

**GLEANINGS II - 756**  
**Thursday April 6<sup>th</sup>, 2018**

**Quote of the Week No. 1** : “Kudlow : Mr. President, tariffs are really tax hikes.” - Headline of a Politico article this week.

**Quote of the Week No. 2** : “We’ve got some space to put some people” - Attorney-General Jeff Sessions in a speech last month to a Chiefs of Police gathering in Nashville, Tenn. on the need to incarcerate more ‘bad people’. - *He appears perturbed by the fact that in recent years the number of those lingering in various types of federal-, state-, municipal-, community-, Indian-, and military detention facilities has been declining marginally to about 2.5MM. While the US has the world’s highest incarceration rate (716 per 100,000<sup>1</sup>), Sessions once was Attorney-General of Alabama, a state that has the dubious distinction of being one of four US states in which the incarceration rate is about twice the national average.*

**Quote of the Week No. 3** : “We have a responsibility to protect your information. If we can’t, we don’t deserve it.” - Part of a full page ad Facebook ran in a number of national newspapers after the Cambridge Analytica scandal first broke, prompting Vox to observe “Zuckerberg has been apologizing for reckless privacy violation since he was a freshman” - *In his April 10<sup>th</sup> appearance before a joint session of the Senate Judiciary & Commerce Committees he confirmed my long-held view that he has a job far too humongous for his capabilities & that he should long ago have hired someone competent for his job and started spending his time ‘clipping coupons’ and the next day, before a joint session of the House Energy & Commerce Committees whose members were younger & more tech-savvy, he looked like a deer in the headlights & was out and out evasive.*

**Another straw in the wind for the mid-term elections (that historically haven’t been kind to incumbent Presidents)?** - Last week, in an election that had been expected to be “tight” but wasn’t, a “progressive” Wisconsin circuit judge, Rebecca Dallet, was elected for a 10-year term on the State Supreme Court (which will reduce its conservative majority from 5-2 to 4-3 & the number of males on the Court from two to one. According to the Milwaukee Sentinel this was “the first time in 23 years a liberal candidate who wasn’t an incumbent won a seat on the High Court” and, coming as it did after a January Special Election for a State Senate seat that the Democrat candidate won by a 17% margin, & another Special Election for a State Assembly seat in which the Democrat candidate did much, much better than expected, adding to the Democrats’ hopes for-, & to GOP concerns about-, a possible nationwide “blue wave” in the mid-term elections.

**Humboldt 15, now 16** - Humboldt (population 6,000) is a town in Saskatchewan. Like many other Prairie towns its pride & joy is its local (*ice*) hockey team, the ‘Broncos’ (that over the years has produced a number of National Hockey League players, regularly made it into the Saslkatchewan Junior Hockey League play-offs & this year was in its Semi-Finals. Last Friday, enroute to their next game, their bus collided somehow at a rural primary-secondary highway intersection with an 18-wheeler (that somehow seems to have gone through a STOP sign & flashing lights, with somehow the bus’ roof being sheared off causing some of those in the bus to be ejected & some even ending up under the bus, killing 10 players aged 16 - 21, the bus driver, two coaches, a volunteer statistician & a young play-by-play broadcaster (while earlier today, Thursday the team’s young therapist succumbed to her injuries), and another dozen

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<sup>1</sup> So the United States, with 4.4% of the world’s population has 22% of its prison population.

being hospitalized, four of them with life-threatening injuries. This event has resonated nationwide, with a BC woman having come up with the idea of having an 'in memoriam national hockey sweater day', an idea that has taken off like a rocket with today, Thursday, hundreds of thousands of Canadians having gone to work, school or play wearing a hockey sweater, & another couple, this time local, ladies having started a crowd-funding exercise that at last report had raised \$10+MM from individuals, families, organizations & businesses in 65 countries as far away as China.

**Latest US poll results** - The Wednesday April 11<sup>th</sup> RealClear Politics polling summaries were :

President Trump Job Approval - three polls : 42-53, 39-58 & 49-50 - *negative spread of -10.3%*;  
Generic Congressional Vote - four polls : 45-40, 46-43, 44-34 & 44-36 - *Dems lead by 6.5%*<sup>2</sup>;  
Congressional Job Approval - three polls : 8-74, 12-81 & 19-72 - *enough said*.

