Wisconsin's share of both creamery butter and American cheese production was smaller in 1933 than in 1923. This does not mean necessarily that Wisconsin was losing its place as the leading dairy state. It may mean that the milk produced in Wisconsin is being used for different products. While, as indicated in Table XVI, Wisconsin's share of total creamery butter production fell 2.3%, and of American cheese, 15.3%; Wisconsin's share of total milk production fell less than 1.6% and its proportion of evaporated milk production increased 5.2%.

Out-of-State Sale of Wisconsin's Dairy Products. Wisconsin produces approximately 10% of all dairy products produced in this country and has only about 3% of the nation's population. It is evident then that a large proportion of Wisconsin's dairy products must be sold out of the state.

<table>
<thead>
<tr>
<th>TABLE XVII. Estimated percentage of Wisconsin's Dairy Products sold Outside of the State, 1931.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheese ................................................................... 98%</td>
</tr>
<tr>
<td>Powdered Whole Milk ............................................. 96-97%</td>
</tr>
<tr>
<td>Condensed Milk ................................................... 92-93%</td>
</tr>
<tr>
<td>Casein .................................................................... 91-92%</td>
</tr>
<tr>
<td>Powdered Skim Milk ............................................. 89%</td>
</tr>
<tr>
<td>Powdered Butter Milk ........................................... 80%</td>
</tr>
<tr>
<td>Butter .................................................................... 62%</td>
</tr>
</tbody>
</table>

Data Compiled by the Department of Agricultural Economics, Wisconsin College of Agriculture.

B. HOW CAN THE GOVERNMENT AID IN SOLVING THE DAIRY PROBLEM?

4. EXTENSION OF PAST AIDS TO THE DAIRY INDUSTRY.

Although the dairy industry has not adopted a production control program under the Agricultural Adjustment Act, the government in the past has done certain things which dairymen have asked for as aids to the dairy industry. These past aids include tariffs on dairy products, oleomargarine legislation, work indicating the health value of dairy products, tuberculosis and Bang's disease campaigns, and investigation to find ways of reducing the cost of producing milk and of improving the quality of dairy products. Will any extension of these past programs be sufficient to solve the dairy problem?

Importation of Butter Dependent on Relative New York and London Butter Prices. Information regarding the imports and exports of dairy products given in Table 1 shows that during the five years since June 30, 1930 the United States exported more butter than they imported in three of these years, and imported more than they exported in two years. Whether or not the United States will import butter depends upon the relative prices of butter in New York and London. If the price in New York is higher than the London price by more than one tariff, we will import butter. The difference between New York and London prices is given in Table XVIII. (On following page)
### TABLE XVIII. Number of Cents by Which New York Price of 92-Score Butter was Higher Than the London Price of Finest New Zealand Butter, by Months, 1929-1935.

<table>
<thead>
<tr>
<th>Month</th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>cents</td>
<td>cents</td>
<td>cents</td>
<td>cents</td>
<td>cents</td>
<td>cents</td>
<td>cents</td>
</tr>
<tr>
<td>January</td>
<td>7.8</td>
<td>2.8</td>
<td>2.2</td>
<td>7.4</td>
<td>6.6</td>
<td>3.3</td>
<td>16.0</td>
</tr>
<tr>
<td>February</td>
<td>12.3</td>
<td>3.0</td>
<td>1.2</td>
<td>5.3</td>
<td>5.6</td>
<td>8.4</td>
<td>17.0</td>
</tr>
<tr>
<td>March</td>
<td>12.2</td>
<td>7.3</td>
<td>1.7</td>
<td>3.7</td>
<td>5.5</td>
<td>7.7</td>
<td>15.5</td>
</tr>
<tr>
<td>April</td>
<td>9.6</td>
<td>11.1</td>
<td>1.0</td>
<td>9.9</td>
<td>8.6</td>
<td>5.7</td>
<td>18.2</td>
</tr>
<tr>
<td>May</td>
<td>7.4</td>
<td>6.8</td>
<td>*</td>
<td>*</td>
<td>1.6</td>
<td>7.5</td>
<td>5.9</td>
</tr>
<tr>
<td>June</td>
<td>6.7</td>
<td>4.1</td>
<td>*</td>
<td>*</td>
<td>1.0</td>
<td>5.6</td>
<td>7.3</td>
</tr>
<tr>
<td>July</td>
<td>5.2</td>
<td>5.6</td>
<td>*</td>
<td>*</td>
<td>0.8</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td>August</td>
<td>6.1</td>
<td>9.9</td>
<td>2.3</td>
<td>2.0</td>
<td>2.2</td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>7.6</td>
<td>12.2</td>
<td>8.2</td>
<td>2.2</td>
<td>3.4</td>
<td>9.2</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>6.3</td>
<td>15.1</td>
<td>11.6</td>
<td>2.6</td>
<td>1.8</td>
<td>11.9</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>5.2</td>
<td>12.6</td>
<td>10.6</td>
<td>8.0</td>
<td>2.2</td>
<td>12.8</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>5.9</td>
<td>8.0</td>
<td>13.3</td>
<td>10.4</td>
<td>2.3</td>
<td>15.3</td>
<td></td>
</tr>
</tbody>
</table>

*New York price less than London price.

Tariff on butter, April 5, 1926-June 18, 1930-12‡; June 18, 1930-14‡.

Bureau of Agricultural Economics
United States Department of Agriculture

---

### Production, Wholesale Price, and Importation of Butter, 1934-1935.

The imports of butter into the United States were especially heavy during early 1935. Information as to butter production, wholesale price, and imports is given in the following table.

