Sugar growers' federal subsidies argued

WASHINGTON—The U.S. Department of Agriculture plans to pay from $70 million to $90 million in subsidies to growers of this year’s sugar crop, many of whom already are making fat profits from the high price of sugar.

The payments are made under the Sugar Act of 1948, which expires at the end of this year.

But the final payments, to California growers, will be made in April 1976, department experts explained, because the 1974 crop is defined in some states to extend well into next year and it takes several additional months for the payments to be processed.

Last year, payments to growers totaled about $90 million, according to Eugene H. Boyles of the sugar division in the department’s Agricultural Stabilization and Conservation Service.

The total may be slightly less this year if, as expected, the sugar beet and sugar cane crops are smaller than last year’s.

Rep. Paul Findley, R-Ill., said Sunday that “This type of payment is most unfortunate in normal circumstances, and with present prices, it’s really an outrage.” However, he said, the subsidies are “not open to review since they are required under contracts between growers and the government.

THE 20 LARGEST payments to growers in the 1972 crop year totaled $11,751,123, according to a list prepared by the Agriculture Department. Leading the list was the U.S. Sugar Corp. of Clewiston, Fla., which received $1,836,178. The largest payments went to sugar-cane producers in Florida and Hawaii and to one in Louisiana.

The Senate last week, turned down by a 62-28 vote an opportunity to remove $85 million worth of subsidies from the agriculture appropriations bill.

Sen. Lowell P. Weicker Jr., R-Conn., who proposed the change, said, “I think it is going to be a little difficult for any of us to explain why we are appropriating $85 million in subsidies to the sugar industry at a time when the profits are at record levels, and when most Americans feel that they are being gouged when it comes to the price of this particular staple.”

Sen. Gale W. McGee, D-Wyo., defended the payments as “as a matter of integrity under the law,” saying they were contracted for in the last growing season.

Many experts feel the subsidies are unnecessary and even unwarranted this year, but nevertheless required by law.

“THESE FARMERS are getting an unjust enrichment,” said one expert with experience in both government and the sugar industry. “It’s scandalous.”

There is virtually no possibility that the payments might be withheld this year, he said, especially after the Senate vote, which in effect gives the government a mandate to proceed.

The second largest payment in 1972 went to the Hawaiian Commercial & Sugar Co., which got $1,283,645. Gregg W. Perry, vice president of the parent company, Alexander and Baldwin, Inc., said Sunday from Honolulu that net income for the first nine months of this year was $45.1 million, up almost 300 percent from $11.7 million in the same period last year.

“We’re having a spectacular year thanks to sugar prices,” he said.

This company has declared an extraordinary dividend of $1 a share, as well as increasing its regular quarterly dividend. Total dividends this year will be $2 a share, compared with 70 cents last year, he said.

Alexander and Baldwin, a conglomerate, also owns the McBryde Sugar Co. of Hawaii, which received a subsidy of $310,796 in 1972.

THE U.S. SUGAR Co. in Florida also is having one of its best years, although it does not publish quarterly reports of earnings. S. K. Swain, vice president for finance, said dividends this year would total $2.80 a share, compared with $1.60 last year.

The government payments have traditionally been considered more important to small, independent growers than to large producers. Subsidies go to about 3,000 sugar farmers, many of them family-owned businesses.

The retail price of sugar has more than tripled in the past year. In the same period, the growers’ share of the retail price jumped from roughly 42 percent to 55 percent, according to a study by the Council on Wage and Price Stability, which held hearings on the sugar situation last week.

A House agriculture subcommittee has scheduled four days or hearings on sugar prices beginning next Monday.

John C. Bagwell, vice president and Washington representative of the Hawaiian Sugar Planters Association, said payments to growers were justified as long as an excise tax was still being collected from refiners. He said the large Hawaiian growers actually paid more in taxes—through the California and Hawaiian Sugar Co., the refining and marketing arm of the island sugar trade—than they received in subsidies.