*While much can-, & will-, happen in the next nearly six months (incl. a Clinton ghost haunting and/or Democratic Party disorientation?), these numbers too are enough to give the GOP leadership nightmares & their Democrat counterparts 'Visions of Sugar Plums'.*

**Latest lawmaker turnover count** - At last count 73 members of the House (i.e. 17%) are giving up their seats; 54 of them (17 Democrats & 37 Republicans) to retire from politics altogether, 10 (3D & 7R) to run for the Senate & 9 (4D & 5R) to run for State Governor.

**More oil coming on stream to affect the longer term price outlook?** - Bahrain currently has 125 MM bbls. in recoverable oil reserves. But now, *with help from some reputable third parties*, it has delineated 80BN bbls of "tight"oil (i.e. oil that needs fracking) in a new shallow offshore field<sup>3</sup> that it expects to bring into production in five years. While of course it's not all "recoverable" for technical/financial reasons, its recoverable portion cannot help but dwarf the 1.9-3.0BN recoverable reserves in Statoil's new Johan Sverdrup North Sea field that it will bring in production next year at an initial 660,000 bbl/d. & a break-even cost of < US\$15. - *While Forbes magazine pooh-pooed its significance since "it will be too costly to develop", there are two reasons why it will be proven wrong : the 772 sq. mi. field is located in "shallow" water & so need not 'high-cost' (as proven by Johan Sverdrup) & the Bahrain government has a fiscal incentive to develop it toute de suite; for in the past decade its budget has nearly doubled to the point that in 2015 its deficit was a all-time high 18.4% of GDP (while cut last year to 'just' 13.2%, it is still accounts for nearly one-quarter of its budgetary expenditures, as a result of which its national debt-to-GDP ratio is now 82.1%).*

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## **BUDGET AND ECONOMIC OUTLOOK 2018 TO 2028 (CBO <sup>4</sup>)**

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<sup>2</sup> In 2006 when the Democrats led in the nationwide generic vote by 7.3 points, they won back control of **both** the House **and** Senate in their largest seat gain since 1974 in an election that was so lopsided that they didn't lose a single incumbent-, or "open"-, seat. But for the Democrats to regain control of the Senate this year may well take a "blue tsunami", rather than just a "wave";

<sup>3</sup> I.e. a depth of < 150 metres (Canada's Hibernia field is in 80-, & Sverdrup at 120-, metre water).

<sup>4</sup> The (non-partisan) Congressional Budget Office.

“The projected deficits have increased markedly since 2017 when the CBO issued its previous projections.” Debt held “by the public” has doubled in the past decade to 80% of GDP, “a level “greater ... than in any year since just after World War II”<sup>5</sup> The federal budget deficit will rise substantially, boosting the federal debt by 2028 to nearly 100% of GDP (i.e. by one-fifth). While the underlying assumption is that “current laws governing taxes and spending *will* generally remain unchanged ... unless lawmakers significantly increase individual income taxes & drop defense-, & non-defense discretionary-, spending by 2020, the result will be even larger increases in debt”. As to the economy, it will grow relatively quickly this year & next, and then more slowly for the following several years : Real GDP growth that went from 2.0% in 2015 to 3.5% last year will slip to 0.50% below the Real Potential GDP (aka “trend”) growth rate in 2020, only to recover to .5% by 2021, & thereafter slowly grow to 2% by 2027. *Such talk is lost on lawmakers whose time horizon only reaches as far as the next election & who expect to be able to continue to scam gullible voters into being bribed with their own money forever, at the expense of our, as yet vote-less, grandchildren’s-, & subsequent-, generations.*

### **FED MINUTES : ALL MEMBERS SEE HIGHER GDP, INFLATION AND MORE RATE HIKES (CNBC, Jeff Cox)**

- The Minutes of the last (March 20-21) FOMC meeting noted that “all participants” expected the economy to continue strengthening and inflation to rise “in coming months”. And more specifically that “Participants generally saw the news on spending and the labor market over the past few quarters as being consistent with continued above trend growth and a further strengthening of the labor market ... With regard to the medium term outlook for monetary policy, all participants saw some further trimming of the stance of monetary policy as likely to be warranted.”

