

MICHIGAN FARM NEWS

MICHIGAN'S ONLY STATEWIDE FARM NEWSPAPER

MICHIGAN FARM BUREAU



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Red tart cherry producers vote on marketing order



Highly efficient harvesting machinery, excellent soils and an outstanding climate help propel the productivity of Michigan's red tart cherry industry. Generous harvests in recent years make it urgent that farmers approve a marketing order to manage cherry supplies and finance product promotion and research.

Cool springs and potential insect problems

by Mike Haas, Department of Entomology, Michigan State University

Given the slow, cool start to the growing season, what are some things to watch for pest-wise? Here's a list of some situations likely to exist this season that could potentially lead to problems.

Slow-growing crop: Slow plant growth and moist conditions favor damage from slugs, wireworms and white grubs. Crops are in a vulnerable stage for a longer period, allowing a longer opportunity for these pests to cause damage.

Late planting: With planting running behind schedule, burndown herbicides may be applied too close to the time of crop emergence in no-till situations. This scenario sets the stage for potential black cutworm problems. Weedy fields, especially those with low-growing winter annuals present, are attractive to the egg-laying black cutworm moths that migrate into an area. When the eggs hatch, the cutworm larvae begin feeding on the weeds. As the herbicide kills the weeds, cutworm larvae will shift over to the crop to feed.

Corn may be too small for first generation European corn borer (ECB) to hit hard. Remember, the first generation likes to lay its eggs on the tallest corn in an area. In rare cases of cornfields far ahead developmentally from all neighboring fields, heavy first generation infestations may be anticipated (given good conditions during moth egg laying). Late planted fields will be attractive to the second generation ECB.

Soybean fields that were planted on a "normal" schedule and emerge ahead of surrounding fields will be attractive to bean leaf beetles.

Replanting: Where corn was planted into wheat stands that were too poor to keep, armyworm is a potential problem. The migrating moths prefer to lay eggs in dense stands of grass. Although a wheat stand may have been deemed too sparse to keep, part of the field, especially headlands, probably contained favorable egg-laying sites. Cool springs also delay the development of the armyworm's natural enemies, potentially allowing more than just the first generation to reach pest status.

Delayed insect development: Corn rootworm egg hatch will probably be delayed. Couple this with excess soil moisture in many areas, and fields that had a rootworm insecticide applied at planting in late April or early May might not have enough active ingredient remaining to protect roots when larvae begin feeding. A cultivation-timed treatment may be needed in cases where last year's adult rootworm counts indicated the potential for a high larval population this season. Be sure to check the label for maximum application amounts per season.

Seven-year farm program sign-up running smoothly

COUNTY FSA OFFICES OFFER SUGGESTIONS FOR COMPLETING THE SIGN-UP PROCESS

After passage of the Federal Agriculture Improvement and Reform (FAIR) Act in April, the debate quickly turned from political pressures to concerns about how simple or complicated actually signing up will be at the county Farm Service Agencies.

"It's such a simple program," explains Huron County Farm Service Agency (FSA) Executive Director John Porath. "We've had 100 farms signed up in the first week and a half out of approximately 2,000 eligible producers."

"We encourage producers to call ahead for an appointment so we can get their paperwork around before they come in," stated Porath.

Marcia Collins, Cass County FSA Executive Director, reinforces the simplicity in the sign-up process, estimating that on average 25 farms a day are signed up in that county.

"We can't see any reason for producers not to sign up," explained Collins. "Probably the biggest question we're getting is, 'Are you sure we can plant anything?'"

"If you have questions about fruit and vegetable plantings, particularly dry beans given this year," states Bob Boehm, MFB commodity specialist, "It's best to call ahead to your FSA office and get the farm's history with that crop."

Cash Rent Versus Share Lease

"Most of our problems are in open end leases,"

Collins points out. "We cannot accept those leases now; they must have a specific end date or state a crop year they are good for."

"In Huron County, we have about 40 percent on some type of lease or share arrangement, and about 60 percent on cash," states Porath. "If I only have a one year agreement, I can only put in one year; the rest of the shares are not designated. The farm is still signed up for the seven-year program, it's just that they are going to have to give me a cash rent statement every year."

Same goes with a share lease, explains Porath. "If you have an operator that's on one-thirds/two-thirds share for the wheat and corn payment, they still must sign the contract."

"Another thing is that leases for '97 are going to be needed earlier, especially if they want advance payment in December," adds Collins. "Most farmers are used to bringing in leases for '97 in the spring and haven't even negotiated their leases before then."

Crop Insurance Waiver

"We're having everyone sign a waiver," states Porath. "All the waiver states is that the farmer knows that there's not going to be a disaster program and crop insurance is the only coverage in town, basically. By having him sign the waiver, I can continue to make his farm payments and if he decides to take crop insurance out by July 15, he's all set."

"We don't want anyone to be ineligible because they forgot one crop or they had to plant another one, which is very likely this year," explained Collins.

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COVER STORY

Michigan's red tart cherry industry, which each year produces the bulk of the nation's red tart cherry supply, has been plagued by several years of huge surpluses and ruinously low prices. Cherry farmers are now pinning their hopes for the future prosperity of their industry on approval of a federal marketing order that would let them manage the supply and promotion of their product. Growers and processors are voting through July 10 in a referendum on the order.

"Approval of the marketing order is strongly supported by Farm Bureau," said Michigan Farm Bureau's Director of Commodity Activities and Research Ken Nye. "If the industry is going to overcome the challenges facing it, growers must have an opportunity to balance long-term supply and demand while meeting consumer preferences. The marketing order will be an important tool for doing that," he said.

The order would become effective only if approved either by two-thirds of the producers voting in the referendum, or by producers voting who produced at least two-thirds of the volume of tart cherries grown during a period set by the Secretary of Agriculture. In addition, processors of tart cherries who have frozen or canned more than 50 percent of the total volume of cherries would have to vote in favor of the order.

If approved, the order would allow growers to effectively manage the supply of fruit and develop innovative new cherry products, according to Randy Harmson, manager of the Red Tart Cherry Growers Division of the Michigan Agricultural Cooperative Marketing Association (MACMA). "The order is

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News in Brief

From the President



June highlights dairy industry progress

June is National Dairy Month. What better excuse to talk about a few of the many positive things going on in the state's dairy industry! Michigan's dairy sector continues to grow, while elsewhere across the nation high feed prices continue to put pressure on dairy expansion and increased production. Michigan dairy farmers have the advantages of a farmable climate, the ability to grow large quantities of high quality forages, access to a good supply of feed grains and increases in farmer pay prices.

We'll be well positioned to continue enhancing the profitability of our dairy industry in the future because of the progress being made on the Animal Agriculture Initiative at Michigan State University. Your Farm Bureau organization made that project happen, and a visit to the campus provides evidence of the work that's going on. For example, the remodeling of the dairy plant at MSU is ahead of schedule, with the plant set to be back in operation about a year from now. The remodeling will make this a state-of-the-art facility for researching new types of processed cheese, milk products and ice cream.

I'd also like to note that producer-supported research, promotion and advertising is making milk trendy and "cool" again. New lines of milk-based beverages have made it into grocery stores over the

past year, helping to increase dairy consumption among pre-teens, teens and young adults. These new products are made from nonfat to whole milks, adding to their appeal across the spectrum of consumer tastes and preferences.

Another reason for the recent growth is increased consumer interest in new milk beverages. Flavored milk drinks, after growing at less than 1 percent a year through the 1980s, have enjoyed average volume increases of 2.4 percent a year in the 1990s. A research study predicts that annual dairy drink sales will increase from about \$600 million in 1995 to more than \$700 million by 2000.

Pepsi Cola introduced Smooth Moos, a lowfat, 70 percent milk-based drink bottled in glass containers that look like old-fashioned milk bottles. The product is being marketed primarily to teenagers through convenience stores and other outlets where teens shop. Borden recently introduced Crazy Milk, a 2 percent milk flavored with ice cream and candy flavors. Procter and Gamble has Sunny Delight Smoothies, a calcium-fortified skim milk and juice. Kroger stores have Club Moo, a fat-free fruit juice and yogurt refresher. Dannon sells half-pint, fruit-flavored Yogurt Shakes.

Several extremely effective, award-winning advertising campaigns have added to milk's status and popularity. The "Got Milk?" television ads have been widely seen. A series of magazine ads that feature celebrities sporting a "milk mustache" has captured the admiration of the media and advertising experts.

The success of the dairy industry in adapting to changing consumer tastes is a testament to the vitality and creativity of agricultural producers. No doubt about it — promotion means a lot. It will mean even more in the future as farmers adjust to the greater flexibility (and challenges) brought about by the Federal Agriculture Improvement and Reform Act. Perhaps other segments of our diversified Michigan farming industry can benefit from the cooperative success story of dairy farmers.

Hats off to Michigan's dairy industry during this special June Dairy Month.

Jack Laurie

Jack Laurie, President
Michigan Farm Bureau

Direct payments in jeopardy?

New Mexico Republican Rep. Joe Skeen recently said he intends to look at the direct payment portion of the new farm bill. Skeen, who chairs the House Appropriations Agriculture, Rural Development, FDA and Related Agencies Subcommittee, noted that Congress will be hard-pressed to come up with money to fund mandatory farm bill provisions, including conservation programs and direct contract payments, let alone discretionary programs. The Appropriations committee recently released budget numbers calling for a \$981 million cut in agriculture spending in 1997.

"I'm not going to say we're going to take any out of it (the direct payments), but we're going to look at it," said Skeen, a supporter of agriculture research. "There's still a whole lot of work to improve the farm bill."

On the Senate side, Sen. Thad Cochran (R-Miss.) ruled out any cuts to the direct payments authorized by the farm bill. Cochran and other senators are trying to increase the agriculture budget allocation, possibly keeping spending close to current levels. The opposing positions will likely be settled when the 1997 budget plans outlined by the House and Senate are reconciled. Farm Bureau believes any cut in discretionary spending for agricultural programs would violate the spirit of the recently passed farm bill. ■

Action on releasing grain reserves to alleviate feed prices

There is movement within Congress and USDA to allow the release of grain held in the disaster reserve by the CCC. Sen. Nancy Kassebaum (R-Kan.) and Reps. Bill Emerson (R-Mo.), Frank Lucas (R-Okl.) and Bill Barrett (R-Neb.) have introduced resolutions to allow the USDA to release this grain.

Approximately 45 million bushels of corn, barley and sorghum are being held in a program authorized by Congress in 1970 at an estimated cost of \$10 million per year in storage fees. The grain cannot be released unless the President declares a state of emergency or Congress passes a concurrent resolution declaring that such reserves should be released. It is unclear how the grain would be distributed, but it is intended to be similar to the distribution of the old emergency livestock feeding program.

Senate Concurrent Resolution 63 and House Concurrent Resolution 181 must pass their respective houses, but do not require the President's signature. USDA has also announced its intention to work toward releasing this grain through an Executive Order by the President. ■

Chris Tiedje promotion

Michigan Crop Improvement Association (MCIA) announces that Chris Tiedje has been promoted to Field Seed Staff Supervisor along with his title of Quality Control supervisor. He is responsible for supervising and coordinating field seed inspections to ensure that timely, accurate and quality inspections are provided. In addition, he is in charge of MCIA's Quality Control Committee. ■

Sheep referendum suspended

The Agriculture Department has suspended the Sheep and Wool Promotion, Research, Education and Information Order, which became effective May 3. All actions arising from the program, including collection of checkoff funds, will be suspended. The collection of funds was to begin July 1.

The suspension of activities was a result of complaints from referendum voters, which prompted an investigation that found voting procedures were applied differently and inconsistently by official polling places during the Feb. 6 referendum.

A second referendum will be scheduled and eligible voters — sheep producers, sheep feeders and importers of sheep and sheep products — will have another opportunity to vote on the checkoff.

The program would be funded by mandatory assessments on domestic sheep producers, feeders, and on importers of sheep and sheep products. The assessment would be used to develop a program to strengthen the position of sheep and sheep products in the marketplace. ■

Karnal bunt update

Agriculture Secretary Dan Glickman said USDA will make compensation available to wheat producers who have plowed under affected fields and "for other wheat producers and handlers in the quarantine areas who suffer an economic loss as a result of the quarantine."

Glickman said the department continues to conduct research about the cause of the disease and methods to prevent the further spread of the fungus. He reiterated that it is important to control the fungus, and said he remains "confident we can contain and eventually eradicate Karnal bunt."

For more information on the fungus and USDA's actions on the situation, you can check the Karnal bunt home page on the World Wide Web. That site can be accessed through the USDA home page at <http://www.usda.gov>, through the Animal Plant Health Inspection Service's home page at <http://www.aphis.usda.gov> or directly at <http://www.aphis.usda.gov/oa/bunt/kbhome.html>. ■

Pesticide report called into question

The Natural Resources Defense Council released a report claiming the annual use of pesticides in the U.S. has increased from around 1.1 billion pounds to 1.25 billion pounds in 1995, and 1.23 billion pounds applied in 1994. NRDC's numbers reflect "all" pesticides used in the U.S. including agricultural applications, military and home uses on lawns, shrubs, trees and other applications.

"NRDC's use of unconfirmed pesticide data is their trademark modus operandi of scare-mongering," said United Fresh Fruit and Vegetable Association President Tom Stenzel. "The group that brought us the Alar fiasco again misrepresents and manipulates unpublished data in order to unnecessarily frighten consumers about the safest and most nutritious food they can eat or feed their children."

