77th Congress } 1st Session } SENATE COMMITTEE PRINT

AMENDING THE SUGAR ACT OF 1937

LETTER

FROM THE

SECRETARY OF AGRICULTURE

TO THE

COMMITTEE ON FINANCE

TRANSMITTING

A REPORT ON THE BILL S. 937 (COMMITTEE PRINT), TO AMEND SECTION 204 OF THE SUGAR ACT OF 1937

Printed for the use of the Committee on Finance

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AMENDING THE SUGAR ACT OF 1937

DEPARTMENT OF AGRICULTURE,
Washington, May 15, 1941.

Hon. PRENTISS M. BROWN,
United States Senate.

DEAR SENATOR BROWN: This will acknowledge the letter of May 10, 1941, which you and Senator Johnson sent to the Secretary enclosing a proposed amendment to S. 937, a bill to amend section 204 of the Sugar Act of 1937. A report on S. 937 to the chairman of the Senate Finance Committee was made by this Department on April 25, 1941.

Section 204 of the Sugar Act of 1937 provides for allotment to foreign countries other than Cuba of any deficit in the quota of the Commonwealth of the Philippine Islands. On April 11, 1941, this Department announced that pursuant to this provision of the act reallotment of a deficit of 73,232 short tons, raw value, in the Philippine sugar quota had been made to foreign countries other than Cuba. Although in accordance with the last paragraph of section 202 of the act, a number of countries are listed in the announcement, the final reallocation resulting from the operation of section 204 (b) of the act gives the major portion of this quota to a few countries, chief among which are Peru and the Dominican Republic.

The amendment which you have now submitted does not disturb the allotment of April 11, 1941, but would provide that practically no further allotment be made to these countries and that any further deficit in Philippine quota supplies be allotted to the domestic areas.

The administration has, on a number of occasions, expressed its views on modification of this provision of the act. In a letter by this Department to the chairman of the Senate Committee on Agriculture and Forestry, of May 23, 1940, it was pointed out that:

> Sugars purchased by the United States from full-duty countries are subject to an import duty of 1.875 cents per pound and an excise tax of 0.50 cent per pound. Consequently, while the American producer, with benefit payments under the sugar program included, received on the average during the 1937–39 period about $74 per ton of raw sugar marketed with no net payment to the Treasury, the foreign producer paying full duty received, on the average, only $25 per ton, and the Federal Treasury received a revenue on such sugars of approximately $47.50 per ton.

In our report of April 25, 1941, on S. 937, the Department stated:

> It is the established policy of this administration to develop and improve our trade with other American republics and, under present world conditions the need for encouraging such trade is greater than ever. The proposed legislation raises important questions of hemispheric trade and unity, which primarily concern the Department of State.

In his letter on S. 937 to the chairman of the Senate Finance Committee, dated May 7, 1941, the Secretary of State pointed out that the enactment of the bill would "repudiate the policy of hemispheric defense and the economic cooperation which the American republics agreed upon at the Habana conference less than a year ago."

The proposed amendment to section 204 (a) of the act appears to be inconsistent with the general policy outlined in the President's letter of April 11, 1940, on sugar legislation to the Honorable Marvin Jones, then chairman of the House Committee on Agriculture. In this letter, the President objected to several legislative proposals which, if enacted, would have injured the economic status of American republics, to which, as he pointed out, we must look in increasing degree for enlarged outlets for the products of our own labor, land, and factories.

Although the proposed amendment to S. 937 differs from the bill S. 937, in giving recognition to the reallotment of the Philippine deficit already made by this Department on April 11, 1941, pursuant to existing provisions in the Sugar Act, we trust that you will recognize that the previously stated objections of this administration to a major revision of the public policy embodied by the Congress in 1937 in section 204 of the Sugar Act apply to the proposed amendment and that the Department is, therefore, unable to recommend its enactment.

Since we have been informed by Mr. F. M. Johnston, clerk of the Senate Finance Committee, that the committee desires to have our report on the bill prior to its meeting on May 15, 1941, we have not had an opportunity to submit this report to the Bureau of the Budget.

Sincerely yours,

CLAUDE R. WICKARD,
Secretary.

[Committee print, May 10, 1941]

S. 937, SEVENTY-SEVENTH CONGRESS, FIRST SESSION

[Omit the part printed in black brackets and insert the part printed in italic]

A BILL To amend section 204 of the Sugar Act of 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204 of the Sugar Act of 1937 is hereby amended so as to read as follows:

"SEC. 204 (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippines Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall [revise] *increase* the quota for domestic sugar-producting areas [by prorating an amount of sugar equal to the deficit so determined to such domestic areas on the basis of the prorations of the quota then in effect for such domestic areas] *and for foreign countries other than Cuba by prorating an amount of sugar on the basis of the prorations of the quotas then in effect for such domestic areas and foreign countries, equal to the deficit so determined, as follows; (1) To such foreign countries, and amount not in excess of 75,000 short tons, and (2) to such domestic areas, the remainder, if any, of the amount of such deficit in excess of 75,000 short tons; Provided, however,* That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.

(a) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba has not been filled the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

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