Survival for Sugar Producers

The raising of sugar prices for farmers is a matter of survival for both the beet and the cane producers, says Agriculture Secretary Bob Bergland in the current issue of Business Week magazine. In the same article, Bergland adds that because of the availability and cheapness of foreign sugar there is possible question of "whether or not we also need to maintain a domestic sugar industry."

This seemingly conflicting viewpoint of the agriculture secretary is based on concern for the plight of domestic sugar producers in the short run, mixed with an inferred conviction that in the long run the U.S. sugar producers would be smart to start considering alternative crops.

BERGLAND IS LABORING to get President Carter to decrease the imports of sugar to create an improved market for U.S. produced sugar cane and beets. At stake is the future profitability of U.S. plantations and farms that last year produced 6.9 million tons — some 33 per cent — of the sugar consumed in the United States. The plight of the domestic producers easily is understood by reading that production costs average 15 cents per pound, while this week the spot price of raw sugar on the U.S. market was only 11 cents per pound.

Obviously neither U.S. farmers nor refiners can't absorb the three-cent-per-pound loss for long and stay in business.

Lowering the imports of foreign sugar will help the situation some, of course, but Bergland says it may require more than just the lower import levels to raise the domestic price to 12-14 cents per pound, which is the price range necessary for the domestic producers to survive.

Bergland says in the article that if Carter turns down his import quota reduction, then he will argue that U.S. sugar growing be phased out altogether. If such was proposed and followed, however, an argument can be made that such an action would leave the U.S. vulnerable to the political whims of a half dozen developing countries that will step in to supply U.S. sugar needs. Worst hit, reports the article, would be the cane growers, who, unlike beet growers, cannot switch to other crops quickly. Whole areas of the South would be left with no other major source of income.

The article doesn't just discuss the plight of the farmers. Not all sugar producers and refiners in the United States agree that reduced imports is the answer. Involved, and touched on in the article, is the complicated state of U.S. and international trade and economics, balance of payments and fears of inflation, not to mention international political considerations.

IN THE END, the story says, the sugar question "boils down to a matter of which group has stronger influence over the President," quoting a Washington observer. "It's just a gut feeling. I'm betting that the President will aid sugar growers."

But the gut feeling a person gets from reading the article is that the long-range future for beet sugar producers is not good, whether or not the current depressed sugar price problem is lessened or solved. Sugar beet production would not appear to be an enticing business for young farmers to enter, and those already in the business might be wise to start considering alternative crops and perhaps even starting to phase them into production.