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NEGATIVE PHILOSOPHY / OPENING QUOTES

Sugar program keeps jobs from being shipped overseas

Minnesota Senator Al Franken press release in 2013 (D-Minn.) 22 May 2013 “Senator Franken Successfully Fights to Protect Sugar Program in Farm Bill” <https://www.franken.senate.gov/?p=press_release&id=2421>

"The U.S. sugar program is critical to Minnesota's sugar growers and to growers across the nation," Sen. Franken said. "I'm very pleased that the Senate was able to include the sugar program in this year's Farm Bill because it's vital to Minnesota's economy and it keeps jobs from being shipped overseas." Sen. Franken took to the Senate floor Wednesday afternoon to urge his colleagues to stand up for the sugar program, which supports thousands of Minnesota jobs and ensures a stable market and price for American sugar producers.

HARMS / SIGNIFICANCE

1. No job losses from federal sugar program

U. of Maryland Study: Sugar policy not hurting the sugar-containing products industry. Jobs and profits are growing!

Jerry Hagstrom 2016 (publishes THE HAGSTROM REPORT, a news service providing original national and international agricultural news to its subscribers) “Free Market Sugar, a product of Citizen Outreach, “Study: Sugar policy OK for sugar-containing products industry” April 16 2016, <http://freemarketsugar.com/study-sugar-policy-ok-for-sugar-containing-products-industry/>

The American Sugar Alliance, which represents cane and beet growers, today released a study showing that U.S. sugar policy has not hurt the sugar-containing products industry. The study, prepared for the ASA by University of Maryland Business School Dean Alex Triantis, says that between 2009-2014 — a period that included a U.S. economic recession and unusually high world and U.S. sugar prices — sugar-containing industry jobs rose by 3 percent, while non-sweetened-food industry jobs were flat. The report also said that sugar-containing products (SCP) companies have also experienced strong revenue growth, high profitability and high returns on equity “even when sugar prices increase.”

Misleading numbers on job losses in the 2006 Commerce Report on sugar industry

Prof. Alexander J. Triantis 2012 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations) Commentary on 2006 U.S. Department of Commerce report entitled “Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices <https://sugaralliance.org/wp-content/uploads/2015/08/Triantis_Commentary_on_2006_U.S._Department_of_Commerce_Report.pdf>

Furthermore, the press release evidence provided is one-sided, in that the Commerce Report discusses only jobs lost and not jobs added. As companies compete in a particular industry, some companies’ operations will contract, while others will expand, or a changing mix of products within a company will result in specific plants closing down while others open up. The net impact on employment is what needs to be measured, and this can only be gauged by examining both positive and negative changes.

Alternate causes: Job losses came from increasing productivity & labor costs, not material input costs

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Job losses in the confectionery industry, as in other SCP industries, are more likely to be attributed to factors other than material costs in any event. Decreases in food manufacturing employment have been driven in large part by increasing productivity, as well as relocation of facilities abroad due to labor cost differentials, and other supply chain, regulatory, and tax advantages.

SCP (sugar containing products) industry experience high profitability with status quo sugar program

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

The SCP industry has been faring very well under current US sugar policy. SCP companies have experienced strong revenue over time. These companies have high profitability and high Returns on Equity, even when sugar prices increase. Coupled together with low risk and therefore a low cost of capital, SCP companies have generated impressive Total Shareholder Return since 2001, and their stocks are priced to reflect strong expectations for the future.

No correlation between U.S. sugar prices & job loss in the SCP industry

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Figure 3.3 presents another perspective to examine whether there is any relationship between U.S. sugar prices and employment loss in the U.S. SCP industry. The figure juxtaposes the yearly percentage change in U.S. wholesale refined sugar prices (the scale is on the left vertical axis) with the yearly change in SCP employment (the scale is on the right vertical axis) over the past twenty-five years. There appears to be no relationship that would support a link between increases in sugar price and decreases in jobs in the SCP industry (or vice versa). In fact, the correlation between these contemporaneous movements is slightly positive (that is refined sugar prices and SCP-manufacturing employment rise or fall together more so than the opposite direction), which would run counter to this claim.

