

The American Dream

By Adrian Stewart

On the whole Americans do not go in for envy. Even though the gap between the rich and the poor is bigger than in any other advanced nation, most Americans are unconcerned about this social chasm. Whereas Europeans (including the English) tend to worry about the way that wealth is divided up. Americans aspire to be rich, and can see no benefit in taxing the rich to finance social programmes. Health care in particular is a political no man's land. This is the phenomena people often call "the American Dream". Indeed fully 80 percent of Americans believe that although life may deal you a bad hand at birth, if you work hard and have just a sprinkle of luck then you can make shed loads of money. It is a central part of the American mind set.

As a result much of what happens in America when it comes to economic planning is based upon the accepted wisdom of John Kennedy "a rising tide floats all boats." Since 1995, America's economy has outpaced other first world countries. American workers now produce over 30% more each hour they work than they did ten years ago.

Then towards the end of last year the sub-prime credit crunch arrived and you have heard more than enough about that I am sure.

Now by this point you may well be asking yourself what has any of this got to do with alpacas? And having lived 90% of my life in the UK I can fully understand you asking such a question.

The reality is that in America these things have everything to do with why many people buy into "the Alpaca Dream". We all know how adorable alpacas are to look at and how business plans and financial models can demonstrate handsome returns from living in some rural idyll breeding alpacas. In addition in the USA your alpaca breeding operation is completely tax deductible. Indeed for many years alpacas have been sold here as The Huggable Investment.

Here is the rub. There are about 150,000 alpacas on the North American registry and when I looked a short while ago there were 24,394 alpacas being offered for sale on the AlpacaNation web site, up from about 17,000 at this time last year. Now most of the big farms have serious marketing programs and established brands so they tend not to use AlpacaNation to market their alpacas and from what I see at auctions and can glean from the owners of larger alpaca farms, business is slower but still good.

However on the smaller farms it's a different story, many owners tell me alpaca sales have all but dried up and this is backed up anecdotally by my own e-mail in box, which receives each week at least one e-mail announcing a "herd liquidation" often with a dire warning that the prices are so low they cannot be disclosed lest they depress the market.....

What is to be done? Firstly there is a definite need to smarten up the marketing skills and flair of the smaller farms and whether this is achieved through training and education or by forming small local marketing cooperatives is yet to be seen. I know that both these activities are underway. None of which detracts from the national marketing programs which create the generic demand for alpacas but cannot be relied upon to sell your animals for you or even teach you how to go about selling them. That was never the intention.

Secondly there is a renewed focus on alpaca fiber which for a time was seen by some as an inconvenient side product of breeding alpacas. Sure, everyone wants to breed superior animals in terms of conformation and fleece, but what was to be done with all that fiber? In 2007 American fiber started to take off and that was in no small part due to a huge donation of alpaca socks for troops serving in Iraq. It got the alpaca product to thousands of people who would never otherwise see alpaca and as you might expect it generated a great deal of positive publicity. The last I heard from the Alpaca Fibre Cooperative of North America is that they had a strong backlog of orders and were so desperate for fiber they had introduced a number of incentives to help farmers get their fiber delivered to the sorting facility in New Mexico.

Now let's be frank, no one is going to get rich selling coop socks but for the smaller farms turning their fiber into a revenue source is a very welcome development and a step in the right direction. Some even see it as essential if we are to retain our livestock status and the associated tax advantages.

150,000 alpacas is a small national herd in terms of fiber production so cashmere, mohair and organic wool are safe for the time being. But I believe it is essential to demonstrate even on a small scale that this is a serious industry with a viable end product.

As I said at the start, the American mind set is geared to achieving success, often against all the odds and this year will be a test of that determination as the industry looks to grow and fully embrace fiber against an uncertain economic backdrop.

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