

The Role of Sugar Beet Technology Under the Sugar Act¹

ROBERT H. SHIELDS²

I appreciate the opportunity to take part in this seventh general meeting of the Society of Sugar Beet Technologists.

It is significant that your president has asked me here to talk about the Sugar Act. This suggestion evidences your appreciation of the direct, although not usually obvious, relationship between the Sugar Act and the very important fundamental work which you are doing for the domestic beet sugar industry on the technological front. It is also most appropriate that we should talk awhile here today about the Sugar Act because in the final analysis the Act not only underwrites the splendid opportunities which you now have to continue your outstanding technological work both in field and factory but also presents you with a clear challenge to press forward with this work with even greater speed and effectiveness.

The Sugar Act underwrites your present technological opportunities by undertaking to protect the welfare of the domestic sugar producing industry. The Act seeks to achieve this objective by giving the Secretary of Agriculture the power to maintain a fair and equitable level of sugar prices in the United States. The Secretary is enabled to do this by means of his authority to exercise substantial control over sugar supplies available to this market. Under the law, this regulation is accomplished through the Secretary's management of sugar marketing quotas.

The Sugar Act does not specify the precise level of sugar prices which the Secretary is to maintain. The Act does, however, describe its general sugar price objective in terms of prices fair both to producers and consumers of sugar, enumerating several factors which the Secretary shall consider in applying this broad standard. These factors include the amount of sugar distributed in the previous year, needed adjustments in sugar stocks, changes in population and demand conditions, and the relation of sugar prices to the general level of the cost of living during the first ten months of 1947.

This period in 1947 will, I am sure, be recalled by all of you as the time when sugar was still under price ceiling control and all other commodities had been decontrolled. In requiring consideration to be given to the relation which prevailed during this 1947 period of sugar prices to the general cost of living, the Congress made it clear that it considered sugar prices in that period to have been eminently fair to consumers. The inclusion of this formula among the several factors which the Secretary is required to consider in implementing the general fair-price standard in the Act is, in effect, a legislative finding that sugar prices at the level which would maintain this relationship could not at any time be unfair to consumers.

When the direction to the Secretary contained in the Act with respect to the determination of sugar consumption requirements is considered in relation to the provisions of the law establishing fixed quotas for domestic

¹ Presented by H. B. Boyd in absence of Robert H. Shields.

² President and General Counsel, United States Beet Sugar Association.

sugar producing areas, the level of sugar prices which are fair both to consumers and producers at any time becomes quite clear. The Act establishes fixed marketing quotas for each of the domestic sugar producing areas in recognition of the protection afforded consumers by maintenance of a strong and healthy domestic sugar industry. Accordingly, since it follows that the Act contemplates that sugar prices will be maintained at levels which will enable the domestic sugar producing areas to reach the goals fixed for them in the Act, prices adequate to achieve this purpose may properly be regarded as the minimum level necessary to maintain and protect the domestic sugar-producing industry as the Act contemplates.

Since the annual goal which the Sugar Act sets up for the domestic beet sugar area is 1,800,000 tons, raw value, certainly the Act intends that prices for sugar will at least be such as to maintain this industry at that level of production.

This view is most recently stated by the Department of Agriculture in its 1952 instructions to officials in the field with respect to the 1952 national goals program. The fact that this Sugar Act goal of 1,800,000 tons, and the price provisions to support it, were recently extended through the year 1956 should give you renewed assurance that the basic work in which you are now engaged will continue to have industry-wide support in the years immediately ahead. On the other hand, in the light of where the industry now stands, this extension of the Sugar Act through 1956 also presents a clear challenge to you to press forward with even greater speed and effectiveness on the technological front.

This challenge stems not only from the fact that the Sugar Act, as it is now on the books, expires at the end of 1956, but also from the fact that the Act is not a self-executing guarantee that the domestic beet sugar industry will be able continuously to measure up to its 1,800,000-ton goal between now and 1957. Moreover, looking beyond the term of the present law, there is no assurance that consumers of sugar will continue to look to the domestic beet sugar industry for an increasing portion of their sugar requirements unless in the meantime the industry continues to prove itself an efficient and reliable source of sugar supply.

