

Washington, D.C.: Public Relations: Press Releases, Chronological: 1976 September

Senator Daniel K. Inouye Papers

Administrative Files, Washington, D.C., Public Relations, Press Releases, Chronological,

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United States Senate

WASHINGTON, D.C. 20510

September 7, 1976

Long
by
Sugar

The Honorable James E. Carter, Jr.
Plains, Georgia 31780

Dear Governor Carter:

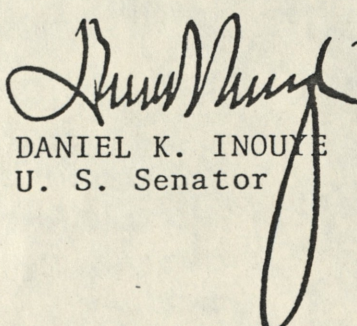
As you might suspect, we are very much concerned over the continuing slump in prices which domestic sugar producers are receiving for their product. In detailed explanation of these concerns, we attach the following items: (1) a letter from Senator Long to President Ford dated June 17, 1976, (2) a reply to Senator Long from William Seidman dated July 7, 1976, (3) an article from the August 23, 1976, Journal of Commerce quoting the Secretary of Agriculture (please note statement on sugar), and (4) a copy of a letter from Senator Inouye to President Ford dated August 19, 1976.

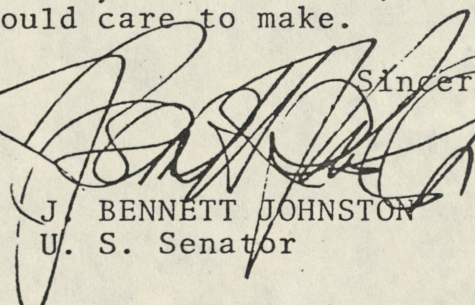
The price of raw sugar has continued to decline, reaching a level of 10.30 cents per pound on August 31, 1976. The nearby world futures market closed on this date at 9.44 cents per pound. According to a study made by the Council on Economic Policy in March of this year, "cane producers in Louisiana and Puerto Rico, in the long run, would be most affected by low sugar prices. Prices over 15 cents would be necessary to yield positive per acre returns to Louisiana growers and millers....". Cost of production figures vary from region to region, but a recent LSU study shows the cost in Louisiana to be 17.24 cents per pound. With a sugar price of 10 cents, the average Louisiana Producer loses \$300 per acre.

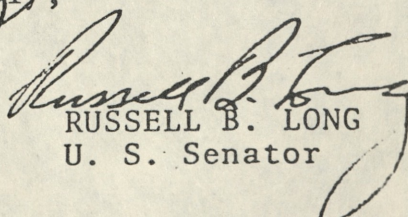
As pointed out in Senator Long's letter of June 17th, President Ford has the authority to take actions to prevent the phasing out of the domestic sugar industry.

Since the Administration has failed to take the necessary steps to save the domestic sugar industry, we are bringing this matter to your attention, and would welcome any comments that you would care to make.

Sincerely,


DANIEL K. INOUE
U. S. Senator


J. BENNETT JOHNSTON
U. S. Senator


RUSSELL B. LONG
U. S. Senator

news from

Senator DANIEL K. INOUE

topic:

INOUE SCORES ADMINISTRATION STAND ON SUGAR PRICES

date:

release date:

FOR IMMEDIATE RELEASE -- SEPTEMBER 8, 1976

WASHINGTON, D.C. -- Senator Daniel K. Inouye (D-Hawaii) today called "inexcusable" Ford Administration policy on domestic sugar production that has allowed sugar prices to drop below the cost of production.

After an exchange of letters with Ford economic aide L. William Seidman, Inouye said on the Senate floor that the White House has reiterated its "tribute to the concept of a free market for agricultural commodities, including sugar."

Seidman's letter discloses "that he is either ignorant of the facts or willing to ignore them when it comes to the situation in my state," Inouye said.

