



ACTON INSTITUTE POWERBLOG

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U.S. sugar policy invites bad jokes

Because there's nothing sweet about it.

As the 2012 Farm Bill moves through Capitol Hill, the policy debates are ramping up. The bill, projected to seriously cut the deficit, has garnered bipartisan support thus far, but will likely meet more resistance in the House. Whether or not the 2012 Farm Bill will cut its projected \$23 billion dollars is subjective. Fluctuating crop prices and the extent to which the weather cooperates (**pray for rain**) will determine that. What is certain, however, is that under the the proposed legislation, Americans will continue to pay too much for sugar. As it stands now, the bill keeps the existing sugar program entirely intact. This benefits the 61,000 Americans employed in the sugar industry and works to the detriment of taxpayers, sugar farmers in the developing world, and the 988,000 U.S. employees in industries that rely on sugar.

U.S. sugar policy, touched on in PowerBlogger John MacDhubain's **Tuesday post** and Tad DeHaven's **Cato post** from June, is essentially mercantilism and a prime example of regulation getting in the way of economic progress. On average, taxpayers spend **\$2.4 billion annually on sugar to raise \$1.4 billion** for American sugar producers.

What's more, these government-mandated favors naturally come at the expense of others. Think of the sugar farmer in the developing world, whose access to economic liberty is severely limited by the U.S. government's policy of price supports, trade restrictions, and domestic quotas. Then consider the American jobs lost when, about a decade ago, **Life Savers moved a plant** from Holland, Michigan across the border into Canada. The move cost Americans hundreds of

jobs while saving the candy company \$90 million. The **Coalition for Sugar Reform** estimates that for every American sugar growing job saved by the policy, three more are lost.

Fiscal policies cannot avoid moral consequences. Job loss and the stifling of economic development are moral issues just as much as they are fiscal or political. The way forward demands new policies rooted and sound economic and moral thinking. Presently, American sugar policy is not only fiscally inefficient, it's morally bankrupt. And there's the bad jokes.