---

### TABLE XIX. Production, wholesale price*, and imports of butter, in United States, by months, 1934-1935.

<table>
<thead>
<tr>
<th>Month</th>
<th>Production</th>
<th>Price</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thousand pounds</td>
<td>cents</td>
<td>thousand pounds</td>
</tr>
<tr>
<td>January</td>
<td>113,125</td>
<td>100,130</td>
<td>19.8</td>
</tr>
<tr>
<td>February</td>
<td>107,127</td>
<td>97,003</td>
<td>25.3</td>
</tr>
<tr>
<td>March</td>
<td>123,305</td>
<td>107,050</td>
<td>25.3</td>
</tr>
<tr>
<td>April</td>
<td>133,575</td>
<td>127,460</td>
<td>23.7</td>
</tr>
<tr>
<td>May</td>
<td>174,976</td>
<td>175,096</td>
<td>24.5</td>
</tr>
<tr>
<td>June</td>
<td>182,783</td>
<td>196,603</td>
<td>21.9</td>
</tr>
<tr>
<td>July</td>
<td>172,322</td>
<td>186,562</td>
<td>24.5</td>
</tr>
<tr>
<td>August</td>
<td>165,190</td>
<td>157,879</td>
<td>27.4</td>
</tr>
<tr>
<td>September</td>
<td>143,761</td>
<td>141,141</td>
<td>25.3</td>
</tr>
<tr>
<td>October</td>
<td>133,817</td>
<td>119,602</td>
<td>26.9</td>
</tr>
<tr>
<td>November</td>
<td>110,565</td>
<td>99,600</td>
<td>29.4</td>
</tr>
<tr>
<td>December</td>
<td>102,702</td>
<td>100,298</td>
<td>29.4</td>
</tr>
</tbody>
</table>

*92-score butter at New York

---

Bureau of Agricultural Economics
U. S. Department of Agriculture
Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce
Tariffs on Dairy Products.

TABLE XX. Tariff Duties on Dairy Products, United States, June 18, 1930

<table>
<thead>
<tr>
<th>Product</th>
<th>Tariff Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>14¢ per lb.</td>
</tr>
<tr>
<td>Cheese</td>
<td>7¢ per lb.</td>
</tr>
<tr>
<td>(not less than 35% ad valorem)</td>
<td></td>
</tr>
<tr>
<td>Fresh milk</td>
<td>6¢ per gallon</td>
</tr>
<tr>
<td>Fresh cream</td>
<td>5¢ per gallon</td>
</tr>
<tr>
<td>Casein</td>
<td>5¢ per pound</td>
</tr>
</tbody>
</table>

Farmers Ask More Laws Against Oleomargarine. "The Wisconsin Council of Agriculture today stood in favor of further legislation against oleomargarine. The decision to demand protection for Wisconsin farmers came in the face of retaliatory measures from southern states. At the next session of congress the council will recommend further measures for an additional 5 cent tax on oleo manufactured and sold in the United States and for a combined import and excise tax of at least 5 cents a pound on all imported oils and fats.

It also favored legislation against shipping oleo into states where there is a law against it, unless the tax is paid by the shipper. "Anti-Wisconsin" boycotts by southern states because of the oleo tax were deplored in another resolution which pointed out that while southern cotton planters sold $8,000,000 worth of cotton seed oil to the oleo industry annually, Wisconsin dairymen bought $24,000,000 worth of cotton seed products."

Wisconsin State Journal
October 25, 1935.

Per Capita Consumption and Retail Price of Butter and Oleomargarine.

TABLE XXI. Per capita Consumption and Retail Price of Butter and Oleomargarine, United States, 1919-1934.

<table>
<thead>
<tr>
<th>Year</th>
<th>Per capita consumption</th>
<th>Retail Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Butteir</td>
<td>Oleomargarine</td>
</tr>
<tr>
<td></td>
<td>pounds</td>
<td>pounds</td>
</tr>
<tr>
<td>1919</td>
<td>14.8</td>
<td>3.3</td>
</tr>
<tr>
<td>1920</td>
<td>14.7</td>
<td>3.2</td>
</tr>
<tr>
<td>1921</td>
<td>16.1</td>
<td>2.6</td>
</tr>
<tr>
<td>1922</td>
<td>16.5</td>
<td>1.7</td>
</tr>
<tr>
<td>1923</td>
<td>17.0</td>
<td>1.8</td>
</tr>
<tr>
<td>1924</td>
<td>17.38</td>
<td>2.1</td>
</tr>
<tr>
<td>1925</td>
<td>17.39</td>
<td>1.9</td>
</tr>
<tr>
<td>1926</td>
<td>17.76</td>
<td>2.1</td>
</tr>
<tr>
<td>1927</td>
<td>17.49</td>
<td>2.2</td>
</tr>
<tr>
<td>1928</td>
<td>17.12</td>
<td>2.5</td>
</tr>
<tr>
<td>1929</td>
<td>17.29</td>
<td>2.7</td>
</tr>
<tr>
<td>1930</td>
<td>17.30</td>
<td>2.8</td>
</tr>
<tr>
<td>1931</td>
<td>18.00</td>
<td>2.3</td>
</tr>
<tr>
<td>1932</td>
<td>18.14</td>
<td>1.7</td>
</tr>
<tr>
<td>1933</td>
<td>17.64</td>
<td>1.8</td>
</tr>
<tr>
<td>1934</td>
<td>18.2</td>
<td>1.9</td>
</tr>
</tbody>
</table>

U.S.D.A. Bureau of Agr'l. Econ.
U.S. Dept. of Labor
Oleomargarine Manufacturers Demand Right to Compete with Butter Industry. Oleomargarine manufacturers say that if they have a product that comes in competition with butter and can make a profit out of its sale, they should have an opportunity to compete with butter. There is considerable logic in their position. But the fact remains that the return to the dairy farmer is of vastly more importance to the nation than the profits of the manufacturers of oleomargarine, largely a by-product.