NRDC gathered its "pesticide use" numbers from Environmental Protection Agency reports on pesticide industry sales for 1994 and 1995. However, EPA said strictly examining sales figures of active pesticide ingredients — like NRDC did for its study — is not a completely reliable measure of a threat to public safety. EPA noted increased sales of methyl bromide, sulfur, petroleum oil and glyphosate — commonly known as Roundup. Roundup has been shown to have no effect on cancer rates in humans. Weed killers atrazine, cyanazine and alachlor all were shown to have decreasing sales figures. ■

Legislation passed to control hog production plants

Illinois is the latest state to impose strict regulations concerning the operations of large-scale hog production plants. Illinois Gov. Jim Edgar approved legislation to help control problems of odor and water contamination for people who live near such facilities. The rules had input from agricultural and environmental lobbyists.

The law "responds to environmental challenges in the industry and it reinforces existing rules governing agricultural-related pollution and establishes standards for the waste management of livestock production facilities," Edgar said. ■

Crunch time for Delaney reform

According to the Bureau of National Affairs, (BNA) the next four to six weeks are "very crucial" for reform of pesticide regulations, particularly the reform of the Delaney clause and the Federal Insecticide, Fungicide and Rodenticide Act.

BNA quoted an Environmental Protection Agency official who said the issue is "warming up," and the news agency said markup of a bill in the House Commerce Committee (H.R. 1627) is "increasingly likely."

Both the House and Senate proposals for Delaney reform would eliminate the zero-risk cancer standard, and bar the government from imposing pesticide residue standards for processed foods. The bills also would streamline the process for registration of minor-use chemicals.

In the past, the Clinton administration has opposed the Delaney reform bills, but given the politically charged atmosphere of an election year, it is anticipated the president might sign a Delaney reform bill. ■

AFBF: No more farm budget cuts

Cuts in discretionary spending for agricultural programs, as proposed by the House Appropriations Committee, would violate the spirit of the recently passed farm bill and would harm America's farmers and ranchers, American Farm Bureau told the House Ag Committee recently.

"Cuts in the magnitude of \$1 billion as proposed by the House and threats of further changes in agricultural programs are completely unfair and unwarranted in view of the action already taken by Congress when it passed the Federal Agricultural Improvement and Reform Act of 1996," AFBF President Dean Kleckner said in a letter to the committee.

Kleckner noted that the Appropriations Committee's action would translate into a 7.4 percent cut — \$980 million — for agriculture programs. The cutback would affect agriculture research, export promotion programs, food safety programs and animal and plant health programs, all of which are Farm Bureau priorities.

Agriculture was second only to energy and water development programs in terms of budget cuts under the Appropriations Committee's proposal. ■

Panel to investigate beef ban

The European Union's ban on beef raised with growth-inducing hormones will be investigated by a new panel organized by the World Trade Organization's (WTO) Dispute Settlement Body, according to acting U.S. Trade Representative Charlene Barshefsky and Agriculture Secretary Dan Glickman.

EU's ban on the beef has severely hampered U.S. beef exports to Europe, according to the U.S. Trade office. "We are pleased that the Dispute Settlement Body has established a panel to hear our long-standing complaint," Barshefsky said. "The EU Hormone Directive has no legitimate basis, and we believe the panel will find that the directive violates EU's obligations under the WTO agreements."

Glickman said overwhelming evidence exists that shows proper use of growth hormones poses no threat to human or animal health, and he hopes the panel process will lead to a re-opening of the EU market to U.S. beef. ■

Record April cattle slaughter

The Agriculture Department reports that livestock slaughter for April hit a record — eclipsing the previous record set in 1986 — of nearly 3.7 billion pounds, due in large part to record beef production of 2.15 billion pounds.

The record slaughter will mean lower retail prices for beef, pork and other meats. But USDA said higher beef prices could be seen next year because producers have been forced to liquidate herds this year, due to prohibitive feed prices and drought-stricken pastures.

Last month's beef kill totaled 3.11 million head, up 17 percent from a year ago, while the average live weight fell 11 pounds to 1,160 pounds. Slaughtered calves also increased 34 percent over last year's levels, with veal production at 28 million pounds — up 28 percent.

Pork production and hog kills for April were up 6 percent over last year at 1.48 billion pounds and 8.03 million head, respectively. The average hog live weight dropped 3 pounds to 255 pounds. ■

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Capitol Corner

STATE ISSUE

P.A. 116 amendments awaiting Gov. Engler's signature

HB. 4325 sponsored by Rep. Michelle McManus (R-Lake Leelanau), has passed both the House and the Senate and is awaiting the Governor's signature. The bill had been referred to Joint Conference to resolve differences between the House and the Senate version. Following revisions in the Conference Committee, both the House and Senate approved the bill.

The bill contains several amendments including a set period of time (referred to as a window of opportunity) to allow early termination. The bill also clarifies the exemption from special assessments. Additional details of the amendments contained within the final version of H.B. 4325 will be provided in future Capitol Corner articles.

MFB Position: Farm Bureau supported H.B. 4325 but opposed the early termination provision.

MFB Contact: Ron Nelson, ext. 2043. ■

USDA discrimination

The Agriculture Department's Coalition of Minority Employees is charging the department with discriminatory hiring practices and preferential treatment "designed to benefit majority employees." USDA is one of the largest federal agencies with almost 90,000 employees.

At a recent news conference, the coalition showed reporters documents that indicated the department's employee total is made up of a majority of white males, and those persons also hold more than 80 percent of the senior level jobs. The coalition said it wants to see changes in the workforce at USDA within 60 days or it would seek congressional help.

A spokesperson for Agriculture Secretary Dan Glickman acknowledged the discrepancy and said Glickman is working toward change. ■

Former Espy aide tied to indictments

A former aide to former Agriculture Secretary Mike Espy allegedly helped a Mississippi farmer and his son collect \$777,000 in fraudulent crop subsidies. The farmers were handed a four-count indictment.

Ron Blackley, a Mississippi farm consultant who worked as a congressional aide for Espy, and later became his chief of staff at USDA, intervened when the farming operation of Brook Keith Mitchell and his son was denied subsidy payments. The Mitchells allegedly made false statements concerning their eligibility for the subsidy payments.

The indictment against Mitchell and his son is the first to come out of an independent council's 20-month investigation of Espy, who resigned in December 1994 because of questions about his conduct in office. He was accused of engaging in unethical business practices with Tyson Foods and other agribusiness companies. ■

Red tart cherry producers vote on marketing order

Continued from front page

a tool belt with a set of tools the cherry industry can use to build its future," said Harmson.

The order would establish a federal marketing order board, made up of growers and processors, that would have some flexibility to manage the amount of crop that is marketed each year. This would help smooth out the weather-related swings in cherry supplies to processors and help make cherry output more reliable to end users. An assessment would be levied by the board to cover the cost of its operations.

Harmson is confident that the order will be approved. If it's not, "it will have a tremendous negative impact not only on the price of raw fruit, but also on the price of processed product. We'd have a hard row to hoe," he said. ■

For more information on legislative topics in the Michigan Farm News, call 800-292-2680.

STATE ISSUE

Tourist-oriented directional signs

HB. 4770, sponsored by Rep. Sandra Hill (R-Montrose), establishes a Tourist-Oriented Directional Sign (TODS) program in Michigan. This program allows a tourist-oriented activity in non-urban areas to use highway signs to attract tourists. A "tourist-oriented activity" is defined as a lawful cultural, historical, recreational, educational or commercial activity.

Signs will not be permitted on limited access highways, or on roads in villages or incorporated cities. To qualify for sign space, an activity would have to attract at least 2,000 people from outside the immediate area for a tourist activity. The attraction must also be within 10 miles of the state highway.

Within six months of the bill's enactment, the Michigan Department of Transportation (MDOT) shall develop standardized logos for different types of eligible attractions and enact a yearly application and permitting process.

Michigan's present law prohibits signs on state highways or visible from a state highway unless the sign:

- is on land zoned commercial/business or industrial (excludes agricultural, forestry, grazing or farming) and is within 800 feet of the business or commercial operation; or
- is located on the premise where the business is operated.

H.B. 4770 was recently approved by the Senate. A MFB-sponsored amendment was adopted by the Senate to require MDOT to provide public notice to the general public, and the appropriate legislative standing committees, of the proposed fee or any fee increase. The bill now goes back to the House for a concurrence vote. Passage is expected.

MFB Position: MFB supports H.B. 4770.

MFB Contact: Tim Goodrich, ext. 2048. ■

Reacting to current high corn prices

Increasing nitrogen rates beyond historical yield experience on a given acreage is not wise, according to a 24-year study by University of Wisconsin. The most economical total nitrogen rates were those based on previous yields. Supply the corn with 1.2 pounds of nitrogen per bushel of expected yield. This achieved the best economic return over a wide corn-to-nitrogen price ratio.

Sidedressing nitrogen is an excellent way to adjust your total nitrogen application rate to achieve the best economic level and respond to early season losses. A late, wet spring planting season will result in a loss of 20 pounds to 50 pounds of nitrogen from all sources. These losses should be considered in calculation of sidedress application rates. If your corn gets a late start due to cool, wet weather, be sure to supply enough nitrogen to encourage quick development once conditions improve. ■

Farm fact

US. farm exports generated 950,000 jobs in the United States last year and stimulated an additional \$76.6 billion in economic activity, according to USDA. Of the export-related jobs, 365,300 were in the farm sector. Farm exports were valued at \$55.8 billion. ■

Seven-year farm program sign-up running smoothly

Continued from front page

Late Certification

According to Marilyn Shaw, Gratiot County FSA, farmers who have never participated in farm programs before can still establish a base through late certification, by paying a \$45 fee and having a field technician review field stubble for last year's crop. Since the base is figured on a five-year average, the producer will only receive one-fifth of the total base over seven years.

According to Porath, he figured the payments out on a farm recently where late certifying would make about \$450 in 1996 alone. ■

STATE ISSUE

Post-production costs legislation introduced

HB. 5934, sponsored by Rep. Tom Alley (D-West Branch), has been introduced to amend the Natural Resources and Environmental Protection Act by addressing the Post Production Cost (PPC) issue concerning private property owners. It would require that oil and gas companies shall not enter into an oil or gas lease as a lessee with the owner of private property within Michigan unless the following items are included in the lease agreement:

- Exact percentage of royalty interest entitled by the landowner as determined by the value of the oil, gas or related products extracted from the leased site.
- If any reductions in the royalties accruing to the landowner are allowed under the lease agreement due to PPC, a provision that the landowner shall receive a detailed and itemized list of potential post-production costs.
- If PPC are provided for and agreed to by both the oil and gas company and the landowner, the lease agreement shall contain the following provisions:
 - The definition of PPC.
 - Specific areas of items eligible for deductions.
 - A clear process to enable the landowner to monitor eligible deductions being charged.
 - A maximum percentage of costs to be deducted.
- If the possibility exists under the lease for the landowner to be required to make a payment to the oil or gas company in any given month due to deductions for PPCs or other items, the lease must specifically state this possibility.
- All provisions listed concerning above items must be in 12-point boldfaced type, which is at least 4 points larger than the body of the lease agreement.
- If an oil and gas company has entered into an oil or gas lease as a lessee with the owner of private property on the effective date of this section, the lessee shall within 90 days after the effective date provide the landowner items outlined above.
- A person who knowingly violates this section is responsible for payment of a civil fine of not more than \$25,000.
- The attorney general or other person may bring an action in circuit court for injunctive relief or damages, or both, against a person who violates this section.

Co-sponsors of H.B. 5934 include:

Representatives Paul Baade (D-Muskegon), Bill Bobier (R-Hesperia), Pat Gagliardi (D-Drummond Island), Clark Harder (D-Owosso), Allen Lowe (R-Grayling), and Howard Wetters (D-Kawkawlin).

MFB position: Delegates to the 1995 MFB annual meeting proposed and adapted specific language addressing this issue. As a result, MFB has aggressively sought legislative relief and supports the bill.

MFB contact: Scott Everett, Ext. 2046. ■

STATE ISSUE

Hunter harassment

SB 965, sponsored by Sen Geake (R-Northville), would strengthen current law prohibiting interference with the lawful taking of animals.

Provisions include:

- Remove the words "intentionally."
- Add language that prohibits any act or behavior interfering with the lawful taking of animals.
- Provides that a person who violates this law a second or subsequent time is guilty of a misdemeanor, punishable by imprisonment for not more than 1 year or a fine of not less than \$1,000 or more than \$2,500 or both, and the costs of prosecution.

MFB Position: Farm Bureau supports S.B. 965, especially through the lawful taking of animals by block and crop damage permits.

MFB Contact: Scott Everett, Ext. 2046. ■

STATE ISSUE

Antlerless deer permits could be first option

HB. 5655, sponsored by Rep. Carl Gnodtke (R-Sawyer), provides the ability for the DNR to offer antlerless deer permits first. The bill provides the flexibility that if a hunter wants to only purchase a doe permit in designated areas they may. Current law requires the purchase of a "buck" permit as a prerequisite to an antlerless permit.

MFB Position: Farm Bureau supports HB 5655.

MFB Contact: Scott Everett, Ext. 2046. ■

NATIONAL ISSUE

Testing of drivers operating motor vehicles used in agriculture

HR. 3182 would amend existing law requiring the testing of operators of motor vehicles used in agriculture. It would prohibit requiring the testing for use of alcohol or a controlled substance of an operator of a motor vehicle if the vehicle:

- is owned or controlled by an owner or operator of a farm and is used solely to provide, within a 150-air-mile radius of the farm, not for hire transportation of agriculture commodities and farm supplies to and from the farm; or
- is being used to provide not-for-hire transportation of property for a unit of local government that has jurisdiction over an area with a population of less than 7,500.

MFB Contact: Al Almy, Ext. 2040. ■

NATIONAL ISSUE

Competitive Livestock Markets Act introduced

HR. 3424 has been introduced to assist the cattle industry by giving the Administration legal authority to enact the following reforms:

- Direct the Administrator of the Grain Inspection, Packers and Stockyards Administration to develop and implement rules that prohibit non-competitive captive supply.
- Direct the Secretary of Agriculture to devise and implement regulations that require mandatory reporting of prices and terms of sale for slaughter of livestock (and the meat and by-products of such slaughter) purchased by packers who have greater than 5 percent of the market for a given species.
- Direct the Secretary of Agriculture to develop rules that require the reporting of export sales of meat to USDA on a weekly basis. This action would help to ensure that all market participants have the opportunity of a level playing field in regard to information about the market.

