



# NEWS from U.S. Senator Bob Dole

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FOR IMMEDIATE RELEASE  
FRIDAY, JUNE 17, 1977

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Washington, D.C. -- Following is the text of a statement Senator Bob Dole will make today on the Senate floor:

## CARTER SHOULD VETO SUGAR PROGRAM

Strange as it may seem, President Carter, Secretary of Agriculture, Bob Bergland, and other Administration spokesmen are all talking about a possible veto of the Senate-passed farm bill. Despite promises made in the campaign last year, President Carter now says the Senate bill costs too much. We all share the President's concern about fiscal responsibility, but his rhetoric is hard to reconcile with the proposal to spend \$240 million on a sugar program which will be detrimental to both producers and consumers and which will provide a windfall to large grower-processors of millions of dollars.

## SOUR SUGAR PROGRAM

By any standard, the Carter so-called sugar program, does not make sense. It is so failure-fulfilling as to almost defy understanding. I predict that those who perpetrated this not-so-sweet error will deny parenthood.

Has anyone, on the floor of this body ever before heard of a support price program which does not have a support price? Have you ever before heard of a support price which drops as the market price falls? Well, you have now. Let us read from the proposed regulations which just became available:

"The level of support in this proposal is not more than 13.5 cents, per pound, raw sugar equivalent, which represents approximately 52% of parity as of April, 1977. If the average price received from the sale of sugar in the market place is less than 11.5 cents per pound, the level of support will be less than 13.5 cents."

If the price received for raw sugar dropped to 7 cents, then the alleged price support would be 9 cents. I believe the Secretary of Agriculture is misreading the law. A price support means what it says. He is creating a legal fiction about what a price support means.

Has anyone on the floor of this body ever before heard of a program designed to protect producers as the President said: "I believe that a strong and viable domestic sugar industry is vital to the economic well-being of the American people", yet through low prices, will result in the ruination and demise of much of the producers in this industry, especially the sugarbeet producer.

Has anyone on the floor of this body ever before heard of a support program which will give producers much less after the announcement of the program than before the program was leaked? The market price for sugar has gone down over 3 cents per pound in response to this program, and the trend is down.

Has anyone on the floor of this body figured out how the President of the United States could use semantics in such a way as to state, "13.5 cents is the estimated average break-down for domestic sugar growers", and then announce a program which it now appears will give the producers much less than this -- much, much less than the cost of production that I heard so much about in the Bicentennial year. Were any producers consulted and reported as favorable to this program? The American Farm Bureau Federation came out strongly in opposition. According to the New Orleans Times Picayune, H.D. Godfrey, Vice President of the American Sugar Cane League, said: "Louisiana's growers do not favor subsidy payments, but tariffs and restrictions on the amount of sugar that can be imported."

## WHAT ABOUT CONSUMERS?

Has anyone on the floor of this body really asked the President regarding the concern about sugar consumers, and then examined the real facts regarding consumer prices for sugar based consumer items?

About 80 percent of the sugar used in the U.S. is not bought by housewives -- but by soft drink manufacturers, confectioners, bakers, restaurants, institutions, etc. The following data from the Bureau of Labor Statistics shows that consumer costs for sugar bearing foods and drinks are higher than they were when raw sugar was at the 65 cent peak, compared to less than 11 cents today.

Bureau of Labor Statistics  
Index of Consumer Prices  
1967 - 100

	1972	1973	1974	1975	1976	April 1977
Cola drinks	128.3	131.7	163.0	200.5	194.2	201.3
Cookies	110.2	115.0	145.8	186.1	189.6	197.2
Chocolate bars	130.7	135.6	189.8	238.9	233.5	265.2
Grape jelly	124.8	134.1	171.5	230.5	221.0	216.2

Secretary of Agriculture Bergland knew that this would happen, for in an interview with the National Journal, he said:

"My point is when sugar prices were 65 cents, prices of these manufactured goods went up. Now sugar is nine cents -- has there been any corresponding drop in cake mixes or soda pop or candy? No, of course not. And I'm going to say the consumers have not gotten the benefit of the change in prices."

I think it is fair to ask just who are the beneficiaries of this program?