Wisconsin State Journal
July 15, 1935

Effects of Cashman Law on the Dairy Industry. "On July 1, 1935, Gov. La Follette signed the Cashman bill boosting the tax on the butter substitutes from 6 to 15 cents a pound in Wisconsin. The southern states had threatened to build a trade wall against Wisconsin products if the Cashman bill became a law. They are now carrying out their threats. The Jelke Co., a manufacturer of "oleo", notified the Menasha Carton Co., of Menasha, Wisconsin that it was canceling its business with the Menasha concern, which amounts to $350,000 a year. The Jelke business kept 500 men at the Menasha plant busy for three months each year. In a letter to the carton company the Jelke Company asked that its entire inventory be cleared out, since it was discontinuing whatever business it was doing with any Wisconsin company as the result of the "prohibitory" tax. The southern cotton states last year bought $17,000,000 worth of goods manufactured in Wisconsin, in addition to large quantities of butter, cheese, and condensed milk. About 40 per cent of this $17,000,000 is spent for wages. Already, it was reported by George F. Kull, secretary of the Wisconsin Manufacturers' Association, the paper mills of the Wisconsin and Fox River Valleys have been threatened with the loss of more than $1,000,000 in business previously done in southern states. Milwaukee concerns manufacturing machinery and textiles mostly have been threatened with the loss of $2,500,000 in business annually, according to Kull.

The shoe industry of Wisconsin also faces a heavy loss in southern patronage if the 15 cent tax is not revoked, Kull has learned from the shoe concerns of Wisconsin. The aluminum business of Manitowoc, West Bend and Kewaskum also stand to suffer as the result of retaliation.

The oleomargarine concerns have threatened to attack the constitutionality of the 15 cent tax in the courts. Sponsors of the original 6 cent tax fear that a court test might result in throwing out the 6 cent tax as well as the higher duty. Last year, with a 6 cent tax, only 29,501 pounds of "oleo" were sold in Wisconsin through legal channels, although it is estimated that many thousands of pounds have been bootlegged into the state for consumption by persons not able to afford butter.

The sales tax was first levied in 1932 following a constant clamoring by the dairy interests, who sought to protect their butter market. The law placed a $1,000 license on the manufacturer of "oleo", one of $500 on the wholesaler, and one of $25 on the retailer. Hotels, restaurants and boarding houses, bakeries and other smaller users were required to pay a smaller license.
As a result of the 6 cent tax the number of retailers in Wisconsin dropped from 5,000 to three last year, although early in 1935 the number of retailers jumped to 30, because a high butter price had created a demand for the cheaper substitute. Cashman, in pushing his 15 cent tax through the legislature, was frank in stating that he wanted to bar the substitute from the state entirely. Persons who feel the new tax is too drastic point out that the loss of several millions of dollars a year in business is too high a price to pay to keep 29,601 pounds of "oleo" out of the state each year."

The Milwaukee Journal
July 7, 1935

Need to Increase Domestic Consumption by Educational Program. "The consumption of milk and its products at the present time is far below what it should be. In order to supply the amount of milk necessary for adequate consumption it would require the production of at least 50 per cent more milk than is now being produced. The amount necessary for this adequate consumption is based upon very careful research work and conclusions of the leading food authorities of this country. The increase in number of cows has not much more than kept pace with increasing population, while the per capita consumption of milk and its products at the present time, as stated above, is 50 per cent below what it should be. Even with this large increase in number of cows there would be a shortage of milk today if we had not improved the efficiency of our cows during the past fifteen years.

Let us consider for a moment the possibility, in fact the certainty, of materially increasing the consumption of butter through a nation-wide promotive campaign. Food authorities state that the yearly consumption of butter should be at least 26 pounds by each person. The consumption in this country would then be equal to or slightly below that of several other countries such as Canada and Australia. This increase would require the production of 1,250,000,000 pounds more butter than was made last year. While it may take several years to reach the desired or maximum consumption of butter, actual experience in two comparatively inexpensive and short educational campaigns indicate it will be an easy matter to secure an increased consumption of four ounces a month or three pounds per year by each person. This small increase would mean 375,000,000 pounds more butter yearly than is now being produced or nearly four times the total amount of surplus which accumulated during the last half of 1933.

About 44 per cent of all the milk we now produce is used in the making of butter. Approximately 43 per cent is used as fluid milk and table cream. Outstanding food authorities of the world say everyone should use one quart of milk daily. Present consumption is about 50 per cent below this amount. If we increased the use of milk only one-fifth as much as scientists recommend, it would dispose of more than twice the amount of last year's surplus. Cheese consumption in this country is less than one-third of what it should be, while the ice cream we use can be more than doubled to the advantage of our health and pleasure.
If all branches of this great dairy industry could get together and raise an adequate sum for educational and advertising work for all dairy products and start toward the goal which science tells us is in front of this industry, namely, a fifty per cent increase in consumption of all dairy products, the difficulties of agriculture would soon become only a memory and cease to be a nightmare. Will we spend one dollar to get two hundred dollars?"


Consumption of Dairy Products in United States and Foreign Countries. We are a long way from the saturation point when it comes to use of dairy products by the average person in this country. According to federal statistics the average yearly consumption of butter per person is only 16 pounds or 1/21 of a pound a year in the United States. In contrast to this the average of Australia is 29 pounds a year, of Canada, 30 pounds, and of New Zealand, 36 pounds.

When it comes to cheese our showing is even worse for we each annually use on the average a patziary four to five pounds. At the same time the British consume 9 pounds, the Germans 9.5 pounds, the Danes 13.2 pounds, the French and Dutch 13.5 pounds each, and the Swiss 23 pounds.

