

THE WEEK

Our government's dairy conundrum

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The United States' dairy surplus has reached a record high, rounding out at 1.4 billion pounds of cheese. Reports attempting to quantify this astonishing amount have deferred to metrics like "enough to wrap around the U.S. Capitol." Suffice to say, nobody's suggesting we could consume it all.

The nation eating this much cheese is not only mind-boggling: It's growing less and less likely. According to U.S. Department of Agriculture data, Americans have cut their milk consumption down from 35 pounds to an average of 15 per person annually. The excess is turned into cheese for storage and longevity (and the enjoyment of delicious cheese products). At the same time, government subsidies have continued to support dairy production, buying up surplus to keep prices steady. That leaves us with more cheese than anyone, even the experts, knows what to do with.

"What has changed — and changed fairly noticeably and fairly recently — is people are turning away from processed cheese," Cornell University agriculture economist Andrew Novakovic said in an interview with *NPR*. "It's the same as it is for everything else: If you've got too much of something, the price has to go down until consumption rises."

In the past, the U.S. government has supported dairy farmers through various programs and agencies, accumulating a staggering surplus with policies unique to this industry. What it's done with that surplus has changed the American welfare state and diet forever.

Early direct promotion

The dairy industry has always had a close relationship with the USDA, from the formation of the country's most powerful dairy lobby, the National Dairy Council, to initial attempts at regulation. As *Pacific Standard* recently reported:

After milk was first fortified with Vitamin D in the 1930s, the federal government's inaugural public-health nutrition campaign promoted it as a miracle cure, a rite of passage, and, later, a means to support the troops in World Wars I and II, as outlined in anthropologist Andrea Wiley's book *Re-Imagining Milk*. (Drink your milk *and* your vitamins: American efficiency in action.)

The federal government's price supports, which maintain a minimum price for milk, grew out of what the *New York Times* describes as an "outgrowth of a Depression-era commitment" to a commodity that nutritionists once hailed as a "perfect food." (This support is in addition to the \$20 billion a year the government now spends on farm subsidies, according to the Cato Institute.) At the outset, these policies were intended to help a struggling industry. But as milk production

surpassed demand, the government focused largely on attempts to control the boom and bust of the dairy industry's glut — with little success.

Policymakers have left many of these supports in place. As a result, dairy legislation enacted in the 1930s remains largely unchanged, according to economists Eric Erba and Andrew Novakovic. Consumer demand, however, has not: Milk consumption has declined steadily since the 1970s, guided largely by new studies linking dairy to increased risk of health problems. Cheese has fared only slightly better.

Government cheese

Over the years, the government has gravitated toward one method of unloading dairy surplus: giving it to the poor.

In 1949, the Agricultural Act first gave the Commodity Credit Corporation, a government-owned agency created to stabilize farm incomes, authority to purchase dairy products. The corporation's stockpile grew over the years — amassing 500 million pounds worth \$4 billion across 35 warehouses — and so did public outrage. "Probably the cheapest and most practical thing would be to dump it in the ocean," a USDA official told the told the *Washington Post* in 1981.

To clear out the CCC's surplus under the Reagan administration, the USDA created the Temporary Emergency Food Assistance Program, which "helps supplement the diets of low-income Americans." At the time, that help took the form of "government cheese," which was distributed to poor seniors en masse. According to *History*, the five-pound blocks of cheese were neon orange and sometimes moldy, with a taste like Velveeta.

Today, the government unloads its surplus through several public benefit programs. Thanks to decades of USDA policy, milk is firmly embedded in the federal dietary guidelines, school lunches, the Supplemental Nutrition Assistance Program, and the Supplemental Nutrition Program for Women, Infants, and Children.

But it's still not enough to manage the surplus. In 2016, farmers poured out tens of millions of gallons of excess milk onto fields and into pools of manure, the *Wall Street Journal* reported. And the buyouts continue: That same year, the USDA announced a new plan to purchase \$20 million of cheddar cheese to deal with the then-record surplus, "while assisting food banks and other food assistance recipients" — the latest of many bailouts for the industry. In 2018, the USDA said it would also buy more fresh fluid milk to distribute to the Emergency Food Assistance Program, unrelated to the buyouts.

Fast food companies

Americans can only eat so much cheese (35 pounds a year, according to USDA data). But while marketing surplus directly to consumers has its limits, company partnerships have had greater success.

To help sell its surplus in the 1990s, the National Dairy Promotion Board created Dairy Management Incorporated, a semi-public marketing branch of the USDA funded through government "checkoff" fees from dairy producers. This agency gave us the "Got Milk?" campaign and a host of popular fast food menu items, including Domino's seven-cheese pizzas and Taco Bell's very cheesy Quesalupa. A 2017 *Bloomberg Businessweek* investigation called the group of chemists and nutritionists the "Illuminati of cheese." "The checkoff [program] puts

DMI's agents inside Burger King, Domino's, McDonald's, Pizza Hut, and Wendy's, where they're privy to each restaurant chain's most closely guarded trade secrets," writes Clint Rainey.

For a federal agency dedicated to improving overall nutrition and providing dietary guidance, these partnerships may seem like a contradiction — with good reason, experts say. DMI's efforts "impose health costs on Americans generally, but disproportionately harm low-income African Americans and Latinos who live in urban centers dominated by fast food restaurants," argues legal scholar and food oppression expert Andrea Freeman in a 2013 report.

All the Taco Bells in the nation cannot solve the record-breaking surplus. In recent years, producers have turned their focus to foreign markets, in the hopes that the government can pass this glut onto other countries. But as Novakovic points out, the demand worldwide is not for processed American cheese. It's for the "specialty, European-style" variety (and perhaps, the occasional Quesalupa).