

# Address at the Hawaiian Sugar Planters 95th annual meeting: Sugar legislation 1978 and 1979

Senator Spark M. Matsunaga Papers

Senate, Public relations, Speeches, Organizations, Box PR74, Folder 40

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"SUGAR LEGISLATION--1978 AND 1979"

AN ADDRESS BY THE HONORABLE SPARK M. MATSUNAGA  
AT THE 95<sup>TH</sup> ANNUAL MEETING OF THE  
HAWAIIAN SUGAR PLANTERS' ASSOCIATION  
HONOLULU, HAWAII  
NOVEMBER 30, 1978

PRESIDENT BERG, OFFICERS AND MEMBERS OF THE HAWAIIAN SUGAR PLANTERS' ASSOCIATION AND GUESTS, I VERY MUCH APPRECIATE THE INVITATION TO ADDRESS YOU ON THE OCCASION OF YOUR 95<sup>TH</sup> ANNUAL MEETING. AT EACH OF YOUR PREVIOUS MEETINGS, I AM CERTAIN THAT YOU HAVE FACED AND DISCUSSED MANY PROBLEMS THAT HAVE TAXED YOUR ABILITIES, RESOURCES AND PATIENCE; AND ALTHOUGH THE PROBLEMS NEVER SEEM TO GO AWAY, YOU AND YOUR PREDECESSORS MUST HAVE FACED THEM WITH GREAT DETERMINATION AND SOME SKILL, FOR HSPA IS STILL HERE.

YOUR PROGRAM FOR THIS MORNING BILLS ME AS SPEAKING ON "SUGAR LEGISLATION--1978 AND 1979." SUGAR LEGISLATION, AS IMPORTANT AS IT IS TO ALL OF US, HAS ALWAYS POSED TO THE CONGRESS THE MOST DIFFICULT AND COMPLEX PROBLEMS, WHICH SEEM TO DEFY UNDERSTANDING.

THE DRAFTING OF A BILL THAT SATISFIES THE INTERESTS OF A ~~VERY~~  
<sup>TO SAY THE LEAST, VERY</sup>  
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BILL TO ~~GET~~ <sup>persuade</sup> THE CONGRESS TO PASS AND THE PRESIDENT TO SIGN IS

MOST DIFFICULT, AS HAS BEEN DEMONSTRATED BY OUR PAST <sup>JOINT</sup> ~~EFFORTS~~. I

AM <sup>TOLD</sup> ~~CERTAIN~~ THAT ROGER SULLIVAN HAS GIVEN YOU A GOOD ACCOUNT OF

WHAT TOOK PLACE IN THE 95TH CONGRESS WITH RESPECT TO THE SUGAR

STABILIZATION ACT OF 1978; <sup>THEREFORE</sup> AND I WILL <sup>^</sup>NOT DWELL UPON THAT HISTORY

EXCEPT TO <sup>ADVISE</sup> ~~TELL~~ YOU THAT ROGER AND HIS <sup>INDUSTRY</sup> ~~PRODUCER~~ COLLEAGUES,

<sup>YOUR PRESIDENT</sup> INCLUDING <sup>^</sup>KARL BERG, WORKED VERY HARD IN BRINGING TOGETHER A

COALITION OF RATHER STRANGE BEDFELLOWS IN SUPPORT OF THAT ACT.

THAT THE COALITION WAS TOO FRAGILE TO SURVIVE THE SENATE-HOUSE

CONFERENCE COMMITTEE COMPROMISE DURING THE LAST HOURS OF THE

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ACT; AND IT IS INTERESTING, THOUGH DISTURBING, TO TRACE WHAT

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SHIFTED THE MAJOR USE OF SUGAR FROM THE HOME TO THE INDUSTRIAL USERS. DURING THIS TRANSITION, THE CONSUMER WAS NEVER MADE TO REALIZE THAT THE HIGH COST OF FOOD FOR THE FAMILY IS REALLY NOT THE FAULT OF THE PRODUCER, AND THAT THE BENEFITS FROM THE HIGH COSTS DO NOT ACCRUE TO THE PRODUCER, BUT RATHER TO THOSE WHO PROCESS, AND MARKET THE FOOD PRODUCTS. TRANSPORTATION TOO HAS CONTRIBUTED ITS FAIR SHARE TO THE COST EQUATION.

THERE IS NO QUESTION IN MY MIND, AS IT MUST BE IN YOURS, **IF WE ARE TO INSURE STABILITY AND VIABILITY IN THE SUGAR INDUSTRY,** THAT A DOMESTIC SUGAR SUPPORT PROGRAM IS NECESSARY. AS IT WAS **RECENTLY** MADE CLEAR BY SECRETARY OF STATE **CY** VANCE, NOT EVEN THE INTERNATIONAL SUGAR AGREEMENT IS GOING TO EASE THE DOMESTIC SUGAR GROWERS' PLIGHT. IN TRANSMITTING THE AGREEMENT TO THE PRESIDENT ON DECEMBER 24, 1977, SECRETARY VANCE SAID "--THE INTERNATIONAL SUGAR AGREEMENT REPRESENTS AN OPPORTUNITY, BUT NOT A GUARANTEE, FOR STABLE AND REASONABLE PRICES. JUST AS THE AGREEMENT CANNOT IMMEDIATELY CURE THE DEPRESSED PRICES, IT ALSO CANNOT PREVENT SHORTAGES AND HIGH PRICES RESULTING FROM EXTENSIVE CROP DISASTERS." WHILE THE DE LA GARZA AMENDMENT TO THE FOOD AND AGRICULTURE ACT

OF 1977 PROVIDED SOME SUPPORT FOR SUGAR, IT APPLIED ONLY TO THE 1977 AND 1978 CROPS. MEMBERS OF CONGRESS WHO SAW THE NEED TRIED TO PROVIDE THE NECESSARY SUPPORT FOR SUGAR IN THE SUGAR STABILIZATION ACT OF 1978, BUT FAILED.