**TABLE XXII. Per Capita Consumption of Cheese, Butter, and Whole Milk in Various Countries.**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>'1930'</td>
<td>'16.1'</td>
<td>'1930'</td>
<td>'13.4'</td>
<td>'1927'</td>
<td>'12.7'</td>
<td>'1927'</td>
<td>'12.4'</td>
</tr>
<tr>
<td>Netherlands</td>
<td>'1930'</td>
<td>'14.3'</td>
<td>'1930'</td>
<td>'19.6'</td>
<td>'1929'</td>
<td>'14.2'</td>
<td>'1929'</td>
<td>'14.3'</td>
</tr>
<tr>
<td>Denmark</td>
<td>'1931'</td>
<td>'13.1'</td>
<td>'1931'</td>
<td>'14.6'</td>
<td>'1927'</td>
<td>'12.0'</td>
<td>'1927'</td>
<td>'12.1'</td>
</tr>
<tr>
<td>Italy</td>
<td>'1928'</td>
<td>'12.1'</td>
<td>'1928'</td>
<td>'3.8'</td>
<td>'1921'</td>
<td>'4.2'</td>
<td>'1921'</td>
<td>'4.2'</td>
</tr>
<tr>
<td>Norway</td>
<td>'1929'</td>
<td>'10.8'</td>
<td>'1927'</td>
<td>'9.0'</td>
<td>'1929'</td>
<td>'5.0'</td>
<td>'1929'</td>
<td>'5.0'</td>
</tr>
<tr>
<td>Germany</td>
<td>'1928'</td>
<td>'10.6'</td>
<td>'1923'</td>
<td>'16.5'</td>
<td>'1930'</td>
<td>'24.0'</td>
<td>'1930'</td>
<td>'24.0'</td>
</tr>
<tr>
<td>France</td>
<td>'1931'</td>
<td>'10.5'</td>
<td>'1931'</td>
<td>'8.5'</td>
<td>'1931'</td>
<td>'29.5'</td>
<td>'1931'</td>
<td>'29.5'</td>
</tr>
<tr>
<td>Sweden</td>
<td>'1929'</td>
<td>'10.2'</td>
<td>'1928'</td>
<td>'16.5'</td>
<td>'1914'</td>
<td>'69.7'</td>
<td>'1914'</td>
<td>'69.7'</td>
</tr>
<tr>
<td>Great Britain</td>
<td>'1930'</td>
<td>'8.5'</td>
<td>'1933'</td>
<td>'23.5'</td>
<td>'1932'</td>
<td>'25.0'</td>
<td>'1932'</td>
<td>'25.0'</td>
</tr>
<tr>
<td>New Zealand</td>
<td>'1930'</td>
<td>'4.8'</td>
<td>'1930'</td>
<td>'36.2'</td>
<td>'1927'</td>
<td>'37.4'</td>
<td>'1927'</td>
<td>'37.4'</td>
</tr>
<tr>
<td>United States</td>
<td>'1932'</td>
<td>'4.4'</td>
<td>'1932'</td>
<td>'18.1'</td>
<td>'1932'</td>
<td>'40.0'</td>
<td>'1932'</td>
<td>'40.0'</td>
</tr>
<tr>
<td>Australia</td>
<td>'1930'</td>
<td>'4.3'</td>
<td>'1930'</td>
<td>'29.3'</td>
<td>'1926'</td>
<td>'37.1'</td>
<td>'1926'</td>
<td>'37.1'</td>
</tr>
<tr>
<td>Canada</td>
<td>'1930'</td>
<td>'3.7'</td>
<td>'1930'</td>
<td>'36.3'</td>
<td>'1929'</td>
<td>'54.7'</td>
<td>'1929'</td>
<td>'54.7'</td>
</tr>
</tbody>
</table>

1. The following conversion factors were used: 1 lb of cheese = 10 lbs. milk
1 lb of butter = 21 lbs. milk
1 gallon milk = 8.6 pounds
2. This total includes only cheese, butter, and whole milk, it does not include other dairy products.
3. Data not available.

Bureau of Agricultural Economics
United States Dept. of Agriculture
Need Educational Program for the Dairy Industry. "A survey by the U. S. Department of Agriculture points out that a proper diet and food supply for all Americans would require the use of 335 million acres of land. Today, only 270 million acres are in use."

Remembering that our population is stabilizing and that many hold grave doubts as to the possibilities of rebuilding our export trade back to a point where it was several years ago, it would seem only common sense that we must gradually come to some equalization in agriculture for the good of all concerned. In this balanced economy—an economy of plenty—milk should be an outstanding factor.

We changed our own diet habits, perhaps without knowing it. We changed because someone told us to. We were told, over and over again, through advertising, quantities of advertising—millions of dollars worth. We gave the ice cream people, the orange people, the tomato people, to name only a few, the opportunity to found great businesses on our changes in appetite.

Is there any reason why these impelling forces, that we know can and do change people's habits, cannot be brought to bear upon milk and butter and cheese? Is there any valid reason why we cannot get the average American to eat just a little bit more than one-fifth of an ounce of cheese a day, or one-tenths of a pint of milk or two ounces of butter? A fractional rise even in these low figures would give a great national dairy industry upon its feet. No one state could begin to supply the demand. No fighting for markets would be necessary. National health would be greatly improved. And agriculture as a whole would be vastly better off.

A nation-wide educational program for dairy foods will bring about these improved conditions. It is time that every state in the Union set about following the example now set by Wisconsin and New York, "Milk, and a New Rural Economy for America", by Chester P. Holway. Wisconsin Agriculturalist and Farmer, June 22, 1935. pp. 6-7.

