

## My view of the American economy through dust-filled eyes

By Dewey Hageman

In 1988, I did two things that would change my life forever. In June, I got married and, in December, my wife and I signed our first loan to buy 10 cows. In the twenty years since, we've had four children, signed for many more loans, built our cow herd to over 200, and basically carved out our own corner of the world.

In the mid nineties, we were threatened with foreclosure but, with tight belts and strong family support on both sides, we fought our way out. My wife has also signed those loans every year. She only disagrees with me when I propose selling some cows because of the drought or to reduce debt. She knows how hard each step forward is and asks me why we'd take steps back. We usually find a way forward.

Not many young people today are willing to do what we did when other careers pay more with no risk. My concern, however, is for the ones who have to or want to make a living from agriculture in the future. Their success depends on a strong American economy.

### Standing on a three-legged stool

I believe our economy is like a three-legged stool. The three legs are affordable food and fiber, affordable energy, and affordable shelter. With a solid stool, we can pile everything else on top. We can walk through a mall or a big box store and look at or buy more unnecessary products than we can afford. That "gravy" in this economy is made possible because the basics of life are affordable. Believe me, I'm no different than anyone else. I have much more stuff than I need and have more fun than I should, but none of us can afford to ignore the economy.

### Affordable food and fiber

In America, we keep food and fiber affordable in two ways. The first is our burning desire to produce. Go anywhere in the U.S. and you'll find that if a piece of land can be farmed and water can be delivered to that land, someone has done it. If a person wants to farm, just get out of the way and they'll do it. With the loss of more agricultural land each year and higher input costs, we must be careful not to hinder the efforts of our producers.

The second way is through subsidies. If supply is stronger than demand we subsidize our own farmers to keep them producing an affordable product. If demand is stronger than supply we subsidize foreign farmers to keep stability in the market. I believe in fair trade but we can't expect American farmers to be heavily regulated AND compete with others under minimal regulation.

Another threat is the rest of the world. Standards of living are increasing dramatically. With that comes a larger appetite. We have more competition for the food we produce than ever before. The affordable food and fiber leg of the stool needs a rain.

### Affordable energy

Energy has been affordable since the seventies. We started in the early twentieth century to develop the most efficient generation (hydro, coal, nuclear). Now our demand is about to surpass our supply. Unlike oil, we can't import electricity. Technology has not been developed to enable us to ship cheap power from China.

We must be willing to build more baseload generation or we will face problems we haven't seen in two generations. Electricity is the single most important development to increase life expectancy and it's increased it by 20 years.

We hear of the health care crisis on a daily basis but we don't have a shortage of health care, we have a cost problem. If we ignore the increasing need for generation, a shortage of electricity will cost lives.

Electricity is also responsible for transforming locations in the West from desert wastelands to cities fit for a king (Las Vegas). We will continue to look for more renewable resources as the market commands but coal is still king. Technology is in the works to reduce the effect on the environment but that technology will increase the cost of the energy we so desperately need.

Both manufacturing and production agriculture are dependent on low-cost energy. Profit margins will not survive substantial rate increases. Our only alternative is to import but I believe it is not in our best interest to be totally dependant on foreign producers who have few standards. This emerging world not only has an appetite for food but we face growing competition for energy. The affordable-energy leg of the stool needs a charge.

### Affordable shelter

Most people would argue when I say housing is affordable since real estate values have increased at record levels, but just compare home sizes in the U.S. to other places around the world. We believe that a married couple in their late twenties should be able to own their home so we've artificially held interest rates low. Now, I operate my business on borrowed money so I love low interest but I'm not sure it's healthy for the economy to remove market influences on these rates. This is largely responsible for the huge credit crisis we face in this country today.

Another problem facing housing is the skyrocketing costs of construction material. Concrete, wood, copper, and steel all face increased demand and decreased supply. Poor management in our western forests has caused the wholesale deforestation of millions of acres by the pine beetle. The affordable-shelter leg of the stool is turning red and wilting as fast as the lodgepole pine.

### No one gets a free ride

As an American, I believe we have responsibilities. The first is to defend ourselves and our friends around the world who share our values. We have real enemies who believe our system of freedom and prosperity should be destroyed.

We should also protect our environment and, in that, technology will play the biggest role. Breakthroughs don't come from thin air and are not free so we must reward companies for the research they pursue to solve these problems.

Stay focused

Everything I have written about depends on a strong American economy. I believe that global-warming legislation and radical environmentalism threaten to weaken the three legs of the stool to the point that if one collapses, the rest will follow.

We are the only superpower left that takes these responsibilities seriously. The largest countries of this world don't care about the environment or human rights, they only want a greater share of the world economy and power.

Won't it be ironic if we destroy the U.S. economy in the name of the environment only to empower the countries who would destroy the environment without conscience? I ask all to become more informed and involved because we can't afford to fall behind. The world depends on us.

*For many years, Dewey Hageman was a student of his father's, former State Representative Jim Hageman, who had advanced degrees in the school of hard knocks. Dewey, working on his own degree from the same school, is currently on the board of Wyrulec Company, the electric co-op headquartered in Lingle, Wyo.*