

President's Letter
Al and Linda Squire
December, 2014

What Happened to the American Dream? Many of us in agriculture have had the opportunity to live our version of the American dream. Our generation, generally as a group, grew up in a home where work was not a dirty four-letter word. It was rewarded, usually with some kind of gain, but many times was only the promise of better things to come. Sometimes the reward was simply that we had a roof over our head and plenty of good food to eat. I was raised on a small 50-cow dairy in NE Ohio. My dad milked cows and raised most of his crops. My mom was a serious gardener. She even fought to keep groundhogs from wreaking havoc in her garden by constructing a 6-inch tall electric fence around the perimeter. Linda's dad came back from WWII and never stopped working to provide for his family, even being seen pouring and finishing concrete when he was 80 years old! Having lived through the Great Depression, both Linda's parents and mine understood what it meant to work hard and exercise extreme frugality.

Currently people lament the loss of the American dream, saying that it does not pay to work because there are no jobs worth taking or that if they take a job, they will lose part or all of the benefits they feel entitled to receive. A promising young man who we employed for over six years serves as a good example of what is occurring. He started as a pen scraper and worked his way up to management. As his annual pay level increased, he documented the loss of his wife's free college tuition (they were actually married). Then he lost other benefits of free food, formula, diapers (WIC) and other benefits. As he moved up further and exceeded \$50,000, he lost his E.I.T.C. payments. He was receiving a free house with utilities paid but it held little value for him because his friends also got subsidized HUD housing. The real clincher came as his last raise put him over \$60,000 and he saw the punitive tax rate imposed on him as he was being asked to perform occasional management duties around the dairy at night. He left for the oil patch.

Comments most recently attributed to Ronald Reagan that "If you reward something you will get more of it and if you punish something, you get less of it" tell most of the story of the loss of the American dream. Since the "war on poverty" began we rewarded people by providing food, shelter and assistance to those "less fortunate" or single mothers with dependent children. Now we have lots more "less fortunate" people being "taken care of" by hundreds of government programs. Imagine that!

Since we need more money to pay for the “less fortunate,” the only ones left are the “more fortunate” so the fees and taxes are raised on this group of responsible, hard-working citizens. We have now effectively punished the achievers who drive innovation and growth within our economy. Try doing that to your best workers on your dairy and see what happens. A few other examples of this have been well illustrated for us recently. We have paid taxes and withheld social security and medicare taxes our whole working lives. Since it was a fixed %, we paid more as we earned more. Now that we must sign up for medicare, and having been successful, we find that our Part B medical insurance premiums are three times higher than what they would be if we were not successful.

The most recent MPP from USDA dictates additional punishments for us if we choose higher margins than the base \$4.00. The margin insurance costs for our efficient (“bad”) larger dairies at several different insurance levels are from 2-4 times higher per cwt than those for (“good”) small dairies with less than 4 million pounds of annual production. Why?

The discussion over what happened to the American dream can be best summarized by the most recent debate between two successful men vying for the NM Senate seat. Both men were accusing the other of being a “millionaire” (which both men are) as if it were a bad thing!

Thank you to Bev, Kaye and Susan for all your hard work and dedication. Merry Christmas.