the low prices and world needs. However, the export projection shows an increase of almost 300 million bushels over last year and, at this point, year-to-date shipments are a little behind last year and sales are only slightly ahead. While I still would use the USDA export projection as being most likely, this does point out that there is downside risk in the out months futures prices.

Strategy: Basis levels continue to be wide and downside risk for cash prices is not high. This would point to using storage or delayed pricing as the pricing tools of choice. However, use your own storage costs, including lost interest, to determine if there is enough room in the basis to cover storage.

If we see a future price jump and the basis stays wide, look at your returns with a hedge or hedge-to-arrive. Also, keep an eye on fall 1995 new crop prices—it's hard for me to see next fall's prices at \$2.20 a bushel.

Wheat

It is unclear where wheat prices are headed, but it rarely pays to hold wheat very long into the new year unpriced. Use levels, for the most part, appear to be following levels which will get us to the USDA projections shown in Table 2.

However, like corn, exports seem to be struggling. At this point, export shipments are running behind last year and will have to pick up to meet USDA projections by June. Along with this, winter wheat plantings went well and the condition of the winter wheat crop is pretty good at this point.

The last two points above do not bode well for wheat prices and are the primary reasons we have seen a sharp drop in prices from early October through the first of December. However, I suspect wheat prices have adjusted for the slow exports and growing conditions. World wheat stocks are still tight and that always leaves room for upside potential.

Strategy: The wheat basis is still wide. If you are in a hedge position, continue to hold. If not, you need to determine whether you think pricing will increase enough to pay storage—it's questionable. Consider looking at a hedge-to-arrive; check with your local elevators to see if it will pay. If not, and you want to stay in the market in case there is a big move, consider selling your cash wheat and buying a cheap call.

Table 1—Corn Supply/Demand Balance Sheet

(Million acres)	1992-1993	Projected 1993-1994	Projected 1994-1995
Acres set-aside & diverted	5.3	10.5	?
Acres planted	79.3	73.3	79.1
Acres harvested	72.2	63.0	72.3
Bu./harvested acre	131.4	100.7	138.4
Stocks (million bushels)			
Beginning stocks	1,100	2,113	850
Production	9,482	6,344	10,010
Imports	7	21	5
Total supply	10,589	8,478	10,865
Use:			
Feed and residual	5,301	4,711	5,500
Food/seed	1,511	1,588	1,685
Total domestic	6,813	6,299	7,185
Exports	1,663	1,329	1,625
Total use	8,476	7,628	8,810
Ending stocks	2,113	850	2,055
Ending stocks, % of use	24.9	11.1	23.3
Regular loan rate	\$1.72	\$1.72	\$1.89
U.S. season average			
Farm price, \$/bu.	\$2.07	\$2.50	\$2.05

Source: USDA and Jim Hilker.

Jim Hilker, Department of Agricultural Economics, Michigan State University

Soybean

This fall's record corn yield bettered the previous record set in 1992 by 5.3 percent. In contrast, this fall's record U.S. soybean yield of 41.5 bushels per acre broke the previous record set in 1992 by a whopping 10.4 percent. Obviously, this translates into a lot of beans, especially when harvested acres also increased. The only saving grace for prices, however small, is that we brought in low stocks.

Soybean disappearance is running strong. Meal use will likely be a record with all the livestock and the low price. Oil demand is high. Also, year-to-date export shipments are running 36 percent above a year ago. While it is still early in the market year, this is a good sign that we will reach the 30 percent increase for the year projected by the USDA.

While use is strong, it still does not come close to matching the increase in supplies. Ending stocks as a percent of use is projected to be a huge 22.1 percent. This limits the upside potential of the futures. It will take some new conditions to cause a rally and, at this point, things look good in South America. In other words, it may be next spring when we get into our planting season before we see any big rally, and then it would take a significant weather scare.

Strategy: While I don't see much of a rally in the futures, I do see a wide basis. This means there is room for an increase in cash prices. If you believe that we are near the bottom, store and price later. If you think there is downside risk, consider locking in storage returns via a hedge or a like tool provided by your elevator. If you are somewhere in between, look at storing and buying some put options, or a like tool.

Cattle

The Nov. 1 USDA monthly Seven-State Cattle-On-Feed Report, released Nov. 18, showed total cattle on feed down 6 percent from 1993. October placements were down 1 percent and October marketings were up 4 percent. A higher percentage of the decrease in feedlot inventory came from the smaller feedlots, as lots over 1,000 head were only down 4 percent, versus the 6 percent total. This would indicate a 21 percent drop in feedlot inventory for lots under 1,000 head in the following seven states: Arizona, California, Colorado, Iowa, Kansas, Nebraska, and Texas.

It appears we are near current as live cattle are coming in only 11 pounds over a year ago which can be explained by lower corn prices. This, along with the above information and previous reports, would indicate prices should stay level to up a couple of dollars per cwt. as we go through the winter. There will continue to be pressure on cattle prices from the hog and poultry sectors, limiting upside potential.

Strategy: As of the first of December, there were no good forward pricing opportunities. At this point, keep mildly current on ready cattle. On the input side, feeder cattle have been cheap this fall and are not hard to pencil through in the black, especially with low feed prices. While this is good for feedlots in the short run, it has been a disaster for the cow-calf folks. For those who still have their calves, pencil through retained ownership.

Table 2—Wheat Supply/Demand Balance Sheet

(Million acres)	1992-1993	Projected 1993-1994	Projected 1994-1995
Acres set-aside & diverted	3.5	0.5	?
Acres planted	72.3	72.2	70.5
Acres harvested	62.4	62.7	61.7
Bu./harvested acre	39.4	38.3	37.6
Stocks (million bushels)			
Beginning stocks	472	529	570
Production	2,459	2,402	2,320
Imports	70	109	85
Total supply	3,001	3,040	2,975
Use:			
Food	829	869	885
Seed	98	95	1,685
Feed	191	278	225
Total domestic	1,118	1,242	1,207
Exports	1,354	1,228	1,250
Total use	2,472	2,470	2,457
Ending stocks	529	570	518
Ending stocks, % of use	21.4	23.1	21.1
Regular loan rate	\$2.21	\$2.45	\$2.58

U.S. season average
Farm price, \$/bu. \$3.24 \$3.26 \$3.45
Source: USDA and Jim Hilker.

Seasonal Commodity Price Trends

Corn ? BT
Soybeans ? BT
Wheat ?
Hogs ↔ ?
Cattle ↔ ↑

Index: ↔ = stable prices; ↑ = higher prices; ↓ = lower prices; TP = topping; BT = bottoming; ? = unsure

Dairy

Larry G. Hamm

Milk prices are going down. The Minnesota-Wisconsin (M-W) price peaked at \$12.29 per cwt. in October. The October M-W will help hold milk prices through December, even as the M-W starts down. The November M-W will likely drop below \$12. December's M-W (announced in January 1995) will be even lower because of the substantial weakness in the cheese markets.

For the month of November, the price per pound of 40-pound blocks of cheddar cheese traded on the National Cheese Exchange dropped \$0.10 per pound. Using the generally accepted rule that \$0.01 change in the price of a pound of cheese translates into approximately \$0.10 in the price of a cwt. of farm milk suggests that the M-W will fall around \$1 per cwt. during November and December. A \$1 farm price drop will be fully reflected in producer checks by Feb. 1, 1995.

A \$1 drop in the M-W is substantial, but not as severe as some in past years. Demand for dairy products has been holding up. This is fortunate because milk supplies are coming on the market at an accelerating rate. There has been a recent dramatic increase in production per cow.

In August, September and October of 1994, the milk production per cow increased 42, 53 and 50 pounds, respectively, over 1993 levels for the same months. In 1994, the average U.S. dairy cow will produce over 16,000 pounds.

It is not unusual to have year-to-year changes in production per cow per month in the range of 20 to 30 pounds. However, 50 pound per month increases are dramatic. This fall's increased productivity no doubt results from the combined impact of ample quantities of high quality forages, reasonably priced concentrates, moderate weather patterns and BST adoption.

The increased per cow productivity is overwhelming the gradual drop in cow numbers. Unfortunately, if per cow productivity continues its recent pace, the \$1 per cwt. drop in milk prices will become greater. The next few months' trends in milk production will be critical for how low milk prices will be late next spring.

FARM BUSINESS OUTLOOK

Hogs

As you are well aware, these are bad times for hog producers. We are seeing the lowest prices since fall 1976, and this doesn't account for inflation. Packer's are paying \$25-27 per cwt. and the most efficient producer's costs are \$37 per cwt. And, as of the beginning of December, packer's are still in the black paying \$35-37 per cwt. In other words, very little of this has been passed on to the consumer.

A positive spread for packers and retailers is typical on price down swings. Just as a period of red is typical for them on a price upswing, there is always a lag. The questions are: "Why is this spread so large?" and "How long will it last?"

Part of the answer for the short term, is retailers have been able to move pork at current prices on the one side, and there have been so many hogs coming to market that they don't have to pay much on the other side. However, as soon as there is even a little let up in numbers, there should be a jump in prices if our competitive system is working, which historically it has after a lag. This still does not mean we will see decent prices for some time. What it means is prices should work their way into the low \$30s and maybe the mid \$30s this winter, before weakening again in the spring. But this will take lower retail prices.

There are some signs of liquidation. Sow slaughter is up 10 percent over a year ago. It's unclear who's liquidating given everyone is losing money.

Eggs

Henry Larzelere

Egg prices in the latter part of November were about 6 cents a dozen less than last year. Feed ingredient prices were nearly 5 cents a dozen eggs below year ago levels and nearly offset the lower egg prices.