"To sit idly by, as this Administration is doing, witnessing the further decline of this (sugar) industry so essential to the fragile economy of Hawaii is inexcusable," he said.

"Instead of taking the regulatory steps available under existing statutory authority, this Administration chooses only to monitor developments in the sugar market and has formed an interagency task force for that purpose," he said.

Since March, 1976, the average domestic price for raw sugar fell from 16.27 cents per pound in March to 14.59 cents in July to 9.35 cents as of September 7, 1976, Inouye said. "Domestic producers cannot remain in business at that price level," he said.

Seidman earlier on July 7, 1976, informed the Senate of the Administration's commitment to a free market in sugar. While some price fluctuations are expected, "evidence available at this time, however, does not suggest that these price fluctuations will be extreme during the remainder of this year," he said.

In an August 31, 1976, letter, Seidman told Inouye the Administration has been "monitoring closely developments in the sugar market," adding that the Administration task force may review the situation.

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"By increasing our reliance on market prices and returning decision-making to those individuals best qualified to make the decisions -- U.S. growers and producers of agricultural commodities -- we will make the best use of our resources," Seidman said, explaining White House policy.

Inouye today said Seidman's reference to qualified decision-making "is an empty gesture to the sugarcane growers in my state."

"It appears absurd to argue...that the individual grower or producer can best make rational decisions on sugar production from the operations of a 'free market' when the best brains in the Administration have demonstrated such inability to forecast with any degree of accuracy what sugar prices will be," he said.

"Further, if decision-making, in Mr. Seidman's view, means making a choice of what crop to raise, it is a luxury which the growers in Hawaii do not enjoy. Even if there were feasible alternative crops for the 225,000 acres of fields now growing sugarcane, and so far we have not discovered any, the particular circumstances in Hawaii preclude a switch in response to market conditions except over a very long term," he said.

Inouye initially wrote President Ford on August 19, 1976, urging him to reconsider Administration policy on domestic sugar, and to "shore up the fast falling sugar prices."

Sugar, which needs at least two years growth before harvest, is Hawaii's top agricultural industry and ranks third as a major source of state income, after tourism and Federal Government expenditures.



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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122

WASHINGTON, WEDNESDAY, SEPTEMBER 8, 1976

No. 134

Senate

SUGAR

Mr. INOUE. Mr. President, on August 19 I wrote to the President to express my concern over this administration's apparent indifference to the serious threat to domestic sugar producers caused by the rapidly declining price of sugar which has now reached a level below the cost of production. In response I received a letter from L. William Seidman, Assistant to the President for Economic Affairs, dated August 31. I ask that my letter and Mr. Seidman's reply be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,

Washington, D.C., August 31, 1976.

HON. DANIEL K. INOUE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR INOUE: The President has asked me to thank you for your thoughtful letter of August 19 concerning the current sugar situation.

As you know, it is this Administration's policy to shift agricultural policy, including sugar policy, toward a market orientation. By increasing our reliance on market prices and returning decision-making to those individuals best qualified to make the decisions—U.S. growers and producers of agricultural commodities—we will make the best use of our resources.

During recent months we have been monitoring closely developments in the sugar market. In light of the recent decline in sugar prices, an interagency task force was established to review the sugar situation and outlook and to assess the policy implications of that outlook.

We appreciate having the benefit of your views which I am sending to the task force reviewing the situation where I am sure they will be carefully considered.

Sincerely,

L. WILLIAM SEIDMAN,
Assistant to the President for Economic Affairs.

U.S. SENATE,

Washington, D.C., August 19, 1976.

HON. GERALD R. FORD,
President of the United States, The White House, Washington, D.C.