IF WE ARE TO SUCCEED IN OUR EFFORTS THE NEXT TIME WE TRY, WE MUST BE ABLE TO ANSWER THE QUESTION, "WHY DID IT FAIL?"

THERE WAS SOME INDICATION OF THINGS TO COME, DURING THE HEARINGS ON THE SUGAR STABILIZATION ACT WHICH I CONDUCTED ON MAY 11TH OF THIS YEAR, AS CHAIRMAN OF THE SENATE FINANCE COMMITTEE'S SUBCOMMITTEE ON TOURISM AND SUGAR. ORAL AND WRITTEN TESTIMONIES FROM A WIDE RANGE OF INTERESTS WERE RECEIVED AND I'M SURE THAT YOU CAN IMAGINE THE VARYING DEGREES OF ACCEPTANCE OF THE BILL THAT WAS REPRESENTED. WHILE THERE WAS GENERAL SUPPORT FOR TITLE I RELATING TO THE RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT (ISA), SUCH SUPPORT WAS NOT UNIVERSAL. FOR EXAMPLE, THE AMERICAN FARM BUREAU FEDERATION REGISTERED ITS RESERVATIONS BECAUSE IT HAS TRADITIONALLY OPPOSED INTERNATIONAL COMMODITY AGREEMENTS, WHICH, IT FEELS, DO NOT ACCOMPLISH THEIR INTENDED PURPOSES. THE

INDUSTRIAL USERS FAVORED THE ISA <sup>ONLY IT WERE</sup> IF NOT ACCOMPANIED BY A DOMESTIC  
PROGRAM WHICH WOULD INTERFERE WITH OR FRUSTRATE THE OBJECTIVES  
OF THE AGREEMENT AND THEY <sup>EXPRESSED THEIR</sup> BELIEVED ~~THAT~~ THAT THE SENATE BILL WOULD DO  
JUST THAT.

THE DEVELOPING NATIONS FAVORED TITLE I BUT COULD NOT SUPPORT  
OTHER PROVISIONS THAT WOULD IN ANY WAY JEOPARDIZE THEIR HISTORIC  
MARKETING ARRANGEMENTS WITH THE UNITED STATES, INCLUDING THEIR  
BENEFITS UNDER THE GENERALIZED SYSTEM OF PREFERENCES (GSP). IN  
SOME CASES THE DEVELOPMENT OF THEIR SUGAR PRODUCTION BEYOND THEIR  
OWN NEEDS WAS PREDICATED UPON THE OPPORTUNITY TO EXPORT TO THE  
UNITED STATES UNDER THE OLD SUGAR ACT, AND MANY RELY UPON SUGAR  
EXPORTS FOR A HIGH PERCENT OF THEIR FOREIGN EXCHANGE.

THE CORN BLOC, REPRESENTING THE HIGH FRUCTOSE CORN SWEETENER  
PRODUCERS, WAS IN SUPPORT OF THE ISA AND VOICED SUPPORT FOR A  
DOMESTIC PROGRAM SO LONG AS IT DID NOT INVOLVE DIRECT PAYMENTS  
TO SUGAR PRODUCERS. ALTHOUGH THEY DID AGREE TO A 1/2 CENT PER  
POUND PAYMENT, THE 3/4 CENT PER POUND PAYMENT PROVIDED FOR IN THE  
CONFERENCE COMMITTEE COMPROMISE TRIGGERED THEIR WITHDRAWAL OF THAT  
SUPPORT IN THE LAST HOURS OF THE SESSION.

LABOR'S SUPPORT OF THE SUGAR STABILIZATION ACT OF 1978

CAN BEST BE DESCRIBED AS AN ABSENCE OF OPPOSITION, RATHER THAN AN ACTIVE LOBBYING EFFORT IN SUPPORT OF IT. PERHAPS THIS IS UNDERSTANDABLE WHEN ONE CONSIDERS THE FACT THAT THERE ARE VERY FEW UNION MEMBERS INVOLVED IN THE MAINLAND SUGAR PRODUCING ACTIVITIES. WHILE IT WAS NOT SPECIFICALLY STATED, THE WAGE RATES PROVIDED IN THE BILL AND WHICH LABOR FAVORED, WERE BASED UPON A HIGHER SUGAR PRICE OBJECTIVE THAN THAT WHICH CAME OUT OF CONFERENCE; AND EVEN IF THE BEET AND MAINLAND CANE PRODUCERS HAD ACCEPTED IT, THERE MIGHT HAVE BEEN SOME QUESTION ABOUT A PRESIDENTIAL APPROVAL, SINCE THE RATES EXCEEDED HIS WAGE INCREASE GUIDELINES.

WHATEVER THE RESERVATIONS OR OPPOSITION MIGHT HAVE BEEN, THE FACT REMAINS THAT THE HOUSE DID PASS ITS <sup>own</sup> VERSION OF THE 1978 SUGAR ACT, ~~AND SO~~ <sup>AS</sup> DID THE SENATE. THE SENATE EVEN ADOPTED THE CONFERENCE REPORT BY A BETTER THAN 2 TO 1 MARGIN. WHY THEN DID THE CONFERENCE REPORT FAIL IN THE HOUSE?

TO FIND THE ANSWER TO THAT BIG QUESTION, I SUPPOSE WE NEED

TO DELVE INTO WHAT TOOK PLACE IN THE CONFERENCE BETWEEN THE HOUSE AND SENATE CONFERENCE COMMITTEES. AS YOU KNOW, I WAS A MEMBER OF THE SENATE CONFERENCE COMMITTEE, BY VIRTUE OF MY MEMBERSHIP IN THE SENATE FINANCE COMMITTEE AND MY CHAIRMANSHIP OF ITS SUBCOMMITTEE ON SUGAR AND TOURISM; AND <sup>I</sup> WAS NOT ONLY ABLE TO OBSERVE FIRST HAND, BUT ALSO TO PARTICIPATE, IN WHAT TRANSPIRED BEHIND CLOSED <sup>DOORS</sup> AS WELL ~~IN~~ OPEN ~~COMMITTEE MEETINGS~~.