December prices in New York at wholesale for Grade A, large white eggs, in cartons, are likely to average barely in the low 70s. Prices in the first three months of 1995 will probably average in the high 60s to low 70s. February's prices will be lower.

Total egg production in October was up 4 percent from a year ago, while table egg production was up 3 percent. On the first of November, the number of hens and pullets on farms was up 4 percent from a year ago. The percentage difference in total egg production includes hatching egg production, both for broilers and layers.

The egg-type chick hatch in October was about the same as October 1993, but the number of layer-type eggs in incubators on Nov. 1 was down 4 percent.

The increases in flock size have continued because the rate of slaughter of spent hens has been considerably lower than last year. ■

Table 3—Soybeans Supply/Demand Balance Sheet

(Million acres)	1992-1993	Projected 1993-1994	Projected 1994-1995
Acres planted	59.1	60.1	61.9
Acres harvested	58.2	57.3	60.8
Bu./harvested acre	37.6	32.6	41.5
Stocks (million bushels)			
Beginning stocks	278	292	209
Production	2,188	1,869	2,523
Imports	2	6	5
Total supply	2,468	2,167	2,737
Use:			
Crushings	1,279	1,272	1,355
Exports	770	589	770
Seed, feed & residuals	127	97	117
Total use	2,176	1,958	2,242
Ending stocks	292	209	495
Ending stocks, % of use	13.4	10.7	22.1
Regular loan rate	\$5.02	\$5.02	\$4.92
U.S. season average			
Farm price, \$/bu.	\$5.50	\$6.40	\$5.15

Source: USDA and Jim Hilker.

7 Farmland rental considerations

Dr. Gerald Schwab, Dept. of Agricultural Economics, Michigan State University

How best to control use of farmland is a question often raised and answered by farm agribusiness people. The obvious alternatives are ownership and renting. To be briefly discussed in this article are the incidence of farmland rental activities in Michigan, the alternative rental arrangements, some sense of cost and risk sharing of these alternatives, and a listing of publications that can be helpful to you in reaching an agreement on renting farmland.

Data from the recently released 1992 Census of Agriculture presented in Table 1 indicates that some form of land rental is conducted by approximately 42 percent of Michigan farmers. Of the approximate 19,500 Michigan farmers who reported some farmland rental activity, almost 14,700 reported cash rental activity in 1992 totalling over \$132 million in cash rental payments.

The other 4,800 Michigan farmers engaging in land rental are presumed to be using share rental arrangements to control some of their farmland.

Of the 10.1 million acres of farmland in Michigan, 6.3 million acres (62.3 percent) are farmed by its owners and 3.8 million acres (37.6 percent) are controlled by some form of rental arrangement. For most agricultural commodities with the exception of orchards, full ownership in which all land farmed is owned by the farmer is a small percentage of the total. It appears that most commercial farms use a combina-

tion of ownership and rental activity (approximately 47:53 ratio) to control the land farmed.

In this capital-intensive agricultural industry, the question often raised is how best to obtain control of land. Cash rent is the most frequently used non-ownership alternative but may or may not be the best alternative for your situation. The most recent survey data on cash rental rates for farmland in Michigan are presented in Table 2. These data gathered in 1992-93 are relevant to the 1992 cropping year.

The average fixed cash rents per acre and reported yields by crop for tilled and untilled ground can help provide a benchmark for your land rental negotiations in 1995. Looking back at the year 1992, average corn prices for the 1991-92 crop year were in the \$2.35 neighborhood and the cool 1992 summer resulted in a poor quality crop.

Updating to 1994, yields were at record levels in Michigan and throughout the Corn Belt, resulting in low market prices. Since 1992, target prices have been unchanged but loan rates or support prices have been increased. Prices for agricultural land have modestly increased during this time period. The question of how best to control land in 1995 begs for answers on projected profitability but also on the risk surrounding the many facets that affect profit projections.

Common to evaluating all land control alternatives is the distribution of income, expenses, and risk/uncertainty between the landowner and the land tenant. Although the need to manage risk is often

emphasized, the 1992-93 survey of Michigan farmers found little indication for use of flexible cash rental arrangements based on either crop yield or price variability.

Table 3 has a summary of risk-bearing assumptions for six different land control alternatives. The prevailing custom and tradition in your local area often have a strong influence on land rental practices but risk management, financial considerations, and changes in crop cultural technology for 1995 may suggest a need to re-evaluate your current land rental arrangements.

Rental agreements have both economic and legal dimensions. For protection of all participants, it is recommended that the lease agreement be written. Having a written lease should not imply a lack of trust but rather an opportunity to ensure that a clear understanding occurs.

At a minimum, the lease should contain the names and addresses of the landlord and tenant, specify the legal description of the property, define the contributions of each party; and specify the time, place, and method of rental compensation. The time period for the lease should also be specified and the agreement dated and signed by all parties.

Extension publications that might be helpful to you in designing your own rental arrangements are listed to the right. These publications are available through Michigan State University at the Extension Bulletin office on campus in Agriculture Hall or at your local MSU Extension office.

FARM BUSINESS OUTLOOK

- "Fixed and Flexible Cash Rental Arrangements for Your Farm"; North Central Regional (NCR) Extension Pub. 75
- "Crop-Share or Crop-Share-Cash Farm Lease"; NCR Pub. 77
- "Crop Share or Crop Share-Cash Rental Arrangements for Your Farm"; NCR Pub. 105
- "Livestock-Share Rental Arrangements for Your Farm"; NCR Pub. 107
- "Livestock Share Farm Lease"; NCR Pub. 108
- "Irrigation Crop-Share and Cash Rental Arrangements for Your Farm"; NCR Pub. 148
- "Farm Machinery, Building or Equipment Lease"; NCR Pub. 215
- "Rental Agreements for Farm Machinery, Equipment and Buildings"; NCR Pub. 214

Table 1—Michigan Crop Acreage by Type of Tenure

Crop	1992 acreage	Full owners		Tenants
		Only owned land (%)	Own & rented land (%)	
Corn grain	2,221,271	345,767 (15.6)	1,686,753 (75.9)	188,751
Corn silage	304,478	49,048 (16.1)	240,473 (79.0)	14,957
Dry edible beans	332,334	43,840 (13.1)	244,837 (73.7)	33,657
Hay	1,283,598	382,910 (29.8)	846,823 (66.0)	53,865
Orchards	162,183	85,301 (52.6)	66,827 (41.2)	10,055
Potatoes	47,061	6,779 (14.4)	35,570 (75.6)	4,712
Soybeans	1,332,114	223,588 (16.8)	991,062 (74.4)	117,464
Sugar beets	174,917	11,050 (6.3)	144,812 (82.8)	19,055
Wheat	583,245	120,916 (20.7)	417,562 (71.6)	44,767
All farmland	10,088,170	2,946,685	6,503,889	637,596
			(3,352,781 owned acres)	
			(3,151,108 rented acres)	
Number farms	46,562	27,070	16,500	2,992
Percent of farms	100%	58.1%	35.5%	6.5%
Percent of farmland	100%	29.2%	64.5%	6.3%

1992 Census of Agriculture, Michigan State and County Data, April 1994, U.S. Department of Commerce.

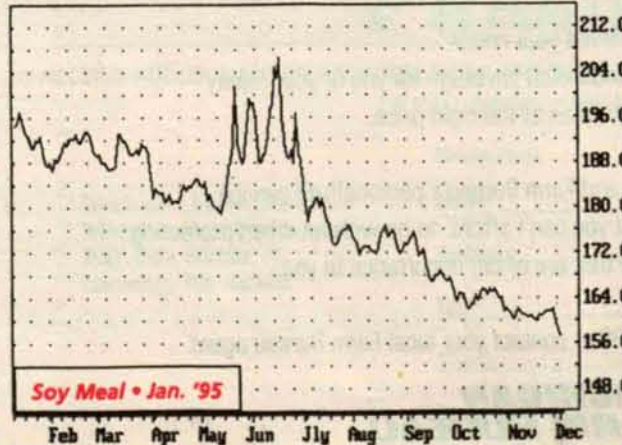
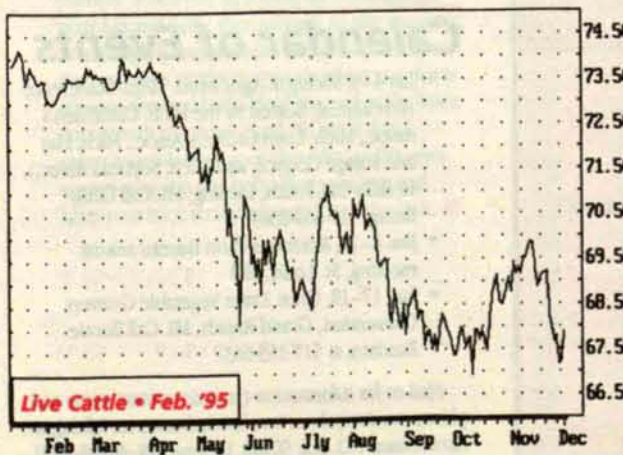
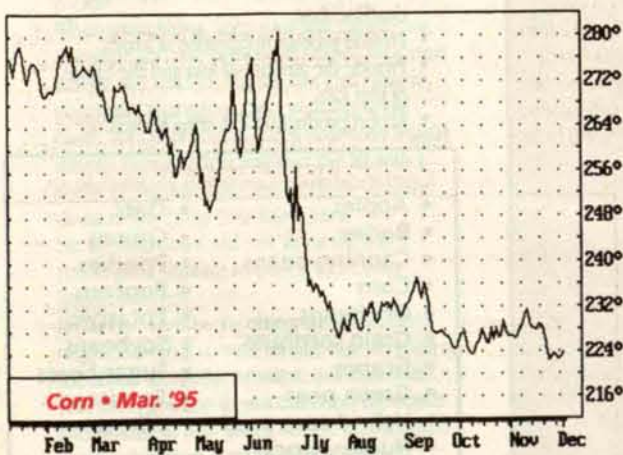
Table 2—Michigan Farmland Cash Rental Rates

Crop	Tiled		Untilled	
	\$/acre	Reported Yield/acre	\$/acre	Reported Yield/acre
Alfalfa hay	\$50.84	4.90 ton	\$36.53	4.5 ton
Barley	19.25	56.0 bu	19.02	58.4 bu
Corn	56.62	116.0 bu	41.11	101.7 bu
Corn silage	47.23	15.3 ton	31.60	15.6 ton
Cukes; Pickles	57.14	11.4 ton		
Grass hay	21.20	2.7 ton	20.08	4.85 ton
Oats	31.70	67.5 bu	26.30	67.6 bu
Pasture: native	—	—	11.40	1.9 ton
Potatoes	60.00	362.5 cwt	44.00	333.5 cwt
Rye	22.40	52.5 bu	27.30	40.60 bu
Soybeans	63.00	41.7 bu	47.05	36.8 bu
Sugar beets	101.00	19.3 ton	75.63	15.75 ton
Wheat	59.62	62.8 bu	39.24	53.39 bu

Unpublished data. 1992 Survey. G. Schwab.

