ITS.

# NEWS from U.S. Senator Bob Dole

54-44

(R.–Kans.) New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE
TUESDAY, JUNE 29, 1977

CONTACT: JANET ANDERSON

## EXPLANATION OF DOLE SUGAR AMENDMENT

The amendment offered today by Senator Bob Dole simply limits payments to sugar producers to $50,000 -- the same limitation that is imposed on producers of wheat, rice, cotton and feed grains.

Under the Administration sugar proposal, there would be no limit on sugar subsidies, and it has been estimated that five corporations would receive more than 20 percent of the "program benefits," and it has been estimated that the Administration sugar program would cost about $240 million.

Estimated payments to five corporations are as follows:

| | |
|---|---|
| AMFAC, INC. (Hawaii) | $14.2 million |
| U.S SUGAR CORP. (FLA.) | $10.8 million |
| ALEXANDER & BALDWIN, INC (HA.) | $ 9.6 million |
| C. BREWER & CO., LTD. (HAWAII) | $ 8.8 million |
| THEO. H. DAVIS & CO, LTD (HA) | $ 5.7 million |

The Senate has consistently supported payment limitations, and Dole pointed out that not doing so "would be a clear exception. There have been no hearings on the Administration proposal, and there are serious reservations about its effectiveness and about benefits to either beet and cane sugar producers or the American consumer."

(Attached is the text of Senator Dole's introductory remarks.)

Ralph Dannheisser) - lm
✓CNS 347-6947-
✓Wm Safire - N.Y Times
✓Denver Post
✓W St Jr
✓Bernie

FLOOR STATEMENT OF SENATOR BOB DOLE

AMENDMENT TO LIMIT SUGAR PAYMENTS

June 29, 1977

Mr. President, I offer an amendment to limit payments to sugar producers to $50,000, the same as provided for wheat, feed grains, cotton, and rice producers.

The Carter so-called sugar program that is about to be implemented for the 1977 sugar crop is a poor excuse of a "support" program. This program provides for up to 2 cents per pound of government subsidy payment to processors to pass on to producers. In reality this is just a cover-up program to provide millions of U.S. taxpayer dollars as "a sweet deal" for a selected few. According to the Congressional Research Service, which used 1974 production data and assumed the maximum 2 cents per pound subsidy, about 40 corporate entities will be getting about 40 percent of this one quarter billion dollar program. Thus, approximately 100 million of the backdoor financed, 250 million would go to 40 recipients.

A single corporation may receive subsidies in excess of $14 million.

The proposed sugar program would also benefit large commercial purchasers of sugar.

About 80 percent of the sugar used in the U.S. is <u>not</u> bought by housewives -- but by soft drink manufacturers, confectioners, bakers, restaurants, institutions, etc. 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.

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 non-alcoholic beverages -- coffee, tea, and <u>soft drinks</u>."

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 none of this windfall being passed on to consumers.

The so-called support price at 13.5 cents per pound is determined to be the average cost of production in efficient producing areas. I say that 13.5 cents per pound is below the cost of production -- but trying to reach that minimum target with a 2 cent per pound maximum payment and today's market price of less than 11 cents per pound just proves that the program cannot possibly reach the objective. This program that has failed before it is begun should be scrapped, and the International Trade Commission recommendation for imposing import quotas instituted so that sugar beet and sugar cane producers could earn their income from the market place rather than from federal subsidies that favor the few.

Payment limitations were raised in the Talmadge/Dole Farm Bill from $20,000 to a more realistic $50,000 based on inflation and higher costs of production. These limits on support payments apply to wheat, feed grains, cotton, and rice producers. The Farm Bill places special emphasis on support for the family farm and not corporate conglomerates.

My amendment puts a payment limit of $50,000 on sugar producers in the event the proposed Carter sugar program is implemented. There is no reason to discriminate between producers of wheat, cotton, corn, rice, sugar beets, or sugar cane. I ask for your vote to pass this needed amendment. Federal subsidies to farmers should be limited to $50,000 each.