No need for corporate flight: SCP companies faring well under current US sugar policy

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Shareholder views no doubt also reflect corporate management’s views of their industries’ potential. The global sales growth potential, the large profit margins, the continuous productivity improvements, and the relatively low risk that these companies are exposed to, all lead management to be confident investing in growth. This confidence is displayed in the fact that Total Capital Expenditure made by Confectionery industries (NAICS 31132-34) soared to $1.2 billion in 2011, even as sugar prices peaked. Since then, investment has remained strong, with $1.1 billion in capital expenditures in 2013. Overall, SCP companies are faring very well under current U.S. sugar policy.

SCP companies enjoy stability & strong returns under status quo U.S. sugar program

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Overall, it is clear that owners of these SCP companies, which include corporate insiders and large institutional investors, have enjoyed both stable and strong returns over time on their equity investment. The low risk of the SCP companies’ stocks ensures that these companies can access capital at a relatively low cost. With a beta close to 0.5, the cost of equity for these companies is currently averaging about 5-6%. This is considerably below the ROE of between 20-35% in recent years (shown above in Figure 4.5), indicating that these firms are creating considerable value for their shareholders.

SCP Industry doing great under status quo sugar policy

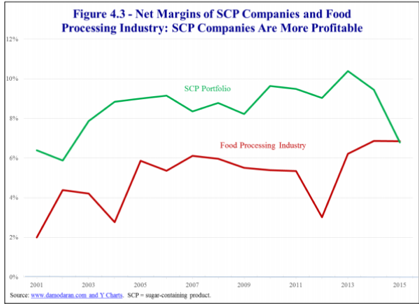
Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

The SCP industry has been faring very well under current US sugar policy. SCP companies have experienced strong revenue over time. These companies have high profitability and high Returns on Equity, even when sugar prices increase. Coupled together with low risk and therefore a low cost of capital, SCP companies have generated impressive Total Shareholder Return since 2001, and their stocks are priced to reflect strong expectations for the future.

SCP companies have high profitability, even when sugar prices rise

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

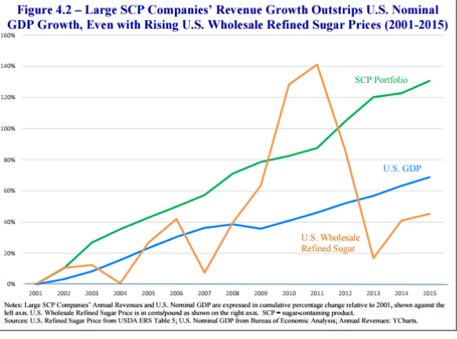
While revenues may be increasing at a strong pace for SCP companies, it is also important to examine profit earned on each dollar of revenue generated. The Net Margin measures the New Earnings of a company divided by its revenues. This is a key measure of the profitability of companies. Figure 4.3 shows the net margins over the time for the portfolio of the SCP companies, and for the food processing industry in general, over the period 2001-2015. The SCP companies appear to be highly successful at generating profits from their revenues, consistently and significantly above the food processing industry in general. The average Net Margin for the SCP portfolio companies over the recent period was 8.5% as compared to 5.1% for the food processing industry overall, and 6.2% for the U.S. public companies in general. By plotting the Net Margin for the SCP company portfolio against U.S. refined sugar prices, Figure 4.4 shows that changes in sugar prices do not seem to have a negative effect on SCP company's’ net margins. In fact the correlation between sugar prices and margins over the past fifteen years is somewhat positive, not negative-profits have on average risen when sugar prices have increased (and vice-versa).