TO ME IT APPEARED CLEAR THAT UNLESS THE CONFEREES AGREED ON A COMPROMISE WHICH WOULD BE ACCEPTABLE TO THE NEWLY FORMED COALITION WITHIN THE SUGAR INDUSTRY THE CONFERENCE REPORT WOULD RUN INTO DIFFICULTIES IN BOTH THE SENATE AND THE HOUSE, ESPECIALLY THE LATTER. SO I PROPOSED, THAT THE INDUSTRY'S PROPOSAL BE ADOPTED BY THE SENATE CONFEREES AND BE OFFERED AS A COMPROMISE SOLUTION TO THE HOUSE CONFEREES. THE INDUSTRY'S PROPOSAL WAS AN FOLLOWS:

1ST YEAR: TARGET MARKET PRICE OF 15.25¢ PER POUND,  
PLUS SUBSIDY PAYMENT OF .50¢ PER POUND, FOR  
A TOTAL RETURN OF 15.75¢ PER POUND.

2ND YEAR: TARGET MARKET PRICE OF 16.12¢ PER POUND, PLUS

.50¢ PER POUND SUBSIDY, FOR A TOTAL RETURN  
OF 16.62¢.

3RD YEAR: TARGET MARKET PRICE OF 17.03¢ PER POUND,  
PLUS .50¢ PER POUND, FOR A TOTAL RETURN OF  
17.53¢ PER POUND.

SENATOR RUSSELL LONG, CHAIRMAN OF THE SENATE CONFEREES,  
IMMEDIATELY REJECTED THE PROPOSAL, SAYING THE PRESIDENT HAD SENT  
A CLEAR MESSAGE THAT HE WOULD NOT ACCEPT ANY TARGET MARKET PRICE IN  
EXCESS OF 15 CENTS. I THEN AMENDED MY PROPOSAL AND LOWERED THE  
TARGET MARKET PRICE FOR THE FIRST YEAR TO 15¢ A POUND AND A  
SUBSIDY PAYMENT OF .50¢ A POUND. I REMINDED THE SENATE CONFEREES  
THAT THE INDUSTRY COALITION WOULD LIKELY SUPPORT A .50¢ SUBSIDY  
BUT NO MORE.

*OF THE SENATE CONFEREES*

HOWEVER, THE MAJORITY <sup>^</sup> ACCEPTED SENATOR LONG'S PROPOSAL  
OF A 15¢ TARGET MARKET PRICE AND A .75¢ SUBSIDY PAYMENT, FOR A  
TOTAL RETURN OF 15.75¢ PER POUND FOR THE FIRST YEAR, *AND I WAS  
FORCED INTO SUPPORTING THIS SENATE PROPOSAL.*

ALTHOUGH THE HOUSE CONFEREES AGREED TO SENATOR LONG'S  
PROPOSAL BY A LARGE MAJORITY, THE CORN BLOC REVOLTED AND LEFT THE

COALITION. THE REST IS NOW HISTORY; THE HOUSE ON OCTOBER 14, 1978, IN THE WANING HOURS OF THE 95TH CONGRESS REJECTED THE CONFERENCE REPORT ON THE SUGAR STABILIZATION ACT OF 1978, THEREBY KILLING THE PROPOSED LEGISLATION.

Now, WHAT ABOUT 1979?

SUGAR LEGISLATION WILL NO DOUBT BE INTRODUCED EARLY IN THE 96TH CONGRESS, WHICH CONVENES ON JANUARY 15, 1979. ITS PASSAGE WILL OF COURSE DEPEND UPON WHETHER OR NOT IT CAN GAIN THE SUPPORT OF:

1. THE SUGAR INDUSTRY ITSELF, INCLUDING PRODUCERS AND PROCESSORS OF CANE AND BEET SUGAR.
2. THE CORN SWEETNER INDUSTRY.
3. THE NATIONAL CONSUMER ORGANIZATIONS AND INDUSTRIAL USERS.
4. ORGANIZED LABOR.
5. THE ADMINISTRATION.

SUPPORT OF THE SUGAR INDUSTRY ITSELF WILL COME AS A MATTER OF COURSE, FOR ITS VERY SURVIVAL WILL DEPEND UPON A SOUND DEPENDABLE PROGRAM PROJECTED INTO THE FUTURE FOR THREE OR FIVE YEARS.

THE CORN SWEETNER INDUSTRY DEMONSTRATED BY ITS ACTIONS DURING THE LAST SESSION THAT IT IS WILLING TO COOPERATE WITH THE SUGAR INDUSTRY TOWARD THE ATTAINMENT OF COMMON GOALS.

THE CONSUMER ORGANIZATIONS MAY BE EXPECTED TO OPPOSE ANY SUGAR LEGISLATION WHICH WOULD PROPOSE TO RAISE THE PRICE OF SUGAR OVER AND ABOVE THE PREVAILING MARKET PRICE.

