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## Sen Shaheen Wants to End the Sugar Subsidies

By Matt Laslo on Wednesday, March 02, 2011

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New Hampshire Democratic Senator Jeanne Shaheen is trying to unwind billions of dollars in U-S sugar subsidies. But she faces fierce opposition from a small but powerful lobby. NHPR Correspondent Matt Laslo reports from Washington.

Senator Shaheen's bill entitled the SUGAR Act takes aim at what she says is an unmerited, four billion dollar federal subsidy that props up the sugar industry.

"Unfairly fixing the price of sugar in a way that is costing us jobs and this is one of those subsidies that we ought to be able to tackle without too much disagreement."

Federal law keeps the price of U-S sugar higher than in other parts of the world. And it allows only around fifteen percent of the sugar consumed in the states to come from other countries. Sugar subsidy opponents say it costs the U-S about ten thousand jobs annually.

"For every job saved in the sugar growing industry we've lost three manufacturing jobs."

Unwinding U-S sugar policy won't be that easy though. Industry leaders say 146,000 U-S jobs are dependent on the industry. And they don't like Shaheen's legislation.

"Well it's a scapegoat, let's face it."

That's Jack Roney, an economist for the American Sugar Alliance – a coalition of growers, processors and refiners. He says free trade agreements have hurt the candy industry, not U-S sugar policy. Mexico can now sell unlimited amounts of sugar in the U-S, so Roney says companies are moving there to avoid higher wage and environmental standards. He says candy producers have gone after sugar growers before and that any new profits haven't passed through their corporate offices.

"When they've achieved any kind of reduction in input costs through commodity prices it's given them an opportunity to increase their profit margins. We never really see any pass through to consumers."

While some sugar growers are huge, many aren't wealthy, which makes many lawmakers hesitant to change the

rules of the game. South Florida Democratic Congressman Alcee Hastings has the Everglades in his district.

"In my area – the Glades generally – are one of the poorer areas in this country and the sugar industry is critical to a substantial number of jobs in that area."

The subsidies' opponents say U-S policy shouldn't favor one industry over another though. Illinois Republican Senator Mark Kirk is Shaheen's lead ally.

"We lose a tremendous amount of jobs just to protect 11,000 politically connected sugar producers."

According to campaign finance watchers the sugar cane and sugar beet industry spent more than four million dollars in the 2010 midterm elections – the majority going to Democrats. Kirk says the industry is so powerful they've been able to mandate a price for sugar that is double its price in other nations.

"You know normally special interests try to get a federal appropriation, and so reach into the taxpayer's wallet. This lobby is so powerful they just mandate a higher price for themselves straight through federal law. It's one of the most anti-market, anti-employment provisions of U.S. law"

But Roney of the sugar industry says the current law ensures safe, high quality sugar by mandating that about eighty five percent of all U-S sugar come from U-S growers. He says the industry wouldn't need the policy if other countries didn't prop up their sugar industries.

"So what we have is an industry that can compete with other farmers head to head, but we can't compete with foreign treasuries."

Shaheen says allowing cheaper sugar imports would spread throughout the economy.

"It's costing all of us – that's consumers, anybody who's doing business that uses sugar."

Sugar is grown or processed in 19 states and that means dozens of lawmakers – both Democrats and Republicans – are going to fight to protect their home state jobs. So even though lawmakers say they want to cut the deficit by unwinding many subsidies, the prospect for Shaheen's bill is anything but certain.

For NHPR News, I'm Matt Laslo.

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