5. **SUBSIDIZE ESTABLISHED DAIRY PRODUCERS.**

Present Consumption of Dairy Products in Wisconsin Cities. "While I do not have available at this time a cooperative record of milk drinking, I do know that our consumption of milk falls far short of the standards recommended by the nation's greatest nutrition authorities. Such scientists invariably urge at least a quart a day for every child and suggest a pint a day for adults.

It will be of interest to you to know that the Board of Health for the City of Milwaukee reported a per capita consumption of milk in that city in 1932 of less than a half quart (.377 of a quart) per day and in 1933 of but .345 of a quart or a drop of 9% from 1932. And the record for Janesville was even lower, being but .242 quart daily per capita or less than a fourth of a quart a day."

"Over-Production or Under-Consumption—Which is It?" by Dean Chris L. Christensen, Wis. College of Agriculture
Consumption by School Children. "To secure some figures on the consumption of milk among rural school children a survey was carried on in 12 widely distributed counties. Some 378 schools with an enrollment of 12,057 children were included in the survey. The results as given to me by Miss Gladys Stillman of our Home Economics staff show:

- 44% were drinking 3 cups of milk or more daily;
- 17% were drinking 3 cups of milk daily;
- 22% were drinking 1 cup of milk daily;
- 16% were drinking no milk daily;
- 20% of the children were bringing milk to school daily with their lunches;
- 20% brought milk for their lunch occasionally;
- 36% of the children were having butter daily;
- 31% of the children were drinking coffee daily;
- 10% of the children were drinking tea daily.

These figures would show that there is still great need for further educational work in spreading the value of milk and dairy products to encourage greater consumption. It is quite apparent that the dairy industry has a tremendous opportunity for increasingly improving the consumption of dairy products among the million people in the United States. Research in the field of nutrition has very definitely proven the dietary and food value of milk and its products."

"Over-Production or Under Consumption—Which Is It?" by Dean Chris L. Christensen, Wis. College of Agriculture Extension Service Stencil Circular 149 June, 1934, pp. 4-5.

Need Greater Consumption of Dairy Products. It is frequently argued that a greater consumption of milk and dairy products would be in the interest of the National Welfare. This argument is in some respects similar to the arguments for public support of education, namely that the whole country benefits if all children are given a certain amount of education. Moreover because a greater consumption of milk is considered necessary to the National Welfare, a production control program for dairying is considered undesirable even by some who favor such a program for cotton or for pork.

"The consumption of milk and its products at the present time is far below what it should be. In order to supply the amount of milk necessary for adequate consumption it would require the production of at least 50% more milk than is now being produced. The amount necessary for this adequate consumption is based upon very careful research work and conclusions of the leading food authorities of this country."

Question of Responsibility for National Welfare. But some dairymen are asking, why are we responsible for the National Welfare, why must we keep on producing when prices are low, simply because our product is considered more necessary to the National health than certain other farm products? In other words do dairymen have a responsibility for producing more dairy products than consumers are able to pay for at reasonable prices?

If dairymen do not have a responsibility of producing when dairy prices are very low and when consumers do not have sufficient income to pay reasonable prices, what, if any, is the government’s responsibility?

Problem of Increased Consumption and Controlled Production. "In spite of more cows and greater milk production power, it would be a grave mistake to regard the dairy industry’s problem solely as one of over-production. There is a great potential consuming power among the American people for dairy products. There are large sections of the country not now receiving enough dairy products to constitute a reasonably balanced diet.

When we speak of over production in the dairy industry we mean production of quantities of dairy products beyond the ability of consumer purchasing power to absorb at anything above distress prices to farmers. Therefore, we do not think of curtailment of milk production in any absolute or permanent sense as we do in the case of wheat.

There exists in the dairy industry a temporary emergency overproduction. This storage excess is a contributing factor in holding down the prices of the products of milk. Experience with stabilization operations indicates that attempts to raise prices in advance of improvement in consumer purchasing power and without any check-rein on production are followed by such quick upturns in production as to cause a fresh and disastrous collapse in prices. Therefore, we believe it essential that the dairy program should contain as one of its basic features such a method of production control that will restrain production to keep it in step with increases in consumer purchasing power and prevent supply from outrunning demand to the degree that causes disaster.

It is necessary to have a dairy program which offers help to the entire industry. We must recognize the interrelation of various dairy commodities to each other, and continually keep the principle in mind that reasonable restraint of production should govern the industry during your period of transition in vomumrt purchasing power."

Pamphlet C-7, P. 10
What the A.A.A. has Done in the Past. "Action under the Agricultural Adjustment Act to improve dairy conditions now includes simply:

1. The issuance of licenses setting minimum prices to producers and carrying market stabilization features; 
2. the development or administration of marketing agreements for the butter, evaporated milk, and dry skim milk industries; 
3. purchases of butter and cheese for distribution through relief channels; and 
4. the removal of cattle afflicted with Bang's disease and bovine tuberculosis. Cattle buying in the drought relief program of 1934 included, of course, the purchase of many dairy cattle but mainly this took the place of normal calling."

Report of the Secretary of Agr'l. 1934, p. 52, Issued by U.S.D.A.

Elimination of Diseased Cattle. "The La Follette amendment to the Jones-Connally Act appropriated $50,000,000 to be used (1) in the elimination of cattle affected with Bang's disease and bovine tuberculosis, and (2) in the removal of surplus dairy and beef products. Of $30,000,000 tentatively allotted to disease projects, $17,000,000 has been set aside for the elimination of cattle affected with Bang's disease, and $12,000,000 for the elimination of those affected with bovine tuberculosis, $1,000,000 remaining unallotted. Farmers signing contracts are to receive indemnity payments ranging up to $20 per head for grade animals and $50 per head for purebred animals. It is contemplated that about 1,300,000 disease-infected animals will be eliminated over a period of 18 months. This program has already been put into operation, and will be stressed when the current glut of cattle markets engendered by the movement of cattle from drought areas has subsided."