The sharpness of this challenge lies in the fact that, in the 4 years just past since the enactment of the 1948 Act, the industry has attained its 1,800,000-ton goal in only one year. That was *in* 1950 when production reached 2,012,000 tons; whereas, with a low of 1,370,000 tons in 1948, the average production for the 4-year period 1948-51 has been only 1,635,000 tons.

It is probable that, if sugar prices *in* the last few years had been maintained at a somewhat higher level, particularly at sugar beet planting time, the industry's average annual production since 1948 would have been nearer its present 1,800,000-ton goal. Looking ahead, however, the realistic steps which the Secretary of Agriculture has taken with respect to 1952 are grounds for hoping that sugar prices during the remainder of the term of the Act will be more in line with the needs of domestic sugar producers. Nevertheless, it must be recognized that the sugar quota mechanism is not a precision instrument and also that its management is subject to the errors

of human judgment. We must also all recognize that the distorted demand of these explosive times for some of the crops which compete with sugar beets has intensified the difficulties inherent in successfully managing the sugar quota system.

In view of these difficulties, and the Secretary's equal responsibility for protecting the interests of consumers, your persistent efforts to develop new techniques to reduce the cost of producing and processing sugar beets are more necessary now than ever before.

We must never lose sight of the fact that the farmer is not so much concerned with the unit prices which he gets for his products as he is with the net returns which they provide. Every man-hour of direct labor cost which can be eliminated is just as effective in improving the competitive position of sugar beets as would be a corresponding increase in sugar prices. The same is true with respect to any improvements which can be accomplished in the direction of higher and more dependable yields. Moreover, we must also remember that technological improvements are continually being made in connection with the production of crops which compete with sugar beets. To keep pace with these developments with respect to competing crops is still another reason why we need to wage a continuous and unrelenting battle to increase the efficiency, and lower the costs, of beet sugar production.

In addition to the competition between sugar beets and alternative crops, we must recognize, too, that unless the beet sugar industry keeps abreast of the technological advances made in other sugar-producing areas supplying the United States market, both foreign and domestic, the enviable position which our industry has attained as a result of your effective work in the past will be jeopardized.

This reference to the effective work of the past, of course, embraces not only the work done by technologists within the beet sugar industry but also the very substantial contributions made by state and federal scientists. While continued public support for sugar beet technological work is to be expected, since the essentiality of the beet sugar industry to our national economy was again demonstrated dramatically during World War II, nevertheless, a realistic appraisal of the signs of the times would seem to indicate that the beet sugar industry itself will undoubtedly have to carry a larger and larger share of the cost of research in the future.

This trend has already prevailed for some time. For example, the amount of money provided for sugar beet research in the division of sugar plant investigations in the U. S. Department of Agriculture for the fiscal year 1952 is less than the \$265,000 spent during the fiscal year 1933. The effect of this decrease in government appropriations for sugar beet research work is accentuated by the fact that one dollar today buys only about half as much research as it bought in 1933.

Undoubtedly, members of Congress believe, as we do, that it would be in the public interest for the Government to carry on at least as much sugar beet research today as it did 20 years ago. We must recognize, however, that with expenditures of the federal Government in peace-time

amounting to upwards of 85 billion dollars a year—ninety percent of which is for war, past, present or future—it is not realistic to expect large increases in federal funds for sugar beet research when emphasis is being placed on reducing federal non-defense expenditures as much as possible. These circumstances increase the need for making most effective use of funds available for sugar beet technological work by maximum possible cooperation among all companies within the industry and between the industry and the government.

In conclusion, let me say again that I appreciate this opportunity of talking with you about the Sugar Act in relation to your work. I know of no more important role being performed by anyone in the industry than that which you perform. And this role, it seems to me, is made all the more important by the existence of the Sugar Act.

In review, the things which you have accomplished in the past are almost unbelievable. For example, as things have turned out, it could have been forecast with accuracy 50 years ago that by today you would have doubled the amount of sugar produced from an acre of sugar beets. But for this achievement of yours would the beet sugar industry in the United States have increased 40 fold in the last 50 years? With improved scientific methods and techniques available now, am I justified in predicting that within the next 25 years you will again double the average production of beet sugar per acre?