*The repeated use of the term “all participants” suggests unusual unanimity, if not “group think”. As to “continued above trend growth”, the Fed must be looking at different numbers than the CBO in the report referenced above; for it contains a chart showing the Real GDP growth rate declining from the current 1½% above trend to just trend by early next year & then continuing to slip until bottoming out by late 2020 at 0.50% below trend. The odds are that the eventual outturn will be more like that the CBO is anticipating.*

### **TRUMP PROPOSES REJOINING TRANS-PACIFIC PARTNERSHIP (NYT, Ana Swanson)**

- On April 12<sup>th</sup> he told a gathering of farm state lawmakers & Governors *assembled at the White House to discuss trade* that he was looking at rejoining the multi country trade agreement known as the Trans-Pacific Partnership (TPP) that he had pulled out of within days of assuming the presidency on the grounds it was “a rape of my country” (*and that Prime Minister Trudeau had dragged his feet on signing due to concerns about its impact on Canada’s “culture” sector!*). This caught even his closest advisers by surprise (*with his new economic adviser Larry Kudlow telling the NYT that the move had been “somewhat spontaneous”*) and was driven by the stiff pushback from Republican lawmakers, farmers & other business interests that his trade initiatives will hurt them economically.

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<sup>5</sup> This ratio is deceptive; for it only includes “debt held by the public”. The internationally more commonly used ratio includes all internally held debt as well (albeit not the contingent liabilities from future social security obligations ); by that measure the US debt-to- GDP ratio is already in excess of 100%.

*The White House issued a statement “Last year, the president kept his promise to end the TPP deal negotiated by the Obama Administration ... as unfair to American workers and farmers” but now had told US Trade Representative Robert Lighthizer & the new Presidential economic adviser “to take another look at whether or not a better deal can be negotiated”. The best thing that can be said about this is that Trump finally did what his advisers have been telling him for over a year. But it also demonstrates how his modus operandi remains to take policy decisions ‘on the fly’. Walking away from the TPP was nonsensical. For it was a trade agreement “in drag” whose real purpose was to try & ‘fence in’ Beijing’s geopolitical ambitions in the Pacific Basin, (as a result of which one critic classified his walking away as a “late Christmas present to President Xi.. And while Trump has long ignored this “pushback”, it was given real momentum by Beijing’s proposal to slap serious tariffs on US soybeans. As to getting “ a better deal” , that train may long have left the station!*

### **PAUL RYAN ROCKS REPUBLICANS WITH RETIREMENT (Politico, Jake Sherman)**

- Now 48, & after nearly two decades in the House, he told his colleagues on April 11<sup>th</sup> he will not run in November but ‘having done my part’ wants to spend more time with his family. He first contemplated running again & quitting after the election but decided he couldn’t do so in good faith. But *(to assuage any guilt feelings about leaving his party in the lurch in what shapes up as possibly its most difficult election in years)* he has committed himself to active campaigning *(good news for the GOP since he is a prolific fund raiser)*. The two front runners to replace him as Speaker are Majority Leader Kevin McCarthy (R-CA)<sup>6</sup> & Majority Whip Steve Scalise (R-LA) and, while according to Rep. Mark Meadows (R-NC) “Everyone will start jockeying for position immediately”, many Republicans are said to be wondering whether either will stick around if the GOP loses its House majority. And Senate Minority Leader Charles Schumer, after urging him *in his time remaining in the House* to “break free from the hard-right factions of his caucus”, noted “he is a good man who is always true to his word. Even though we disagreed on many issues, in the areas where we could work together, I always found him to be smart, thoughtful and straightforward.”

*There is likely far more to this than meets the eye; for, if he is quitting “to spend more time with his family”, he will likely ‘fishing behind the net’ since his daughter & two sons are teenagers. He has been in & around Capitol Hill for 26 years, and is now at an age, & has a CV, to be very marketable (alternatively he may have decided to ‘get out while the getting was still good’ to position himself ‘ride to the rescue’ after next fall’s mid-terms elections’ turn into a disaster. Either way, as Speaker he was ‘on the top of his game’ & quitting while on a roll. As a ‘local boy’ (he was born & raised in Wisconsin’s First District) in his ten elections there he had typically won by double digit margins (in 2016 by 35 points). But last December already Politico ran an article reporting that the polls were “pointing to a tough re-election” for him. And while according to a (Republican) internal poll last month he was leading his likely opponent, iron worker Andy Bryce 55-34, about the same time a (Democratic) internal poll gave him just a six point edge. And with the nationwide “generic” vote count giving the Democrats a 6 point edge, for the GOP the ‘spectre’ of a “blue wave”, if not “tsunami”, is growing.*

### **HOW MARK ZUCKERBERG’S TESTIMONY LURCHED FROM EASY RIDE TO HEADACHE (The Guardian, Alex Hern)**

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<sup>6</sup> Supposedly the front runner since he is close to Trump.