SCP companies experiencing high revenue growth, regardless of sugar prices

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Figure 4.2 shows the growth in annual revenue for the portfolio of nine large SCP companies. Revenue grew approximately 131% over the fifteen-year period between 2001 and 2015. In contrast, nominal GDP growth in the US over this same period was roughly 69%. Therefore, these SCP companies were able to grow their revenue almost twice as much as the rest of the US economy during this period. It is also interesting to compare the growth in revenues in Figure 4.2 against the percentage change in U.S. refined sugar prices during this period. The period growth in revenues continues to remain strong even when sugar prices rose to levels much higher than the historical average. This suggests that high sugar prices do not seem to hinder SCP companies’ ability to grow their revenues faster than the economy at large.



SCP employee benefits have risen under the current Sugar Policy

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Benefits have also increased considerably in the Confectionery industry over recent years. The Annual Survey of Manufacturers and the Economic Census collect information about the total benefits paid for each industry. Taking the benefits amount in each year and dividing by the number of employees in that year, the benefit per employee has increased by 20% over the nine years between 2005 and 2014. A more detailed breakdown of the benefits spending became available starting in 2007. During the most recent five years (2010-2014), the money spent on the health benefits per employee has increased by 6% in the Confectionery industry. During this same period, the cost for defined benefit contributions by these companies (per employee) increased by 12% per employee.

No Exodus: Industry is growing, companies are moving into the U.S. Example: 6 recently moved here from Canada

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Proponents of abandoning the existing U.S. sugar policy have alluded to a migration of confectionery jobs from the U.S. to Canada. This allegation is quite contrary to the evidence of employment changes in the sugar and confectionery manufacturing industries in the U.S. and Canada. Looking at the most recent two years of data, from 2011-2012, the U.S. confectionery industry has been experiencing employment growth of 2.2%, while the confectionery employment in Canada declined by 2.8%. This contrasting employment situation holds for administrative jobs in the industry (1.3% growth in the U.S. vs 1.0% decline in Canada), and even more so for production jobs (3.1 growth in US vs 3.4% decline in Canada). Some of the explanation for these employment changes may well lie in the migration of jobs from Canada to the U.S. For instance, Heinz, Kellogg, Ferrere Candy, Nestle, Sensient Flavours, and Unilever have recent closed plants in Ontario, and most have consolidated this volume into plants in the U.S. or Mexico.

Turn: US sugar policy maintains stable accessible sugar, avoiding negative consequences to the SCP industry

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

However, despite other potential advantages, food manufacturing has still retained a strong footprint in the U.S., and this true for SCP manufacturing as well. The ability of the companies to access reliable sources of commodities has been an important factor in this regard. The cost of the sugar has generally been quite stable, other than the recent few years that were unusually high and largely driver by weather-related production problems in foreign markets. The reliability of having high quality and readily accessible sugar has been important to companies in the SCP industry given the significant financial consequences of supply chain disruptions. Chatenay (212, 2015) identifies higher price and supply volatility as important negative consequences of the change in EU sugar policy in 2006. Similar issues could well arise here in the U.S. if the current sugar policy were to be changed.

2. No consumer price problem

Retail price of sugar-containing products doesn’t depend on wholesale sugar price. Consumers would not benefit from abolishing the sugar program

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Furthermore, retail SCP prices do not appear to depend on the wholesale sugar price, and don’t typically fall when the sugar price decreases. The general conclusion of this study is that US sugar policy has not inflicted hardship on the U.S. SCP industry. The industry is thriving, and employment is stronger than in non-SCP food manufacturing industries. Furthermore, if the U.S. sugar policy were to be altered in any significant way, a large number of jobs by the sugar industry would be lost, and there is no evidence that consumers would benefit through lower SCP prices.