MFB Position: Farm Bureau supports

H.R. 3424.

MFB Contact: Al Almy, Ext. 2040. ■

NATIONAL ISSUE

Fireblight funding clears first hurdle

The House Agriculture Appropriations Subcommittee has approved \$325,000 for research to deal with fireblight, which is a serious threat to the future of Michigan's apple industry. Fireblight is a bacterial disease that infects apple trees. The use of the antibiotic Streptomycin has been a primary control for fireblight, but resistant strains of the bacteria now exist, leaving no control.

The research funds would be used to refine fireblight detection techniques, explore biological controls, develop strategies against antibiotic resistance, and develop fireblight-resistant cultivars and rootstocks. It is expected the funds will be used jointly by researchers at Michigan State University and Cornell University. The Subcommittee bill now goes to the full House Appropriations Committee for consideration.

MFB Position: Farm Bureau, with assistance from MACMA, led the effort to obtain the fireblight funds and will continue work to keep the funds in the final bill Congress enacts.

MFB Contact: Al Almy, Ext. 2040. ■

NATIONAL ISSUE

Income averaging

Farmers face substantial fluctuations in income due to weather, supply and demand relationships, and other factors. It is important that farmers be able to smooth out the fluctuations in their income to moderate the effect of high marginal tax rates that occur in years when both yields and prices are up.

Legislation introduced by Rep. Nick Smith (R-Addison) would allow two-year income averaging for farm income. Farm income would include Schedule F income and capital gains income on such sales as livestock.

MFB Position: Farm Bureau supports income averaging.

MFB Contact: Al Almy, Ext. 2040. ■

Private property rights an issue in Natural Rivers program proposal

For Cecil Gronlund, environmentalism isn't a new fad — it's something he's done since his high school days 50 years ago. He has planted more than his share of pine trees and beach grass to help hold down sandy soils by stopping wind erosion on the 300 acres he owns in rural Manistee County's Maple Grove Township. In total, Gronlund owns a mile of river frontage on the Bear Creek that cuts a swath through his property.

That's why the Department of Natural Resources' plan to designate the Manistee and Pine rivers, which encompass the Bear Creek, as a "Natural River" strikes a nerve with him, since the designation would establish mandatory setback requirements and other preservation measures as opposed to allowing private property owners to voluntarily put the measures in place.

The Natural Rivers Act, established in 1970, requires the DNR to develop a management plan for designated rivers and tributaries outlining development standards and allowable uses to "help protect the natural values of the stream," according to Dan Pearson, natural rivers specialist in the DNR's Forest Management Division. He says the DNR is hoping to add the Manistee and Pine river watersheds to the state's 14 other designated natural river systems across the state — the first since 1988.

If successful, over 500 miles of river mileage affecting a total of 1,700 square miles in the watersheds of the Manistee and Pine rivers would be added to the Natural Rivers program, the biggest area ever affected by the program. Pearson says the two rivers were selected from a list of 25 rivers on a proposed Natural Rivers list.

"We've been working since January of 1995 with a citizens advisory group to put together a management plan for that system," Pearson said. "It (the management plan) will have use and development standards for both private and public land.

"The private land standards are typically in the form of a zoning ordinance," Pearson continued. "The local unit of government has the first shot to adopt the zoning ordinance to include these development standards. If they don't, then the law allows the state to write a state zoning rule, which amounts to a state zoning ordinance."

The potential loss of local control has many landowners up in arms. "I'm just very perturbed about something that my family struggled to clear and make a living off of and then all of a sudden the



"I'm just very perturbed about something that my family struggled to clear and make a living off of and then all of a sudden the DNR can come in and just take over, meaning we lose local control," remarks Cecil Gronlund, a landowner on Bear Creek, in Manistee County.

DNR can come in and just take over, meaning we lose local control," said Gronlund, who also serves on the Zoning Board of Appeals. "No one in this township can currently build within 45 feet of the river, and they already have a green-belt requirement of 20 feet — I can live with that."

Based on local meetings and activities within several of the affected counties, many private landowners share his view. In a letter to Rep. Ken Sikkema (R-Grandville), the Manistee County Farm Bureau asked that a House subcommittee of the House Conservation, Environment and Great Lakes Committee, convened to look at private property rights issues, look into the Natural Rivers Act and its implications for "takings."

"Because of the way the act is written and the way the DNR interprets it, virtually every river in northern Michigan qualifies in some way for the program," the letter suggests. "While we believe it is extremely important to protect rivers, this law clearly takes private property as it affects both the use

and the value."

Gronlund agrees, saying that since he's paying the taxes on the property, he feels the development and use of the property should be his call. "I would, in essence, have two miles of river frontage that would be affected by the 400-foot setback requirement, which would take up 100 of my 300 acres, using the 400-foot figure," Gronlund explains.

Gronlund farmed the ground — some cleared by his grandfather 99 years ago — and started a gravel pit operation some 40 years ago to supplement the farm income. He had plans to eventually subdivide acreage along the river bank for future development and argues that a 400-foot setback would clearly devalue the property's development potential.

"If people can't see the water, they're not going to pay any decent price on the property — they might as well go out in the middle of the woods and build a new home," Gronlund argues. "I've been paying the high taxes on this property, and I still will, even if they (DNR) take it over."

The Manistee County Farm Bureau, in their letter to Rep. Sikkema, agrees and suggests that if a taking does occur, the landowner should be reimbursed for lost value. "This is a true test of where a law is for the public good. If the public deems the law to be important, they will be willing to pay for it. There should be an equal distribution of costs across society, not just the landowners. When the perceived benefits of regulation are separated from the costs, there is no government accountability or public responsibility," the county Farm Bureau concluded.

Pearson contends, however, that the Natural Rivers program is not a taking of private property. Although zoning has been challenged in court several times with respect to the takings issue, he says the courts have determined that zoning is not a taking. A 1980 court decision supported DNR's position, when a group of citizens opposed to the Flat River's Natural River designation sued the department and lost when the courts decided the program did not constitute a taking.

"Anytime you start talking about regulation of private land, people become real concerned about what kinds of limits to use they'll face," Pearson admitted. "It's a balancing act trying to make sure that we do enough to protect these rivers in as much a natural state as possible, but also make sure private landowners can still use their land without harming the river."

Ironically, Pearson says that the Natural Rivers program puts the selection emphasis on rivers that are deemed to be "in good shape." "This isn't a program that's designated to correct a lot of existing problems — it's a program designed to make sure that those problems don't occur," he advised. ■

Additional rivers proposed for Natural Rivers designation

- Big Huron
- Black
- Cass
- Dowagiac
- Escanaba
- Fence
- Fish Creek
- Grand
- Indian
- Kalamazoo
- Little Manistee
- Muskegon
- Ontonagon
- Paint
- Paw Paw
- Presque Isle
- Shiawassee
- St. Joseph
- Sturgeon
- Tahquamenon
- Thornapple
- Thunder Bay
- Whitefish

Lawmakers ponder property rights protection options

A prominent state legislator is leading the charge on protecting private property rights in Natural Rivers Act areas and elsewhere around the state.

Rep. Ken Sikkema (R-Grandville), chairman of the Private Property Rights subcommittee of the House Conservation, Environment and Great Lake Committee, is drafting a package of bills to provide comprehensive protection for the rights of private property owners. Testimony from private property owners at hearings held in Lansing and Standish made it clear that the Natural Rivers program should be a high priority of the committee.

"A lot of the comments (received at two public hearings) related to Natural Rivers and property owners feeling they weren't properly notified in advance of new government regulation of their property," said Sikkema.

"If there is government regulation of private property, particularly to the extent where someone has to get a permit to do something, we think property owners have a right to know that in advance of the regulation taking effect," Sikkema argued. "A prospective purchaser should also be able to call the state and find out whether or not there's going to be a law that regulates the land."

Other legislative solutions to property rights problems could include developing dispute resolution mechanisms to help the state avoid constitu-

tional takings of property, said Sikkema. He also believes that if government reduces the value of land through regulation, then the taxable value of the land should also be reduced.

Previous legislation, introduced by Sikkema and eventually signed by Gov. Engler, now requires the state's Attorney General to provide guidelines to state agencies on what they can and cannot do when it comes to regulating private property. State agencies must then consider these guidelines before making a decision on a permit.

"That's only the first step, however, that needs to be taken," Sikkema suggested. "During these recent hearings we found that state agencies and state regulators often are totally unaware of the constitutional protection that is given private property owners."

Sikkema thinks the bills will help educate state agencies and regulators about the constitutional protection enjoyed by landowners and recent court decisions that have strengthened that protection.

Rep. Bill Bobier (R-Hesperia) thinks one way farmers and other private property owners can defend their rights is by getting on local zoning boards. He said that if the state disagrees with land use decisions made by local authorities, "at least they're dealing with a unit of government, which is a lot harder to find fault with than it is with an individual." ■

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Managing nitrogen loss

Excessive rain throughout Southwest and Central Michigan during the last several weeks has raised concerns about the amount of nitrogen that may have been lost due to leaching and/or denitrification.

According to Dr. Maury Vitosh from MSU's Crop and Soil Science Department, there are a number of factors to consider when attempting to estimate the amount of N lost.

When was the nitrogen fertilizer applied and in what chemical form?

If the nitrogen was applied as anhydrous ammonia or urea just prior to the heavy rains, most of the nitrogen is still in the ammonium form which is not subject to leaching and denitrification. When the soil dries out, the ammonium nitrogen will be converted to nitrate and will be readily available for plant uptake. If the nitrogen was applied as 28 percent UAN (urea-ammonium-nitrate) solution just prior to the rain, the loss of nitrogen will be greater than urea or anhydrous ammonia due to the fact that 50 percent of this nitrogen was in the nitrate form on the day of application.

How much rainfall leached through the root zone?

Next, how much water percolated or leached through the soil? This depends on the texture of the soil, the intensity of the rain storm, and how short of moisture the soil was before the rain. If there was no runoff and the soil was saturated before the rain

occurred, the bulk of the nitrate nitrogen in the soil is expected to move anywhere from 4 inches deep on clay soils to 12 inches on sandy soils for each inch of water percolating through the soil.

A 4-inch rain percolating through a saturated fine texture soil will move some nitrates into the tile drain but the bulk of the nitrogen would still be at 16-24 inches, well within the root zone of corn. As the soil dries out, some of this nitrogen will also move toward the surface. For high intensity rains, some runoff is expected and it is not likely that all of the rain moved through the soil.

A 4-inch rain on sandy soils that infiltrates the soil without runoff, may move the bulk of the nitrate nitrogen to 4 feet, unless the soil was very dry prior to the rain. Only that water in excess of field capacity will cause leaching of nitrate. Nitrates at 3 feet may still be available to corn in sandy soils, but probably not to potatoes.

How long did water stand on the surface?

On fine-textured soils, denitrification losses may be greater than nitrate leaching losses. Any area that was flooded for more than two or three days would have little nitrate nitrogen left and any plants that do survive this circumstance will have a difficult time recovering. If the corn is small enough to be cultivated when the soil dries out, this may be the best thing to do, along with adding some nitrogen fertilizer. Well-tiled fields that drained within

24 hours, may have only minimal nitrate nitrogen losses due to denitrification.

Presidedress Soil Nitrate Testing

According to Vitosh, soil nitrate testing provides an excellent and inexpensive way of evaluating the available nitrogen (N) status of your soil. Michigan State University research and demonstration studies have shown that many farmers could reduce their N fertilizer application rate on corn without risk of reducing yields if they used the nitrate soil test. Nitrate testing also helps to prevent overuse of N fertilizers. Excess N fertilizer may increase nitrate contamination of groundwater.

The soil nitrate test measures only nitrate N. It does not measure ammonium N or organic N. If samples are taken in June, much of the ammonium and some of the organic N will have been converted to nitrate and will show up in the test.

"Normally we would look at when the corn is probably 6 to 10 inches tall," explained Darryl Warncke, MSU Crop and Soil scientist. "Given this year with the condition we've had, some farmers may want to get in and sample a little earlier, particularly if the nitrogen had gone on earlier and they are a little bit uneasy whether or not or how much of that still available."

According to Vitosh and Warncke, samples taken after the soil has warmed up usually contain the greatest amount of nitrate N. The June test measures both residual nitrate N from the previous

year and recently mineralized N from ammonium and organic matter. Samples taken just prior to sidedress time can be used to the greatest advantage to determine the appropriate rate of sidedress N. When sampling fields where anhydrous ammonia has been knifed in preplant, you will need to double the number of sub-sample cores to avoid problems associated with sampling N fertilizer bands.

Samples taken in June from fields where N has been broadcast prior to planting can be used as a guide to adding additional N through the irrigation system or for planning next year's application. If the soil test in June indicates more than 25 ppm, no additional N is needed, according to Vitosh. Soil test levels in excess of 40 ppm at this time indicate excess soil N.

What fields should be sampled?

Sample all fields where corn is to be planted. Manured fields and legume fields sampled in June will likely contain the most nitrate. Other fields that show the most nitrate N are fields with fine-textured soils (i.e., loam, clay loam and clay) that were heavily fertilized with N the previous year. Sandy soils, even if heavily fertilized the previous year, may not show much N carry-over.

How to take soil samples

"Taking the soil sample is very similar to taking regular field soil samples in that you need to collect 15 to 20 cores," stated Warncke. "But for soil nitrate testing we like to see the sample taken from about 10 to 12 inches deep, which is a little deeper than what we have for regular routine soil samples."

