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The Sweet Lobby: An Uphill Battle Against Big Sugar

by Care2 Causes Editors
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Sen. Dick Lugar was making a speech at a Gummy Bear factory in Merrillville, Indiana. It's not often senators take tours of candy factories to emphasize their central issues, but that's precisely what Lugar (R-Ind.) was doing at Albanese Confectionery in August 2011, talking about the U.S. Sugar Program.

"Every time Hoosiers see sugar listed as an ingredient on their food labels," Lugar said at the factory, "they should know that are paying more than they should because of the federal government's sugar policy."

It was only a couple months earlier that he had gone through the halls of Congress passing out cupcakes to his colleagues, trying to build support for his bill, the Free Sugar Act, which would dramatically reform the federal Sugar Program. Lugar was at the factory on what he called his "Sweet Jobs" tour. This year, he's facing a tough reelection—some say it'll be a challenge for the veteran lawmaker and onetime presidential candidate to even make it past his primary.

Lugar's opposition to the U.S. Sugar Program dates back to the first time he voted against it in 1977. The agricultural program is included in each Farm Bill, and he has opposed it relentlessly throughout his career. He describes U.S. sugar policy as "a complicated system of marketing allotments, price supports, purchase guarantees, quotas and tariffs that only a Soviet apparatchik could love."

In an editorial for conservative outlet *The Washington Times*, in his usual conservative rhetoric, Lugar wrote the following of the Sugar Program: "It substitutes the federal government for the private sector in basic decisions about buying and selling, supply and price."

A couple months later, officials from candy companies—including the head of Spangler Candy Company, which makes Dum Dums and Circus Peanuts—were meeting with lawmakers in Washington, D.C. to advocate for a repeal or significant reform of the Sugar Program. Several other members of Congress have independently introduced bills similar to Lugar's: Rep. Joe Pitts (R-Penn.), Sen. Jeanne Shaheen (D-N.H.), and Rep. Bob Dold (R-Ill.) all put forward legislation in 2011. And they all knew they had a high hill to climb to actually cut down on the Sugar Program. Over the past 20 years, the sugar industry has pumped $136 million into campaign contributions and lobbying. It's a program that enjoys support from both liberals and conservatives alike.

How It Works With No Direct Checks To Farmers

Through the Sugar Program, the federal government puts a cap on how much sugar can be imported into the United States, typically requiring around 85 percent of the country's sugar supply to be domestic. So food processors and candy companies are forced by law to buy sugar from inside the U.S. Then, the Agricultural Department sets a price floor—a minimum price that sugar must be sold at in America. But the U.S. sugar price is twice the average price worldwide. This is what many—including food processors, a number of economists, prominent think tanks like the Cato Institute and American Enterprise Institute, and their allies in Congress like Lugar—point to as a major problem.

The federal government's role in the sugar industry started during the New Deal, but it was in 1981, under the Reagan administration, when the Sugar Program's modern price and supply controls and import barriers were introduced. It was then expanded during George W. Bush's tenure with a new program to buy excess sugar and sell it to ethanol producers.

Unlike other agricultural programs, the government isn't doling out checks directly as subsidies for domestic production, which is what happens with corn, soybeans, and wheat. So for a Congress that talks consistently about where they can cut, there isn't a multi-billion dollar program for sugar to suggest as a place to cut. That's a sweet deal for people like Senate Agriculture Committee chair Kent Conrad (D-Mt.), who took in at least $215,000 from sugar companies since being first elected in 1986, and other key lawmakers who have benefitted from industry donors.

"It's working the way that we intended; it doesn't cost government any money; it's pretty well supported throughout the Agriculture Committee. I don't see any reason to change it, and I think most people agree with that, and we expect to be able to maintain the sugar program in the future." Rep. Collin Peterson (D-Minn.), former chair of the House Agriculture Committee, said of sugar policy last summer, at the 28th International Sweetener Symposium in Vermont.Peterson has taken more money from sugar companies than any other member of the House, according to the Sunlight Foundation.

Phillip Hayes, a spokesperson for American Sugar Alliance, said in an interview with Campus Progress that the program also supports the U.S. sugar supply against a volatile market. Hayes and Northbridge Communications have been paid millions over the years for their lobbying on behalf of the American Sugar Alliance.

So where is the problem? Opponents of the Sugar Program argue that every time you buy candy bars, ice cream, peanut butter, ketchup, bread, cereal—anything with sugar in it, which is a lot these days—you're paying more than you should. This is because food processors have to use mostly U.S. sugar since sugar policy prevents foreign sugar from being imported. It ensures sales for American farm operations, but the opponents don't think it's worth the higher cost for consumers and other businesses.

The Cato Institute, a libertarian think tank based in Washington, D.C., has long opposed the program as a barrier to free trade. In reports, they point to a Government Accountability Office report that found 42 percent of the Sugar Program's benefits go to just 1 percent of American sugar growers.

University of Michigan economist Mark Perry said in an interview with Campus Progress that American consumers are overpaying on sugar products by approximately \$4.5 billion a year. Perry argues that to have so much wasted in the national economy is a serious problem. A recent Iowa State University study puts the number closer to \$3.9 billion.

But spreading Perry's \$4.5 billion figure across the nation results in about \$15 to \$20 in "overspending" annually per person. Compare that to the 60,000 people employed by the sugar industry, and Perry calculates it's about \$75,000 at stake for each worker.

"The consumers don't even care about the issue," Perry said over the phone. "They're never going to get organized, there's never going to be a grassroots sugar consumer group. [But] it's a costly program, and it makes us worse off as a country for a program that benefits a specific interest group at the expense of consumers."

Hayes doesn't buy it, and he rejects that consumers are overpaying on food.

"It's ludicrous on its face," Hayes said. "We can walk into any restaurant or coffee shop and fill our pockets with sugar. Look at the amount—there is less than two cents worth of sugar in a candy bar." If the price of sugar did go down, Hayes said he doesn't believe there'd be any drop in the price of most processed food with sugar in it.

U.S. Sugar spokesperson Judy C. Sanchez insisted recently to reporters that the Sugar Program is necessary for the domestic sugar industry to survive against bigger supplies in other countries. "We're all for global free trade, but other countries have subsidies," Sanchez said.

Citing a report by the U.S. International Trade Commission, Perry found for every sugar farm job saved by the federal Sugar Program, three confectionery jobs were lost. "To the extent that they're protected or get special treatment it's corporate welfare, so why should taxpayers be supporting these corporations?" Perry said. "Oil gets hammered all the time about why should they get any special tax breaks or subsidies, so why should sugar producers?”