Table 3—Risk Management Considerations in Land Control

Form of Land Control	Source risk (Change in)	Land owner	Tenant
1. Ownership	Crop price	All	N/A
	Crop yield	All	N/A
	Land price	All	N/A
2. Fixed cash rent	Crop price	None	All
	Crop yield	None	All
	Land price	All	None
3. Share rent	Crop price	Share	Share
	Crop yield	Share	Share
	Land price	All	None
4. Fixed product	Crop price	Share	Share
	Crop yield	Share if fixed percentage (none if fixed quantity)	
	Land price	All	None
5a. Variable cash rent (based on price of Crop)	Crop price	Share	Share
	Crop yield	None	All
	Land price	All	None
5b. Variable cash rent (based on yield of Crop)	Crop price	None	All
	Crop yield	Share	Share
	Land price	All	None



Charts provided by Knight-Ridder Financial

8 Crop insurance reform—the rules have changed

Editor's note: This is the first in a planned series of articles to address issues regarding the recently approved crop insurance reform act. In future issues, you'll find more in-depth information on key management questions and issues, as compiled by the Michigan Farm Bureau Commodity Activities and Research Division and the MSU Agricultural Economics Department.

Forget all you thought you knew and understood about crop insurance and federal ad-hoc disaster programs that provided relief for farmers in the event of natural disasters. Although politically popular across the farm belt, the costly disaster programs finally met their fate, with President Clinton's signing of the Federal Crop Insurance Reform Act of 1994.

According to MFB Commodity Specialist Bob Boehm, the old disaster programs have now been replaced with a totally new approach to risk protection through the use of mandatory crop insurance if you plan on continuing to receive farm program benefits.

"The most important fact for farmers to know and understand about this reform package is that they must sign up," Boehm explained. "The new program also addresses several key complaints with the previ-

ous crop insurance/disaster aid programs—primarily low participation and limited availability."

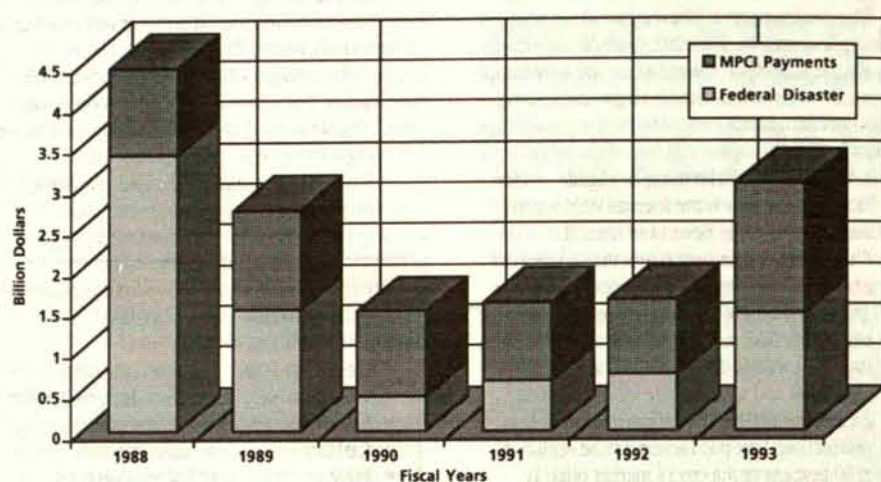
According to Boehm, under the new program, participation in crop insurance is now a prerequisite for receiving benefits from virtually all federal farm programs, including deficiency payments, Farmers Home Administration loan programs, and conservation entitlements such as Conservation Reserve Program and Wetland Reserve Program payments. It's expected that the linkage of farm program benefits to mandatory crop insurance will boost producer participation from the current 30 percent level to over 80 percent.

"The crop insurance linkage to farm program benefits is mandatory—there is no longer any back-up plan available," Boehm said. "No crop insurance means no federal benefits—period! Farmers are fully in charge of making their own risk management decisions."

Another noteworthy change, says Boehm, is the new closing dates for crop insurance coverage which have all been scheduled 30 days earlier than normal for spring planted crops.

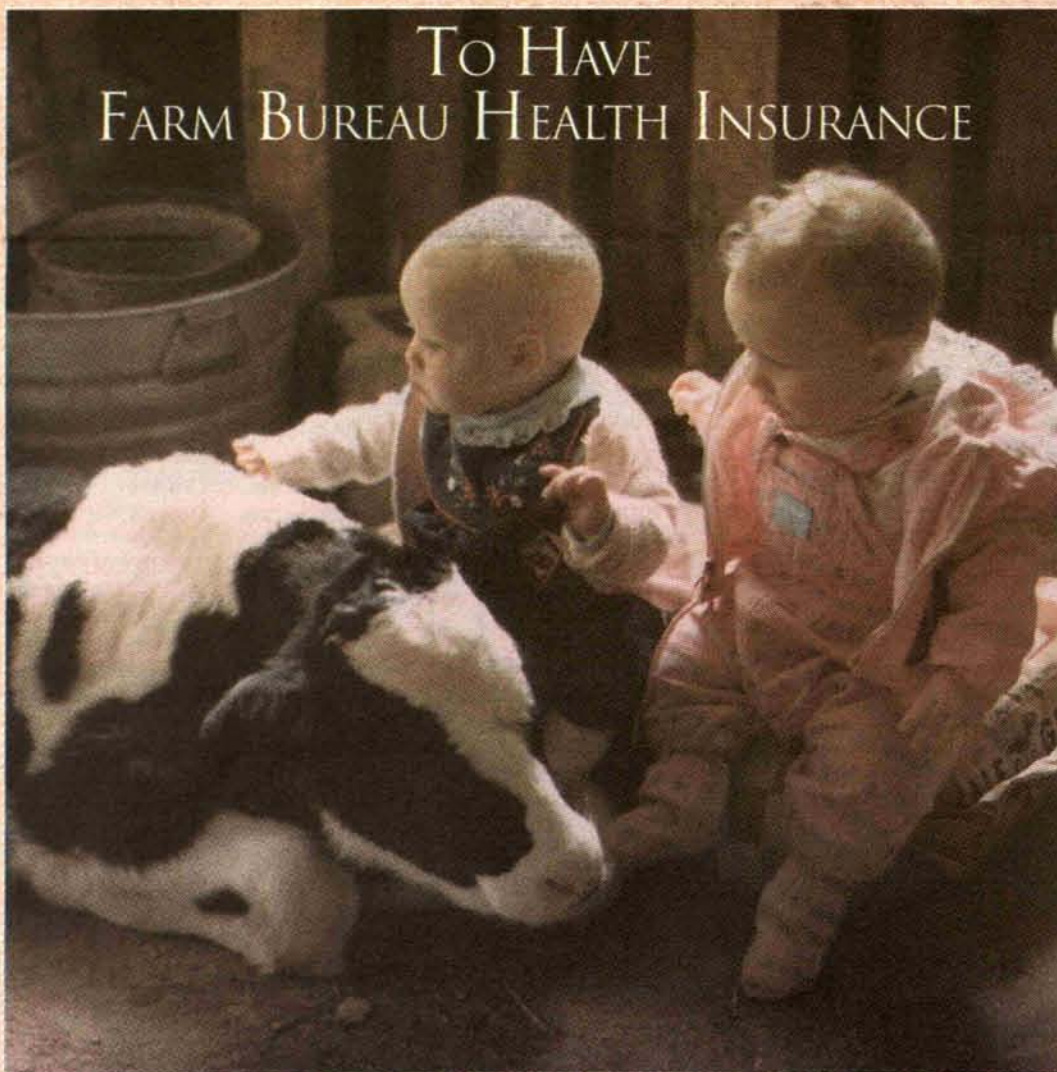
Past disaster program costs for crop losses since 1988, in Michigan alone, have totaled about \$268 million in disaster payments to farmers. According to Boehm, Michigan ranks as one of the top ten states in terms of disaster payments received on non-program

United States Crop Disaster Payments



Nationally, farmers have received a fairly balanced response to weather-related losses. Crop insurance indemnity payments make up 46 percent of total disaster payments while 54 percent were made through ad-hoc disaster programs.

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crops, due to the state's diverse commodity mix and lack of insurance coverage available.

