May 9, 2013

Dear Senator,

Over the next several weeks, policymakers in the House and the Senate will be marking up provisions for the 2013 Farm Bill. This year, greater attention will be focused on cutting back on wasteful agricultural programs that have long been pushed by special interests.

On behalf of the members and supporters of the following nonprofit organizations, we urge you to ensure that the U.S. sugar program is on the short list for substantive reform. The program is an outdated relic of the 1930s that has outlived its purported usefulness. It is a central planning scheme that—

--Allocates the domestic supply

--Restricts imports of sugar

--Sets prices substantially higher than the world price

--Buys up surplus sugar and sells it at a loss to ethanol producers

Under this program, the federal government makes all the decisions about supply and demand and pricing. It looks into its crystal ball and tells producers how much they can grow to meet users' needs; it decides how much and when imports of sugar are needed; it determines the price that domestic sugar is sold. And, when supply and demand are out of alignment, the sugar-for-ethanol program kicks in.

Essentially the U.S. sugar program operates as a cross-subsidy, with consumers and taxpayers paying the bills for domestic sugar that historically has been two to three times the world price. Americans are hit with higher prices for a vast array of foodstuffs, while at the same time shouldering the cost of a massive regulatory bureaucracy.

Keeping the price of sugar at artificially high levels means that consumers pay more for these food products. And when food becomes less affordable, the poor suffer most.

There are about 5000 sugar beet farms and about 950 sugar cane farms. The average size of a sugar cane farm is over 1000 acres, and almost 60 percent of production comes from farms over 2000 acres. The U.S. sugar program is a classic public choice case of concentrated benefits and dispersed costs: of how special interests can trump the public interest. A small number of sugar producers receive enormous benefits, while the costs are spread across the U.S. economy, hitting consumers and the sweetener-using industries.

Bipartisan bills – H.R. 693 and S.345 -- have been introduced in both the House and the Senate that take steps to address the problems of this central planning scheme that restricts the sugar supply, fixes the price at high levels, and keeps out competition.

In these tough economic times, with high unemployment levels, consumers, taxpayers, and food manufacturers deserve a break from the hidden taxes of the U.S. sugar program.

Sincerely,

Phil Kerpen, President, **American Commitment**

Andrew Moylan, Senior Fellow, **R Street Institute**

Chris Chocola, President, **The Club for Growth**

James Valvo, Director of Policy, **Americans for Prosperity**

Iain Murray, Vice President, **Competitive Enterprise Institute**

Matt Kibbe, President and CEO, **FreedomWorks**

David Williams, President, **Taxpayers Protection Alliance**

Grover Norquist, President, **Americans for Tax Reform**

Mattie Duppler, Executive Director, **Cost of Government Center**

Steve Ellis, Vice President, **Taxpayers for Common Sense**