Report of the Sec'y of Agriculture 1934, p. 52, Issued by U.S.D.A.

Extent of Bang's Disease Control to February, 1935. Several months' work on tuberculosis control and Bang's disease have been carried on by the Bureau of Animal Industry with funds provided through the Jones-Connally amendment to the Agricultural Adjustment Act. These funds have been allocated after conferences with breeders, cooperative organizations, and farm leaders. Indemnities paid for cattle slaughtered as reactors of bovine tuberculosis in cooperation with State sanitary officials amounted to $3,900,000 up to February 15, 1935. To February 15, indemnities amounting to $4,200,000 had been paid to owners of cattle infected with Bang's disease.

Regulations are being drawn up for the experimental work with mastitis which is especially harmful in some fluid milk areas, and for this work a maximum allocation of $1,000,000 has been tentatively set aside.

From July 1 to February 15, the herds tested for tuberculosis contained 11,000,000 cattle, of which 2 percent reacted positively. The Bang's disease program has not been in effect very long because of the need to concentrate effort on the drought cattle problem. Now that that problem
is less pressing, the Beng's Disease program will be emphasized. From August 1 to February 15, Beng's disease tests were made on 1,000,000 cattle in 38 states. Of those tested 14 per cent showed positive reaction. There are 1,500,000 cattle now on the waiting list for testing under the Beng's Disease program."


Advises Extension of Beng's Disease Control Program in Wisconsin. "Wisconsin dairy farmers will profit by taking advantage of the federal Beng's Disease control program at once", says Dr. Wisnicky, basing his statement on the fact that a herd which is infected with Beng's Disease is estimated to have its production of milk reduced approximately 20%. Dr. Wisnicky stressed giving early attention to the control in order that dairy farmers might relieve themselves of paying the large economic toll which the disease takes annually.

The federal government has furnished funds sufficient to test 20 to 25 thousand additional herds, the messsage advised, but as these funds were made available under the La Follette amendment to the Jones-Connally bill, they will expire on December 31, 1935, and while efforts are being made for extending the time limit, there is no assurance of the extension being made. (Note: An extension was granted after the writing of this article, ending the program on July 31, 1936.)

Dr. Wisnicky pointed out that the campaign so far has been very satisfactory and that the records on retests of herds that have been tested during the year were showing a marked reduction in herd and animal infection. Over 29,000 herds have been tested in the first 12 months of the program, and those herds have a cattle population of 519,000 the doctor said, and Beng's disease was found to be infecting approximately 15 per cent of the cattle tested. In further explaining the details it was announced that the maximum amount of indemnity obtainable for grade animals reacting to the Beng's test had recently been raised to $25 and that $50 was still the maximum allowed on pure bred animals. In addition to the indemnity the owner receives the meat salvage."


Amount of Dairy Relief Purchases by the Government. Another method of direct governmental aid to dairymen that does not reduce consumption of dairy products is the purchase of dairy products for relief distribution.

**TABLE XXII.** Governmental Purchases of Dairy Products for Relief Purposes, from 1933 to September 12, 1935  

<table>
<thead>
<tr>
<th>Kind of Purchase</th>
<th>No. Lbs.</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>63,163,429</td>
<td>$14,837,624.45</td>
</tr>
<tr>
<td>Cheese</td>
<td>17,970,382</td>
<td>3,041,820.33</td>
</tr>
<tr>
<td>Dry skim milk</td>
<td>8,324,280</td>
<td>496,012.28</td>
</tr>
<tr>
<td>Evaporated milk</td>
<td>37,595,984</td>
<td>1,974,674.54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>127,054,076</td>
<td><strong>$20,350,131.60</strong></td>
</tr>
</tbody>
</table>

Amount of All Relief Purchases by the Government. Since the tabulation of relief purchases as given in Table XXIII, there has been some additional governmental purchases of butter and dry skim milk. The most recent figures available, together with the purchases of sugar and meat products, are given in Table XXIV.

<table>
<thead>
<tr>
<th>Dairy Products</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>67,973,000 pounds of butter</td>
<td></td>
</tr>
<tr>
<td>37,596,000 pounds of evaporated milk</td>
<td></td>
</tr>
<tr>
<td>17,970,000 pounds of cheese</td>
<td></td>
</tr>
<tr>
<td>13,482,000 pounds of dry skim milk</td>
<td></td>
</tr>
<tr>
<td>Sugar</td>
<td></td>
</tr>
<tr>
<td>9,000,000 pounds of domestic beet sugar</td>
<td></td>
</tr>
<tr>
<td>Meat Products</td>
<td></td>
</tr>
<tr>
<td>766,591,000 pounds of beef and other meats</td>
<td></td>
</tr>
<tr>
<td>120,581,000 pounds of pork products</td>
<td></td>
</tr>
<tr>
<td>20,742,000 pounds of canned mutton</td>
<td></td>
</tr>
<tr>
<td>195,000 pounds of canned goat meat</td>
<td></td>
</tr>
</tbody>
</table>

Benefits of Present Aids and A.A.A. Adjustments Compared. It should be recognized that the benefits of governmental aid for the eradication of dairy cattle diseases and the purchase of dairy products for relief distribution go to all dairymen. For example, a southern cotton farmer and a corn belt farmer who goes into dairying secures benefits from these governmental aids as well as the established dairy farmer in the dairy regions. In this way these programs are different from the A.A.A. adjustment programs in which claim to benefits rests upon a historical base. However, there are probably ways in which direct payments could be made on a historical base. For example, the corn and cotton loan programs suggest such a possibility. One source of revenue for such payments might be the 30 per cent of the gross receipts from duties collected under the customs laws, as provided by section of the amended Agricultural Adjustment Act. If it is thought that a greater production of dairy products is desirable, the proper adjustment of dairy production is an upward adjustment since all dairy products now produced are consumed.