Multi-peril crop insurance has also played a significant role in risk reduction for Michigan. Indemnity payments since 1988 have totaled \$77.6 million compared to total premium payments of \$51.7 million. According to Boehm, Michigan's overall loss ratio is 1.5.

The graphs comparing payments from disaster programs and indemnities from MPCJ highlight the lack of available crop insurance on many of Michigan's commodities. According to Boehm, coverage is available on 19 of the state's more than 50 commodities, which has led to heavy reliance on government disaster programs in the past.

As a result, Michigan producers have received \$346 million or 77 percent of their disaster payment from government disaster programs versus \$77.6 million or 23 percent from MPCJ. Nationally, the figures are much closer with just 54 percent coming from government coffers, compared to 46 percent from MPCJ.

Under the new program, Boehm says that producers can take advantage of a standing, non-insurable crop disaster program known as Non-Insured Assistance Program (NAP), which is designed to provide about the same level of protection as previous federal ad-hoc disaster programs have provided in the past (see article, next page for more information).

Producer responsibilities:

- Apply for insurance no later than the application deadline.
- Provide available production records for calculating yield guarantees.
- Pay the processing fee unless waived.
- File an acreage report by the applicable deadline date.
- Provide prompt notification of losses.
- Provide the amount of loss and the cause of that loss.
- Report production following harvest. ■

Commodities Covered in Michigan

- Apples
- Barley
- Canning beans
- Corn
- Dry beans
- Grain sorghum
- Grapes
- Green peas
- Hybrid corn seed
- Nursery stock
- Oats
- Onions
- Peaches
- Popcorn
- Potatoes
- Soybeans
- Sugar beets
- Tomatoes
- Wheat

Calendar of Events

- Jan 4-5, Michigan Agriculture Mega-Conference (first annual, hosted by the Mich. Cattlemen's Assoc., Mich. Corn Growers Assoc., Mich. Hay and Forage Council, and Mich. Soybean Assoc.), Holiday Inn-South, Lansing, MI. Call Cindy Reisig, 517-669-8589.
- Jan. 8-12, American Farm Bureau annual meeting, St. Louis, MO
- Jan. 17-19, Great Lakes Vegetable Growers Convention, Grand Rapids, MI. Call Bernie Zandstra at 517-353-6637

Mail or fax information (include contact name and phone number) three weeks in advance to: Michigan Farm News, P.O. Box 30960, Lansing, MI 48909-8460, 800-292-2680, Fax: 517-323-6541.

Understanding the non-insured assistance program

The Crop Insurance Reform Act of 1994 creates a new program for producers of most crops for which there is no insurance program, called Non-insured Assistance Program (NAP).

The program was established to assure that producers of non insurable crops will still have protection against catastrophic losses, which are very comparable to coverage provided under former federal ad-hoc disaster programs.

How It Works:

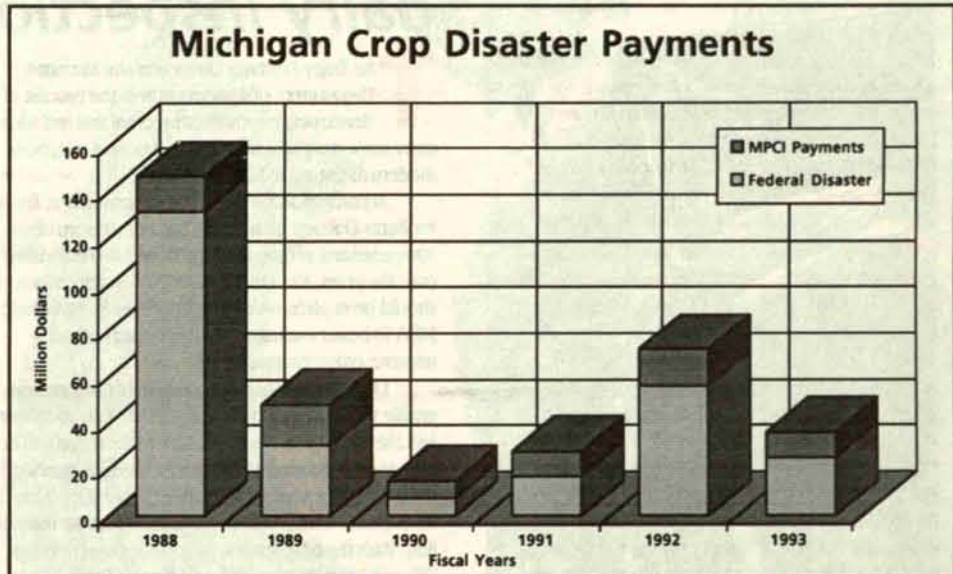
- NAP Payments will be made to eligible producers in any year in which the average yield for the area is less than 65 percent of normal.
- If the area average yield is less than 65 percent of normal, producers with an individual loss in average yield of 50 percent or greater will be eligible for NAP payments.
- Payments will be determined on an individual farm basis and will be made for loss in yield greater than 50 percent of normal farm production. Lost production will be replaced at 60 percent of the crop's market price as determined by FCIC.
- In the case of a crop produced with significant harvesting costs, the payment rate per unit

(e.g., bushel or pound) will depend on whether the crop has been (1) harvested, (2) planted but not harvested, or (3) not yet planted.

- Annual acreage and production reports are required. Producers will report this information to their local USDA office.
- If the average yield for the area is below 65 percent of normal, thereby making the area eligible for NAP assistance, producers experiencing a 50 percent or greater loss will need to apply to their local USDA office in order to receive payments.

Principal Crops Covered Under NAP

- Asparagus
- Broccoli
- Cantaloupe
- Carrots
- Cauliflower
- Celery
- Hay
- Honeydews
- Hops
- Lawn seed
- Lettuce
- Millet
- Mushrooms
- Nursery in-ground
- Peppermint
- Spearmint
- Strawberries
- Sweet cherries
- Sweet potatoes
- Watermelons



With Michigan's diverse agricultural base and limited availability of crop insurance, producers have had to rely more heavily on ad-hoc disaster program payments. Since 1988, 77 percent of total payments have been from federal disaster programs.



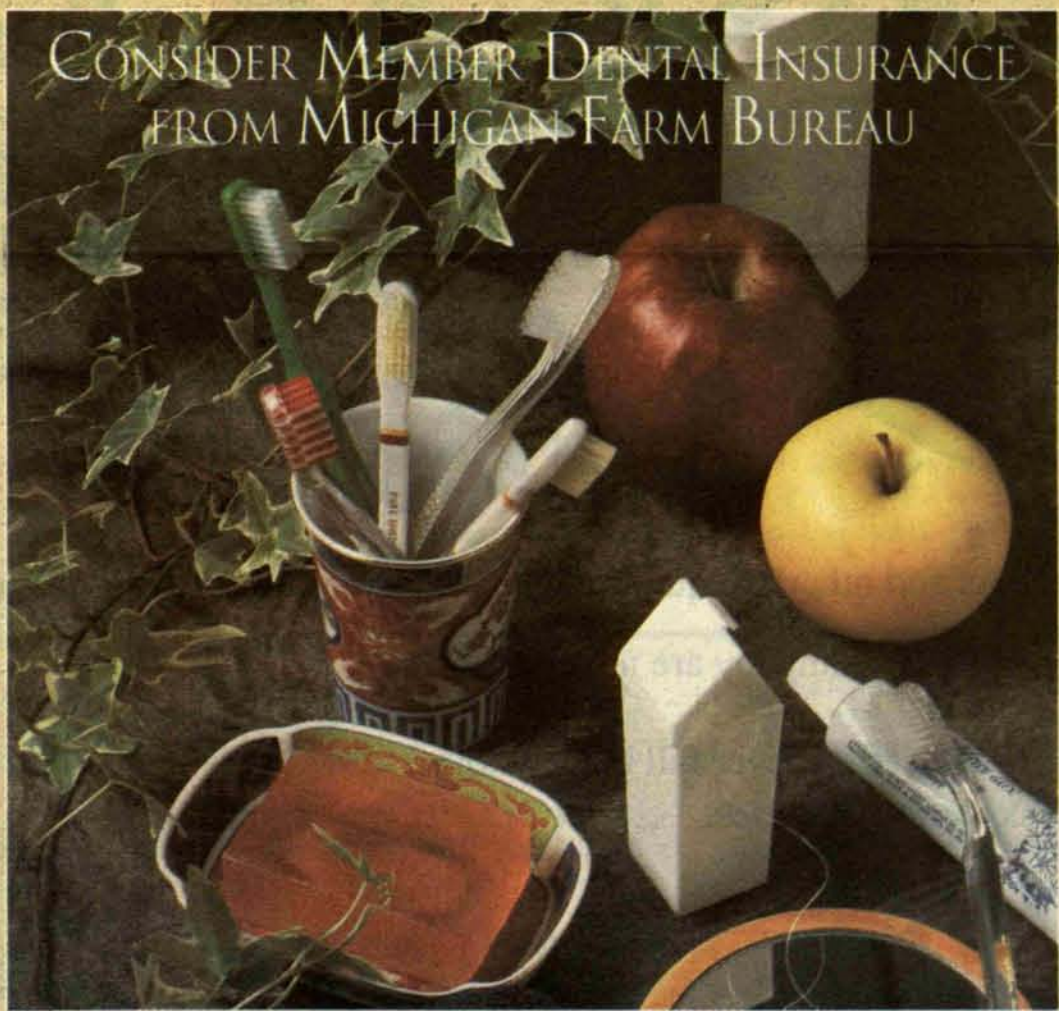
Protect your back: lift with care

Don't lift improperly or beyond your capacity—because if you do, you may damage your back, causing yourself misery and disability.