QUITE OFTEN THE CONSUMER GROUPS FAIL TO SEPARATE 'CAUSE' FROM 'EFFECT' WHEN THEY COME OUT STRONGLY FOR OR AGAINST ANY PARTICULAR PIECE OF LEGISLATION AND THE SUGAR BILL SUFFERED OPPOSITION FROM THE CONSUMER FEDERATION OF AMERICA THIS YEAR, AS IT DID IN 1974. I DO NOT KNOW THE SOURCE OF THEIR SUPPORT DATA BUT CONSUMER ADVOCATES SOUNDED ~~THE~~ MUCH LIKE INDUSTRIAL USERS AND ADMINISTRATION SPOKESMEN. IN 1974 AND AGAIN THIS YEAR, I EXPRESSED THE WISH THAT THEY WOULD GO DEEPER INTO THE STUDY OF

SUGAR PRODUCTION IN THE UNITED STATES. AS A GROUP, THEY HAVE A VOICE THAT IS HEARD BY MEMBERS OF CONGRESS WHO REPRESENT URBAN AMERICA AND MUST BE ACKNOWLEDGED. THERE IS DEFINITELY A NEED FOR IMPROVING RELATIONS BETWEEN THE SUGAR INDUSTRY AND CONSUMER ORGANIZATIONS FOR A BETTER UNDERSTANDING OF THE INDUSTRY'S PROBLEMS.

THE INDUSTRIAL CONSUMERS, TOO, CAN BE EXPECTED TO OPPOSE ANY SUGAR LEGISLATION. ALREADY THEY ARE SAYING THAT THE PRESENT MARKET PRICE OF SUGAR, WHICH STANDS AT 15.5¢ A POUND, PROVES WHAT THEY HAVE BEEN SAYING -- THAT THERE IS NO NEED FOR SUGAR LEGISLATION.

*FOREIGN including EXPORT FEES, TARIFF AND TRANSPORTATION COSTS,*

ORGANIZED LABOR'S SUPPORT CAN BE EXERCISED SO LONG AS ACCEPTABLE MINIMUM WAGE PROVISIONS ARE INCLUDED IN THE LEGISLATION. HOWEVER, EVERY EFFORT SHOULD BE EXERCISED TO GAIN THEIR LOBBYISTS' ACTIVE, AND NOT PASSIVE, SUPPORT. LABOR MUST BE MADE TO REALIZE THAT IT HAS AS MUCH A STAKE IN A VIABLE DOMESTIC SUGAR INDUSTRY AS HAS THE INDUSTRY ITSELF.

THE CARTER ADMINISTRATION HAS REPEATEDLY STATED ITS BELIEF IN A VIABLE SUGAR INDUSTRY AND CAN BE EXPECTED NOT ONLY TO SUPPORT,

BUT ALSO TO PROPOSE SUGAR LEGISLATION EARLY NEXT YEAR. ONLY TEN DAYS AGO, MR. HOWARD W. HJORT, ASSISTANT TO AGRICULTURE SECRETARY BOB BERGLAND, SPEAKING BEFORE THE FLORIDA SUGAR COOPERATORS LEAGUE, STATED AS FOLLOWS:

"THE ADMINISTRATION CONTINUES TO ADHERE TO THE PRINCIPLES WE VOICED DURING THE LAST SESSION OF CONGRESS. WE BELIEVE IT IS IN THE NATIONAL INTEREST TO HAVE A VIABLE DOMESTIC SWEETNER INDUSTRY TO MEET MOST OF OUR REQUIREMENTS AS WELL AS A HEALTHY WORLD INDUSTRY WE CAN COUNT ON TO MEET THE BALANCE OF OUR SWEETNER NEEDS."

HE ALSO STATED THAT "IT IS VITAL THAT THE IMPACTS OF POLICIES AND PROGRAMS ON OUR ECONOMY AND ON INFLATION BE CONSIDERED." HE FURTHER DESCRIBED THE INTERNATIONAL SUGAR AGREEMENT AS THE CORNERSTONE OF THE ADMINISTRATION'S POLICY." HE FURTHER DECLARED THAT "ACHIEVING RATIFICATION OF THE ISA WILL BE A TOP PRIORITY OF THE ADMINISTRATION."

WHAT DOES THIS ALL MEAN? IT MEANS THAT CONGRESSIONAL SUPPORTERS OF THE SUGAR INDUSTRY WILL ONCE AGAIN LINK THE

RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT WITH A DOMESTIC SUGAR PROGRAM TO INSURE PRESIDENTIAL APPROVAL.

FURTHERMORE, ALTHOUGH SUGAR IS NOT A COMMODITY INVOLVED IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) PRESENTLY BEING DISCUSSED IN GENEVA, AND THE EUROPEAN ECONOMIC COMMUNITY IS NOT A SIGNATORY TO THE INTERNATIONAL SUGAR AGREEMENT, THE ADMINISTRATION IS RELUCTANT TO TAKE ANY ACTION THAT MIGHT JEOPARDIZE THOSE NEGOTIATIONS. WITH THE DEFEAT OF THE SUGAR BILL, THE TREASURY DEPARTMENT LOST THE AUTHORITY TO CONTINUE THE WAIVER ON COUNTERVAILING DUTIES BEYOND THE EXPIRATION OF THAT AUTHORITY ON JANUARY 2, 1979 -- THE AUTHORITY TO EXTEND THE WAIVERS WAS TACKED ON TO THE SUGAR BILL AS AN AMENDMENT WHEN THE SENATE FINANCE COMMITTEE REPORTED THE BILL OUT. UNTIL THE MTN HAS BEEN CONCLUDED THE PRESIDENT IS NOT LIKELY TO TAKE ANY ACTION ON QUOTAS AND TARIFFS WHICH ARE NOT PRESENTLY IN EFFECT. THESE NEGOTIATIONS ARE EXPECTED TO BE CONCLUDED BY MID-DECEMBER WITH RATIFICATION TO COME BEFORE THE SENATE VERY SOON AFTER THE 96TH CONGRESS CONVENES ON JANUARY 15TH. WHETHER OR NOT THIS CAN BE USED AS

LEVERAGE WITH THE ADMINISTRATION IN GETTING A NEW SUGAR PROGRAM APPROVED REMAINS TO BE SEEN.