After sampling, place the 15-20 cores in a clean pail and mix thoroughly. Save one quart of the soil sample for drying.

How to handle soil samples

"For a nitrate sample, we want to get that sampler dried as quickly as possible," said Warncke. "After we mix those cores together, take out about a pint of soil and then spread it out in a thin layer and lay it in front of a force air fan or heat," Warncke recommends. "One of those portable heaters with forced air will dry it down; we don't recommend doing that for a regular sample, but for nitrate we want to get it dried as quickly as possible to drop the microbial activity."

"Do not hold wet samples in a plastic bag for any length of time," states Warncke. Microbial action in wet samples can change the nitrate test results.

Where to get soil sample boxes

Soil sample boxes and information on taking soil samples for the nitrate test are available from your county Extension office or the MSU Soil and Plant Nutrient Laboratory, East Lansing, MI 48824-1325.

Where to get samples analyzed

See your county Extension office. Dry soil samples may be mailed to the MSU Soil and Plant Nutrient Laboratory, East Lansing, MI 48824-1325. If the samples are still moist, do not put them in the mail. Moist samples should be transported directly to the county Extension office for drying or to the MSU laboratory.

Nitrogen recommendations for corn

The following table gives N recommendations for corn at four yield goal levels and seven soil nitrate test levels. The amount of N credit given is obtained by multiplying the concentration (ppm) of nitrate in the surface soil sample by a factor of 6.

Example: If the test shows 10 ppm of nitrate in the soil sample, the estimated N credit is 60 lb/A. Reading across in the table, we obtain the adjusted N recommendation of 100 lb N/A for 140 bu/A yield goal.

Nitrogen recommendations for corn				
Soil Nitrate ppm	Nitrogen credit lb/A	Yield Goal — bu/A		
		100	120	140 160
0	0	110	140	160 190
5	30	80	110	130 160
10	60	50	80	100 130
15	90	20	50	70 100
20	120	0	20	40 70
25	150	0	0	10 40
30	180	0	0	0 10

N Recommendation = $-27 + 1.36 \cdot YG - (6 \cdot \text{ppm NO}_3\text{-N})$

Economics of nitrate testing

According to Vitosh, the cost of soil nitrate analysis by Michigan State University is \$6.00 per sample. Each sample should represent no more than 20 acres. Assuming it costs \$5 to take the sample, the total cost is \$11 per 20 acres or 55 cents per acre. Reducing your N fertilizer rate by 5 lbs. per acre on 20 acres will more than cover the cost of the test. Results from research and on-farm demonstration studies over the past five years indicate that nitrogen adjustments based on the test would return more than \$5 per acre. ■



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Market Outlook

by Dr. Jim Hilker,
Department of
Agricultural Economics,
Michigan State
University



Seasonal Commodity Price Trends

Corn	↔ ?
Soybeans	↔ ?
Wheat	↔ ?
Hogs	↔
Cattle	↔

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

does not mean a lower than trend yield is coming. Now throw in the question, will we get 81 million acres planted?

It seems that there's plenty of time for a couple more weather scares this growing season. As those occur, watch for additional selling opportunities. The problem, as we all know, is many Michigan farmers have late-planted and/or late-developing corn crops due to the weather conditions. This means we will have to temper our pricing decisions by the condition of our corn crop.

WHEAT

While some wheat yields are coming in a little better than expected in Texas, we are still going to have a poor wheat crop out of the Southwest. Wheat futures dropped sharply the last part of May as there were some rains in the Southwest, spring wheat made good progress, and soft red winter wheat made a little comeback. It appears that it may be a time to hold back on anymore forward pricing unless prices have recovered a big chunk of the drop.

As of late May, wheat prices relative to corn prices said to feed more wheat. This means that, unless wheat prices go back up relative to corn, more wheat will be fed. This should help keep a floor under wheat prices through the summer. It appears 1-2 million more acres of sorghum were planted on torn-up wheat ground. If they continue to get rain, it may help feed prices this fall.

SOYBEANS

Well, did we get all of the soybeans planted? Did the Eastern Corn Belt plant a few extra acres of soys that weren't able to plant to corn? Like corn, the soybean yield potential has been cut due to late plantings, but that doesn't mean we will have a poor yield, just that we probably can't have a record yield. And again, we certainly have time for a few weather scares.

The South American soybean crop seems to be growing. This, along with export demand finally responding to the high prices, means the old crop highs have probably been seen. Watch for opportunities to price your remaining old crop on weather rallies over the next 60 days.

The new crop soybean basis seems a little on the wide side. This would suggest using a hedge or H-T-A when pricing new crop soybeans for this fall delivery. The operative phase here being "this fall delivery," i.e., fall 1996.

HOGS

You know things could be worse when June hog futures could drop \$6.00 in a few days and the price is still over \$60.00. However, liquidation still seems to be underway due to the high feed costs. Sow slaughter continues to run above year-ago levels as deferred futures don't look as enticing unless feed prices drop significantly.

Slaughter numbers continue to run under what the March 1 *Hogs and Pigs Report* would indicate. If the lower slaughter numbers are due to the excessive heat last summer causing conception problems, then numbers should come back closer to last year very soon or already be there. The June 1 *Hogs and Pigs Report* will be released June 28 at 3 p.m., watch for it.

Except for a brief period last month, waiting for the cash price has been the best price for much of the spring. However, if futures rally back toward their previous highs, pencil through the forward pricing opportunities putting in feed prices on the higher side of expectations. If it calculates out to a good return, consider forward pricing some of your expected future production.

CATTLE

Beef cow slaughter was up 16 percent in the first quarter compared to the previous year. In April it was up 42 percent. The year-to-year increases in beef cow slaughter continued into May. While, barring drought, they will probably slow up some this summer, we expect to see increases in cow slaughter through at least the end of the year. The reason is very clear — very poor returns to the cow-calf producers this past year and not great hopes for next year.

Placements continue to run behind last year, and while that does not mean less cattle are out there, it does mean this summer's cattle prices

are not likely to drop as low as some previously expected. Prices will probably stay near \$60 through much of the summer versus dropping down into the mid-\$50s. I suspect feedlot producers' reaction to the above is that we already did that, "been there," as the kids would say.

Prices may climb a couple dollars into the \$60s by the end of the summer. Watch August and October cattle futures for opportunities to lock in prices above that for cattle that you already have. Eventually these cattle will be placed. But the high feed prices will keep total tonnage down as slaughter weights will stay below last year for some time to come.

DAIRY SITUATION

by Larry G. Hamm

May 21, 1996, was a historic day in the United States dairy industry. On that day, the USDA's Commodity Credit Corporation (CCC) was totally out of surplus dairy product stocks. In other words, there are no more government surpluses of dairy products that were uncommitted to other prescribed uses. Much has been said about the fact that the FAIR Act of 1996 eliminates the dairy price support program by the year 2000. The reality is that the dairy price support program is over now.

The current price support of \$10.35 is so low that if producer mailbox prices started to drop toward that level, the financial stress on most dairy producers would be so severe that milk supplies would evaporate. The current Michigan mailbox price is close to \$13.50 and many producers are not covering costs now.

The current CCC support price for butter is \$0.65 per pound. The wholesale market is \$1.18. The current CCC cheese support price is \$1.145 per pound. The National Cheese Exchange price is \$1.4925. The CCC nonfat dry milk (NDM) price is \$1.065 a pound. During the week of May 13-24, the CCC sold its last stocks of NDM (5,875,855 pounds) back to commercial users at \$1.17 per pound.

Nearly all of the debate on dairy policy since 1983 has focused on the income maintenance and enhancement nature of the price support program. However, one of the original purposes of the Dairy Price Support Program has been to deal with the inherently destructive instability of dairy markets. The dairy price support was designed to buy products off glutted markets to prevent them from free-falling beyond the levels needed to balance supply and demand. It was also designed to sell the products back onto the commercial market to prevent the skyrocketing of prices to levels that make consumers permanently switch away from dairy products. May 21 ushered in the end of the stabilizing power of the price support program.

It now appears that with there being no spring, there was no spring milk flush. Production is equal to last year, which means that increasing demand for dairy products will continue to push dairy product prices higher. The Basic Formula Price (BFP) will continue to increase and climb toward \$14 in the next few months.

With no price support, the dairy markets are now weather markets also. Depending on conditions over the summer, the BFP could be climbing toward \$15 this fall. The dairy industry is now on its own to deal with the consequences of dairy market instability.

EGGS

by Henry Larzelere

Egg prices at the end of May were nearly 21 cents a dozen above last year. However, during May feed ingredient prices were about 15 cents per dozen eggs above May 1995.

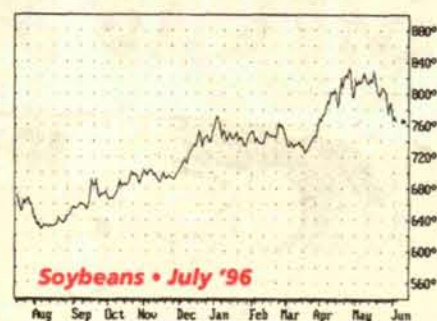
Wholesale prices in New York for Grade A large white eggs in cartons will likely increase slightly in June over May. These prices during July, August and September will probably average in the upper 70s to low 80s.

The number of layers on farms on May 1 were slightly above (less than 1 percent) last year. Total egg and table egg production were about 1 percent above a year ago.

The higher than last year egg prices would likely lead to increases in egg-type chick hatches. So far we have seen only small increases in the hatch during the past eight months. The layer-type eggs in incubators on May 1 were down slightly from May 1, 1995.

The still great uncertainty about feed ingredient prices will continue to offset the likelihood of excessive increases in the number of layers and in egg production.

COMMODITY PRICE TRENDS



Farmers say Canadian imports hurting

"We feel like we've been taken to the cleaners." That was just one of many comments delivered to the House Agriculture Subcommittee on General Farm Commodities during a hearing on Canadian imports.

Farmers from the Pacific Northwest said Canadian imports of lumber, grain and meat are damaging the economy. They claim the Canadian government is responsible for selling cheap logs to U.S. lumber mills; blocking the import of Idaho potatoes, barley and dairy products; and flooding U.S. markets with wheat and beef.

"Our grain trucks are met at the Canadian border with armed guards," complained Rep. Bill

Barrett (R-Neb.), chairman of the subcommittee. Rep. George Nethercutt (R-Wash.) said the problem is compounded by the Canadians' apparent disincentive to resolve the trade problem. "The longer we wait, the greater Canada's incentive advantage," he said.

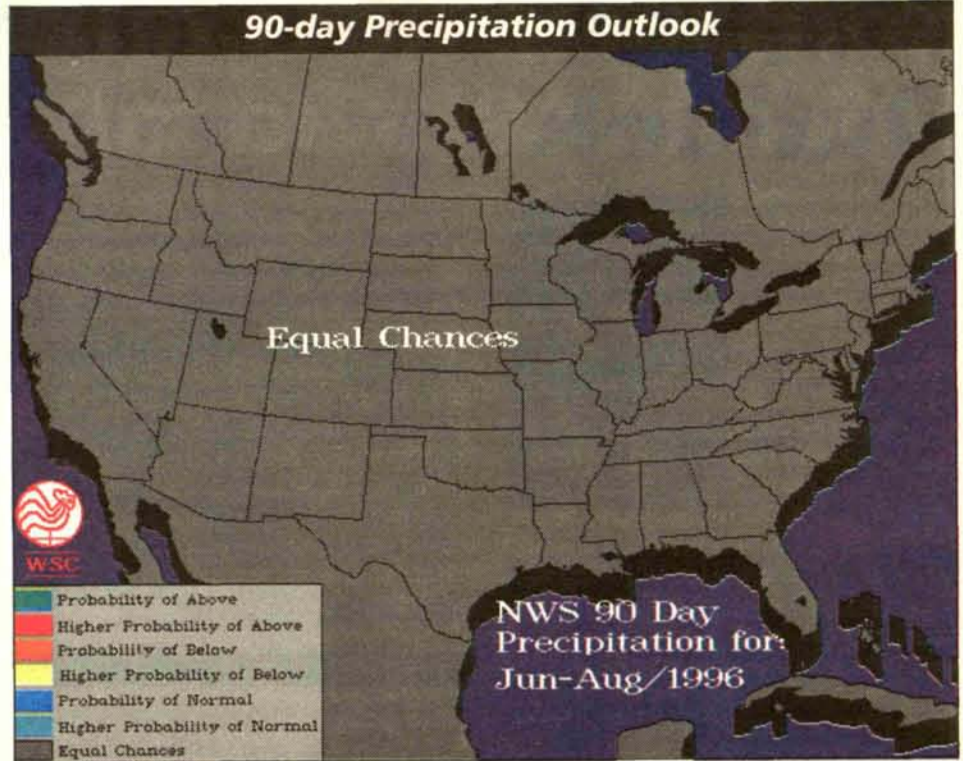
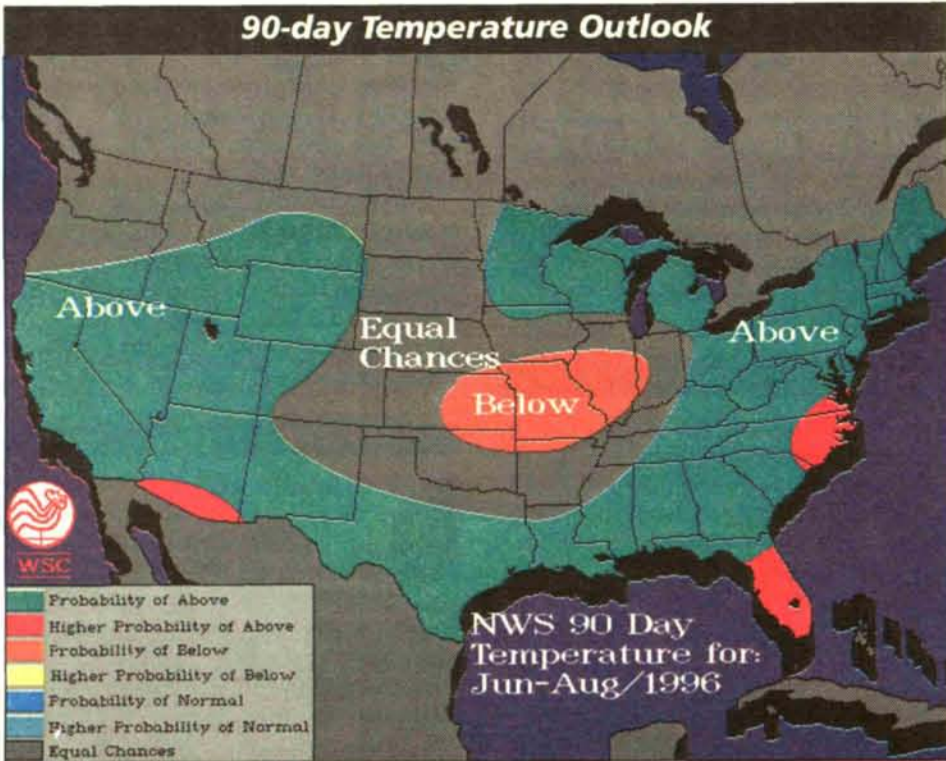
A representative of the Foreign Agricultural Services (FAS) called for patience in dealing with the dispute. Timothy Galvin, of the FAS, reminded the subcommittee that an agreement to cap Canadian lumber was reached in April. And he said a dispute over Canadian tariffs on U.S. dairy and poultry is expected to be decided this summer.