6. PRODUCTION ADJUSTMENT PROGRAM FOR DAIRYING

Various Methods of Adjustment. "Adjustment of farm production to obtain fair prices might be obtained in a number of ways:

1. Voluntary adjustment, with benefit payments to protect cooperators against noncooperators. This is the general plan now being followed.

2. Voluntary adjustment, with penalties against those who refuse to cooperate. This method was followed in the 1934 rice program, and in the 1934 tobacco program. The Kerr-Smith Act taxed non-cooperating tobacco farmers to take from them the increase in tobacco price caused by the program. The Kerr-Smith tax supplements and supports tobacco adjustment programs providing rental or benefit payments to cooperators.
3. Compulsory control of production.
4. Buying up of submarginal land by the Government. It would take a long time to bring about much adjustment in commercial farm production thru this means, because production from submarginal lands is only a minor factor in total supply.

"The Processing Tax"

Essentials of a Control Program. "If a production program is undertaken for dairying that will meet the present situation, it should, in addition to being voluntary, have the effect of:
1. Making dairying relatively more profitable to established dairymen who cooperate in the program.
2. Bringing about a positive check if not an actual decrease in production.
3. Discouraging farmers engaged in other types of agriculture from becoming dairymen.

Ordinarily, high prices in an industry tend to increase production and encourage other farmers to shift to the more profitable types of production. Low prices, on the other hand, tend to discourage production. In devising a plan to raise dairy prices, full consideration should be given to this basic economic principle.

A.A.A. Adjustment Program for the Dairy Industry. "The production control program submitted to dairy farmers by the Agricultural Adjustment Administration was summarized today by Chester C. Davis, administrator, as follows:
1. AMOUNT INVOLVED—165 million dollars, with possible extension to 300 million dollars, contingent upon Congressional approval of pending amendments.
2. DURATION OF PLAN—One year, with continuance for an additional year, at discretion of Secretary of Agriculture.
3. AVERAGE REDUCTION—None from low winter months' levels, as plan involves checking sales at or near that volume; 10 per cent reduction below the high average volume of the 1932-33 base period.
4. COMPENSATION TO FARMERS—Benefit payments to co-operating farmers who sign contracts to reduce sales between 10 and 20 per cent below their 1932-33 average.
5. PAYMENTS—In addition to higher prices caused by balanced production and besides savings on feeding costs, co-operating farmers would be paid benefit payments. These payments would be at a rate of about 40 cents for each pound of butterfat which they reduce below their 1932-33 sales quota, or they would be about $1.50 on each 100 pounds of surplus fluid milk which they reduce below their 1932-33 milk sales quota, within the prescribed percentage limits.
6. TIME OF PAYMENTS—First payment on acceptance of contract, second after six months.
7. ELIGIBILITY OF PRODUCERS—Plan open to all dairymen. Eligibility to be established by base period delivery or other adequate sales records.

8. METHOD OF PRODUCTION ADJUSTMENT—Left to choice of individual farmers. Fund of $225,000 to advise producers on best-paying methods.

9. LOCAL SUPERVISION—County production control associations and local committees.

10. PROCESSING TAX—To start when program goes into effect, at 1 per cent per pound on butterfat content, and to be gradually advanced to 5 cents per pound as supply comes under control; compensatory tax on oleomargarine.

11. ADDITIONAL FEATURES: (Relief and disease funds subject to increase contingent on Congressional mandate.)

12. RELIEF MILK—At least 5 million dollars to aid in financing distribution of surplus milk to underfed children in cities.

13. FARM FAMILY SUSTENANCE—Allocation of 5 million dollars for purchase and distribution of healthy cows to needy farmers lacking milk cows.

14. TUBERCULOSIS ERADICATION—A fund of at least 1 million dollars to speed up conquest of bovine tuberculosis.

15. BANG'S DISEASE CONTROL—Possible inclusion of provision for federal participation in testing and sanitary control.

THE DAIRYMEN'S PROBLEM

PRICES—Index for dairy farmers' prices for 1933 was 69, compared to 140 in 1928.

TOTAL CASH INCOME—Declined from $1,847,000,000 in 1929 to $925,000,000 in 1932.

MILK COW POPULATION—Now exceeds 26 million, largest on record.

TREND IN COW NUMBERS—Three per cent higher than in January, 1933; 18 per cent higher than in 1928.

MILK PRODUCTION—Increased from 87 billion pounds in 1924, to nearly 102 billion pounds in 1932—2 billion pounds increase from 1930-1932. Production per capita increased from 763 pounds in 1924 to 812 pounds in 1932.

CONSUMER EXPENDITURES—Declined nearly 5 per cent from 1932 to 1933.

SITUATION IN RECENT MONTHS—Production down, prices up.

OBJECTIVE OF PROGRAM—To avert a reverse back to lower prices, to improve the buying power of dairy farmers, eliminate extreme fluctuations in production and prices, and to establish a sound basis for recovery of the dairy industry."

"Dairy Products Under the A.A.A."

Wisconsin Chamber of Commerce Dairy Relief Program. The Wisconsin Chamber of Commerce has submitted a plan for emergency dairy relief. It's essential features are:
A. "A voluntary Control Plan for Dairy products on a butterfat basis:

1. Features of a control plan that are essential to meet present situation.
   a. Program must make dairying relatively more profitable to established dairymen who co-operate in the program.
   b. Must bring about a positive check if not an actual decrease in the sales from farms.
   c. Must discourage, rather than encourage, farmers engaged in other types of farming from becoming dairymen.
   d. Must be voluntary on the part of participating farmers, and if possible, permit farmer to use his discretion as to methods of accomplishing the required reduction.