3. High Fructose Corn Syrup (HFCS) not a problem

Multiple studies have shown there’s no link between obesity and HFCS

Dr. John S. White, Dr. John P. Foreyt, Dr. Kathleen J. Melanson and Dr. Theodore J. Angelopoulos 2010 (White, Ph.D., founder of White Technical Research. Foreyt PhD is a Professor in the Department of Medicine, the Department of Pediatrics, and the Department of Psychiatry and Behavioral Sciences at Baylor College of Medicine, Houston; Director of the DeBakey Heart Center's Behavioral Medicine Research Center, Dept of Medicine. Melanson – PhD; Univ of Rhode Island, College of Health Sciences, Dept of Nutrition and Food Sciences. Angelopoulos, Ph.D., MPH. Professor Dept of Health Professions, Univ of Central Fla.) American Journal of Lifestyle Medicine, a professional resource for practitioners seeking to incorporate lifestyle practices into clinical medicine “High-Fructose Corn Syrup: Controversies and Common Sense” 19 Aug 2010 <http://www.kickthecan.info/sites/default/files/documents/American%20Journal%20of%20Lifestyle%20Medicine%202010%20White.pdf>

As indicated earlier, Bray suggested in 2004 that there might be a link between increased consumption of high-fructose corn syrup and dramatic increases in obesity in the United States. These authors subsequently acknowledged that their opinion piece was intended to be provocative and stir a scientific debate. Indeed it did. Multiple studies from a variety of research laboratories, as well as proceedings from 2 major symposia on nutritive sweeteners have all uniformly concluded that, based on current science, there is no unique association between high-fructose corn syrup and obesity. Furthermore, the American Medical Association studied this issue for over a year and concluded that high-fructose corn syrup “does not appear to contribute more to obesity than other caloric sweeteners.” Finally, the American Dietetic Association stated, “No persuasive evidence supports the claim that the high fructose corn syrup is a unique contributor to obesity.”

Abundant research and uniform scientific opinion: HFCS no different than other sweeteners and no link to health problems

Dr. John S. White, Dr. John P. Foreyt, Dr. Kathleen J. Melanson and Dr. Theodore J. Angelopoulos 2010 (White, Ph.D., founder of White Technical Research. Foreyt PhD is a Professor in the Department of Medicine, the Department of Pediatrics, and the Department of Psychiatry and Behavioral Sciences at Baylor College of Medicine, Houston; Director of the DeBakey Heart Center's Behavioral Medicine Research Center, Dept of Medicine. Melanson – PhD; Univ of Rhode Island, College of Health Sciences, Dept of Nutrition and Food Sciences. Angelopoulos, Ph.D., MPH. Professor Dept of Health Professions, Univ of Central Fla.) American Journal of Lifestyle Medicine, a professional resource for practitioners seeking to incorporate lifestyle practices into clinical medicine “High-Fructose Corn Syrup: Controversies and Common Sense” 19 Aug 2010 <http://www.kickthecan.info/sites/default/files/documents/American%20Journal%20of%20Lifestyle%20Medicine%202010%20White.pdf>

There is now abundant research demonstrating no short-term differences between high-fructose corn syrup and sucrose in any parameter yet measured in human beings. This includes work in both lean and obese individuals. In addition, the published proceedings from several different conferences that brought together leading researchers in the field of nutritive sweeteners have provided uniform scientific opinion that, from a metabolic standpoint, there is nothing unique linking high-fructose corn syrup to obesity or other metabolic problems when compared to other nutritive sweeteners, including sucrose, honey, and fruit juice concentrates

HFCS Doesn’t Cause Obesity- and a return to sugar is not the solution

D.M. Klurfeld, J. Foreyt, T.J. Angelopoulos and J.M. Rippe 2012 (Klurfield - Human Nutrition, USDA Agricultural Research Service, Beltsville, MD. Foreyt - Dept of Medicine, Behavioral Medicine Research Center, Baylor College of Medicine, Houston. Angelopoulos- Laboratory of Applied Physiology, Dept of Health Professions, Univ of Central Florida. Rippe- Dept of Biomedical Sciences, Univ of Central Florida, Department of Medicine (Cardiology), Tufts Univ School of Medicine, Boston. Rippe - Lifestyle Institute, Shrewsbury, MA/Orlando, FL) International Journal of Obesity” Lack of evidence for high fructose corn syrup as the cause of the obesity epidemic” 18 Sept 2012 [www.nature.com/ijo/journal/v37/n6/full/ijo2012157a.html](http://www.nature.com/ijo/journal/v37/n6/full/ijo2012157a.html)