YOU MAY OR MAY NOT BE AWARE THAT RELATIVELY FEW BILLS ARE TOTALLY CONCEIVED AND DRAFTED IN THE CONGRESS. EITHER THEY ARE GENERATED BY THE ADMINISTRATION OR BY SOME SPECIAL INTEREST GROUP WITH A PROBLEM TO BE SOLVED. IT IS MY HOPE THAT THE ADMINISTRATION WILL INITIATE A NEW BILL OUTLINING A DOMESTIC SUGAR PROGRAM WHICH CAN BE SUPPORTED BY ALL OF THE DISPARATE INTERESTS CONCERNED. IN THE FORESEEABLE FUTURE IT WOULD BE WELL TO KEEP SUGAR SEPARATE FROM THE OTHER MAJOR AGRICULTURAL COMMODITIES, AS HAS BEEN THE CASE HISTORICALLY. THE TIME MAY COME, HOWEVER, WHEN IT MAY BECOME NECESSARY TO HANDLE ALL COMMODITIES IN THE SAME BILL WITH SPECIAL RECOGNITION DUE EACH COMMODITY HANDLED ON ITS OWN MERITS.

THERE ARE SOME WHO HAVE ALREADY DOOMED A NEW <sup>SUGAR</sup> BILL. THERE ARE MESSAGES IN EVERY NEWSPAPER EVERY DAY ABOUT INFLATION. THE PRESIDENT AND HIS ADMINISTRATION INTEND TO DO EVERYTHING POSSIBLE TO BRING IT UNDER CONTROL. WITH 20 NEW FACES IN THE SENATE AND

77 IN THE HOUSE IT IS TOO EARLY TO GET THE MOOD OF THE NEW CONGRESS,  
BUT THE ODDS ARE THAT THEY WERE ELECTED ON THE PROMISE THAT THEY  
WOULD FIGHT INFLATION. IT IS THEREFORE REASONABLE TO BELIEVE THAT  
ANY BILL THAT EVEN HINTS OF AN INFLATIONARY EFFECT WILL BE LIKELY  
TO FAIL.

I BELIEVE THAT WE CAN PASS A DOMESTIC SUGAR PROGRAM, AND  
AS SOME OF THE KEY MEMBERS OF THE SENATE RETURN TO WASHINGTON, IN  
MY CAPACITY AS CHAIRMAN OF THE SUBCOMMITTEE ON SUGAR AND TOURISM  
I WILL SEEK THEIR ASSISTANCE IN THE DEVELOPMENT OF A BILL THAT HAS  
A REASONABLE CHANCE OF SUCCESS. THAT IS A FIRM COMMITMENT.

THANK YOU VERY MUCH FOR THIS OPPORTUNITY TO BE WITH YOU.

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AT THE 95TH ANNUAL MEETING OF THE  
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SHORTAGES AND HIGH PRICES RESULTING FROM EXTENSIVE CROP DISASTERS."  
WHILE THE DE LA GARZA AMENDMENT TO THE FOOD AND AGRICULTURE ACT

OF 1977 PROVIDED SOME SUPPORT FOR SUGAR, IT APPLIED ONLY TO THE 1977 AND 1978 CROPS. MEMBERS OF CONGRESS WHO SAW THE NEED TRIED TO PROVIDE THE NECESSARY SUPPORT FOR SUGAR IN THE SUGAR STABILIZATION ACT OF 1978, BUT FAILED.

IF WE ARE TO SUCCEED IN OUR EFFORTS THE NEXT TIME WE TRY, WE MUST BE ABLE TO ANSWER THE QUESTION, "WHY DID IT FAIL?"

THERE WAS SOME INDICATION OF THINGS TO COME, DURING THE HEARINGS ON THE SUGAR STABILIZATION ACT WHICH I CONDUCTED ON MAY 11TH OF THIS YEAR, AS CHAIRMAN OF THE SENATE FINANCE COMMITTEE'S SUBCOMMITTEE ON TOURISM AND SUGAR. ORAL AND WRITTEN TESTIMONIES FROM A WIDE RANGE OF INTERESTS WERE RECEIVED AND I'M SURE THAT YOU CAN IMAGINE THE VARYING DEGREES OF ACCEPTANCE OF THE BILL THAT WAS REPRESENTED. WHILE THERE WAS GENERAL SUPPORT FOR TITLE I RELATING TO THE RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT (ISA), SUCH SUPPORT WAS NOT UNIVERSAL. FOR EXAMPLE, THE AMERICAN FARM BUREAU FEDERATION REGISTERED ITS RESERVATIONS BECAUSE IT HAS TRADITIONALLY OPPOSED INTERNATIONAL COMMODITY AGREEMENTS, WHICH, IT FEELS, DO NOT ACCOMPLISH THEIR INTENDED PURPOSES. THE

INDUSTRIAL USERS FAVORED THE ISA <sup>only if were</sup> IF NOT ACCOMPANIED BY A DOMESTIC PROGRAM WHICH WOULD INTERFERE WITH OR FRUSTRATE THE OBJECTIVES OF THE AGREEMENT AND THEY <sup>expressed their</sup> BELIEF ~~FEB~~ THAT THE SENATE BILL WOULD DO JUST THAT.

THE DEVELOPING NATIONS FAVORED TITLE I BUT COULD NOT SUPPORT OTHER PROVISIONS THAT WOULD IN ANY WAY JEOPARDIZE THEIR HISTORIC MARKETING ARRANGEMENTS WITH THE UNITED STATES, INCLUDING THEIR BENEFITS UNDER THE GENERALIZED SYSTEM OF PREFERENCES (GSP). IN SOME CASES THE DEVELOPMENT OF THEIR SUGAR PRODUCTION BEYOND THEIR OWN NEEDS WAS PREDICATED UPON THE OPPORTUNITY TO EXPORT TO THE UNITED STATES UNDER THE OLD SUGAR ACT, AND MANY RELY UPON SUGAR EXPORTS FOR A HIGH PERCENT OF THEIR FOREIGN EXCHANGE.