DEAR MR. PRESIDENT: On March 11th of this year, I joined with Senators Long, Curtis, and Dole in expressing concern over the threat posed by your Administration's sugar policy for our domestic producers. We specifically emphasized the need for improved communications with the participants in your Administration's Sugar Policy Study. A response promising such improved communications was received. On June 17th, Chairman Long of the Finance Committee again wrote to you on this important matter and shared with me the response to that communication from Bill Seidman.

In Mr. Seidman's letter of July 7th the argument is strongly made that your Administration is committed to a free and open market in sugar. The expiration of the Sugar Act on December 31, 1974, and your administrative actions with respect to quotas and tariffs of November 18, 1974, confirm that commitment as does the lack of any governmental action since that date.

Mr. Seidman noted in his letter that while some price fluctuations can be expected, "Evidence available at this time, however, does not suggest that these price fluctuations will be extreme during the remainder of this year. The close supply-demand balance of the 1975-76 crop year of 81.3 million metric tons and 80.8 million metric tons, respectively, resulted in only a slight increase in

stocks to a level of 15.3 million metric tons. Thus the stock-consumption ratio remains at a relatively low level as we enter the 1976-77 crop year. While production is projected to increase in the 1976-77 crop year, a major portion of that increase was expected from Western Europe. It now seems likely, however, that drought conditions will reduce the West European crop significantly. U.S. beet plantings declined by 3 percent this year. In addition, consumption is expected to increase this year as the world's economies recover from the recent recession. The production forecasts are tenuous at this point since the beet crops in the Northern Hemisphere countries depend heavily on weather between now and harvest time.

In short, we see no reason to be alarmed at price prospects for the remainder of this year given the current outlook, but we will continue to watch the situation closely.

In a period of high prices such as those experienced in the last six months of 1974 and in 1975 few voices were raised in protest. I did warn as early as July, 1974 of the threat to the domestic producers because of the workings of the international sugar market in remarks on the Senate floor. My warnings have continued in December, 1974, in February, May and July of 1975 and again in February and March of this year.

Recent sharp declines in the price of raw sugar to under 12 cents per pound cause me to again raise this issue with you. That current price is under the cost of production for most cane producers in my State. Sugar cane is our number one agricultural industry and the number three source of income to the people of my State, after tourism and Federal government expenditures.

In the past few years, the State of Hawaii and Hawaii County has appropriated and allocated some \$4.6 million in efforts to find alternative economic uses and employment opportunities for the manpower and resources employed in just one sugar plantation at Kohala which closed down due to economic conditions in 1975. Frankly, this effort has achieved very limited success for there is no substitute which can come close to providing the income and employment which sugar has historically provided for the people of my State.

A healthy sugar industry is absolutely vital to our welfare and it is my belief that an active sugar policy which protects the American producer from the sharp swings in the price of sugar in the international sugar market is in the best interests not only of the American producer but also of the American consumer.

I, therefore, urge reconsideration of your present policy and early action to shore up the fast falling sugar prices.

Aloha,

DANIEL K. INOUE,
U.S. Senator.

Mr. INOUE: Mr. President, Mr. Seidman reiterates the standard administration tribute to the concept of a free market for agricultural commodities, including sugar, thereby disclosing that he is either ignorant of the facts or willing to ignore them when it comes to the situation in my State.

In Hawaii there is no alternative crop which can be raised instead of sugarcane. Diversification of agriculture has been an elusive goal which has been attempted for decades, without success. The suggestion made by Mr. Seidman that market oriented agricultural policy returns decisionmaking to "individuals best qualified to make the decisions—U.S. growers" is an empty gesture to the sugarcane growers in my State.

It appears absurd to argue as the administration does, that the individual grower or producer can best make rational decisions on sugar production from the operations of a "free market" when the best brains in the administration have demonstrated such inability to forecast with any degree of accuracy what sugar prices will be. As I noted in my letter to the President, as late as July 7, Mr. Seidman wrote to Senator LONG—

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Further, if decisionmaking, in Mr. Seidman's view, means making a choice of what crop to raise, it is a luxury which the growers in Hawaii do not enjoy. Even if there were feasible alternative crops for the 225,000 acres of fields now growing sugarcane, and so far we have not discovered any, the particular circumstances in Hawaii preclude a switch in response to market conditions except over a very long term. Our sugarcane grows, on the average, 2 years before the first harvest.