Perhaps G Harvey Anderson summarized the prevailing scientific consensus related to the postulated link between HFCS and obesity best when he wrote: ‘The hypothesis that the replacement of sucrose with HFCS in beverages plays a causative role in obesity is not supported on the basis of its composition, biological actions or short-term effects on food intake. Had the hypothesis been phrased in the converse, namely that replacing HFCS with sucrose in beverages would be a solution to the obesity epidemic, its merit would have been seen more clearly. Put simply, a proposal that a return to sucrose containing beverages would be a credible solution to the obesity epidemic, would have been met with out- right dismissal.

Insufficient evidence to say corn syrup is any worse than regular sugar

Katherine Zeratsky, R.D., L.D. 2015 (graduated from Univ of Wisconsin-Madison, served a dietetic internship at the Univ of Iowa Hospitals and Clinics, and worked as a registered dietitian and health risk counselor at ThedaCare of Appleton, Wis., before joining the Mayo Clinic staff. ) “What is high-fructose corn syrup? What are the health concerns?” August 13, 2015 <http://www.mayoclinic.org/healthy-lifestyle/nutrition-and-healthy-eating/expert-answers/high-fructose-corn-syrup/faq-20058201>

Research has shown that high-fructose corn syrup is chemically similar to table sugar. Controversy exists, however, about whether the body handles high-fructose corn syrup differently than table sugar. At this time, there's insufficient evidence to say that high-fructose corn syrup is any less healthy than other types of sweeteners. It is known, however, that too much added sugar of all kinds — not just high-fructose corn syrup — can contribute unwanted calories that are linked to health problems, such as weight gain, type 2 diabetes, metabolic syndrome and high triglyceride levels. All of these boost your risk of heart disease.

SOLVENCY

1. No help to consumers

Consumers wouldn’t benefit: A decrease in wholesale sugar prices doesn’t lower the consumer price

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Figure 5.2a also illustrates that the price of retail sugar appears to be following the price of wholesale sugar when the price of sugar increases, albeit with a slight lag, but does not seem to trend back down nearly as significantly when there are decreases in the wholesale refined sugar price. For instance, during the 2007-2013 period, the wholesale refined sugar price increased significantly and then subsequently decreased to close to the 2007 level. In contrast, the retail refined sugar price increased roughly 25% during this time without experiencing any declines. Similarly, Figure 5.2b shows that during this same period, the price of retail sugar containing products increased by between 15-30%. The most recent year is another case in point. Figures 5.3a and 5.3b illustrate price changed during this period using monthly prices. While the wholesale refined sugar price dropped roughly 11% during the most recent period, the prices of retail products have remained relatively constant (with the one exception being Flour and Prepared Flour Mixes, which has the lowest sugar content out of the products shown). Clearly, decreases in sugar prices have not been passed onto consumers in the form of lower retail prices for sugar containing products.

2. Won’t solve job relocations

Those jobs that left the US won’t come back: They left because of other factors and won’t come back if sugar program is canceled

Prof. Alexander J. Triantis 2012 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations) Commentary on 2006 U.S. Department of Commerce report entitled “Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices <https://sugaralliance.org/wp-content/uploads/2015/08/Triantis_Commentary_on_2006_U.S._Department_of_Commerce_Report.pdf>

Furthermore, the likelihood of jobs being lost if the sugar program were terminated appears to be much higher than the possibility of regaining U.S. jobs from abroad and preventing further foreign relocations that are driven by so many other factors than just sugar prices.

