U.S. needs to end sweet deal given to Big Sugar in 1934

Subsidies have led to environmental destruction and unfair burden on taxpayers

Richard Geisinger Jr., Guest Columnist

The Jones-Costigan Amendment, also known as the Sugar Act of 1934, was passed in an effort to salvage an ailing sugar industry after the Great Depression. President Franklin Roosevelt wanted to accomplish six objectives:

1. Ensure fair returns to sugar beet and sugar-cane producers.

2. Ensure that laborers in the sugar industry shared in the benefits.

3. Stabilize sugar prices by limiting production.

4. Limit sugar production in the Philippines, Hawaii, Puerto Rico and the Virgin Islands.

5. Stop the decline of Cuban sugar exports to the United States.

6. Enable the Secretary of Agriculture to mediate disputes between growers, processors and laborers.

Like many programs after the Depression, this program met with short-term success. However, there were many critics. One major criticism was the typical American

consumer would pay 50 percent more for sugar than the average consumer in the world market. The other major criticism was the Sugar Act had established a government-created cartel that goes well beyond the controls imposed in any other sector of American private enterprise.

Today, the sugar program has become what many feared—a government-run cartel that guarantees sugar growers certain prices and protects those prices with import barriers and domestic production controls. In our domestic market, the Agriculture Department decides the total production quantities of both beet sugar as well as cane sugar. According to the Governmental Accountability Office, 42 percent of the sugar program benefits go to just 1 percent of the sugar growers.

Most sugar-cane production is in Florida and Louisiana. Most of the policymakers in these states usually block sugar reform. The powerful lobbying efforts of the sugar industry have paid off. Unfortunately, there are many consequences of the program that were unforeseen at the time the act was passed.

One major consequence is the destruction of the environment around Lake Okeechobee. Most of the precious land has been converted into sugar-cane production as a result of the sugar protection. Consequently, there is damaging runoff of chemical fertilizers and destruction of natural habitat. In addition, sugar uses water from the lake for irrigation and basically controls the water table in and around the sugar cane.

Currently, the U.S. Department of Agriculture is considering purchasing 400,000 tons of sugar from the sugar industry. This action is an attempt to stave off a wave of

defaults by sugar processors that borrowed $862 million under the government price-support program. This action is being considered to overcome a price decrease in the market that was caused by overproduction.

What will the government do with 400,000 tons of sugar? Sell it to ethanol producers for a percentage of what they have invested in the loans. Once again, the taxpayer picks up the shortfall. It is not bad enough that we have to pay more for the sugar in the first place, now we pay for potential default on their loans. What a business!

It is unconscionable that our state and federal governments have not done something about this travesty. However, it is even more unconscionable that this industry continues to be a major source of pollution in and around the lake at a time when we, the taxpayers, are investing millions in an attempt to clean up the lake and the outfall. The action of the sugar growers directly affects the health of our rivers.

Please take the time to let your U.S. representatives and Florida legislators know that it is time to stop listening to the Big Sugar lobby. Ask our officials to stop taking money from them and supporting them, and to begin to look at ways for Big Sugar to pay for the environmental cleanup they caused that is being placed on the backs of taxpayers.

For email contacts of our legislators or to find out more about our organization, visit our website at mctaxpayers.org.