Increase in poultry production expected

In spite of the higher feed costs, U.S. production in broilers, turkeys and eggs is expected to increase, according to the USDA. The feed costs, however, are being reflected in rising wholesale prices for poultry. A projected 9.4 billion-bushel corn crop is expected to replenish dwindling supplies, which should lower feed costs.

USDA officials warn that another small harvest of feed grain in the fall would substantially hike feed costs, changing the forecasts for poultry and egg production. Production of broilers in the first quarter of 1996 was 7 percent higher than a year ago.

Source: Knight Ridder Financial



Weather Outlook



by Dr. Jeff Andresen, agricultural meteorologist, Department of Geography, Michigan State University

monthly temperatures generally remaining 1-3 degrees F below normal.

While recent cool, dry weather has caused growing degree day accumulations to slip further behind normal (approximately 1-2 weeks behind normal in most locations), it also allowed field work and planting to resume in many areas that had experienced lengthy delays due to earlier heavy rains and flooding, especially in central sections of the state.

Since the major upper air blocking feature that's led to the persistent cooler than normal temperatures in the past several weeks has dissipated, I would expect warmer, more seasonable temperatures during the next couple of weeks.

The National Weather Service 30-day outlook for June is for near equal odds of below-, near-, and above-normal precipitation and temperatures.

A northwesterly jet stream configuration and a series of Canadian-origin air masses led to continued cooler than normal temperatures across the state, with mean

Michigan Weather Summary

5/1/96-5/31/96	Temp.		Growing Degree Days		Precip.	
	Obs. mean	Dev. from normal	Actual Acc.	Normal Acc.	Actual (inch)	Normal (inch)
Houghton	48.1	-1.2	108	244	1.34	3.19
Marquette	46.3	-3.9	117	244	1.68	3.19
Escanaba	47.8	-2.3	105	158	0.70	2.80
Sault Ste. Marie	47.4	-2.0	111	158	0.60	2.80
Lake City	50.5	-3.1	190	287	2.82	2.48
Pellston	50.2	-1.2	185	287	1.53	2.48
Traverse City	52.3	-0.6	236	287	1.17	2.48
Alpena	48.9	-3.1	166	266	1.15	2.65
Houghton Lake	51.3	-3.1	199	266	1.60	2.65
Muskegon	54.4	-1.6	251	344	3.37	2.55
Vestaburg	53.2	-3.5	260	368	4.10	2.69
Bad Axe	51.8	-3.5	208	361	5.64	2.53
Saginaw	54.8	-1.9	285	361	6.27	2.53
Grand Rapids	55.8	-1.7	307	427	4.87	2.82
South Bend	58.2	-0.8	406	427	8.08	2.82
Coldwater	56.5	-1.8	329	417	2.88	2.82
Lansing	55.9	-1.3	326	417	3.24	2.82
Detroit	57.1	-1.3	366	400	2.82	2.76
Flint	55.6	-0.8	310	400	2.05	2.76
Toledo	58.1	-0.7	419	400	2.61	2.76

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

Food safety survey

A recent survey showed consumers are following government recommendations for food handling and food safety. The survey, conducted by IRC Research Group, said nine out of 10 Americans say they follow the safe-handling instructions on the warning labels on packages of beef, pork and chicken.

The report also noted that 36 percent of those surveyed say reports of illnesses from contaminated meat, fish or poultry have led them to avoid certain foods. About one-fifth of those surveyed said their eating habits were affected by the recent Bovine Spongiform Encephalopathy scare in Britain and the use of BST in dairy cows.

The poll found that 95 percent of consumers scrub or rinse fruits and vegetables; 92 percent examine food packages closely; 52 percent said bacterial contamination is the most serious health concern; 16 percent said pesticides are the most serious food-related health concern; and 61 percent said they think the federal government is doing a good job of ensuring food safety, while 34 percent disagreed.

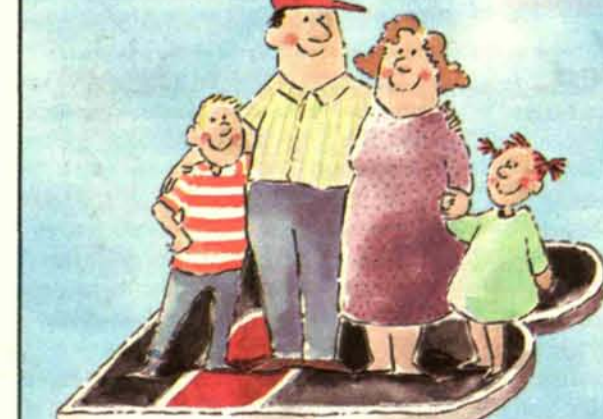
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MFB DENTAL

Business Strategies *The Crop Insurance Reform Act of 1994 and FAIR*

Roy Black, Professor, Department of Agricultural Economics, Michigan State University Extension

Background

Revenue risk management for crops under FAIR and the Crop Insurance Reform Act of 1994 will have a distinctly different flavor in the coming years. The USDA will no longer be in the supply control/stock management business nor will they be in the ad hoc disaster payment business.

Prices, production, and ending stocks of feed grains and wheat will be driven to a much larger extent by producers' decisions. Producers will also take a larger responsibility for management of downside revenue risk. A declining "average deficiency payment equivalent" will be available to those who sign up for FAIR to ease the transition from previous USDA programs to a more market-oriented approach.

One of our biggest concerns is how the FAIR payment is utilized. If it goes primarily for green/red... paint and to bid up land prices today, then it is no longer available tomorrow to manage intermediate term downside revenue risk — the kind of financial stress that we saw as grain crop prices and oilseed prices softened coming out of the price boom of the 1970s.

Producer's Risk Management Toolkit

The tools for managing "within year" price, yield and revenue risk are expanding. The availability of price risk management tools, without directly using the Chicago Board of Trade, has increased dramatically in the last decade — perhaps too dramatically in the case of some tools.

While there is stock-taking on the part of elevators and producers on the appropriate design and use of these tools and new restrictions imposed by CFTC, a rich array of tools will be available in the future. The challenge will be to use them wisely and to better appreciate what they were designed to accomplish.

The biggest development in new tools in the "within year" risk management is in the area of revenue insurance — a take-off of the Iowa Revenue Assurance concepts initiated by Iowa farm groups in 1994-95. Two pilot programs were tested for select spring crops in 1996.

A program called CRC was developed by the private sector and offered for corn and soybeans in all counties in Iowa and Nebraska. Current discussions involve substantially enlarging the number of states where the CRC can be sold for 1997 crops and including wheat.

CRC is insurance — producers pay a premium just as they do for multiple peril or hail insurance — that is a hybrid of the revenue part of the Iowa Revenue Assurance concept and the replacement price option to the MPCI/Actual Production History Plan contract that has been offered by some companies in Michigan. The record requirements are the same for CRC as they are for MPCI/APHP. There is a subsidy to producers on CRC, just as there is on MPCI, and reinsurance is available to crop insurance companies from FCIC/USDA. Over 25 percent of Iowa farmers with MPCI/APHP coverage switched to CRC in 1996.

The second pilot was for the revenue insurance component only, which did not permit basic and optional insurance units, and introduced new rating methods for producers who had a long series of good quality records. The product was called IP, for income protection, and was substantially less expensive than CRC — particularly in regions where there was a high correlation between individual farm yield and the market price.

The lower price reflects the narrower scope of coverage. This product was pilot tested on a smaller scale but with more crops and in more states. Premium rates for IP, in the form under pilot test, are specific to the individual farm.

The core idea between both of these products is to insure gross revenue — **price x yield** — instead of insuring either price (forward or futures

contract equivalent; put option on futures contract), yield (MPCI/APHP or GRP; named peril such as hail), or both. "Trigger revenue," the revenue below which an indemnity payment is made to the farmer for corn, is:

$$\text{Trigger} = \text{Coverage (\%)} \times \text{APH yield} \times \text{Average New Crop Corn Price in February}$$

Coverage choices are the same as for MPCI/APHP. The procedures used to calculate APH yield for CRC are the same as for MPCI/APHP; IP is the same except basic and optional units are not permitted. The average new crop corn price in February used in IP is 100 percent of the average price of the December futures contract on the Chicago Board of Trade during the month of February.

Realized revenue calculation for corn is as follows:

$$\text{Realized} = \text{yield} \times \text{Average Harvest Corn Price}$$

where the average harvest price used in IP is 100 percent of the average price of the December futures during the month of November. If "realized" is less than "trigger," the producer receives the difference.

The CRC contract extends the concept of IP to better facilitate pre-harvest pricing. It pays the greater of trigger revenue and, if there is a yield loss, the greater of the pre-planting new crop price (Feb. for corn) and harvest price (Nov. for corn).

Thus, if the price goes up between planting and harvest, dollars are available to purchase commodity to meet contract shortfalls. These additional features make the product more expensive than IP — particularly in regions where there is a high correlation between individual farm yield and market price.

The Crop Insurance Reform Act of 1994 and FAIR legislation permit the introduction of other new concepts and challenge producers and the insurance industry to develop new and better concepts.

"Business interruption like" crop / revenue insurance and a variant of MPCI/GRP that permits an insurance company to combine the better features of both APHP and GRP are examples of new products that are permitted by the legislation. Some of the horticultural crops in Michigan that are ill-suited to APHP or NAP, as currently configured, might be candidates for a business interruption type of insurance.

Implications

Tools such as pre-harvest pricing and options on futures, yield risk insurance, and revenue insurance should still carry the burden of managing "within year" price risk. The FAIR payment should be used primarily to manage "across year" / "multiple years of lousy prices in a row" price risk.

The tools to manage yield, price and revenue risk are becoming more complex and require careful study before use. Some producers' and elevators' experiences in 1996 reinforce this fact. But, these are powerful tools that carry a larger burden of the risk management role in the coming years.

Summary of spreads information for beef and pork

Choice beef retail prices increased while the net farm value of cattle decreased from March to April 1996, resulting in a 9-cent increase in the farm to retail spread to \$1.55 per retail pound.

Retail pork prices decreased while the farm price of hogs increased from March to April 1996, resulting in a 4-cent decrease in the farm-to-retail spread to \$1.28 per retail pound.

Source: USDA Economic Research Service

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Hedge-to-arrive contracts are not the problem

HTA's fall victim to historical old-crop prices combined with multi-crop-year contracts creating major losses.

Significant losses tied to the use of Hedge-to-Arrive (HTA) contracts are being reported all across the Midwest, including Michigan, with total loss estimates ranging from \$500 million to \$1 billion. The Chicago Futures Trading Commission (CFTC) is estimating that 11 percent of the open interests in the July corn contract on the Chicago Board of Trade (CBT) involve HTA contracts.

HTAs are contracts for the sale of grain at a later date with a fixed price but an unspecified "basis." Because of problems with HTAs, these contracts, along with other marketing tools that are tied to the futures market, are being looked upon with increased skepticism by producers and the CFTC, which is just now investigating several aspects of HTAs, especially on contracts hedged on the July 1996 corn contract that were intended to be rolled into a future month or year.

The uncertainty surrounding HTAs comes at a time when producers really need to start considering how to use marketing tools to manage price risk, says MFB Commodity Specialist Bob Boehm. "With the eventual demise of the farm program, producers will need to expand their use of risk management tools such as HTAs, Forward Contracts and Minimum Price Contracts to provide the security once provided by the old farm bill," he explained.

HTAs have been offered by grain merchants throughout the corn belt since the early 1980s as a service to farmers. The use of these contracts exploded in recent years, a period of relative price stability in the commodity markets — that is, until this year.

While the exact number of producers and elevators affected by HTAs is not known, there are concerns throughout the industry. The utilization of HTAs appears to correlate to how aggressively they were marketed in a particular area, Boehm said.

"There are numerous lawsuits being filed by both farmers and elevators in order to clarify the legal issues surrounding these contracts," Boehm explained. "For those producers involved, the issue is becoming all too clear as they consider either rolling their contract to a new-crop contract month or buying the contract outright to minimize losses."

What is an HTA?