3. Won’t solve 3rd World poverty

Developing countries don’t grow out of poverty until they move away from agriculture toward industrialization

Dr. Adam Szirmai 2009 (Professorial Fellow at UNU-MERIT and Professor of Development Economics at the Maastricht Graduate School of Governance of Maastricht University) May 2009 Is Manufacturing Still the Main Engine of Growth in Developing Countries? <https://www.wider.unu.edu/publication/manufacturing-still-main-engine-growth-developing-countries>

First, there is an empirical correlation between the degree of industrialisation and per capita income in developing countries. If one plots the share of manufacturing in commodity production against per capita incomes, there is a clear relationship between the two. The correlations are not perfect, but the poorest countries are invariably the least industrialised ones and the more successful developing countries are at the upper end of the scale.

DISADVANTAGES

1. Lost jobs

Evidence from the European Union: 120,000 jobs lost

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

An alternative economic research methodology involves observing a similar experiment in a related setting. The recent sugar reform in the EU in 2006 provides the closest evidence. According to Chatenay (2012, 2015), sugar production plummeted following a large drop in wholesale sugar prices in the EU, and as a result, he estimates 120,000 jobs have been lost (20,000 direct and 100, 000 indirect), and the number of European sugar beet growers has decreased from 300,000 to 160,000. This experience highlights that a change in sugar policy can have a dramatic negative effects on employment supported by the sugar industry.

Europe experience would happen here too: Decrease in sugar price results in loss of large fraction of sugar industry jobs

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

Given the historical link between profitability of operations and employment in the sugar industry in the US., and the recent experience in Europe, it is thus reasonable to expect that any disruption to U.S. sugar policy that will result in a decrease in the price of sugar will result in the loss of a large fraction of the roughly 142, 000 jobs supported by the sugar industry.

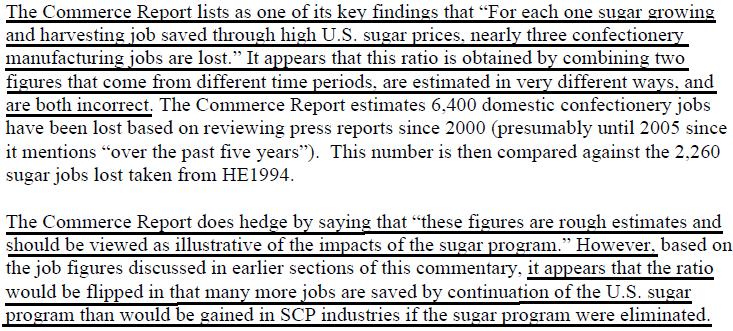
Jobs disappear if US sugar program is significantly modified or rescinded

Prof. Alexander J. Triantis 2016 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations; Dean, Robert H. Smith School of Business, Univ of Maryland) April 2016, <https://sugaralliance.org/wp-content/uploads/2013/10/Triantis-Sugar-Policy-Study.pdf>

One of the key benefits of U.S. Sugar Policy on the U.S. economy has been the ability to limit job losses during a period of high unemployment and uncertain economic conditions. While employment in sugar growing and processing has declined significantly over the past two decades, as will be detailed below, the sugar sector still supports a large number of jobs that would be at a high risk of disappearing if the current US sugar policy were to be significantly modified or rescinded.

Negative Net Benefits: Jobs lost by canceling the sugar program would outweigh jobs gained

Prof. Alexander J. Triantis 2012 (served as the Chair of Univ of Maryland’s Finance Department from 2006-2011; has consulted on a variety of issues to Fortune 500 companies, as well as to government and multinational organizations) Commentary on 2006 U.S. Department of Commerce report entitled “Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices <https://sugaralliance.org/wp-content/uploads/2015/08/Triantis_Commentary_on_2006_U.S._Department_of_Commerce_Report.pdf>



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