



Bureau offered aid during tight times

By PHIL JACOBS

THE years between the turn of the century and the beginning of World War I in 1914 have been called the "Golden Age of Agriculture," an era known as the "Parity Period" when prices and costs were in balance.

Life was good on the farm. There were no telephones, electricity or running water in farm homes, but farm families ate well. They regularly enjoyed fresh fruits and vegetables from the garden and the orchard, as well as a nearly unlimited quantity of beef and pork.

Farmers were able to pay off mortgages or reduce debt.

Around this time, farmers in Illinois began to realize they could improve their lot even more by joining together in co-operatives to get things they needed at lower costs and get what they needed when they needed it.

"Farmers couldn't always rely on dealers to supply them with the things they needed at a price that was competitive," says Clarence Schmitz, Oconee, a longtime member of the Shelby County Farm Bureau. "In the old days, every dealer had his own price, and they often didn't carry or were out of what you needed."

"When the Farm Bureaus got organized and the Farm Services co-op got going, farmers had a service they could depend on to meet their needs in a timely manner and at a price they could afford," he adds.

Dekalb County leads

In Illinois, the Farm Bureau movement began in Dekalb County in 1914 when a group of farmers came together to look for ways to solve some of their problems. By 1916, 13 counties in the state had joined the effort.

"Macon County was among the first in Illinois to organize a Farm Bureau chapter," notes Tim Stock, executive vice president. "Our mission has always been, in part, to improve the farmer's bottom line. And one of our main goals is to keep members informed of changes in the business or improvements of one kind or another, and to keep them updated on pending legislation that might impact them."

Thanks to research on hybrids, crop rotation and fer-

Key Points

- Illinois farmers recognized early on the need to organize.
- Dekalb County farmers formed the first cooperative.
- Hard times demonstrated benefits of organizations.

time had a dependable source for clean, certified seed, where before they had to take whatever a vendor offered them. When tractors came along, FS came to the field to fuel a tractor, fix a tire and provide any other agricultural service the farmer needed.

Then came the 1980s

As much as the various services helped farmers through the years, farm income continued the roller-coaster, boom-bust cycle. "Most of the '80s were awful," notes Vercler. "We lost a lot of farmers."

Throughout the period, the Illinois Farm Bureau:

- helped members seek debt relief
- served as a center for psychological referral services
- lobbied state and federal governments for programs to help farmers weather the crisis

Given all the uncertainty they have been through over the years, Illinois farmers can be sure of one thing, concludes Vercler: The Illinois Farm Bureau will be there working to make their lives a little easier and to remind them of the answer to the old adage, "Is farming a way of life or a business?" The answer is: If you don't take care of business, you won't have a way of life.

Jacobs writes from Pana.

could be isolated instances of failure due to limited financial capabilities.

Rowe adds that in a normal year, his elevator would see an average net profit of about 4 to 10 cents per bushel. And while six months ago he forecasted 2008 to be one of his best years ever, today Rowe doesn't expect to clear more than 5 cents a bushel, cutting profits in half.

"Caution" and "heightened awareness" are the terms Tom Jennings, Illinois' acting director of agriculture, uses to describe the situation.

"Everybody in the industry is watching margins, and lenders are heightening scrutiny of what they're loaning money for," Jennings says. "There are natural checks and balances in place to preclude elevators from not having sufficient funds in place to handle their positions."

Relief in the fall

Harvest will help many elevators get past the money crunch. At that point, they'll have actual grain at the elevator to use as collateral. "Until then, we have a piece of paper with the farmer's signature on it," Rowe explains.

Jeff Adkisson, also with the Grain and Feed Association of Illinois, agrees.

"I've maintained that as long as the banks continue to lend and support the lending position, as long as farmers deliver on contracts and as long as the industry takes enough margin to cover increased interest expenses, we'll work out of this OK," Adkisson says.

"But if any one of those three falls out of bed, the fallout could be widespread across the Midwest. If everything stays together, we'll be OK."

Analyst lists 4 strategies for marketing

GIVEN the fact that many grain buyers are no longer offering bids beyond 2008, and some are even limiting sales to within the next 60 days, what's the best marketing strategy for farmers? Arlan Suderman, *Prairie Farmer* market analyst, offers this advice:

Build relationships. Get to know your grain buyers. Some grain buyers are doing business with people they know well. It goes back to their lender and what they'll allow, but unadvertised opportunities may indeed exist.

Stash away cash. Use the current times of prosperity to build cash reserves. That would allow you to cover your own hedges if you're unable to get a contract with a local grain buyer and the opportunity presents itself to lock in profitable values.

Learn. Take time to learn how hedging works, how options work and how various option strategies provide protection at a limited cost exposure. Costs can be considerable at times, but it's well worth protecting some of the high prices being offered.

Be lean. Work toward increasing efficiencies of your operation to help you build those cash reserves and be in the position to make decisions because they're profitable, not because you have to.

For more information

THE Illinois Farm Bureau can be reached at 309-557-2230 or on the Web at www.iffb.org.

The Macon County Farm Bureau can be reached at 217-877-2436 or on the Web at www.maconcfb.org.

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