2. Taxes to provide money for benefit payments.
3. Benefit payments to be made to cooperating farmers.
4. Allocation and control of sales.

B. Supplementary Measures for benefit of the Dairy Industry.

1. American farmers must be given preference in the domestic markets if they are to reduce sales.
2. Emphasize bovine eradication.
3. Special emergency relief.
5. Develop a merchandising plan for dairy products.

Pamphlet by John L. Borchard, President, Wisconsin State Chamber of Commerce, 1933, pp. 7-9.

**Volume and Price Important in Production Adjustment.** Production adjustment is based upon the relation of production to prices. If it is true that small crops bring larger returns than large crops, and if this applies to livestock and livestock products as well as to crops, then production adjustment would increase returns to farmers as a group. Under given conditions of consumer income a small crop will bring higher prices than a large crop. However, since total income depends upon both prices and amount sold, higher prices do not necessarily mean higher income. The prices must be increased sufficiently to offset the effect of smaller volume if total income is to be increased. Of course, there may be some savings in cost of producing a smaller volume, and if this saving is large enough, net income may be increased even if total value of product sold is not increased.

**Production Adjustment as Protection for Established Dairy Producers.** Another possible reason for favoring a production adjustment program is to protect established dairy producers from the effect of increased production in other regions. Low prices of cotton, beef, and pork relative to prices of dairy products undoubtedly cause many producers of these farm products to increase their production of milk. If it is believed that the cotton and corn-hog programs will tend to accelerate the shift to milk production, then established dairymen might favor an adjustment program with relatively high processing taxes to discourage increased dairy production.
Production Control by Adjustment of Volume of Sales or Prices. An adjustment program might start with fixed prices and not permit sales at less than those prices. However, this does not avoid the problem of establishing the amounts that each dairymen who is permitted to join the program can sell. If prices are to be increased consumers will buy less, and some way must be found of dividing the amount that can be sold at the fixed prices to the various producers who are willing to produce at these prices. This problem is similar to that in a fluid milk market where more milk is produced than can be sold at the fixed price of fluid milk.

Another method of adjustment is that used by the A.A.A. programs. With these programs price is not fixed but the supply is adjusted first and this adjusted supply is sold for whatever price it will bring.

Farmers Must Cooperate. "Somehow and some way the dairy industry will have to reach some kind of a decision on milk. The present condition of internal quarrels, plus special disputes on hand with distributors, are doing great damage, and preventing stabilization of the business on a profitable basis.

Is there or is there not a surplus of milk? Is it excessive distributing costs and profits that keep down consumption, thereby creating a surplus? Is there or is there not consuming power for all the milk farmers can produce? Or must farmers exercise some control of production through the basic surplus plan or otherwise?

Most important of all, are rival dairy groups and rival milk-sheds so hopelessly at odds that the government will have to step in to bring order out of chaos?

These are grave questions, familiar to every dairymen, and the answers must be found. The present conditions certainly cannot be tolerated very long. It would be irksome to many farmers to have to work under a strict production allotment, but that is what it may come to."


Many of the questions to which Mr. Jenkins refers in the above article have not been answered. They are questions which must be faced by dairymen throughout this country, and to which Wisconsin dairymen in particular must give intelligent consideration if they are to answer the problem, "Is Dairying Doomed in Wisconsin?"
Suggested Source Material on
IS DAIRING DOOMED IN WISCONSIN

The materials included in the following list are available at present, and can be secured for loan purposes from the Department of Debating and Public Discussion, University Extension Division, Madison, Wisconsin. In requesting loan package materials from the Department of Debating and Public Discussion it is desirable to give the date upon which the information can be used to advantage, in order that the latest material may be at your disposal. Also, the particular topic on which material is desired should be specified; otherwise a more general package of material will be sent.

GENERAL


6. "Agricultural Planning and Farm Management in the Dairy Regions of the Middle Western States", by George A. Pond, University of Minnesota, December 29, 1934.

7. Yearbook of Agriculture, 1935, U. S. D. A. (Secure this from your local library or write to your national Congress man for a free copy.)

8. Agricultural Adjustment in 1934; U.S.D.A., A.A.A. Bulletin No. G-32, issued 1935. (Secure this from your local library or write to your national Congressman.)

TOPIC 1. Increased Production of Dairy Products in Other States.


**TOPIC 2. Reduced "paying power" of Consumers of Dairy Products.**


19. "Over-Production or Under-Consumption—Which is it?" by Dean C. L. Christensen. Stencil Circular 149, June, 1934, College of Agriculture, The University of Wisconsin, Madison.


**TOPIC 3. Changing Markets for Wisconsin Dairy Products.**


24. "Wisconsin as a Dairy State", by Dean C. L. Christensen, Mimeographed article, University of Wisconsin, Madison.


**TOPIC 4. Extension of Food Aides to the Dairy Industry.**


31. "Economic Information for Wisconsin Farmers", Special Circular, Nos. 4 and 5, April and May, 1935. The College of Agriculture, University of Wisconsin, Madison.
34. "Digest of Oleomargarine Laws", Hoard's Dairyman, August 10, 1934, p. 352

TOPIC 5. Subsidize Established Dairy Producers.

42. "Bang's Disease in Wisconsin", Hoard's Dairyman, August 10, 1935.


44. Yearbook of Agriculture, 1935, U.S.D.A.
Do not limit your reading to the articles included in the above list. Your County Agent and Smith Hughes Agricultural teacher may have information which you can secure. The local papers and monthly magazines to which you subscribe should also be used freely. And lastly, do not hesitate to use whatever materials you may gather from your own experience.

Distributed by
Rural Sociology Department
College of Agriculture
Madison, Wisconsin
November, 1935