Remember:

- If something is too bulky or heavy for you to lift and carry safely by yourself, get some help—or use a mechanical aid such as a hoist, jack, hand truck, or wheelbarrow.
- Check the object for sharp or jagged edges, rough or slippery surfaces. Wear good-gripping gloves to protect your hands and keep it from slipping out of your grasp. Be sure your pathway is clear.
- When squat lifting, keep your feet parted, one alongside and one behind the object. Tuck your elbows and arms in, holding the load close to your body. Grasp the object with the whole hand. Tuck your chin in. Keep your body weight directly over your feet and start the lift with a thrust of the rear foot. Don't jerk-lift—because doing so can stress your lower back.
- Set the load down and rest along the way if you've got a distance to travel. Watch your fingers and toes.
- If you have to raise the object above shoulder height, first lift it to waist height, rest the edge of the object on a ledge or stand, and then shift your hand position so you can boost the object after you bend your knees. As you lift the object to your shoulders, straighten your knees.
- Grasp sacks, boxes, and cartons at opposite corners. When you lift a sack, let it rest against your hip and belly; then swing it to one shoulder. Stoop slightly and put your hand on your hip so the sack rests partly on your shoulder and partly on your arm and back. Hold the sack at the front corner with the other hand. To put it down, swing it slowly from your shoulder until it rests against your hip and belly. Flex your legs and keep your back straight as you lower the sack.

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Please Print

Please mail to: Michigan Farm Bureau Membership Services
P.O. Box 30960
Lansing, MI 48909

Name _____

Address _____

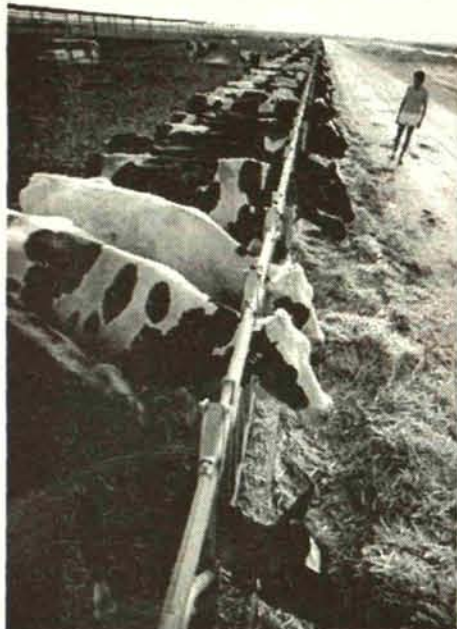
City _____ State _____ ZIP _____

Phone _____

County _____

10

MDA to computerize the dairy inspection process



The Dairy Products Division of the Michigan Department of Agriculture is in the process of developing a computer program that will allow dairy inspectors to send their reports via a telephone modem to the main office in Lansing.

According to Bill McCarthy, director of the Dairy Products Division of the MDA, various degrees of computerization have taken place within the division over the years. McCarthy expects this system, which should be in place within the next 18 months, to help MDA to better evaluate inspection progress and improve enforcement.

Once in operation, the computer program will enable the inspectors to visit the farms, evaluate them and then later generate a computer report that will be sent and stored for future access at the headquarters in Lansing. Currently, the inspection forms are passed through the mail, pictured and then stored on reels of film. With the introduction of the computer network, "We will be able to see percent of compliance on certain items on the inspection sheet," said McCarthy. "For example, we'll know very quickly what our

percent of compliance for drug residue violations are or what the number of violations for milk house cleanliness is at any time."

Not only will this help the MDA better evaluate what is occurring on the dairy farms, but this technology will benefit producers as well, due to the reports it will be able to generate.

"When the information gets compiled, we can then give the dairy farmers an indication of what commonplace kinds of things that are happening out there among all dairy farms," said McCarthy. "It's just a matter of letting them know where they stand on their particular farm, relative to the rest of the industry."

McCarthy wants to reassure dairy producers that the automation of the inspection process affects the reporting and storing of information and that the necessary relationship between the inspector and the dairy farmer will not be taken away or changed. In fact, McCarthy expects this change will have a positive effect not only on their staff and MDA, but the entire dairy industry. ■

Major fall surveys

As farmers finish harvesting record corn and soybean crops, the Federal/State Michigan Agricultural Statistics Service will conduct two major surveys. In order to get the final story on 1994 crops, 5,500 Michigan farmers will be contacted on the 1994 Farm Report and around Dec. 1, over 1,800 farmers will be asked to complete the December Agricultural Survey. Most selected farmers will receive a questionnaire in the mail, while some will be contacted by telephone or interviewed in person. These surveys will provide the data necessary for establishing final 1994 crop acreage, yield and production estimates and 1995 winter wheat and rye seedings. It will also provide current information on grain stocks, chicken inventory, as well as hog inventory and farrowings.

Producer's receiving a copy of either the "December Agricultural Survey" or "Farming Operating Survey" in the mail are encouraged to complete and return it promptly. This will eliminate the need for telephone or personal follow-up, thus keeping survey costs to a minimum. Individual reports from farmers are kept confidential, and are only summarized to set county, state and national estimates of crop production and livestock inventories. ■

A Big Ending to 1994

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effective annual yield

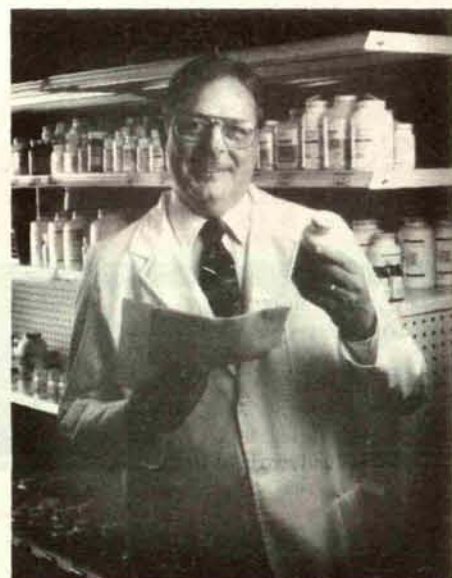
Non-qualified flexible premium annuities from Farm Bureau Life Insurance Company of Michigan are now paying:

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Mail pharmacy service offers savings to Farm Bureau members

Prescription drugs often play a crucial roll in our everyday lives, even though health care costs continue to escalate and pharmacies are not always located conveniently nearby.

Farm Bureau provides its members with a pharmacy service that is only a phone call away. Heartland Prescription Service, located in Omaha, Nebraska, can service all your pharmacy needs. They carry over 5,000 prescription, non-prescription, diabetic, ostomy, incontinent supplies, and durable medical equipment. When ordering through Heartland Prescription Service, you can enjoy the greatest savings by selecting generic prescriptions over brand-name. Generics can save you from 20 percent to 50 percent over brand-name.

Heartland not only helps you to lower your pharmacy costs but also provides the convenience of having your order delivered to your home. Registered pharmacists fill all orders by hand. Your order is shipped to you in a heat sealed protective carton within 24 hours after it is received. The member service is convenient and simple to use. You can call 800-228-3353 between 8 a.m. and 5 p.m. Monday through Friday to receive a free price quote, place an order, consult a pharmacist, or receive a free catalog.

Heartland currently serves over two million Farm Bureau members in 31 states. Betty Jensen, marketing director for Heartland Prescription, reports, "The majority of our customers live in outlying rural areas who either cannot get to a pharmacy or don't have a pharmacy nearby. Today our commitment to serving rural areas is even stronger now than it was 15 years ago when we first began to provide our mail pharmacy service. Many of our customers don't realize our business first started as a retail pharmacy over 30 years ago."

The next time you need a prescription filled, take advantage of this member benefit by calling Heartland Prescription Service for a free price quote. Also, make sure you ask for their free catalog that contains coupons for additional savings. Call 800-228-3353. It's a simple telephone call that will save you time and money! ■



Dry bean referendum coming soon to a mailbox near you

If you've produced dry beans for sale within the state of Michigan during the last two years, you should be receiving a ballot in your mailbox on or around Dec. 21. The ballot will ask if you want to continue the ten cent per hundred weight checkoff, according to Katherine Fedder, director of the Marketing and Market Development Division for the Michigan Department of Agriculture.

Fedder says that producers must respond by returning their ballots so that they're postmarked no later than Jan. 9, 1995. If more than 50 percent of those voting vote yes, and they represent more than 50 percent of the total production voted, the referendum will continue for another five years.

Dale Kuenzli, executive director for the Michigan Dry Bean Commission, hopes that Michigan growers realize what a great return they have gotten from their checkoff dollars in recent years—most notably market expansion into Mexico, and approval of Michigan dry beans for federal PL-480 Food Aid programs.

"The development of trade with Mexico has increased the sale of black beans to that country considerably due to our proactive efforts," Kuenzli said. "We also had over half a million bags of Michigan dry beans that were sold to the federal government for food aid purposes. That's put us (Michigan) on the ledger, if you will, as a place that foreign countries needing relief aid can look to for supplies."

Kuenzli says the investment made by Michigan growers will also pay-off longer-term thanks to the efforts being made by the commission to educate over 8,000 dietitians employed by hospitals and other institutions promoting the health benefits of dry beans.

"If our future is to be etched in stone, its the missionary work that these dietitians are doing for the dry bean industry," Kuenzli said. "The knowledge that dry beans are high in fiber and protein and low in cholesterol and zero in fat are the things that are coming across to the health conscious consumers of today."

According to Kuenzli, the referendum, which was the result of Public Act 114 in 1965, operates very similar to the more familiar Public Act 232 commodity promotion programs. Of the ten cents checked off, nine cents goes to the Michigan Dry Bean Commission, while the other penny is directed to the Production Research Advisory Board which is matched by the first receiver—the elevator, in most cases.