THE CORN BLOC, REPRESENTING THE HIGH FRUCTOSE CORN SWEETENER PRODUCERS, WAS IN SUPPORT OF THE ISA AND VOICED SUPPORT FOR A DOMESTIC PROGRAM SO LONG AS IT DID NOT INVOLVE DIRECT PAYMENTS TO SUGAR PRODUCERS. ALTHOUGH THEY DID AGREE TO A 1/2 CENT PER POUND PAYMENT, THE 3/4 CENT PER POUND PAYMENT PROVIDED FOR IN THE CONFERENCE COMMITTEE COMPROMISE TRIGGERED THEIR WITHDRAWAL OF THAT SUPPORT IN THE LAST HOURS OF THE SESSION.

LABOR'S SUPPORT OF THE SUGAR STABILIZATION ACT OF 1978  
CAN BEST BE DESCRIBED AS AN ABSENCE OF OPPOSITION<sup>7</sup>, RATHER THAN  
AN ACTIVE LOBBYING EFFORT IN SUPPORT OF IT. PERHAPS THIS IS  
UNDERSTANDABLE WHEN ONE CONSIDERS THE FACT THAT THERE ARE VERY  
FEW UNION MEMBERS INVOLVED IN THE MAINLAND SUGAR PRODUCING  
ACTIVITIES. WHILE IT WAS NOT SPECIFICALLY STATED, THE WAGE RATES  
PROVIDED IN THE BILL AND WHICH LABOR FAVORED, WERE BASED UPON A  
HIGHER SUGAR PRICE OBJECTIVE THAN THAT WHICH CAME OUT OF  
CONFERENCE; AND EVEN IF THE BEET AND MAINLAND CANE PRODUCERS HAD  
ACCEPTED IT, THERE MIGHT HAVE BEEN SOME QUESTION ABOUT A  
PRESIDENTIAL APPROVAL, SINCE THE RATES EXCEEDED HIS WAGE INCREASE  
GUIDELINES.

WHATEVER THE RESERVATIONS OR OPPOSITION MIGHT HAVE BEEN,  
THE FACT REMAINS THAT THE HOUSE DID PASS ITS <sup>own</sup> VERSION OF THE  
1978 SUGAR ACT, ~~AND~~ <sup>as</sup> SO DID THE SENATE. THE SENATE EVEN ADOPTED  
THE CONFERENCE REPORT BY A BETTER THAN 2 TO 1 MARGIN. WHY THEN DID  
THE CONFERENCE REPORT FAIL IN THE HOUSE?

TO FIND THE ANSWER TO THAT BIG QUESTION, I SUPPOSE WE NEED

TO DELVE INTO WHAT TOOK PLACE IN THE CONFERENCE BETWEEN THE HOUSE AND SENATE CONFERENCE COMMITTEES. AS YOU KNOW, I WAS A MEMBER OF THE SENATE CONFERENCE COMMITTEE, BY VIRTUE OF MY MEMBERSHIP IN THE SENATE FINANCE COMMITTEE AND MY CHAIRMANSHIP OF ITS SUBCOMMITTEE ON SUGAR AND TOURISM; AND I WAS NOT ONLY ABLE TO OBSERVE FIRST HAND, BUT ALSO TO PARTICIPATE, IN WHAT TRANSPIRED BEHIND CLOSED <sup>doors</sup> AS WELL ~~AS~~ <sup>IN</sup> OPEN, ~~DOORS~~ <sup>committee meetings.</sup>

TO ME IT APPEARED CLEAR THAT UNLESS THE CONFEREES AGREED ON A COMPROMISE WHICH WOULD BE ACCEPTABLE TO THE NEWLY FORMED COALITION WITHIN THE SUGAR INDUSTRY THE CONFERENCE REPORT WOULD RUN INTO DIFFICULTIES IN BOTH THE SENATE AND THE HOUSE, ESPECIALLY THE LATTER. SO I PROPOSED THAT THE INDUSTRY'S PROPOSAL BE ADOPTED BY THE SENATE CONFEREES AND BE OFFERED AS A COMPROMISE SOLUTION TO THE HOUSE CONFEREES. THE INDUSTRY'S PROPOSAL WAS AN FOLLOWS:

1ST YEAR: TARGET MARKET PRICE OF 15.25¢ PER POUND,  
PLUS SUBSIDY PAYMENT OF .50¢ PER POUND, FOR  
A TOTAL RETURN OF 15.75¢ PER POUND.

2ND YEAR: TARGET MARKET PRICE OF 16.12¢ PER POUND, PLUS

.50¢ PER POUND SUBSIDY, FOR A TOTAL RETURN  
OF 16.62¢.

3RD YEAR: TARGET MARKET PRICE OF 17.03¢ PER POUND,  
PLUS .50¢ PER POUND, FOR A TOTAL RETURN OF  
17.53¢ PER POUND.

SENATOR RUSSELL LONG, CHAIRMAN OF THE SENATE CONFEREES,  
IMMEDIATELY REJECTED THE PROPOSAL, SAYING THE PRESIDENT HAD SENT  
A CLEAR MESSAGE THAT HE WOULD NOT ACCEPT ANY TARGET MARKET PRICE IN  
EXCESS OF 15 CENTS. I THEN AMENDED MY PROPOSAL AND LOWERED THE  
TARGET MARKET PRICE FOR THE FIRST YEAR TO 15¢ A POUND AND A  
SUBSIDY PAYMENT OF .50¢ A POUND. I REMINDED THE SENATE CONFEREES  
THAT THE INDUSTRY COALITION WOULD LIKELY SUPPORT A .50¢ SUBSIDY  
BUT NO MORE.

