

America's Sugar Program Is No Treat

Sugar prices this Halloween are more than a little scary. Here's the history that haunts the candy industry—and your grocery bill.

The nation's sugar policy is an extension of laws dating back to the Great Depression. Under the current system, domestic sugar manufacturers are protected from foreign competition by a tariff and quota system that adds to the price of imported sugar.

The sugar program is not simply a tariff scheme. It is also a program of price guarantees for sugar producers, as well as domestic marketing allotments that prevent sugar processors from selling in excess of predetermined quantities.

The effect on sugar prices is substantial. Some might call it, ahem, "tariffing."

During the first nine months of the year, for example, the average world price for refined sugar was 16.5 cents per pound. The average price in the United States was more than twice as high—34.5 cents per pound.

A study from Iowa State University commissioned by the Sweetener Users Association found that the sugar program takes a bite out of Americans' pocketbooks: "The removal of the sugar program would increase U.S. consumers' welfare by \$2.9 (billion) to \$3.5 billion each year."

The sugar program also hurts American companies that rely on sugar because of the artificially high prices. A 2006 report by the U.S. International Trade Administration found that confectioners such as Hershey Co. moved manufacturing plants out of the United States because of

inflated sugar prices, resulting in the loss of American jobs.

Other companies such as Bobs Candies, a maker of candy canes, and Atkinson Candy Co., another U.S. confectioner, have been forced to send hundreds of jobs abroad to Mexico and Guatemala, respectively.

According to the International Trade Administration report: "For each one sugar growing and harvesting job saved through high U.S. sugar prices, nearly three confectionery manufacturing jobs are lost."

As U.S. Sen. Danny Davis, D-Ill., observed: "Left unchanged, the current sugar program will continue to hurt American workers by driving good American manufacturing jobs to Canada, Mexico and other foreign countries."

This weekend, plenty of American kids once again will wish their parents would keep their hands off their Halloween candy. Parents should hope the government would do the same.