MDA is working closely with the Michigan Bean Commission and the Michigan Bean Shippers to obtain the names of all dry bean producers in the state, according to Fedder.

If you're overlooked or have questions contact Fedder directly at 517-373-1058. Ballots can also be obtained at regional MDA offices, and your county Extension office.

Former USDA secretary Edward Madigan dies of lung cancer

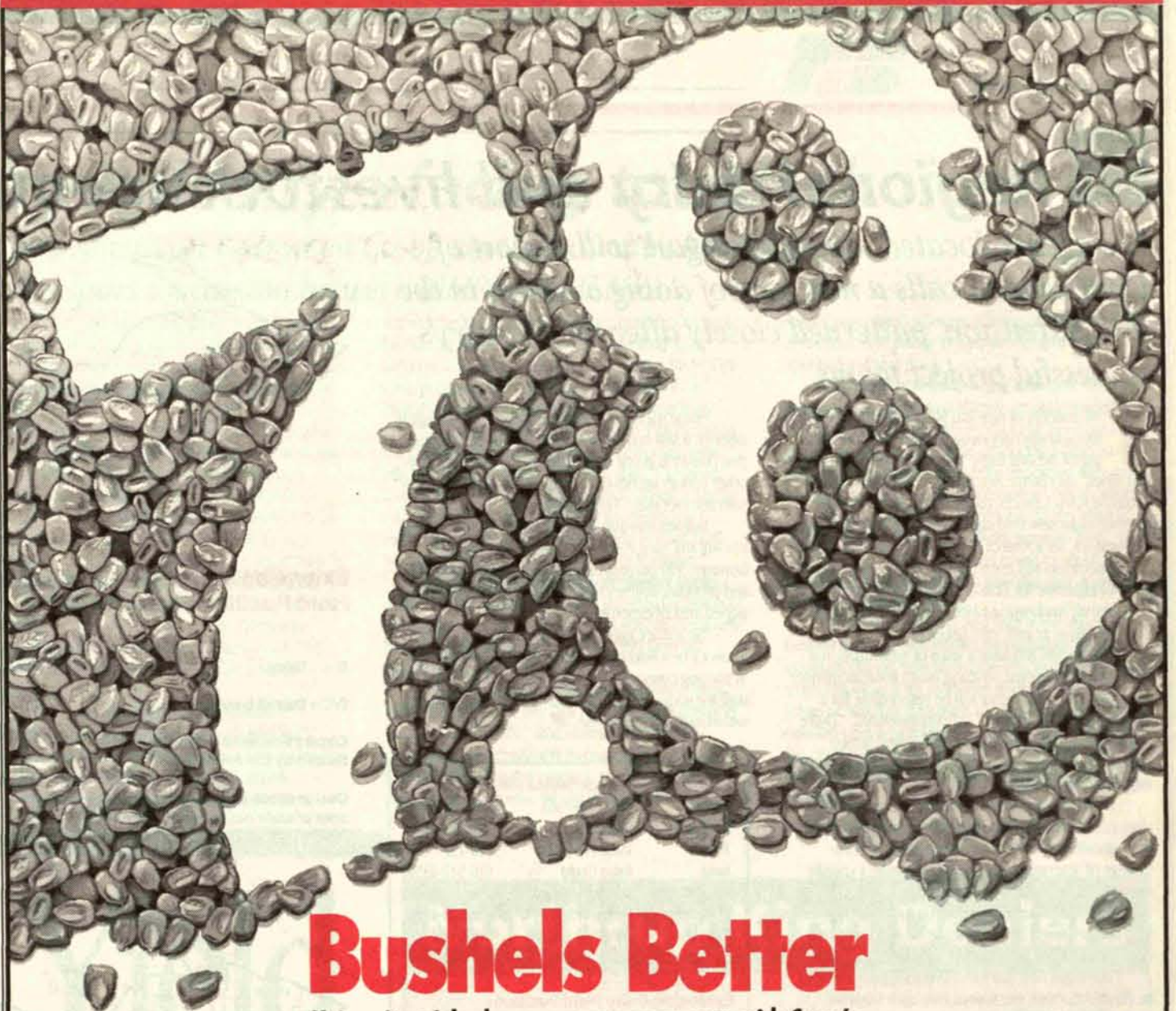
Edward Madigan, secretary of agriculture in the Bush administration and a ten-term U.S. congressman from central Illinois, died Dec. 7, at the age of 58, according to a *Knight Ridder News* report.

Madigan was diagnosed with lung cancer earlier this year and hospitalized in early December. He died from complications of the cancer.

Madigan was originally elected to the House in 1972 and served as the ranking minority member on the House Agriculture Committee. President Bush selected him in January 1991 to succeed Secretary Clayton Yeutter.

As USDA secretary, Madigan sought to make programs more farmer friendly, improve nutritional education and increase research on new uses for farm products. He was recently credited by USDA Secretary Mike Espy for initiating the changes and restructuring being implemented currently under the USDA reorganization.

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12 Regional dairy and livestock agents a reality

The agents, located across Michigan, will be part of what Leholm calls a new way of doing business in the MSU Extension, patterned closely after the industry's successful project teams.

The concept of regional MSU Extension specialists is finally becoming a reality with the naming of the first eight "dairy" and the first eight "livestock" specialists. According to MSU Associate Director, Arlen Leholm, the search is underway for another eight new field agents, four for dairy and four for livestock, for a total of 12 in each "area of expertise."

Specialists will eventually be appointed in other areas of expertise for field crops, fruits, forestry, ornamental, landscape architect, land-use planning and vegetables as well, says Leholm.

"Producers will have a team of individuals, not just a single individual, working on an interdisciplinary team, and the field agents will be responsible for a bigger geographic region," Leholm explained. "These teams will include on-campus staff as well, which should link off-campus and on-campus staff into a very exciting team concept."

As an example, a dairy producer may rely on a team consisting of a dairy specialist, a member from the Agricultural Economics Department, and the College of Veterinarian Medicine to handle a specific management question, Leholm said.

The specialists, depending on location and workload demands, will be responsible for as little as one county to as many as 12 or 15 in northern Michigan.

The eight new dairy and livestock positions will be funded through the Animal Livestock Initiative, while funding for the existing agents will continue to be covered under the existing funding structure between county, state and federal dollars.

That funding partnership makes it critical that everyone involved understands the concept and the value-added benefits of the program through areas of expertise trades, says Leholm. County agents will negotiate trade arrangements with agents of other counties with different areas of expertise.

"Even if a county is paying a portion of an agent directly, it still makes sense to do the trades, because that county is going to get additional resources from other county agents that are based in another county with another skill," Leholm explained.

Leholm was also quick to point out that specialists will still have routine county responsibilities; however, 100 percent of that agent's active teaching and program delivery time will be spent on an assigned area of expertise.

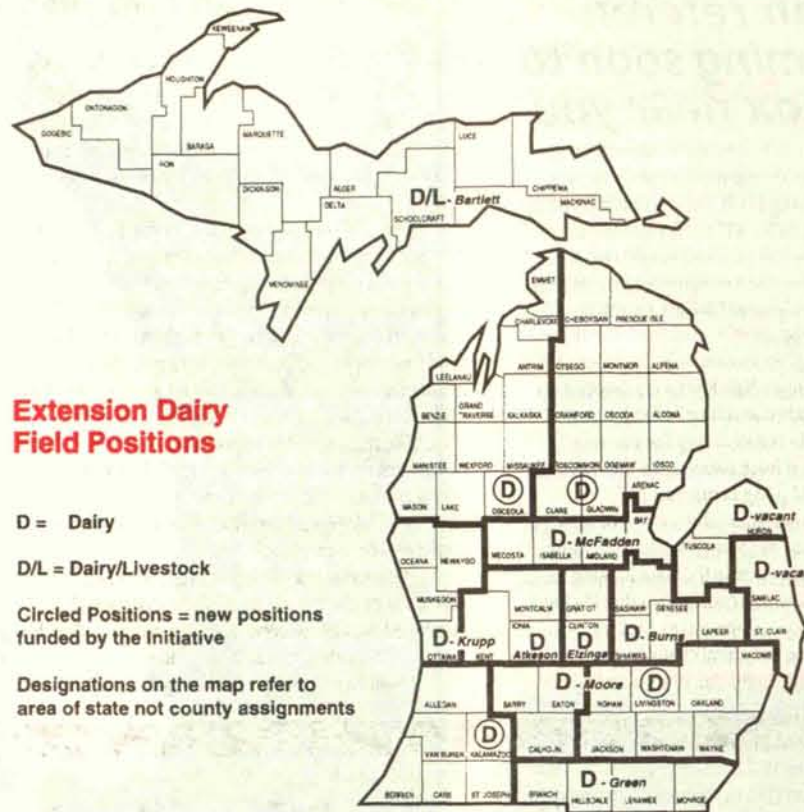
"So a dairy agent would not be teaching in a livestock or a field crop area anymore," Leholm said. "A training curriculum will be developed to assure that staff are up to speed in general areas of competency within each area expertise."