From the seller's (producer's) perspective, pure HTAs operate very similar to a forward contract, except that they offer added flexibility in that the basis can be fixed at any time up to the day of delivery. Therefore, HTAs, which are considered a cash contract by the CFTC, are an attractive marketing alternative when prices are perceived to be high and the local cash basis is expected to narrow. Once the basis has been locked in, the HTA is essentially a forward contract.

From the local elevator's perspective, its futures position is identical whether the grain is purchased as a forward contract or by an HTA. In either case, the elevator hedges the purchase by selling a futures contract.

The attraction for the producer is that the elevator provides the margin deposits, rather than the producer (as required under a hedge), and the producer has the opportunity to benefit from a narrowing of the basis in the commodity. Although the elevator provides the capital to meet the margin requirements, these costs are ultimately the responsibility of the producer and are deducted from the cash price at the time of delivery to arrive at a net return for the commodity.

As HTAs became more popular, variations of the contract began to occur, and producers utilized the added flexibility in making their grain marketing decisions. One of the attractive features of HTAs is the ability to roll from one contract month to a future month, or from one crop year to another, to postpone delivery. The only cost is usually a small rollover fee.

What Went Wrong?

The unprecedented rally in grain prices, with old crop corn up about \$2 per bushel since last fall, has created problems for both producers and elevators with 1996 crop or multi-year HTAs who are short corn to deliver against the contract.

Any HTAs entered into last fall based off of either May or July futures are now well below current cash market prices and the elevator has a significant investment in margin calls to maintain the underlying futures position.

"If the producer had corn to deliver against the contract as it matured, the producer would receive the price they originally accepted last fall when the HTA was entered into, less the local basis, and the elevator will recoup their margin money investment," Boehm explained.

However, due to the flexibility feature of HTAs, many contracts entered into last fall were for new crop 1996 corn, with the idea of rolling the May or July (old crop) commitment forward to December (new crop). This strategy would not necessarily be a problem, even with the dramatic run-up in prices, if new crop and old crop corn price trends had moved together.

"Unfortunately, old crop and new crop are now in an inverse relationship, making the cost of rolling an HTA an expensive proposition," Boehm explained. "Typically the spread between old crop and new crop futures is a positive one. In other words, the new crop contract is worth more than the old crop contract."

The run up in old crop corn has some producers facing the sobering reality that it will cost them anywhere from \$1.50 to approximately 90 cents per bushel currently (July futures minus December futures) to roll an HTA.

What to do

The clock is running with the deadline quickly approaching for deciding how to settle HTAs based on July futures, which must be completed by June 27 — the first delivery day notice for the July futures corn contract month.

Boehm suggests that producers not wait until then to settle HTAs based on the July contract. "Be-

CFTC position on HTAs

The Commodity Futures Trading Commission has issued two statements regarding Hedge to Arrive (HTA) contracts. The first is a Statement of Policy concerning the mutual decision by producers and elevators to use cash payments in terminating HTA contracts issued before May 15, 1996.

Statement of Policy

Based upon earlier court and staff guidance, persons who have experienced losses on HTA and who may, for financial reasons, wish to restructure their arrangements, may have concluded that failure to deliver on a particular agricultural contract was what determined, among other things, whether the transaction in question is, or was at the time of its inception, subject to the forward contract exclusion of the Commodity Exchange Act.

In light of the current market conditions, the CFTC has said that it will not determine the status of any HTA contracts existing as of May 15, 1996, under the forward contract exclusion of the Commodity Exchange Act based on the fact that the parties mutually agree by a separately negotiated settlement, entered into subsequent to entry into the original contract to, to unwind, arrange a work-out, or restructure the original transaction through cash payments, wholly or in part.

Interpretation: HTA contracts entered into

prior to May 15 can be resolved based on a negotiated settlement between the producer and the elevator.

Statement of Guidance

The CFTC also issued a statement regarding future use of HTAs, known as a Statement of Guidance. With regard to any contract, account, or agreement which is of the character of, or is commonly known to the trade as an HTA or Flexible HTA contract for the future delivery of grain, the CFTC concludes that prudent risk-reduction requires that such contracts:

- Require mandatory delivery, absent an intervening event such as a crop failure, or a specified quantity and grade of grain at a specified location and reference price by a specified date within the crop-year during which the crop is harvested;
- Be for a quantity to be delivered which is reasonably related to the producer's annual production, not committed elsewhere and normally available for merchandising and at a location whereby delivery can be made by the producer under normal merchandising practices;
- Specify a delivery date and futures contract month reference price which coincides with the crop-year during which the grain will be harvested; and

HTA Example

In December of 1995 a producer sells an HTA on 1996 corn production for October/November delivery based off of the higher priced July 1996 futures. He planned to "roll" the HTA to

new crop (December) futures with an expected July-Dec. spread loss of no more than 10 cents based on recent history.

Action: December 1995 — producer calculated and expected the following:

HTA July 1996 futures @	\$3.40
Estimated local basis	-0.25
HTA transaction fee	-0.02
July-Dec. "roll" fee	-0.01
"Expected Maximum"	
July-Dec. spread loss	-0.10
Anticipated Net Price	\$3.02

Action: July 1996 — producer is faced with the following old crop to new crop price relationship to roll July-Dec. for new crop delivery.

Old Crop July 1996 @	\$4.47 (Today's value, due to short supply)
New Crop Dec. 1996 @	\$3.48 (lower price due to expected acreage)
Resulting Spread Loss	\$0.99 (Instead of projected 10 cents)
Producer's actual net price based on actual price spread between July and Dec.	
July 1996 futures @	\$3.40
Estimated local basis	-0.25
HTA transaction fee	-0.02
HTA "roll" fee	-0.01
Actual July-Dec. Spread	-0.99
Actual Net Price	\$2.13

Comments

This example illustrates the risk in inter-crop (multi-year) spreads where old and new crop prices trade independently on a vastly different perceived supply/demand situation. Had the producer originally sold his HTA based off the December 1996 futures, or had corn to deliver against the July futures, the inter-year spread loss would not have been incurred.

In some cases, the spread losses experienced under HTA inter-year contracts were compounded by the use

of an "HTA Enhancement Contract," which involved the sale of a call option along with the HTA. The sale of a call option earns the seller a premium and the obligation to sell the futures contract if the option is exercised by the buyer of the option. With the unprecedented market rally, the purchaser of the call option obviously exercised his option to buy at the lower price, causing a loss for the seller of the call option who had to cover the position with actual delivery and/or by taking a long position (buy) in the futures market at a much higher price level.

ginning the first delivery day of any expiring contract, the daily trading limits (currently 12 cents per bushel on corn) are removed, meaning that market movements may be extremely volatile," he said.

Holders of July 1996 HTAs to cover new crop corn are faced with a commitment to deliver against a July contract without any grain available until fall. Their alternatives are to either buy out the position; or roll the HTA to December and deliver with new crop corn.

The problem with this alternative is the fact that new crop prices are following a different set of fundamentals than old crop and are trading approximately \$1.20 below old crop bids, which means a much lower net price than was expected last fall when the HTA was entered into.

There are also differing legal views on how producers should proceed in settling HTA contracts. Boehm strongly recommends that producers immediately review their HTA agreements, and options for settling their contracts, with their lawyers.

While some producers are postponing action until the courts decide the fate of several pending lawsuits, there are those, including Neil Harl, Iowa State University professor of law and economics recommending that producers take immediate action to stem any further losses, and litigate later if need be.

In a recent *Pro Farmer* article, Harl offered the following advice: "Give immediate attention to contracts with potential for deepening losses — read that as July corn futures," he advised.

While that may be a bitter pill to swallow, Boehm hopes that producers and elevators remember that the strategy and decisions that were made prior to the unprecedented price rally were based on what was perceived at the time to be a "profitable price," based on historical price trends.

"Long-term, I hope the industry as a whole learns from this experience, but in the process doesn't abandon what have been viable and proven marketing tools," Boehm concluded.

Contact Bob Boehm at (517) 323-7000, ext. 2023 for more details and a packet of the latest information available on HTA contracts. ■

House panel attempts to modify planting rules

The House Appropriations Committee, considering changes to the new 1996 farm bill, voted to require farmers to plant a crop in 1997 in order to get their government subsidy payment, Reuters reports.

A similar planting requirement was approved by the committee's subcommittee on agriculture, but the subcommittee's version contains an allowance for farmers who can't plant due to floods, drought or other natural disaster.

The farm bill, as passed in the spring, doesn't require farmers to plant a crop in order to receive payment. It merely requires that land be kept in agricultural use.

The subcommittee's measure was passed on a voice vote, suggesting there was little opposition. It now goes to the full House. If it reaches the Senate, farm-state Republicans have promised a filibuster. ■

Commodity	First & Last Sequential Reference Month	Transition Month*
Corn	Dec.-July	Sept.
Soybeans	Nov.-Aug.	Sept.
Wheat		
• CBT Winter	July-May	—
• KCBT Winter	July-May	—
• Minn. Spring	Sept.-May	—

*Transition months generally should not be rolled either to or from the old or new crop-year, respectively. Note: Contracts which adhere to, and do not materially deviate from, the above Guidance regarding prudent risk-reduction, would be construed by the CFTC's Division of Economic Analysis to fall within the forward contract exclusion of section 1a (11) of the Commodity Exchange Act. ■

Source: FarmDayta

Owners tout the merits of their greenhouse barns; MSU suggests being careful

Greenhouse livestock barns are said to cost around 60 cents less per square foot to construct than conventional barns, and for the most part, they can be erected more quickly.

The management of a greenhouse barn, however, must be as good as the management of a conventional barn, if not better.

Bill Bickert, Extension agricultural engineer at Michigan State University, says the required management level must be higher because of the potential for wide variations in air temperature and humidity in 24 hours, especially in winter.

In dairy livestock housing, the rule of thumb is that there should be no more than 10 degrees difference between the inside and outside temperatures.

The greenhouse is a passive solar collector. Unless adequate ventilation is provided, swings between daytime and nighttime temperatures could be as much as 50 degrees in winter.

The natural inclination, Bickert says, is to restrict ventilation to trap the air that has been warmed by solar radiation. He warns that natural ventilation should not be restricted to trap solar heat.

"Because the air warmed by solar heating can absorb large amounts of moisture, air quality may not be a problem, at least during the day," Bickert says. "At night, however, the greenhouse loses heat to cold surroundings and the sky. This cools the air in the barn, lowering its moisture-holding capacity substantially and causing the relative humidity to escalate. The result is cold, damp air and, most likely, excessive condensation," he says.

He adds that animal health and disease are influenced by air quality, which in turn is related to ventilation.

"Although the exact relationships between these factors are not fully understood, empirical observations and field trials suggest that the aerosol spread of pathogens between calves and the influ-



Dennis Sikkema of Sikkema Equipment shows how quickly and easily the external shade fabric, required during the summer months, can be rolled up or down. This barn, located at his brother Cal's dairy operation is used for newborn calf housing instead of hutches.

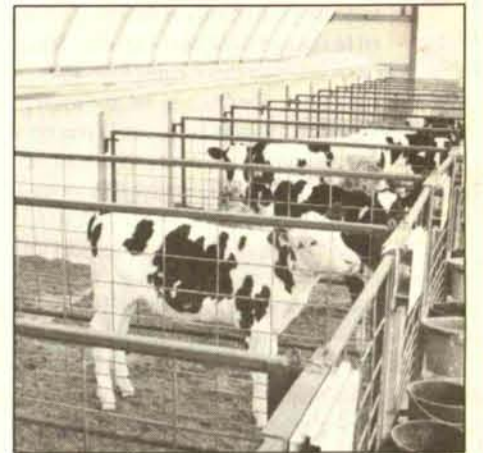
ence of air pollutants on pulmonary defense mechanisms are important, especially to respiratory health," Bickert says. "Ventilation reduces the concentrations of these pathogens and other air pollutants."

He says that producers considering a livestock greenhouse barn should weigh carefully the cost of all the provisions needed for good ventilation. These include an open ridge at the top; open eaves; adjustable sidewall and endwall curtains; a shade cloth for summer; and the plastic covering, which has a life expectancy of four to six years. The total cost may approach the cost of constructing a conventional barn.

Among the first Michigan dairy producers to use a greenhouse barn are Paul and Sara Wardin, of Remus, who put up a barn 24 by 100 feet with 50 freestalls for about \$600 per stall.

Wardin, nearing retirement, wanted to expand from 40 to 105 milking cows and needed relatively simple means of housing cows without incurring a large debt.

He says using a sunshade over the barn roof makes the inside of the barn about 15°F cooler in summer than the outside temperature. In winter, he adds, the interior stays comfortable and dry.



"We haven't had any problems with moisture in the barn through the winter," Wardin says. "The cows seem to like it really well."

Cal Sikkema, of McBain, has been using a 35 x 96 foot greenhouse barn since December 1994 to house calves and young stock. He can house up to 30 calves in individual pens that are sanded, and he has one group pen that is 16 by 14 feet and another that can be expanded to 36 by 14 feet or divided into sections.

A reason that Sikkema decided on a greenhouse calf barn was the variable luck he had with calf hutches. The year 1993 was the deciding year — calf death losses approached 50 percent when temperatures dropped to -30°F for several weeks at a time.

"We have really good luck with this arrangement and our losses have dropped to practically nothing," Sikkema says. "We really like the cheery environment, and the calves seem to grow extremely fast, maybe 30 percent faster than with the other system. We've had no problem with ventilation and we have a minimum of labor to keep the place clean and dry." ■

Postemergence weed control in asparagus

Recent herbicide registrations have given asparagus growers additional tools to maintain clean, productive fields. In addition to previously registered herbicides, Poast and Stinger are now registered for use in asparagus.

