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Dairy wars: A sour possibility

The United States may be about to launch a world war. Not with neutron bombs or cruise missiles. The weapons in this new Armageddon are going to be butter, cheese, milk powder and eggs.

Future historians will trace the origins of this war to 1949 when the U.S. Congress, under pressure by the dairy farmers, who wield enormous political influence, decided that the government would buy all the excess milk products that these good husbandmen could not sell.

When dairy prices were low, these farmers raised a storm, demanding that the government guarantee them a higher price. So Washington set minimum prices, and rather high ones, at that. Once the farmers saw attractive prices they all set about producing as much as possible, creating an enormous surplus. This surplus then depressed prices, provoking more anguished protests from the farmers. Using their political clout, the dairy-men then got Congress to agree to buy the very surplus which they had created.

The unhappy result of these machinations is that today the U.S. government is the proud owner of 2.6-billion pounds of surplus dairy products, valued at more

than \$3 billion (U.S.). And this colossus of cholesterol is inexorably growing at the rate of 30-million pounds per week. Buying and storing it all is costing U.S. taxpayers over \$2 billion annually.

Washington is urgently trying to find a way of disposing of this mountain of dairy produce. Selling dairy products at regular international prices is extremely difficult because the other dairy producers, the Common Market, Canada, Australia and New Zealand, are also swamped with surplus products.

Not only is Washington unable to find foreign buyers in a saturated market, but consumption of dairy products is dropping rapidly in health-conscious North America, further compounding this problem. Recently, the government gave away 450-million pounds of butter and cheese to the poor, but this program actually cost \$79 million to administer and distribute — it may well not be repeated.

In a similar manner, the U.S. has found that giving dairy surplus to the Third World under various aid programs is also prohibitively expensive and such actions provoke instant protests from its dairy-exporting allies. In addition, most poor

nations lack the storage and distribution facilities to handle dairy goods. Many people in Africa and Asia do not like dairy products or cannot digest them.

The opening salvo in this new dairy war was fired in July when the U.S. announced the sale of \$39.6 million in butter and cheese to Egypt at half the price paid by American consumers. The Common Market, which had been dumping its own surplus in Egypt for years, has protested bitterly. Now the other dairy producers are desperately imploring Washington not to expand its sales.

This fear is very real. In Canada, where the government also buys all surplus dairy produce, we are stuck with 28,000 tons of skim-milk powder and 36,000 tons of butter.

Recent U.S. sales have depressed dairy prices in traditional Canadian export markets by about 30%. Now it seems that Mexico and Jamaica, regular customers for our skim-milk powder, have switched to lower-priced American produce. The U.S. is also reported to be bartering dairy goods for minerals or simply selling it at distressed prices. These sales have hardly

put a dent in the U.S. stockpile but they increased dairy surplus in Canada, Europe, Australia and New Zealand.

Dumping dairy products may result in retaliation by U.S. trading partners, igniting a fierce struggle that has all sorts of unpleasant political and economic ramifications.

This agricultural mess poses mind-bending dilemmas. The U.S. cannot sell its produce, it can't give it away without shattering world trade and the economies of its allies, it can't afford to keep buying and storing these goods. Some spoiling excess can be used as animal feed, but the vast proportion cannot even be destroyed without posing awesome environmental problems. How do you burn one-billion pounds of cheese or butter? How do you get rid of a billion eggs?

One possible solution is to drop obsolete nuclear weapons on these mountains of dairy goods. Or perhaps some genius will find a way of running engines on liquid butter. Maybe we can even convince the Chinese to switch from rice to cheese sandwiches with lots of butter. If we don't do something soon, the world will be locked in bovine battles of epic scale.