Extension Livestock/Swine Field Positions

Adrian	Lisa L. Townson	517-264-5300
Coldwater	Brian Hines	517-279-8411
Flint	Joseph Kelpinski	810-732-1496
Ionia	Kevin Gould	616-527-5357
Kalamazoo	Maurice J. Kaercher	616-383-8830
Marquette	Benjamin Bartlett	906-228-4830
Paw Paw	Ronald G. Hayden	616-657-7745
Sandusky	Fred L. Hinkley	810-648-2515

Extension Dairy Field Positions

Charlotte	Stanley J. Moore	517-543-2310
Corunna	Craig Burns	517-743-2251
Grand Haven	Ira Krupp	616-846-8250
Hillsdale	Ronald T. Green	517-439-9301
Ionia	George W. Atkeson	616-527-5357
Marquette	Benjamin Bartlett	906-228-4830
Mt. Pleasant	Michael P. McFadden	517-772-0911
St. Johns	David S. Elzinga	517-224-5240



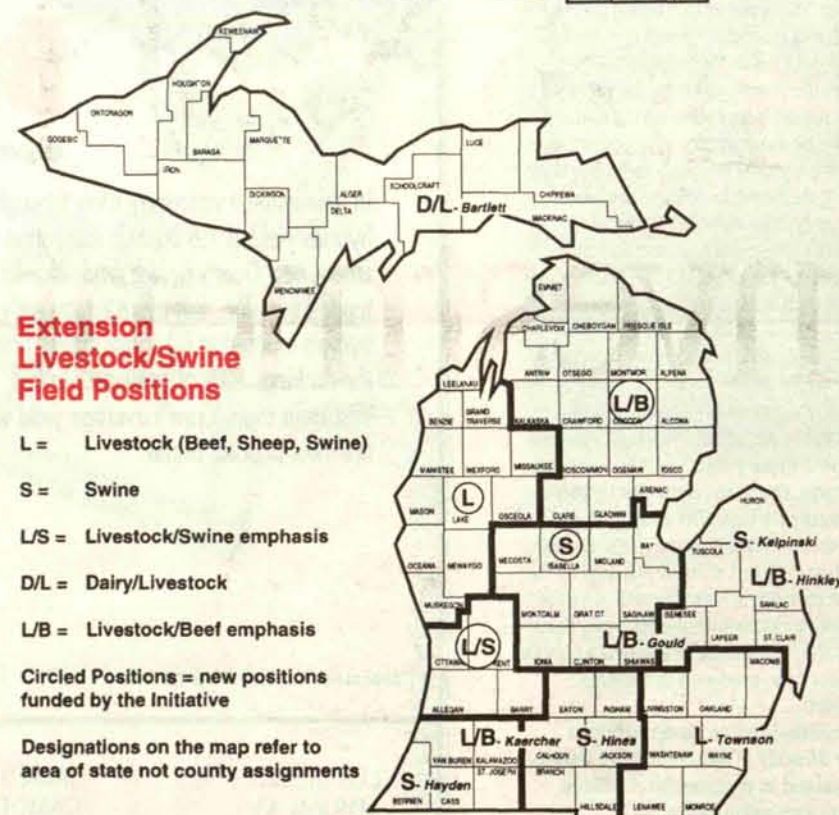
Extension Dairy Field Positions

D = Dairy

D/L = Dairy/Livestock

Circled Positions = new positions funded by the Initiative

Designations on the map refer to area of state not county assignments



Extension Livestock/Swine Field Positions

L = Livestock (Beef, Sheep, Swine)

S = Swine

L/S = Livestock/Swine emphasis

D/L = Dairy/Livestock

L/B = Livestock/Beef emphasis

Circled Positions = new positions funded by the Initiative

Designations on the map refer to area of state not county assignments



Serving Michigan Farm Families is Our Only Business

Since its beginning in 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. This dedication to serve agriculture is shared by 29 local radio stations in Michigan. Through these stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau members daily on the following stations:

Station	City	Frequency	Morning Farm	Noon Farm
WABJ	Adrian	1490	5:45 am	11:50 am
WATZ	Alpena	1450	5:30 am	11:30 am
WTKA	Ann Arbor	1050	6:05 am	12:05 pm
WLEW	Bad Axe	1340	6:30 am	12:50 pm
WHFB	Benton Harbor			12:30 pm
WKYO	Caro	1360	6:15 am	12:15 pm
WKJF	Cadillac	1370	5:55 am	11:20 am
WTVB	Coldwater	1590	5:45 am	12:20 pm
WDOW	Dowagiac	1440	6:05 am	12:15 pm
WGHN	Grand Haven	1370/92.1	5:45 am	12:15 pm
WPLB	Greenville	1380	6:15 am	11:45am
WBCH	Hastings	1220	6:15 am	12:30 pm
WCSR	Hillsdale	1340	6:45 am	12:45 pm
WHTC	Holland	1450		12:15 pm
WKZO	Kalamazoo	590	5:15 am	
WLSP	Lapeer	1530	7:20 am	11:50 am
WOAP	Owosso	1080	6:15 am	12:30 pm
WHAK	Rogers City	960		12:15 pm
WSJ	St. Johns	1580	6:15 am	12:15 pm
WMLM	St. Louis	1540	6:05 am	12:20 pm
WSGW	Saginaw	790	5:55 am	12:20 pm
WMIC	Sandusky	660	6:15 am	12:45 pm
WCSY	South Haven	940		12:15 pm
WKJC	Tawas City	104.7		12:45 pm
WLKM	Three Rivers	1510/95.9	6:15 am	12:15 pm
WTCM	Traverse City	580	5:55 am	11:20 am

* Station signs on at different times during the year. Morning farm times change with the sign-on times.
 ** Station airs various farm reports between 5:30 and 6:00 a.m.
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Michigan's dairy industry—facing tough choices

13

Recent moves into the state by Mid American Dairymen Co-op combined with changing producer/consumer demographics spurs discussion between MMPA and ICMFA.

Structural changes in Michigan's dairy industry: fewer but bigger operations, higher production per cow, the continued trend of the nation's dairy farms relocating to the west coast, changing consumer preferences, and multiple component pricing. These issues and others recently prompted the board of directors of the state's two largest dairy cooperatives to hold a joint meeting in Lansing to discuss the fate of Michigan's dairy industry.

As a result of the meeting, the board of directors of the Independent Cooperative Milk Producers Association and the Michigan Milk Producers Association agreed to form a study committee to further review ideas and options discussed during the meeting, according to a news release issued after the meeting.

According to MSU Ag Economist and Department Chairman, Larry Hamm, the shifting of milk production away from the Midwest, has processors and cooperatives from outside the state looking for new sources of milk, which could mean that Michigan producers need to make some tough choices.

"As we get these structural changes taking place, we're seeing fewer but larger dairy farms and newer,

more efficient milk processing plants in other parts of the country being built," Hamm said. "As the milk supplies change locations, people that are currently in the processing business are searching for new sources of milk."

One of those businesses apparently looking for new sources of milk from within Michigan, is Missouri-based milk cooperative, Mid-American Dairymen. Hamm characterized Mid-American as a full-service milk marketing cooperative that both markets milk to fluid processors, and processes fluid milk through some of its own subsidiaries, making it a major force in milk marketing, particularly in the cheese markets.

"We really shouldn't personalize this by individual firms except to say it's just a part of the change taking place in the dairy industry," Hamm said. "If it weren't Mid-American Dairymen today, it would be someone else tomorrow."

Hamm said that Michigan's reputation for efficiently producing a high quality supply of milk, combined with an excellent highway system makes the state very appealing to out-of-state processors.

As Michigan-produced milk begins to move

across state lines, however, excess plant capacity could become an additional burden for the state's dairy industry, according to MFB Dairy Specialist Kevin Kirk. He says cooperatives can't have large amounts of capital invested in facilities that aren't fully utilized.

"Michigan has systematically seen a reduction in the number of processing plants as newer and more efficient plants come on line," Kirk said. "The trend toward fewer and larger dairy farms is closely associated with fewer and larger processing operations. I expect you'll see further consolidation in plant facilities both nationally and locally here in Michigan."

Like the price support system changes implemented in the 1980s, Hamm also expects discussion of changes to the federal milk market order to eventually become reality, especially with the 1995 farm bill debate just getting underway.

"The federal milk marketing orders were originally designed in the late '30s and have dealt primarily with fluid milk issues," said Hamm. "Meanwhile, consumers are increasingly buying more of their milk through manufactured product, particularly cheese, yogurt, and ice creams. We are likely going into a

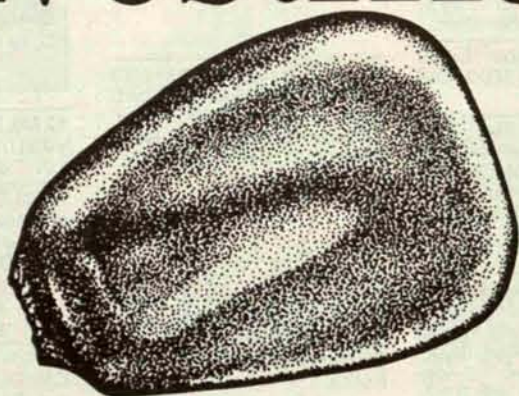
several year period where significant debate over how the federal milk market orders are organized and operated will take place."

What does it all mean to the individual Michigan producer? First of all, says Hamm, producers need to continue efforts in the short-term to be as efficient and as low-cost as possible, while producing a high-quality product which will be even more important with the introduction of the multiple component pricing system.

Long-term, Hamm believes producers need to come to grips with some tough decisions on how they'll market their product and consider short-term gain versus long-term sacrifices should they decide to seek other market channels.