*of the Senate Conferees*

HOWEVER, THE MAJORITY<sup>A</sup> ACCEPTED SENATOR LONG'S PROPOSAL  
OF A 15¢ TARGET MARKET PRICE AND A .75¢ SUBSIDY PAYMENT, FOR A  
TOTAL RETURN OF 15.75¢ PER POUND FOR THE FIRST YEAR, *and I was  
forced into supporting this Senate proposal.*

ALTHOUGH THE HOUSE CONFEREES AGREED TO SENATOR LONG'S  
PROPOSAL BY A LARGE MAJORITY, THE CORN BLOC REVOLTED AND LEFT THE

COALITION. THE REST IS NOW HISTORY; THE HOUSE ON OCTOBER 14, 1978, IN THE WANING HOURS OF THE 95TH CONGRESS REJECTED THE CONFERENCE REPORT ON THE SUGAR STABILIZATION ACT OF 1978, THEREBY KILLING THE PROPOSED LEGISLATION.

NOW, WHAT ABOUT 1979?

SUGAR LEGISLATION WILL NO DOUBT BE INTRODUCED EARLY IN THE 96TH CONGRESS, WHICH CONVENES ON JANUARY 15, 1979. ITS PASSAGE WILL OF COURSE DEPEND UPON WHETHER OR NOT IT CAN GAIN THE SUPPORT OF:

1. THE SUGAR INDUSTRY ITSELF, INCLUDING PRODUCERS AND PROCESSORS OF CANE AND BEET SUGAR.
2. THE CORN SWEETNER INDUSTRY.
3. THE NATIONAL CONSUMER ORGANIZATIONS AND INDUSTRIAL USERS.
4. ORGANIZED LABOR.
5. THE ADMINISTRATION.
6. THE NEWS MEDIA EDITORS.

SUPPORT OF THE SUGAR INDUSTRY ITSELF WILL COME AS A MATTER OF COURSE, FOR ITS VERY SURVIVAL WILL<sup>J</sup> DEPEND UPON A SOUND DEPENDABLE PROGRAM PROJECTED INTO THE FUTURE FOR THREE OR FIVE YEARS.

THE CORN SWEETNER INDUSTRY DEMONSTRATED BY ITS ACTIONS DURING THE LAST SESSION THAT IT IS WILLING TO COOPERATE WITH THE SUGAR INDUSTRY TOWARD THE ATTAINMENT OF COMMON GOALS.

THE CONSUMER ORGANIZATIONS MAY BE EXPECTED TO OPPOSE ANY SUGAR LEGISLATION WHICH WOULD PROPOSE TO RAISE THE PRICE OF SUGAR OVER AND ABOVE THE PREVAILING MARKET PRICE.

QUITE OFTEN THE CONSUMER GROUPS FAIL TO SEPARATE 'CAUSE' FROM 'EFFECT' WHEN THEY COME OUT STRONGLY FOR OR AGAINST ANY PARTICULAR PIECE OF LEGISLATION AND THE SUGAR BILL SUFFERED OPPOSITION FROM THE CONSUMER FEDERATION OF AMERICA THIS YEAR, AS IT DID IN 1974. I DO NOT KNOW THE SOURCE ~~Too~~ THEIR SUPPORT DATA BUT CONSUMER ADVOCATES SOUNDED VERY MUCH LIKE INDUSTRIAL USERS AND ADMINISTRATION SPOKESMEN. IN 1974 AND AGAIN THIS YEAR, I EXPRESSED THE WISH THAT THEY WOULD GO DEEPER INTO THE STUDY OF

SUGAR PRODUCTION IN THE UNITED STATES. AS A GROUP, THEY HAVE A VOICE THAT IS HEARD BY MEMBERS OF CONGRESS WHO REPRESENT URBAN AMERICA AND MUST BE ACKNOWLEDGED. THERE IS DEFINITELY A NEED FOR IMPROVING RELATIONS BETWEEN THE SUGAR INDUSTRY AND CONSUMER ORGANIZATIONS FOR A BETTER UNDERSTANDING OF THE INDUSTRY'S PROBLEMS.

THE INDUSTRIAL CONSUMERS, TOO, CAN BE EXPECTED TO OPPOSE ANY SUGAR LEGISLATION. ALREADY THEY ARE SAYING THAT THE PRESENT MARKET PRICE OF <sup>foreign</sup> SUGAR, <sup>including export fees, tariffs and transportation costs,</sup> WHICH STANDS AT 15.5¢ A POUND PROVES WHAT THEY HAVE BEEN SAYING -- THAT THERE IS NO NEED FOR SUGAR LEGISLATION.

ORGANIZED LABOR'S SUPPORT CAN BE <sup>expected</sup> EXERTED SO LONG AS ACCEPTABLE MINIMUM WAGE PROVISIONS ARE INCLUDED IN THE LEGISLATION. HOWEVER, EVERY EFFORT SHOULD BE <sup>exerted</sup> EXPECTED TO GAIN THEIR LOBBYISTS' ACTIVE, AND NOT PASSIVE, SUPPORT. LABOR MUST BE MADE TO REALIZE THAT IT HAS AS MUCH A STAKE IN A VIABLE DOMESTIC SUGAR INDUSTRY AS HAS THE INDUSTRY ITSELF.

THE CARTER ADMINISTRATION HAS REPEATEDLY STATED ITS BELIEF IN A VIABLE SUGAR INDUSTRY AND CAN BE EXPECTED NOT ONLY TO SUPPORT,

BUT ALSO TO PROPOSE SUGAR LEGISLATION EARLY NEXT YEAR. ONLY TEN DAYS AGO, MR. HOWARD W. HJORT, ASSISTANT TO AGRICULTURE SECRETARY BOB BERGLAND, SPEAKING BEFORE THE FLORIDA SUGAR COOPERATORS LEAGUE, STATED AS FOLLOWS:

"THE ADMINISTRATION CONTINUES TO ADHERE TO THE PRINCIPLES WE VOICED DURING THE LAST SESSION OF CONGRESS. WE BELIEVE IT IS IN THE NATIONAL INTEREST TO HAVE A VIABLE DOMESTIC SWEETNER INDUSTRY TO MEET MOST OF OUR REQUIREMENTS AS WELL AS A HEALTHY WORLD INDUSTRY WE CAN COUNT ON TO MEET THE BALANCE OF OUR SWEETNER NEEDS."

