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Surprising sweet spot in GOP debate casts light on US sugar policy, calls for reform

By Associated Press,

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TAMPA, Fla. — The Republican presidential race waded, at least for one night, into the grainy details of U.S. policy toward sugar.

Newt Gingrich's answer to a question about it during a GOP debate Monday night stood out in part for its wonkiness and downright oddity.

"I found out one of the fascinating things about America, which was that cane sugar hides behind beet sugar," the former college professor said, launching into a lecture of sorts on the U.S. industry when asked about subsidies for the sweet ingredient. "And there are just too many beet sugar districts in the United States. It's an amazing side story about how interest groups operate. In an ideal world, you would have an open market."

Mitt Romney, the former Massachusetts governor, followed up by saying "we ought to get rid of subsidies and let markets work properly." The other two candidates, Rick Santorum and Ron Paul, weren't given a chance to reply.

Blogs and Twitter feeds lit up with the exchange, with some observers using it to highlight similarities between Gingrich and beet farmer Dwight Schrute on "The Office." Gingrich, in his younger years, has been compared to the sitcom character.

Pop culture aside, the exchange shed light on a largely unknown facet of American policy: Congress' role in sugar dates to the birth of the country.

Import tariffs were imposed on sugar beginning in 1789 to give incentive to American-grown product. An added layer of complexity came in 1934, when controls on domestic sugar production were put in place.

In short, current sugar policies favor beet sugar growers in the Great Plains and Upper Midwest and cane sugar growers in Florida and Louisiana, keeping the prices of U.S.-grown sugar artificially high and limiting the amount of foreign sugar that can be imported.

“It’s a Soviet system what we have for sugar,” said Chris Edwards, director of tax policy studies at the libertarian Cato Institute. “It’s not a market system.”

The Government Accountability Office last looked into the issue in 2000 and found that U.S. sugar prices, at times, were three times the world market price. Critics say that fact hurts much larger industries such as cereal companies, bakers and candy companies, who rely on sugar for their products.

Those industries cheered at the mere mention of existing policy during the debate.

“I think it’s time has come and gone,” said Susan Smith, a spokeswoman for the National Confectioners Association, which represents candy, gum and chocolate makers and opposes current policy. “Sometime, 80 years ago, there might have been a reason. But now, not only does it hurt companies who have sugar as an ingredient but there’s also a huge consumer cost.”

The GAO estimated U.S. sugar policy cost consumers $1.9 billion in 1998 and resulted in $900 million in net losses to the U.S. economy. Nearly all the benefits, the report argued, went to the wealthy owners of U.S. sugar companies.

Both Republicans and Democrats have squandered chances to change the policy. An analysis by the nonpartisan Center for Responsive Politics, a Washington-based research group, shows the sugar industry has given about $2.1 million in campaign contributions in the 2012 election cycle.

“It’s very much a bipartisan racket,” Edwards said.

Judy Sanchez, a spokeswoman for U.S. Sugar Corp., the nation’s largest cane sugar grower, said the policies in place keep American companies from going out of business. She said sugar policy has “zero cost” to taxpayers.

“Face it: Sugar is given away for free in restaurants, where they charge you for water, they charge you for an extra slice of cheese on your hamburger,” Sanchez said. “The sugar is so affordable that it’s given away for free. That’s because American sugar policy works.”