"Michigan is very blessed with some extremely forward thinking milk marketing organizations. Individual producers have to decide whether they're going to go it alone and try to market their milk by themselves or whether they want to commit some of their valuable time to working with, and in, the milk marketing organizations they belong to and develop the best marketing system for everyone in the state," Hamm concluded. ■

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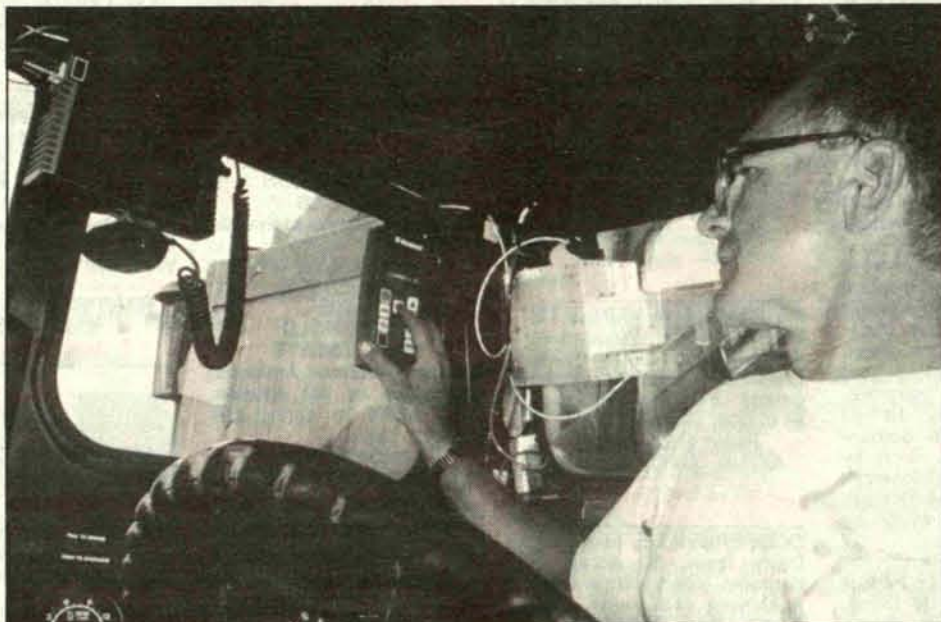
16 Discussion topic—site-specific farming

Michigan farmers can learn more about what's happening on the ground beneath their feet by picking up signals from satellites in space. Site specific farming uses an information technology known as GPS, which stands for Global Positioning System.

GPS is one of the hottest things to hit agriculture in a long time. A GPS receiver mounted on a tractor or combine receives signals from a number of satellites in a U.S. Defense Department network. The signals are used to determine the location of the equipment in the field with nearly pinpoint accuracy.

A computer in the cab of a tractor or combine can be used to record time, location and information from sensors. Crop yield, fertilizer application, plant population or any number of things can be precisely measured.

Some are calling it prescription farming or farming by the foot. What it really means is that farmers can farm the fields within their fields. "If we have variations of sufficient magnitude, then we can manage that variability so we can be more productive, efficient and environmentally sound," said Dr. Fran Pierce, associate professor in the Crop and Soil Science Department at Michigan State University. "For example, 40 acres could be managed as subgroups that have



A GPS receiver mounted on a tractor or combine receives signals from a number of satellites in a U.S. Defense Department network.

different management needs. This is better than managing the field as a whole. Farmers could be adding more or less materials."

The concept behind GPS in agriculture is to build a database of information about variability in fields. This enables the farmer to adjust inputs accordingly. "One year's data by itself isn't going to mean much," said Pierce. "The value is in putting information year-to-year in a computer database, manipulating the data and then controlling what you put in the field after that."

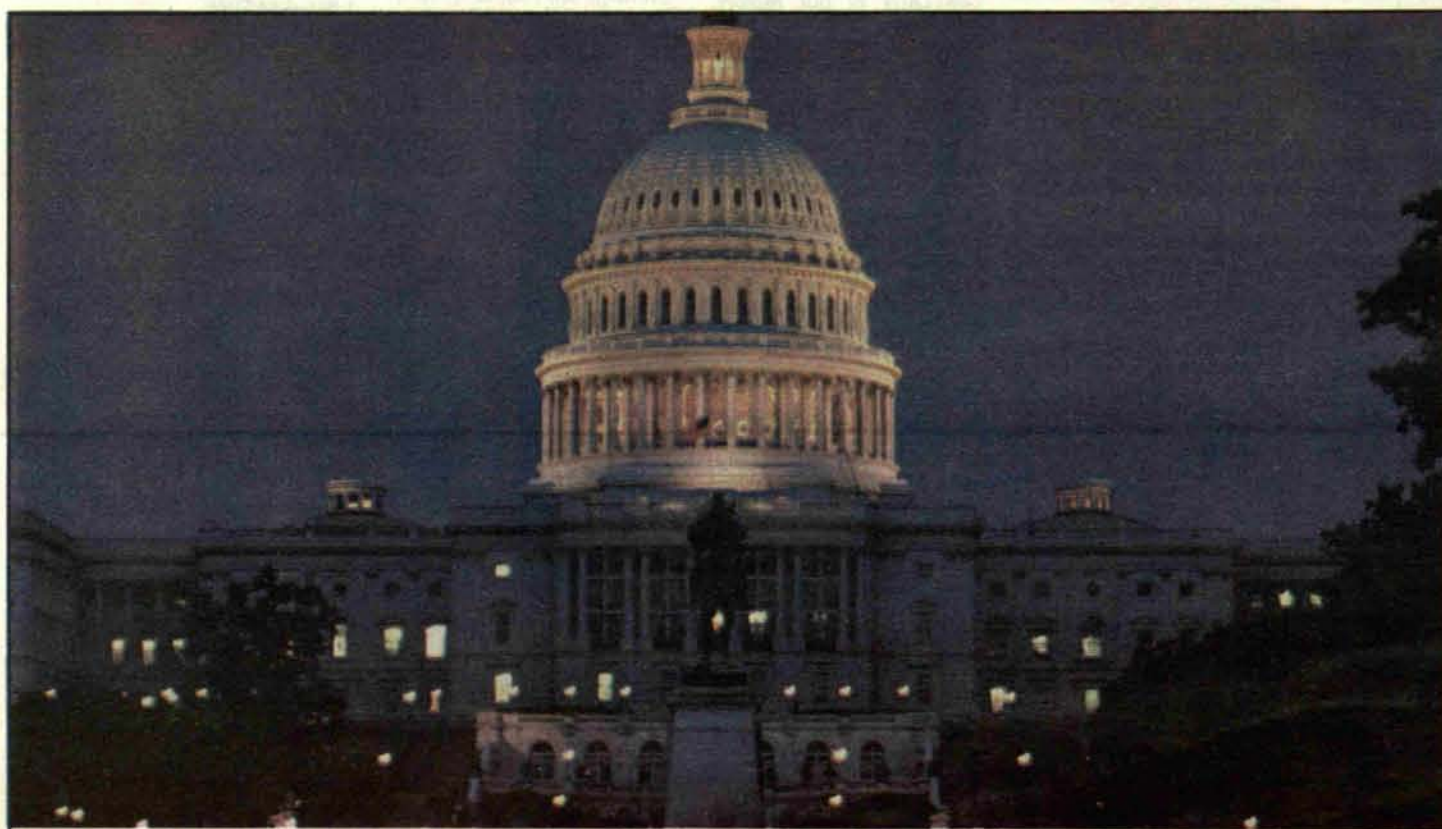
Pierce is cautious about estimating the value of site-specific farming. He said studies show plenty of variability in Michigan farm fields. "But the court is still out on how we evaluate whether we can make a profit or improve environmental performance on our cropping systems. Even if you know about the yield variability in a field, we don't know enough yet about how to manage it."

With a number of companies around the state offering site-specific farming services next spring, Pierce suggests farmers consider starting out small. "Figure out what variation you have and get hard numbers. Then match your inputs to that variation. That is tricky right now, because we don't necessarily know what recommendations go where. The closer you look at it, the more expensive it is. What scale should I work at? Every five feet, or every 10 acres? You must come up with some compromise and maximize how much you get for how much you do," he said.

Supported by an outstanding land grant university, Michigan farmers have always had opportunities to adopt innovations that improve their profitability. Site-specific farming is the latest technology that holds potential for not only improving the bottom line but also demonstrating that farmers are good stewards of the environment.

Discussion Questions

- 1) How much variability is there in your fields?
- 2) To what extent could site-specific farming help you manage that variability?
- 3) Are the environmental benefits from site-specific farming real or perceived?
- 4) What would you estimate your cost to be to replace, convert or update your equipment to take advantage of site-specific farming?
- 5) Are site-specific management services being offered in your area?
- 6) Who should own the farmland site-specific data, the landowner or the company that collected the data?



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Farm Bureau - always there and proven effective...



WHERE BELONGING MAKES A DIFFERENCE.

USDA announces county office closure list...

continued from front page

- Muskegon (will be served out of Fremont office)
- Oakland (will be served out of Howell office)
- Ontonagon (will be served out of L'Anse office)
- Otsego (Gaylord ASCS office moved to Gaylord Service Center)

SCS County Office Closure/Move List:

- Alcona (Harrisville office moved to Lincoln)
- Arenac (Standish office moved into Standish Service Center)
- Charlevoix (will be served out of Petoskey office)
- Cheboygan (will be served out of Onaway office)
- Clare (will be served out of Gladwin office)
- Houghton (will be served L'Anse office)
- Iron (will be served out of Iron Mountain)
- Leelanau (will be served out of Traverse City office)
- Macomb (will be served out of St. Clair County office)
- Missaukee (will be served out of Cadillac office)
- Montcalm (Stanton office moved to Greenville Service Center)
- Muskegon (will be served out of Fremont office)
- Oakland (will be served out of Howell office)
- Ontonagon (will be served out of L'Anse office)
- Presque Isle (Rogers City office moved to Onaway Service Center)
- Schoolcraft (will be served by Escanaba office)

FMHA County Office Closure/Move List:

- Calhoun (Tekonsha office moved to Marshall Service Center)
- Missaukee (will be served by Cadillac office)
- Ontonagon (will be served out of L'Anse office)
- Oscoda (will be served out of Lincoln office)