HE ALSO STATED THAT "IT IS VITAL THAT THE IMPACTS OF POLICIES AND PROGRAMS ON OUR ECONOMY AND ON INFLATION BE CONSIDERED." HE FURTHER DESCRIBED THE INTERNATIONAL SUGAR AGREEMENT AS THE CORNERSTONE OF THE ADMINISTRATION'S POLICY." HE FURTHER DECLARED THAT "ACHIEVING RATIFICATION OF THE ISA WILL BE A TOP PRIORITY OF THE ADMINISTRATION."

WHAT DOES THIS ALL MEAN? IT MEANS THAT CONGRESSIONAL SUPPORTERS OF THE SUGAR INDUSTRY WILL ONCE AGAIN LINK THE

RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT WITH A DOMESTIC SUGAR PROGRAM TO INSURE PRESIDENTIAL APPROVAL.

FURTHERMORE, ALTHOUGH SUGAR IS NOT A COMMODITY INVOLVED IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) PRESENTLY BEING DISCUSSED IN GENEVA, AND THE EUROPEAN ECONOMIC COMMUNITY IS NOT A SIGNATORY TO THE INTERNATIONAL SUGAR AGREEMENT, THE ADMINISTRATION IS RELUCTANT TO TAKE ANY ACTION THAT MIGHT JEOPARDIZE THOSE NEGOTIATIONS. WITH THE DEFEAT OF THE SUGAR BILL, THE TREASURY DEPARTMENT LOST THE AUTHORITY TO CONTINUE THE WAIVER ON COUNTERVAILING DUTIES BEYOND THE EXPIRATION OF THAT AUTHORITY ON JANUARY 2, 1979 -- THE AUTHORITY TO EXTEND THE WAIVERS WAS TACKED ON TO THE SUGAR BILL AS AN AMENDMENT WHEN THE SENATE FINANCE COMMITTEE REPORTED THE BILL OUT. UNTIL THE MTN HAS BEEN CONCLUDED THE PRESIDENT IS NOT LIKELY TO TAKE ANY ACTION ON QUOTAS AND TARIFFS WHICH ARE NOT PRESENTLY IN EFFECT. THESE NEGOTIATIONS ARE EXPECTED TO BE CONCLUDED BY MID-DECEMBER WITH RATIFICATION TO COME BEFORE THE SENATE VERY SOON AFTER THE 96TH CONGRESS CONVENES ON JANUARY 15TH. WHETHER OR NOT THIS CAN BE USED AS

LEVERAGE WITH THE ADMINISTRATION IN GETTING A NEW SUGAR PROGRAM APPROVED REMAINS TO BE SEEN.

YOU MAY OR MAY NOT BE AWARE THAT RELATIVELY FEW BILLS ARE TOTALLY CONCEIVED AND DRAFTED IN THE CONGRESS. EITHER THEY ARE GENERATED BY THE ADMINISTRATION OR BY SOME SPECIAL INTEREST GROUP WITH A PROBLEM TO BE SOLVED. IT IS MY HOPE THAT THE ADMINISTRATION WILL INITIATE A NEW BILL OUTLINING A DOMESTIC SUGAR PROGRAM WHICH CAN BE SUPPORTED BY ALL OF THE DISPARATE INTERESTS CONCERNED.

IN THE FORESEEABLE FUTURE IT WOULD BE WELL TO KEEP SUGAR SEPARATE FROM THE OTHER MAJOR AGRICULTURAL COMMODITIES AS HAS BEEN THE CASE HISTORICALLY. THE TIME MAY COME, HOWEVER, WHEN IT MAY BECOME NECESSARY TO HANDLE ALL COMMODITIES IN THE SAME BILL WITH SPECIAL RECOGNITION DUE EACH COMMODITY HANDLED ON ITS OWN MERITS.

THERE ARE SOME WHO HAVE ALREADY DOOMED A NEW <sup>SUGAR</sup> BILL. THERE ARE MESSAGES IN EVERY NEWSPAPER EVERY DAY ABOUT INFLATION. THE PRESIDENT AND HIS ADMINISTRATION INTEND TO DO EVERYTHING POSSIBLE TO BRING IT UNDER CONTROL. WITH 20 NEW FACES IN THE SENATE AND

77 IN THE HOUSE IT IS TOO EARLY TO GET THE MOOD OF THE NEW CONGRESS,  
BUT THE ODDS ARE THAT THEY WERE ELECTED ON THE PROMISE THAT THEY  
WOULD FIGHT INFLATION. IT IS THEREFORE REASONABLE TO BELIEVE THAT  
ANY BILL THAT EVEN HINTS OF AN INFLATIONARY EFFECT WILL BE LIKELY  
TO FAIL.

I BELIEVE THAT WE CAN PASS A DOMESTIC SUGAR PROGRAM, AND  
AS SOME OF THE KEY MEMBERS OF THE SENATE RETURN TO WASHINGTON, IN  
MY CAPACITY AS CHAIRMAN OF THE SUBCOMMITTEE ON SUGAR AND TOURISM  
I WILL SEEK THEIR ASSISTANCE IN THE DEVELOPMENT OF A BILL THAT HAS  
A REASONABLE CHANCE OF SUCCESS. THAT IS A FIRM COMMITMENT.

THANK YOU VERY MUCH FOR THIS OPPORTUNITY TO BE WITH YOU.

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