- He was lost for words as Representatives asked questions about user tracking.

*It was quite remarkable how little he appeared to know about the day-to-day workings of the now colossal, US\$40BN annual revenue, firm he founded.*

### **YEMENI HOUTHİ REBELS FIRE BALLISTIC MISSILE AT SAUDI CAPITAL (al-Jazeera)**

- On April 11<sup>th</sup>, shortly after Saleh al-Samad, President of the Supreme Political Council that controls the Yemeni capital of Sana'a & other rebel areas had declared 2018 to be "a year of missiles", the rebels fired one at Riyadh that, after traveling 800 kms over Saudi territory, was shot down in the sky above it. And the Saudis also reported they had shot down two pretty unsophisticated Qasif -1 drones (Iranian Ababi-2 knockoffs) that carry 30 kg warheads but didn't report that two other ballistic missiles had been fired at targets in two Saudi Arabian Southwestern provinces near the Yemeni border (in one of which the Saudis are building a new 400,000 bbl/d refinery that will come on stream later this year.

*The Saudis are accusing Iran of supplying the 90 or so ballistic missiles the Houthis have fired in their direction in the three years since Crown Prince Mohammady launched the Yemeni War.*

### **THE RISE OF CHINESE IMPERIALISM IN LATIN AMERICA (Epoch Times, Fergus Hodgson)**

- Beijing is heavily lending & investing throughout Latin America, & not 'out of the goodness of its heart', but rather to slowly undermine the US dominance of the region. So the structure & location of its choices reward ideological, anti-US friends, strengthen geopolitical alliances & serve as a platform for espionage. The case of Venezuela is illustrative : it's a financial 'black hole' & yet China continues to roll over many billions in *for the borrower* favourable debt & to allow interest payments only. A recent report by the Washington-based Center for a Secure Free Society entitled The Dragon and the Condor says the threat of imperialistic influence from China is no longer an academic topic (for it has been growing ominously for the last decade) and as reported by another Washington-based non-profit, the National Endowment for Democracy is about to be transition China's influence from "soft" to "sharp" via a slate of major infrastructure projects in, *among others*, Chile & Nicaragua, that focus on the service sector & infrastructure where Beijing expects to be able to insert its own people so as to garner *local* know-how & gather intelligence. And to further challenge the traditional US influence & re-align geopolitical leadership, Beijing's sought-after outcome includes the monitoring of its opponents, undermining Taiwan's influence, create opportunities for cyber warfare, identify commercial opportunities & carry on corporate espionage, with, according to the report's two authors, the latter two being prioritized because the targets don't appreciate the extent of government involvement in various Chinese entities. And the proposed US\$50BN interoceanic canal in Nicaragua to compete with the Panama Canal (for which the Chinese developer HKND got a no-bid contract **and** 50 years of administrative, maintenance & *operating* control), would create an extraterritorial zone controlled by China in Central America.

*The latter project, however, now looks as dead as the proverbial doornail. It was the brain child of Wang Jing, a Chinese billionaire with supposedly good political connections, who got the concession in June 2013. But much of his supposed US\$10BN fortune apparently went up in smoke in the Chinese mid-2015 stock market crash (to the point that at last report, according to*

*Forbes, his Net Worth now is just US\$1.35BN - vs. a purported US 10BN in 2013). In 2016 excavations were halted, one year later the project was put "On Hold", & last February it was officially moth balled. Apart from Wang Jing's personal fortune evaporating, in mid-2017 Panama (was bribed to?) cut its long-standing diplomatic ties with Taiwan to establish new ones with Beijing (since when it signed no fewer than 19 trade agreements with China) -. As the old saying goes, for Beijing this was a case of "why buy the cow (i.e. underwrite Wang Jing's Nicaragua dream), if you can get the milk through the fence (in the form of greater control in the newly expanded Panama Canal zone)?*