Poast is a grass herbicide that only kills emerged grasses. It has no effect on non-grasses and has no preemergence activity. Poast may be applied anytime during the season, with a one-day preharvest interval. It can be applied twice with a total maximum of 5 pints per acre per year. Crop oil concentrate (COC) or some other adjuvant should always be added to Poast. One pint per acre of Poast will kill most small annual grass seedlings. For large, established grasses and quackgrass, use 2 pints per acre. It may take two applications to kill quackgrass. Poast may also be used to kill barley or rye cover crops in the late spring.

Stinger is a postemergence broadleaf herbicide. It is very active on weeds in the Compositae, Leguminosae, Plantaginaceae, Polygonaceae and Solanaceae families. This includes smartweeds, clovers, nightshade and all the composite weeds, such as marestail, galinsoga, groundsel and wild daisy. It is especially effective in killing perennials such as Canada thistle, dandelion, sunflowers and plantains. Stinger may cause some asparagus spears to curl, so it is wise to apply it after a clean harvest. It has a 12-hour preharvest interval, so it can be applied one day and the crop harvested the next day. An adjuvant is usually not needed with Stinger.

Lorox and Formula 40 (2,4-D) are also registered for broadcast postemergence weed control in asparagus. Lorox can be used safely anytime during the season to kill emerged broadleaves. Apply 1 pound active ingredient (2-pound product) per acre in each application. There is a one-day preharvest interval. Lorox also provides some preemergence activity.

Formula 40 may be used during the harvest season but causes excessive curling of spears. It is most effective when used immediately after the last harvest of the season, so there is minimal loss of marketable spears. It is used primarily to kill perennial weeds, such as Virginia creeper, horsetail, plantains, wild grape and dandelion. Please note that other formulations of 2,4-D are not currently registered for use in asparagus.

Roundup may be used in the crop to spot-treat up to 10 percent of a field. It kills most plants with which it has contact, including asparagus. It is most useful in the crop to kill dense stands of perennials that cannot be controlled with Stinger, Lorox or Formula 40. This includes volunteer asparagus. If possible, direct the Roundup to the weeds and avoid applying it on the asparagus spears. Snapping off all spears that have emerged before spraying will reduce injury to asparagus.

Using these herbicides in conjunction with good preemergence herbicides should result in good season-long weed control and more years of profitable yields. ■

Tractor sales up, combines down

April's sales of wheel-type farm tractors rose to 13,674 units, from 12,469 a year ago, says the Equipment Manufacturers Institute, a Chicago trade group. For the first four months of this year, sales totaled 37,428, up from 35,121 the previous year.

April saw sales of 749 four-wheel-drive farm tractors, says the institute, up from 628 a year ago. Four-month sales totaled 1,868, up from 1,676 a year ago.

The bulk of April's tractor sales — 12,925 units — were two-wheel-drive vehicles. That's up from 11,841 in April 1995. Four-month sales totaled 35,560, up from 33,445 a year ago.

Besides tractors, April saw sales of 673 combines, says the institute, down from 780 a year ago. Total January-April sales of combines were 1,920, down from 2,163 a year ago. ■

How does use of a new tractor sound?

Berrien County Farm Bureau Young Farmers Andrew and Miriam Barbott couldn't wait to use the new Case IH 5240 tractor they earned as national runner-up in the Young Farmer Achievement Award. All Farm Bureau young farmers under the age of 35 are eligible for next year's contest and two other state award contests — the Outstanding Young Agricultural Leader and the Outstanding Young Farm Employee.

Each of the three awards have their own criteria relating to the young farmers' management, leadership, community activities, agricultural policy issues and farming efficiency.

"State winners in each of the three categories receive \$500 from Dodge Trucks and an expense

paid trip to the American Farm Bureau Federation's annual meeting in Nashville, Tenn.," stated Ernie Birchmeier, manager of Michigan Farm Bureau's Young Farmer department. "The achievement award and outstanding young ag leader state winners will also receive \$1,000 worth of product from Great Lakes Hybrids."

The six state finalists in each of the three contests will also receive a \$75 savings bond from Monsanto.

Deadline for applications is Sept. 1. For more information about any of the three Young Farmer contests, contact your county Farm Bureau office or Michigan Farm Bureau's Young Farmer department at 800-292-2680, ext. 3234. ■



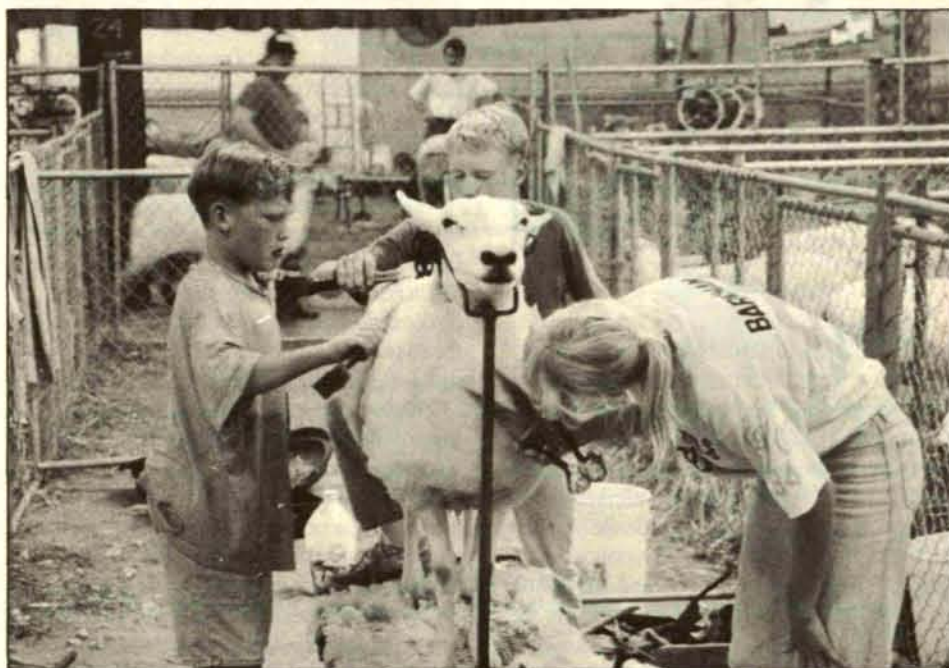
Andrew and Miriam Barbott (center) receive the Case IH 5240 tractor they'll get to use for 250 hours from Eric Williams, Case Business Manager, Case Corporation (left) and Rene Evans, LaPorte County Cooperative (right).

County fairs offer summertime fun and opportunity to tell the story of modern agriculture



The Michigan State Fair in Detroit, set for Aug. 20 through Sept. 2, provides a unique opportunity for young and old alike to witness the birthing process of modern farm animals at the Michigan Farm Bureau/Blue Cross Blue Shield "Miracle of Life" exhibit.

For the first time, the county Farm Bureaus from the Upper Peninsula are joining together to bring the Miracle of Life exhibit to the U.P. State Fair, Aug. 13-18 in Escanaba.



Michigan's county fairs showcase 4-H youth and FFA livestock projects, building the public's faith in future generations of young people. Through the exhibition of their well-cared-for and groomed animals, kids learn firsthand what it takes to successfully raise prize-winning exhibits, increasing their responsibility and maturity levels.

County	Fair Date	County	Fair Date	County	Fair Date	County	Fair Date
Alcona	Aug. 6-10	Dickinson	Aug. 29-Sept. 2	Kent	Aug. 5-10	Oceana	Aug. 21-25
Alger	Aug. 2-4	Eaton	July 5-13	Lake	June 21-23	Ogemaw	Aug. 12-17
Allegan	Sept. 6-14	Emmet	Aug. 17-25	Lapeer	Aug. 5-11	Ontonagon	Aug. 1-4
Alpena	July 27-Aug. 3	Genesee	Aug. 12-18	Lenawee	Aug. 11-17	Osceola	Aug. 5-10
Antrim	Aug. 22-25	Gladwin	July 22-27	Mac-Luce	Aug. 9-11	Oscoda	July 18-20
Arenac	July 15-20	Gogebic	Aug. 8-11	Manistee	July 23-27	Otsego	Aug. 4-10
Baraga	Aug. 9-11	Gratiot	July 20-26	Marquette	Aug. 7-10	Ottawa	July 22-27
Barry	July 13-20	Hillsdale	Sept. 22-28	Mecosta	July 7-13	Presque Isle	Aug. 22-24
Bay	Aug. 7-10	Houghton	Aug. 22-25	Menominee	July 25-28	Roscommon	Aug. 1-3
Berrien	Aug. 6-17	Huron	Aug. 4-10	Midland	Aug. 11-17	Saginaw	Sept. 5-8
Branch	Aug. 4-10	Ingham	July 26-Aug. 3	Missaukee	July 29-Aug. 2	Sanilac	July 28-Aug. 3
Calhoun	Aug. 11-17	Ionia	July 25-Aug. 4	Monroe	July 29-Aug. 3	Schoolcraft	Aug. 1-3
Cass	July 15-20	Iosco	July 22-27	Montcalm	July 7-13	Shiawassee	Aug. 4-10
Cheboygan	July 27-Aug. 3	Iron	Aug. 15-18	Montmorency	Aug. 14-17	St. Clair	July 29-Aug. 3
Chippewa	Aug. 25-Sept. 2	Isabella	Aug. 3-11	Muskegon	July 20-24	St. Joseph	Sept. 15-21
Clare	July 27-Aug. 3	Jackson	Aug. 4-10	Newaygo	Aug. 5-10	Tuscola	July 14-21
Clinton	July 29-Aug. 1	Kalamazoo	Aug. 19-24	Northwest Michigan	Aug. 4-10	Van Buren	July 8-13
Crawford	June 26-30	Kalkaska	Aug. 4-10	Oakland	July 29-Aug. 4	Washtenaw	July 29-Aug. 2
						Wayne	July 23-28

Cottonseed supply expected to rise

Dairy producers still may want to lock into current competitive prices

Cottonseed production in 1996 will reach 7.4 million short tons, surpassing last year's output by 8 percent, according to recently released U.S. Department of Agriculture (USDA) statistics.

However, some experts believe that this figure may be an overstatement.

According to Tom Wedegaertner, associate director of cottonseed research and marketing at Cotton Incorporated, this latest USDA estimate is based on expected higher yields per acre, but cannot be guaranteed.

"Cotton acreage is down and more normal yields are predicted," he says. "But we're concerned that cotton acreage may be even lower than what's reflected in the USDA projection."

Larry Johnson, director of merchandising for Cottonseed Inc., La Crosse, Wis., says that cotton growers may have switched more of their cotton acres to grain. "Some growers may have decided that grain is the more profitable crop, due to lower input costs and easier cash flow."

Wedegaertner says that adverse weather conditions also could have a severe impact on the total cotton supply and prices.

"Uncooperative weather at harvest almost always has a negative effect on cottonseed yields somewhere in the Cotton Belt," Wedegaertner says.

"You just can't predict Mother Nature. Last year, the USDA expected a cottonseed crop of 8.15 million tons. But that estimate was high by 1.3 million tons," he says. "Cotton acreage was up 23 percent, but we produced the lowest yields in 10 years."

The same situation could occur this year, he warns. "Current adverse weather conditions in Texas may have a severe impact on the total cotton supply and prices."

"Texas is dry," he says. "If we don't see more rain soon, we may lose a million acres of cotton."



Dairy producers may find it in their best interest to book part of their needs right now, says Johnson. Whole cottonseed can supply protein, fiber and a high level of fat to high-producing dairy cows.

"Cottonseed already is priced competitively with other feed commodities," he notes. "Although the USDA expects this situation to continue, it still makes good economic sense to buy cottonseed while the price is right."

Johnson says too many producers try to out-guess the market, rather than having a plan of action.

"Producers who make purchases as the market moves lower are more likely to buy some of their feed at the lowest price, while those who purchase, as it moves up are sure to buy some at the top," he explains. "If current prices fit into the ration, they should buy a percentage of their needs

now and add to their supply if the price drops.

"The new crop price is already down 20 percent from the old crop," Johnson notes. "But the market is volatile. If a problem surfaces during the growing season, prices will only go up."

In addition, with low carryover from last year, gins have the ability to store product, he says. This may lessen the selling pressure during harvest and increase the price for consumers.

To lock in at a competitive price, Johnson recommends booking at least one-quarter of their needs now, and then averaging down.

"For example, if cottonseed is \$145 per ton at the gin — a price that fits into most producers' rations — they should purchase a percentage of their needs. If the price drops, they should add increasingly larger percentages to their cottonseed supply.

"With this type of plan, producers are more likely to pay less overall vs. a single purchase," Johnson adds.

Cottonseed has proved to be both cost-effective and nutritionally effective for high-producing dairy herds. In most cases, it should be fed at a rate of 5 to 8 pounds per cow per day. Consult your nutritional advisor for further information on cottonseed feeding.

For more information on cottonseed, or to locate a cottonseed dealer near you, contact Tom Wedegaertner at (919) 510-6110.

Cover-All Shelters hosting June 22 open house

There's been a good deal of press in recent months about the advantages and low cost of Cover-All Shelters. Constructed of heavy, galvanized frame steel and wrapped with a premium cover, the units can be constructed in two days and are available in widths from 22 to 55 feet with no limit on length.

The units are used in livestock operations for livestock housing, feed and round bale storage, as well as machinery storage on other operations, and wherever economical protection from the elements is needed, such as on construction sites.

An open house, slated for June 22, from 10 a.m. to 4 p.m., at the Kroll Farm in Oceana County, will showcase the first unit erected in Michigan. Take U.S. 31 North from Muskegon, or South from Ludington and exit at Winston Road, (near Rothbury). Go one mile West to 64th, turn left and go one mile south to the next four-corner intersection. Look to the right for the Cover-All Shelter. For more information, call Jerry Joubert 800-713-9054.

Discussion Topic *Impact of pesticide restrictions*

July 1996
A monthly resource for the Community Action Groups of Michigan Farm Bureau



It's not news to farmers that the use of pesticides continues to come under attack, despite the important role these chemicals play in helping to make American agriculture the safest and most productive farm industry in the world.

