

## THE U.S. SUGAR PROGRAM IS A DRAIN ON THE U.S. ECONOMY

“U.S. sugar prices have been well above world prices since 1982 because the U.S. Government supports domestic sugar prices through loans to sugar processors.”<sup>1</sup> This stark statement comes from none other than the U.S. Department of Agriculture’s own Economic Research Service. The magnitude of this disparity, and its effect on the U.S. economy, is astounding.

- During the last decade, U.S. wholesale prices fluctuated between \$0.22 and \$0.29 per pound, while world market prices ranged between \$0.06 per pound and \$0.13 per pound. Recent data demonstrates that the problem continues to grow in magnitude. In 2003, the U.S. price of raw sugar was, on average, 131% higher than the world raw sugar price.<sup>2</sup> In 2003, that differential increased to 164%.

This disparity in prices of raw sugar alone, however, does not convey the full cost of the U.S. sugar support program to the U.S. economy.

- Sugar growers within the United States predict harmful effects on their employment numbers if the current sugar program is dismantled. Their concerns should be taken in context: the sugar industry is dominated by two major companies and a handful of growers, who benefit so much from artificially high sugar prices that they were able to contribute \$13 million to political campaigns during the fight over the sugar program in the 1996 Farm Bill.<sup>3</sup>
- According to the U.S. International Trade Commission, there are 61,000 full-time-equivalent sugar production jobs in the United States. That figure includes all farm jobs involved in the growing and harvesting of sugarcane and sugar beets. This number is dwarfed by the approximately 724,000 people counted by the Commerce Department as working in sugar-using industries. In other words, more than 10 times as many Americans face possible job cuts and slower growth because of the U.S. sugar program than are helped by it.<sup>4</sup>

Given such stark data on cost, it is no surprise that U.S. industrial consumers of sugar such as candy-makers are moving their operations abroad. While some industries have moved production south to Argentina and Mexico, others have simply relocated production just across the border in Canada, where sugar costs half as much.<sup>5</sup> The sugar lobby has continued to support its assault on the American economy by contributing more than \$3 million during the 2002 election cycle. The industry has already contributed more than \$2 million to campaigns and PACS for the 2004 election.<sup>6</sup>

<sup>1</sup> <http://www.ers.usda.gov/briefing/sugar/background.htm> (last visited August 18, 2004).

<sup>2</sup> U.S. Foreign Agricultural Service, World Sugar Situation (May 2002), at [www.fas.usda.gov/htp/sugar/2002/May/sugsit.htm](http://www.fas.usda.gov/htp/sugar/2002/May/sugsit.htm) (last visited Oct. 9, 2002).

<sup>3</sup> Mark Groombridge, America’s Bittersweet Sugar Policy, CATO Institute Trade Briefing Paper, at 8 (Dec. 4, 2001).

<sup>4</sup> See *Big Sugar Gets Its Way, Again*, available at <http://www.cato.org/dailys/02-18-04.html> (last visited August 18, 2004).

<sup>5</sup> Bitter Reality: Candy less likely to be ‘Made in US’, *supra* note 5.

<sup>6</sup> [www.opensecrets.org](http://www.opensecrets.org)