## **CAN CHINA TAME ITS DEBT - THE HIDDEN RISKS OF CHINA'S WAR ON DEBT** **(Nikkei Asian Review, Henny Sender)**

- This article is too lengthy & full of factoids to do it justice in a summary. But it confirms my long-held belief that China is a 'Potemkin Village' & those of you who will read it, may end up running, screaming, for cover. Following are a few info bytes from it :
  - When the Northeastern China rustbelt-based Jinzhou Bank was listed on the Hongkong Stock Exchange in 2013 it was owed US\$1.3BN by an unnamed borrower under investigation by the Hong Kong regulators;
  - Fears are growing that an "unintended consequence" of President Xi's "slashing of debt"<sup>7</sup> will be that by reining in debt, he will throttle economic growth potential, with the 'regulatory chill' already having an effect on *the availability of credit* for businesses large & small , and Michael Taylor, Moody's Chief Credit Officer for the Asia-Pacific Region saying "The effect of intensified regulation is no longer limited to de-risking the financial sector but is now beginning to impact on the supply of credit to the real economy" (the main reason growth forecasts have been cut from 6.9% in last-, to 6.6%-6.7% for this-, year (*which may still be too optimistic?*);
  - The government has put the brakes on the likes of the Anbang Insurance Group that engaged in billions of debt-fueled spending on "trophy assets" around the world & taken their assets on its own books in the hope this will ease fears China's 'debt mountain' could lead to a systemic crisis a la the 1997 Asian financial crisis or the 2008 global financial market meltdown<sup>8</sup>.
  - UBS estimates that at the end of 2017, China's debt was 272% of GDP and that trying to rein this in will throttle economic growth;
  - While the regulators remain determined to choke the *so-called* 'shadow banking' sector (*which is believed to account for many of the most dodgy loans*), many companies have found other ways of meeting their credit needs, incl. the US \$ bond market (that has more than doubled in size in a year) *despite the fact that this exposes them to foreign exchange risk that many cannot hedge*). And another element of risk lies in the largely unregulated Internet finance company-, & P2P (peer-to-peer)-, sectors that some believed is being used to roll over existing debt on more unfavourable terms;

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<sup>7</sup> The others being reducing pollution & poverty.

<sup>8</sup> So now the Chinese government owns the New York Waldorf Astoria Hotel that Anbang had bought in 2014 for US\$2BN from the Blackstone Group.

- While the economy still looks solid, the country's leaders, incl. President Xi himself, continue to send out alerts about "excessive debt". Thus in mid-January Guo Shuqing, head of the CBRC (China Banking Regulatory Commission) told the People's Daily that rising levels of bad debt, poor risk management & shadow banking could lead to a possible "black swan" (an 'unforeseen' economic event with major consequences the arrival of which, while it comes as a surprise, can later, with the benefit of hindsight, be rationalized), while a couple of months earlier Zhou Xiaochuan, the now retired head of the PBOC (People's Bank of China - i.e. the central bank), had observed that "If there is ... excessive optimism, [it] could lead to a so-called 'Minsky Moment' <sup>9</sup>

*China's national debt to GDP ratio is modest (47.6% at last report), as was its 6.50% 10-year CAGR (Compound Annual Growth Rate). But this obscures the fact its indirect debt, that of the SOEs (State-Owned Enterprises), is another 115% of GDP. And after that it's all down hill : the total loans outstanding at Chinese banks in the past decade grew at a 15% CAGR, consumer credit at a 26.1% CAGR over eight years (with almost 13% of Chinese household income now going to service debt) and, while the government pressure on shadow banks resulted in their number being cut by 75+% between November 2015 & September 2017, the estimate is that the volume of P2P (peer-to-peer) loans outstanding (that picked up much of the slack from the government's regulatory tightening) quadrupled to 1,150 BN Renminbi during the same period (i.e. grew at a 70% CAGR) - small wonder Moody's last May downgraded China from Aa3 to A1 since it expected "the financial strength of its economy to erode in the years ahead as growth slowed and debt continued to grow".*

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#### **AVERAGE COST OF PRODUCING A BARRELOF OIL/BOE IN 2016 (Rystad Energy Ucube)**