The May 31 issue of USDA's Agricultural Prices states:

"The April, 1977 Consumer Price Index, at 179.6, rose 0.8 percent from March. The food component increased 1.2 percent. Food purchased in grocery stores increased 1.3 percent. About 3/5 of the increase was attributed to nonalcoholic beverages -- coffee, tea, and soft drinks."

Now, who is the largest soft drink manufacturer -- Coca Cola. This one company, together with its affiliates, uses about 1 million tons of sugar per year. This one firm has now available to it through recently reduced sugar prices below the producer's cost of production, over \$5 million per month in additional gross profits. The large users of sugar are saving about \$45 million per month with precious little passed on to consumers.

President Ford, when faced with the same problem, raised the duty on sugar 1 1/4 cents per pound, and ordered a study by USITC. This latter body spent 6 months studying the issues, and unanimously recommended import quotas -- not government handouts from unappropriated funds.

SUGAR PRODUCERS SACRIFICED

Has anyone recognized that sugar producers have been made the sacrificial quota due to loss of time of implementation. If the USITC recommendation of March 17, 1977, had been quickly implemented, sugar producers would now be receiving much more in the marketplace. They would not have to wait for the 1977 crop to be harvested and marketed before payments could be made. I recommend to all my colleagues that they read the regulations carefully. They will then learn to their dismay that there will be a delay in implementation and just what the words 1977 crop year mean as it relates to their particular producing area. To my friends in Southern California and the low land area of Arizona, I fear that you will find that this program doesn't begin until March and April of 1978, respectively.

Representative Findley of Illinois recently said as follows:

"Estimated payments to just five large grower processors will gobble up over 20% of the total funds spent. According to the Congressional Research Service, which used 1974 production data and assumed the maximum 2 cents per pound subsidy, these estimated payments will be as follows:

- |                                        |                 |
|----------------------------------------|-----------------|
| 1. AMFAC, Inc. (Hawaii)                | \$ 14.2 million |
| 2. U.S. Sugar Corp. (Florida)          | 10.8 million    |
| 3. Alexander & Baldwin, Inc. (Hawaii)  | 9.6 million     |
| 4. C. Brewer & Co., Inc. (Hawaii)      | 8.8 million     |
| 5. Theo. H. Davis & Co., Ltd. (Hawaii) | 5.7 million     |

They also will have a serious anti-competitive effect within the sugar industry by helping to finance the demise of small sugar farms at the hands of the gigantic grower processors."

### BIG BUSINESS SUBSIDY

"Based on USDA figures on USDA payments and production, I am convinced that more than 25 sugar growers will be eligible for annual payments in excess of \$1 million."

If the program is ever implemented, these payments will be made despite the fact that in a significant policy decision in S. 275, the Senate has just agreed that no payments for cotton, rice, feed grains and wheat may be made to any person except:

- "(1) A sole proprietorship farming operation (including any individual operating a farm as a tenant);
- (2) A corporation or other entity engaged in a farming operation if a controlling interest in such corporation or other entity is held by individuals engaged primarily in farming;
- (3) A small business corporation as defined in Section 1371 (A) of the Internal Revenue Code of 1954;
- (4) A partnership or similar arrangement in which each partner or owner would, if engaged in a farming operation on his own, be eligible for payments under this subsection; and
- (5) Any state, political subdivision, or agency thereof;"
- (6) Several technical trust arrangements which relate to actual operations by persons of a farm.

Moreover, S. 275 provides:

"The Congress hereby specifically reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. The Congress firmly believes that the maintenance of the family owned farm is essential to the social well-being of the nation and the competitive production of adequate supplies of food and fiber. The Congress further believes that any significant expansion of non-family owned large-scale corporate farming enterprises will be detrimental to the national welfare."

Does anyone think these large payments foster and encourage the family farm system of agriculture? Actually, the huge sugar payments will help finance the acceleration of the rate of gobbling up of small farms by huge grower processors -- especially in view of the severe economic predicament that the President is placing our sugar producers in.

Let the Senate recognize that the President is willing to spend through the backdoor \$240 million on a program on which no hearings have been held, and no appropriation made. Questionable producer benefits, no hearings, no appropriation, no consumer benefits: I say no! No! No!

Let us here in the Senate take a hard look at the U.S. International Trade Commission proposal, and really do something for the sugar producers.