ACTIVITY 3 – Big Sugar Program

Scandal in Candyland

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Ever notice how some government programs draw the ire of almost everyone? Conservatives, liberals, environmentalists, libertarians, business, labor, consumers and grouchy taxpayers are all opposed. Yet these programs go on as though directed by an unstoppable particle beam from a neighboring galaxy. The public rarely sees who in Washington keeps the outrage in motion, and that's how "they" get away with it.

The sugar support program is one such curiosity. We will get into the "who" and "how," but first an explanation of why almost everyone hates it.

Americans pay about three times the world price of sugar because of a complex farm program designed to greatly enrich U.S. sugar growers and processors, in actuality a handful of families. Among other things, it limits imports of far cheaper sugar from impoverished Caribbean countries. It provides taxpayer-backed loans: If prices slip, the borrowers repay their loans with sugar, which taxpayers must sell at a loss or store at their own expense.

In sum, the policy provides a government-guaranteed income to cane sugar producers in Florida and sugar beet growers in Minnesota and Michigan. Who pays? American consumers, for starters. The manipulated price of sugar amounts to a tax estimated at $3 billion a year.

The domestic sugar industry argues that 142,000 jobs would be lost if the sugar program ended. But the Commerce Department reported in 2006 that inflated sugar prices kill three manufacturing jobs for every sugar-growing and -processing job saved. Many U.S. candy-makers have seen no choice but to move factories and their jobs to countries with normal sugar prices. Among the examples:

Atkinson Candy Co., of Lufkin, Texas, recently sent most of its peppermint candy production to Guatemala. "It's a damn shame," company President Eric Atkinson told The Wall Street Journal, he had to move 60 jobs to Central America that should have stayed here.

Jelly Belly Candy Co., based in Fairfield, Calif., has again expanded its factory in Thailand. Sugar makes up half the cost of the product, Jelly Belly President Bob Simpson said. High U.S. sugar costs have forced him to raise his prices several times over the past 10 years.

Reluctant to take their small family-owned businesses to other countries, domestic candy-makers had been reducing the amount of sugar in their product. It is no accident that from 2002 to 2012, imported candy contained 33 percent more sugar.

As Congress debated last spring whether to continue the program, Big Sugar's lobbying force, the American Sugar Alliance, ran an ad in The Washington Post, hotly headlined "Big Candy's Greed." The candy-makers, the ad charged, were trying "to boost their already bloated profits."

In Florida, meanwhile, the giant sugar plantations — propped up by taxpayers and abused consumers — dump fertilizer runoff into the Everglades, threatening the state's precious water sources.

It should surprise no one that the American Sugar Alliance greatly out-spent the confectioners to win the affections of our elected representatives. Thus, in a recent close vote, the House again saved the program. Followers of partisan politics will be intrigued to see so-called liberals combining with so-called conservatives to preserve this travesty.

On the Democratic side, Florida Reps. Debbie Wasserman Schultz and Alcee Hastings both voted for the program. On the Republican side, House Speaker John Boehner and Rep. Frank Lucas, of Oklahoma and chair of the House Agriculture Committee, also voted in favor. As he backed the government shutdown, Lucas was speechifying for a budget "that reduces spending and eliminates waste and abuse in government programs."

How the politicians get away with this is simple: The voters aren't paying attention. Only when they do will this absurdity stop.