	<b>Gross Taxes</b>	<b>Capital Costs</b>	<b>Prod. Costs</b>	<b>Admin/ Transport</b>	<b>Total</b>
	-----US\$-----				
UK	-	22.67	17.36	4.30	44.33
Brazil	6.66	16.09	9.45	2.80	34.99
Nigeria	4.11	13.10	8.81	2.97	28.99
Venezuela	10.48	6.66	7.94	2.54	27.62
Canada	2.48	9.69	11.56	2.92	26.64
US -shale	6.42	7.56	5.85	3.52	23.35
Norway	0.19	13.76	4.24	3.12	21.31
US-Non Shale	5.03	7.70	5.15	3.11	20.99
Indonesia	1.55	7.65	6.87	3.63	19.71
Russia	8.44	5.10	2.98	2.69	19.21
Iraq	0.91	5.03	2.16	2.47	10.57
Iran	-	4.48	1.94	2.67	9.08
Saudi Arabia	-	3.50	3.00	2.49	8.98

*Rystad is an Oslo-based consulting firm & Ucube its data base.*

<sup>9</sup> A sudden collapse in asset values.

**Canadians are wasting too much food** - This was the conclusion of a recent report by the Montreal-based Commission for Environmental Cooperation (established in 1994 as a side-agreement under NAFTA “to protect our shared environment). It claimed Canadians are among the heaviest wasters of food on the planet & that, from the farm gate to the table, each wastes 400 kilograms of food per year, with the lion’s share thereof accounted by food thrown out by consumers that, creates 21MM tonnes of greenhouse gas emissions a year from landfills. And while it does not address consumer food waste, it does say that restaurants should consider portion sizes - *this looks like a ‘let’s do something to justify our existence’ opus. It points the finger at the consumer & then targets restaurants. Its 400 kilogram number is one-third in excess of the average for North America & Oceania used by the Rome-based FAO, a more credible source (which also provides evidence that around the world consumers account for only a modest share of all food wasted). Be that as it may, it is a known fact that worldwide, 35-40% of the food grown on farms for human consumption never serves its intended purpose*<sup>10</sup>. A minor portion gets wasted on the farm itself. More of it spoils in transport from the farm to intermediaries. A lot more falls by the wayside in processing & still more enroute to retailers, and finally some more at the retail level. Some to irrational marketing practices<sup>11</sup> & health regulations [thus Canada’s Milk Marketing Boards have long had a vendetta against the sale of “raw” (i.e. unpasteurized) milk<sup>12</sup>, for monopoly protection-, rather than justified health reasons. In modern times nonsensical government regulations & a mesmerization with hi-tech-, rather than ‘old, but tried & proven’-, practices have been environmentally unfriendly. Thus in Japan “Slop-fed” pork has long been a premium product. Two years ago Vegas farmer Bob Comb retired & sold his 154 acre property at North Fifth Street & Ann Road to developers for US\$23MM, after having spend the previous half century there feeding 6,000 hogs casino leftovers (with his sons Clinton & Hank picking up the cudgel on a 54 acre tract 30 miles out of town. And in my youth in Holland a local farmer went around the neighbourhood twice a week collecting food left overs, feeding the bread to a bunch of pigs and the potato peelings & vegetable waste to his cows (that produced mil like there was no tomorrow).

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<sup>10</sup> Two decades ago I was flabbergasted when a Newfoundlander friend of mine told me that his first job as a teenager had been to operate the “bycatch mill” aboard a fishing vessel that grinds up the part of the catch is not wanted before the resultant mess is dumped back into the sea. Globally bycatch is estimated to run as high as 40% of the total catch & includes not just too small specimens of the target species & all non-target fish species of all sizes, as well as other forms of marine life, incl. dolphins, birds & tortoises.

<sup>11</sup> Thus in 1994 the European Commission banned the sale of “over-bendy- bananas and a couple of years ago some Canadian supermarkets started promoting the sale of “ugly” foods & vegetables by pricing them at a discount.

<sup>12</sup> Milk pasteurization certainly constituted progress in the 19<sup>th</sup> century days of Louis Pasteur, and even in my youth in Holland, when bovine pneumonia & brucellosis were commonplace. But in this day & age, neither is a problem any more, as proven daily by the 10s of thousands of farm families & the estimated 3% of US consumers who habitually drink raw milk. And there are actually half a dozen health reasons why drinking raw milk is conducive to good health practices, while the Atlanta GA-based CDC (US Center for Disease Control and Prevention) of the 48MM food-borne illnesses diagnosed each year only 42 (i.e. 0.0005%) could be traced back to raw milk.