More mud was splashed on the image of crop protection chemicals when the Environmental Protection Agency (EPA) in late spring confirmed the initial results of a study showing pesticide use by American farmers took a sharp upturn in recent years, totaling 1.25 billion pounds in 1995 and 1.23 billion pounds in 1994. The increase is significant over the years from 1977 through 1993 when farmers used at or below 1.1 billion pounds of pesticides per year.

The EPA study, released by the Natural Resources Defense Council (NRDC), had not yet been completed at press time, but the initial findings were confirmed by EPA. An NRDC spokesperson said the increase reflects "increasing farmer and user acceptance" of pesticides. EPA said it, too, was concerned about "too many pesticides being applied in this country," but said "about one-half of the pesticides registered since 1991 are now

classified as safer or natural."

Farm Bureau noted that while the report did show about a 10 percent increase in pesticide use, the NRDC failed to explain the difference between food and non-food uses of pesticides. In 1993, agriculture accounted for 811 million of the 1.08 billion pounds of pesticides used. The EPA also cited heavy pest infestation last year as one of the major reasons for the increase in pesticide applications.

The report will give ammunition to those who oppose a Farm Bureau-backed effort to reform the Delaney Clause. Prompted by a court decision, the EPA in February began the process of canceling certain agricultural pesticides because they violated the 38-year-old zero tolerance Delaney Clause standard for food pesticide residues in processed food.

Pesticide residues are now detectable in amounts thousands of times smaller than residues that were detectable in 1958, when Delaney was enacted. Although health experts agree that these minuscule residues do not present significant health risks, the courts have ruled that Delaney must be strictly enforced until Congress changes the law. In the meantime, farmers are losing important pesticides because they are detectable with today's advanced technology — not because they pose real health risks.

EPA's actions began the process of canceling the use of nine chemicals found in pesticides that are commonly used on many agricultural commodities. The first products scheduled for revocation include dicofol used on apples, grapes and plums; mancozeb on oats and wheat; propargite on apples and figs; simazine on sugarcane; and triadimefon on wheat. Cancellation of these pesticides may take

place as early as the 1997 growing season. Revocation actions are pending on about 40 other pesticide uses for minor crops and major commodities.

More than 200 agriculture and food groups, a former U.S. surgeon general, and three former Food and Drug Administration commissioners support Delaney reform. Officials of the EPA, the American Cancer Society, and the National Academy of Sciences have expressed support for the need to change Delaney's obsolete, zero-risk standard.

Legislation pending in the House and Senate would replace Delaney's zero-tolerance provision to allow the use of pesticides that pose an insignificant risk to health. Both bills allow consideration of the dietary benefits of pesticide use and establish national uniform tolerances for pesticide residues so that foods can move interstate. They also include incentives and streamlined registration for so-called "minor use" pesticides that are important to Michigan farmers. Both bills have strong, bipartisan support and Farm Bureau is urging Congress to enact them quickly.

"The effort to get Delaney reform off and running in Washington is very frustrating," said Michigan Farm Bureau Public Affairs Director Al Almy. "The bill introduced last year has over 240 co-sponsors in the House. A similar measure in the Senate has nearly 25 co-sponsors. In the House, the Agriculture Committee reported-out the bill, but the measure has been stuck in the Commerce Committee. Efforts are being made, but the outlook for enactment this year is uncertain," he said.

On the bright side, a poll by the Associated Press found that although a third of those surveyed say they are more concerned about the safety of the

food they eat than they were a year ago, few blame pesticides.

According to the survey, 36 percent of those questioned avoid certain foods because of reports of illnesses from contaminated meat, fish or poultry. Nineteen percent said they have altered their eating habits because of the mad cow disease in Britain, and 22 percent went out of their way to avoid consuming milk from BST-treated cows.

When asked to state their biggest concern about what could be in the food they eat, 52 percent said they worry about bacterial contamination, 28 percent said they are concerned about the fat content of their food and only 16 percent worry about pesticide contamination.

A full 61 percent of those surveyed said they think the government is doing a good job of ensuring they consume safe products, but 34 percent disagreed.

Discussion Questions

- 1) Have government restrictions caused you to lose the use of valuable crop protection tools on your farm?
- 2) In addition to revising the Delaney Clause, what other outdated or obsolete laws should be changed to address current technology and changing consumer tastes?
- 3) Among the members of your group, what are their biggest concerns about what could be in the food they eat? How do those concerns compare to the percentages listed in the Associated Press survey noted in the Discussion Topic?

Michigan Farm News Classified

<p>01 Farm Machinery</p>	<p>01 Farm Machinery</p>	<p>01 Farm Machinery</p>	<p>05 Livestock</p>	<p>05 Livestock</p>	<p>07 Dogs and Puppies</p>
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14
Real Estate

ANTRIM COUNTY FARM: 40 acres, 25 fenced, 3000 square foot home. Large split stone fireplace, 3-4 bedrooms, 2 1/2 baths, 30x40 work shop w/wood heat, 40x44 three stall garage, 30x52 barn with 12x52 lean-to on each side. Satellite dish, pond and more! Also includes: 1992 Case 885 tractor; 4330 (92) Case baler, Ford (80) 4600 series tractor, 71 Ford flat bed, hay rake, wheel disk, 12', 4-bottom plow, JD 310A backhoe with bucket, manure spreader, 250 round bales of hay (more in field) 50 head of beef cattle. All the above for \$170,000. Without equipment and cattle, \$127,900. Terms! Call Ward Cary, **Real Estate One** 1-616-599-2950 1-800-570-0039

17
Auctions

ALLEGAN ANTIQUE MARKET: Sunday, June 30. Over 300 exhibitors in every type of antique. Over 200 dealers under cover. Show is rain or shine! 7:30am to 4:30pm. Free parking. \$3 admission. At the fairgrounds right in Allegan, Michigan.

19
General

TV ANTENNAS dirt cheap! Save a bundle on Channel Master and Winegard antennas and accessories. For a free catalog, call 1-800-528-9984. **Denny's Antenna Sales**

FLY CONTROL: Safe, effective, no chemicals. Prevent flies from hatching. Information prices, call or write: **Useful Farm Items**, 3540 76th, Caledonia, MI 49316. 1-800-635-5262.

HARDY OUTSIDE WOOD FURNACE
Words #1 seller. Stainless steel construction. Heats home, hot water tank, pools. Eliminates fire danger. 10 year warranty! Dealerships available. 1-800-743-5883. **Jamboree Acres**

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4. Seeds	13. Business Opportunities	23. Financing
5. Livestock	14. Real Estate	24. Investors Wanted
6. Poultry	15. Real Estate Wanted	25. Buildings
7. Dogs and Puppies	16. Estate Sales	26. Lawn And Garden
8. Ponies/Horses	17. Auctions	27. Announcements
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City _____ State _____ Zip _____
Classified Ad Code Requested _____ Number of Issues _____
Desired Insertion Date(s): _____
Method of Payment
Check \$ _____ (payable to Michigan Farm News Classified)
Visa Card Number _____ Exp. Date _____
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Classified Rates - \$8 for up to 24 words - 30 cents each additional word
Write your ad here, including phone number and area code

1	2	3	4
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21	22	23	24
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29	30	31	32
33	34	35	36

Circulation over 46,000 in State of Michigan.

09
Help Wanted

MARINE CITY AREA: Cash crop operation seeks farm manager, experience necessary. Send resume to: PO Box 211, Anchorville, MI 48004.

10
Work Wanted

EXPERIENCED FARMER seeking permanent position on cash crop, beef or game farm. Skilled in all areas of farm operation. Reliable, non-smoker, resume. House on or near farm needed. 1-616-348-8270.

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Farm safety—Load, move bales safely

Moving bales should be a safe, uneventful chore. But ignoring safety rules can make bale moving dangerous.

It only takes a little effort to reduce the risk of injury or property damage when moving bales. Some simple considerations need to be kept in mind:

Go slow

Because of the increased weight and the changed center of gravity, slow speeds are the rule.

Size matters

Make sure your tractor is big enough to safely carry your load. If necessary, make an extra trip or two to avoid accidents.

Spread out weight

Use counter-ballasts on the front or rear of your tractor to evenly distribute weight and keep your tractor stable.

Keep bales secured

A loader bucket alone isn't enough, as there's no way to secure bales. Use a manufacturer-approved grapple fork, round bale attachment or spear to stabilize bales.

ROPS, cabs, aren't enough

Roll-over protective structures and cabs are not meant to protect you from falling bales. Don't assume you're protected by them.

Brake early

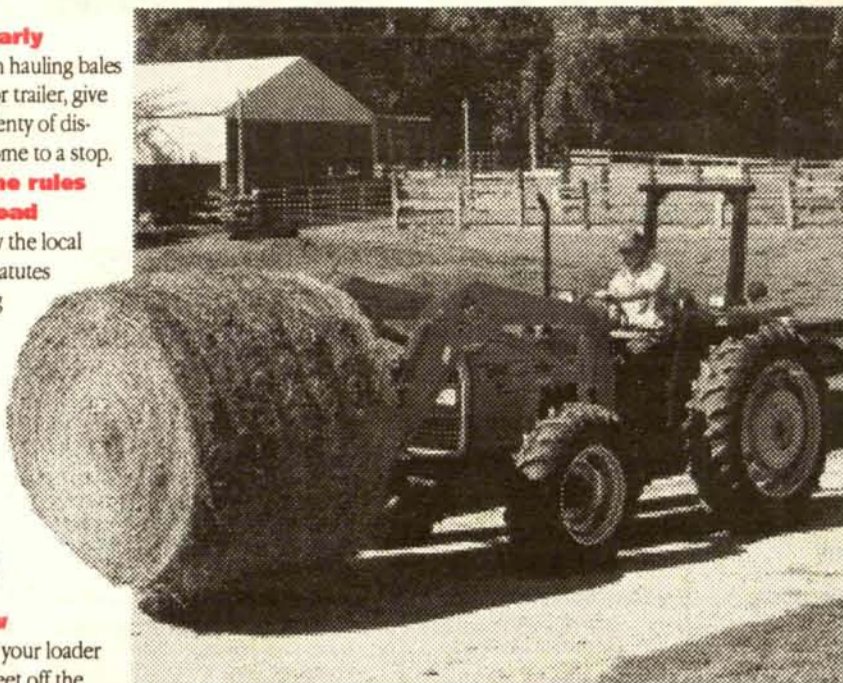
When hauling bales on a rack or trailer, give yourself plenty of distance to come to a stop.

Know the rules of the road

Know the local laws and statutes concerning ag equipment on the road. Call your county sheriff's office if you're not sure about the rules.

Stay low

Keep your loader just a few feet off the ground when moving bales. The higher your loader is raised, the lower the stability of your tractor.



Be seen

Check your lights and reflectors to make sure they're in working order. Turn your lights on when on the road, even in broad daylight. Make sure slow-moving vehicle emblems are in place and easily seen. ■

Michigan apple producers approve program amendments

Michigan apple producers have approved amendatory language for the increase in advertising and research assessments for the Michigan Apple Advertising and Promotion Program, according to Dr. Gordon Guyer, Director of the Michigan Department of Agriculture (MDA).

Michigan apple producers approved the changes to the program, which will increase the advertising assessment from the rate of 30 cents per hundred pounds of apples sold for fresh market use and 15 cents per hundred pounds of apples sold for processing to the rate of 45 cents per hundred pounds of apples sold for fresh market use (which would be implemented as a 5 cent increase each year for the next three years) and 21 cents per hundred pounds of apples sold for processing (which would be implemented as a 2 cent increase each year for the next three years). Apples sold for juice, cider, or vinegar will remain unchanged at an assessment rate of 5 cents per hundred pounds of apples. A second amendment will change the research assessment on all apples from 1 cent per hundred pounds to 4 cents per hundred pounds (which would be implemented as a 1 cent increase each year for each of the next three years).

The referendum was held from April 15, 1996 through April 26, 1996.

302 ballots were cast. Twenty-seven were declared invalid because of incomplete data.

Of the remaining 275 ballots, on the question whether to increase the advertising assessment as described above, 159 producers voted yes (59 percent) representing 7,642,170 bushels of apples (64 percent) and 112 producers voted no (41 percent) representing 4,358,935 bushels of apples (36 percent). On the question whether to increase the research assessment as described above, 159 producers voted yes (58 percent) representing 7,208,069 bushels of apples (60 percent) and 115 producers voted no (42 percent) representing 4,828,807 bushels of apples (40 percent).

Not all producers submitting ballots voted on both questions.

The law requires that more than 50 percent of the voting producers, representing over 50 percent of the volume of Michigan apples sold by those voting, must approve the referendum for passage.

Additional information about the referendum may be obtained by contacting MDA's Market Development Division at (517) 373-1058. ■

Survey says: regulatory climate not improving

A poll recently conducted by *Nation's Business* magazine reveals that a 1993 executive order calling for improvements by federal agencies in drawing up or enforcing rules has not had much effect on—or has worsened—the regulatory climate for businesses.

In its June 1996 issue, *Nation's Business* reports that about two-thirds of the respondents to the survey said that despite President Clinton's call for more cost-effective rules and more flexible methods of compliance, there has either been no change or the situation has worsened in how federal agencies handle rule making. Fewer than one-third of respondents to the poll said they think the regulatory climate has improved as a result of the order.

Even though the president's order called for the guarantee that regulations impose the least possible burden on individuals, businesses, small communities and governments, and that the costs of cumulative regulation should be considered, 34 percent of the respondents said the opposite has occurred. Thirty-seven percent said no change has been noticed.

The president's order also called for agencies to consider alternatives to direct regulation, including market-based, economic incentives aimed at achieving the desired results. Twenty-nine percent said the situation has worsened, with 45 percent seeing no change. ■

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