After the initial harvest, the root structure of the cane plant is left in the ground and successive crops are taken at approximately 2 year intervals. We expect at least three crops from one planting so the crop cycle from beginning to end is approximately 6 years. Obviously, the Hawaiian sugar industry is not an in and out proposition as is the case with many other agricultural commodities which are planted and harvested in less than 1 year.

Instead of taking the regulatory steps available under existing statutory authority, this administration chooses only to monitor developments in the sugar market and has formed an interagency task force for that purpose. Such a group has been in existence since early in the year and issued a report dated March 1976. The average domestic price for raw sugar during that month was 16.27 cents per pound. In April it was 15.58 cents per pound, in May 15.97, June 14.40, July 14.59, August 11.32. On September 7 it has declined still further to 9.35 cents. Domestic producers cannot remain in business at that price level.

The sugar industry is vital to the economy of the entire State of Hawaii. Sugar producers employ approximately 9,000 full-time workers who work throughout the year with a payroll of approximately \$110 million. Sugar is the third largest source of income to the State, contributing about \$368 million to the economy in 1975. It is our largest export.

To sit idly by, as this administration is doing, witnessing the further decline of this industry so essential to the fragile economy of Hawaii is inexcusable. Administration action under existing quota and tariff-setting authority is not a substitute for a long-range program devised by the Congress. It is badly needed, however, until a comprehensive sugar program can be enacted.

news from

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topic: INOUYE SCORES ADMINISTRATION STAND ON SUGAR PRICES

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NO MORNING BUSINESS TRANSACTED ON 9/23

BILL INTRODUCED ON 9/24

news from

Senator DANIEL K. INOUYE

topic:

INOUYE SEEKS TO ALLOW NAVY LAND TRANSFER TO LOCAL CHURCHES

date:

release date: FOR IMMEDIATE RELEASE -- THURSDAY, SEPTEMBER 23, 1976

WASHINGTON, D.C. -- Senator Daniel K. Inouye (D-Hawaii) today introduced a bill that would allow the Navy to sell about 22 acres of Pearl Harbor land to nine church groups now leasing the property. He also urged colleagues to bring the measure to the floor quickly before the close of the Congressional session expected next month.

The bill stems from efforts by the churches to purchase eight land parcels they have leased from the Navy since the 1950s. The Secretary of the Navy has expressed willingness to sell the land, but has conceded the lack of legislative authority to do so.

"The churches now have substantial investment on the sites that will be lost when the leases terminate in the 1980s, unless some remedial action is undertaken," Inouye said in a letter to Senate Armed Services Committee Chairman, John C. Stennis (D-Miss) today.

"I would urge your committee to expedite consideration of this private legislation and report it favorably to the full Senate," Inouye said.

He said the churches reportedly will pay \$10,000 per acre for the Pearl Harbor land, a price "considerably below the fair market value" that also is set in his bill.

But the bill also contains two restrictive provisions, barring the use of the land for non-church activities and asserting the right of the Defense Secretary to reenter the land without obligation or payment in time of war or national emergency. If the land is not used for church purposes, it would revert to the United States along with all improvements made by the churches without compensation.

The churches include: the Community Baptist Church of Pearl Harbor; Holy Family Catholic Church; Saint George's Episcopal Church; the Samoan Congregational Christian Church; the First Samoan Church of Christ; the Pearl Harbor Memorial United Church of Christ; the Pearl Harbor Memorial Christian Church; the Church of Christ at Pearl Harbor; and the First Southern Baptist Church of Pearl Harbor.

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Intro: legislative day 9/29

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