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NEWS from U.S. Senator Bob Dole

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DOLE RESOLUTION WOULD CANCEL SUGAR PROGRAM

Senator Bob Dole today introduced a resolution to disapprove President Carter's substitute program to the International Trade Commission's recommendations to remedy the finding of injury to the domestic sugar industry because of imports.

"The President's proposed sugar program is not in reality a price support program and would not solve the severe economic crisis that the sugar industry is presently undergoing," Dole pointed out.

On June 29, the Senate passed, by a vote of 54-44, a Dole amendment to limit payments to sugar producers to $50,000. Under Carter's 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." It has been estimated that the Administration sugar program would cost about $240 million.

Dole's resolution was cosponsored by Senators Russell Long, Carl Curtis, Wendell Anderson, S.I. Hayakawa, Quentin Burdick, James McClure, Floyd Haskell, Edward Zorinsky, and Richard Stone.

Following is the full text of Senator Dole's introductory statement:

AN EFFECTIVE SUGAR PROGRAM IS NEEDED

Mr. Dole. Mr. President, I am introducing a resolution today along with Senators Long, Curtis, Anderson, Hayakawa, Burdick, McClure, Haskell, Zorinsky, and Stone which disapproves the President's substitute program to the International Trade Commission's recommendations to remedy the finding of injury to our domestic sugar industry because of imports. Under provisions of the Trade Act of 1974 the International Trade Commission conducted a study in response to a resolution of the Committee on Finance of the Senate. The resolution asked whether sugar imports were a substantial cause of serious injury or threat to the domestic sugar industry. After an intensive investigation of six months, on March 17, 1977, the USITC reported to President Carter that the domestic sugar industry is being threatened with serious injury by increased imports. To relieve this threat the USITC recommended that an import quota of 4.275 million tons be imposed. The President rejected this recommendation and on May 4, 1977, instructed the Secretary of Agriculture to institute an "income support" program.

The President's proposed sugar program is not in reality a price support program and would not solve the severe economic crisis that the sugar industry is presently undergoing. In fact, rather than being a sugar producer price support program it would give industrial users of sugar a low priced ingredient. The records show that despite the drop in the sugar prices the industrial users' prices have gone up for such items as cola drinks, cookies, chocolate bars, and grape jelly.

SUPPORT PRICE

The announced level of 13.5 cents per pound support is not the support price. Two cents per pound is the support price and producers would not receive that if the market price exceeds 11.5 cents per pound. No matter how low the market price declines below 11.5 cents the maximum payment is still only 2 cents.

DOLE AMENDMENT

When the Senate passed my payment limitation amendment to the Agricultural Appropriation Bill it was pointed out that potential recipients of a large share of the payments are large corporations. The Senate limitation of payments to $50,000 on sugar made uniform and even-handed the maximum amount to be received by an individual producing any crop such as corn, wheat, cotton or rice as passed in the Senate Farm Bill. Payment limitations prevent payments of millions of dollars to conglomerate corporations.

PRODUCERS CONDEMN PROPOSED PROGRAM

Sugar producers are condemning the Administration's proposed program. At a meeting in Denver, Colorado, July 8, the National Sugarbeet Growers Federation jointly with the Great Western Sugar Company issued a press release stating that they will take immediate steps to oppose the implementation of the proposed program and work to develop constructive alternatives. They expressed concern for glaring failures of the proposal as follows:

"(1) The program's failure to provide adequate support to the costs of production and processing,

(2) The program not being a true price support program,

(3) The possibility the program could actually operate to further deflate prices, and

(4) The program's failure to recognize the inseparable and reciprocal relationship of beet growers and processor, both of whom share in the industry under traditional participating contracts."

Other concerns named were the program's innumerable ambiguities and legal uncertainties in its present form. These could result in harmful delays in providing assistance urgently needed to preserve the industry.

PRODUCERS NEED HELP

Mr. President, the announced sugar proposal will not save the industry from impending bankruptcy. The President's program does not become effective to provide any payments until after the first marketing quarter thus delaying relief for most producers well into 1978. Disapproval of his program by this resolution would provide the industry with relief immediately by restricting imports. The producer would receive better prices immediately from the market place instead of Government subsidies and there would be no problem of limiting payments to large corporations because there would be no payments.

A true support price of sugar at a reasonable level with the enforcement provisions to protect against dumping of excess sugar supplies in the world in the U.S. market is an alternative that should be enacted. The Farm Bill currently being considered by the House should also be amended to provide for an adequate sugar support program. I urge members of this body to join in the effort to support the sugar industry.

Acceptance of my resolution would:

(1) Disallow the President's proposed sugar program; and

(2) Mandate the President to proclaim the USITC recommended import quota of 4.275 million tons.

My resolution provides a program more responsive to the needs of the sugar producers.

PRESIDENT'S PROPOSED PROGRAM ILLEGAL

Today, in a letter to Congressman Paul Findley, the Comptroller General of the United States indicates that the President's proposed sugar program may be illegal. He questions the legality of making payments to processors which would then go to producers on the basis of the amount of sugar marketed.

I quote from the Comptroller's letter:

"It appears that while the payment is made by the Government to the processor, the processor's function is akin to that of a trustee for the benefit of the producers, and to act as an agent of the Government in determining the amount due to each producer who has sold eligible sugar to it, and in forwarding such payments to the individual producers. It is indeed difficult to distinguish the effect of the proposed program from that of a program of direct producer payments made on the basis of the amount of sugar marketed. Accordingly, the proposed program is not, in our view, authorized under 7 U.S.C. § 1447 as the Department may not do indirectly what it cannot do directly."

Since direct payments to producers are prohibited under the Agricultural Act of 1949 and since the Comptroller General sees legal problems with the President's proposed sugar program, the recommended quotas of the USITC should be imposed immediately. After this needed action is taken the Congress can then consider sugar price support legislation.