

Sugar aid proposal questioned

WASHINGTON (AP) — Comptroller General Elmer B. Staats said today that he has "substantial doubt" that the Carter administration's proposed payments to sugar producers would be legal.

Direct payments to farmers are illegal unless they are designed to support or increase the price of the crop, and Staats said that the program appears to be an attempt to get around the law.

"We fail to see how the payments contemplated under the program would support the market price of sugar," the head of Congress' General Accounting Office said in a seven-page legal analysis sent to Rep. Paul Findley, R-Ill.

Robert R. Stansberry Jr., chairman of a special U.S. Department of Agriculture (USDA) sugar task force, said he was "not in any position to comment" until he had reviewed the GAO findings.

Despite a move by the Senate that they concede will cripple the program, Agriculture Department officials said last week that they intend to put it into effect by mid-August.

As proposed, USDA would make payments on the 1977 crops of sugarbeets and cane of up to 2 cents per pound of raw sugar produced if the average market price for the year were below 13.5 cents. The price is now below 10 cents a pound.

Even though the proposed program sets 13.5 cents as a "designated support price," if the average market price turned out to be only 11 cents a pound, the producers would get only 13 cents a pound, minus the processors' handling costs.

A regular price-support program has USDA standing by to buy up enough of the commodity to keep the market at a predetermined price or offer production loans at a rate that effectively sets the market floor.

The sugar payments would be made through sugar processors, who could deduct their administrative expenses before channeling the money to farmers with whom they have contracts.

About 5 to 10 per cent of the cane producers — those which are large corporations that in many cases also process the sugar — would be limited to a payment of \$50,000 under a Senate amendment to the USDA appropriations bill. Otherwise, under the USDA plan, some corporations could receive millions.

Staats' letter said, "It ... appears that the additional payment received by producers does not support or increase the market price but rather makes payments to processors for the benefit of producers, as if the market price actually were higher.

"It is indeed difficult to distinguish the effect of the proposed program from that of a program of direct producer payments made on the basis of the amount of sugar marketed. Accordingly, the proposed program is not, in our view, authorized under (the law), as the department may not do indirectly what it cannot do directly," Staats said.

"In any event, we have substantial doubt that the proposal represents a price-support program as contemplated by (the statute)," he said.

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Hart, Haskell Cosponsor Sugar-Price Supports

Denver Post Washington Bureau

WASHINGTON — Legislation that would require mandatory price support for the domestic sugar industry is being cosponsored in the Senate by Sens. Gary Hart, D-Colo., and Floyd Haskell, D-Colo.

According to Hart, the bill would make price supports effective for the 1977 crop and would be set at 60 per cent to 90 per cent of parity.

"We cannot afford to lose our sugar-beet growers," said Hart. "If the domestic sugar industry is destroyed by low-priced imports, American consumers will be totally dependent upon foreign sugar supplies."

Since the last sugar program expired at the end of 1974, sugar is virtually the only commodity for which there is no domestic program or policy.

Under the bill, 60 per cent of parity would be about 15½ cents per pound, which is approximately the cost of

producing sugar in Colorado and other Rocky Mountain states.

In addition, Haskell has joined Sen. P. Dole, R-Kan., in a resolution calling for imposition of the sugar-import quotas recommended by the U.S. International Trade Commission.

Terming President Carter's subsidy plan for the ailing domestic sugar industry "inadequate," Haskell said, "The President's proposal to limit sugar subsidies to two cents per pound does not even come close to production and processing costs."