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SUGAR

MARCH 28, 1961.—Ordered to be printed

Mr. BYRD, of Virginia, from the Committee on Finance, submitted the following

REPORT

Together With

INDIVIDUAL VIEWS

[To accompany H.R. 5463]

The Committee on Finance, to whom was referred the bill (H.R. 5463) to amend and extend the Sugar Act of 1948, as amended, having considered the same report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The Finance Committee amended the bill to—

(*a*) Extend the act for 15 months rather than for the 21 months in the House bill;

(*b*) Provide for the payment into the U.S. Treasury of the difference between the U.S. price and the world price on all foreign sugar purchased under the reallocation of the Cuban quota.

The time of the extension of the act in the bill as passed by the House and referred to the Finance Committee of the Senate was December 31, 1962. The committee amendment would terminate the present extension on June 30, 1962. It would appear that in either event, Congress would need to legislate again during the 1962 session on the matter of sugar. The 15-month extension would give to producers both in the United States and abroad, an additional period of certainty with regard to the oncoming crops.

The reallocation of the Cuban quota to various other sources has granted sudden additional business to producers abroad and to those who export and import amounts formerly handled from Cuba. The committee adopted an amendment providing that an import fee equivalent to the difference between the world price and the United States price be assessed on all sugar imported under the reallocation of the Cuban quota. Basic quotas would continue to be imported under the same circumstances as at present without payment of any additional import fee; only that over and above the normal quotas would be assessed the extra fee.

STATEMENT

In July 1960, Congress enacted Public Law 86-592 to extend the Sugar Act for 3 months (from December 31, 1960, to March 31, 1961). It authorized the President to set the Cuban sugar quota for the balance of the calendar year 1960 and for the first 3 months of 1961 at any level not in excess of the Cuban quota under the basic quota system of the Sugar Act and directed the manner in which replacement supplies of sugar were to be obtained in the event that the Cuban quota was reduced.

The President did reduce the Cuban quota for 1960 to about the level of shipments at the time the law became effective and the Cuban quota for the first 3 months of 1961 was set at zero.

H.R. 5463, as amended by the Finance Committee, does not make any change in the basic provisions of the Sugar Act, other than the extension of the expiration date from March 31, 1961, to June 30, 1962, and the requirement that U.S. purchasers of foreign sugar under the Cuban reallocation must pay into the U.S. Treasury the difference between the U.S. price and the world price adjusted for tariff and transportation factors. It deals primarily with the temporary or emergency authority enacted by Congress in 1960. The changes made would (1) relieve the President of the obligation to purchase any part of the sugar formerly supplied by Cuba from any country with which the United States does not maintain diplomatic relations; and (2) require that in above-quota foreign purchases consideration shall be given to countries of the Western Hemisphere and to those countries purchasing U.S. agriculture commodities.

The bill would continue Presidential authority to establish the sugar quota for Cuba through June 30, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:

(1) An amount equivalent to Cuba's share in any domestic area deficit may be assigned to other domestic areas; and then

(2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; then

(3) To the Republic of the Philippines 15 percent of the remainder; and then

(4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then

(5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

SUPPLY AND DEMAND

Total U.S. requirements for sugar currently approximate 10 million tons. Of this amount, Cuba, if participating on its former basis would supply 3.3 million tons. If the Dominican Republic was participating on the former quota basis, that country would be entitled to supply a substantial share of this 3.3 million tons if Cuba did not supply it.

Under the terms of the bill, if the restrictions on imports of sugar are invoked by the President, the United States will need to allocate about 2½ million tons to other sources for the last three quarters of 1961. Adequate supplies should not be a problem, as known supplies in friendly producing areas are known to be 3½ to 4 million tons, more than enough to fill any gap which might otherwise result from a withdrawal of quotas from Cuba or the Dominican Republic.

The following tables indicate, respectively, the source of sugar supplied to the U.S. market in 1960 and the quota and nonquota allocations for the first quarter of 1961.

TABLE A.—*1960 sugar quotas and authorized nonquota purchase allocations*

[Short tons, raw value]

Area and country	Quota adjusted for deficits	Authorized nonquota purchase allocation	Total
Domestic beet	2,514,945		2,514,945
Mainland cane	773,873		773,873
Hawaii	940,444		940,444
Puerto Rico	893,620		893,620
Virgin Islands	8,618		8,618
Cuba	2,419,655		2,419,655
Republic of the Philippines	980,000	176,426	1,156,426
Peru	138,827	135,000	273,827
Dominican Republic	130,957	321,857	452,814
Mexico	115,809	284,628	400,437
Nicaragua	19,766	22,000	41,766
Haiti	9,105	26,567	35,672
Netherlands	4,427	6,129	10,556
China (Formosa)	4,218	6,258	10,476
Panama	4,218	6,258	10,476
Costa Rica	4,202	6,267	10,469
Canada	631	1,657	2,288
United kingdom	516	1,355	1,871
Belgium	182	478	660
British Guiana	84		84
Hong kong	3	8	11
British West Indies and British Guiana	0	92,765	92,765
El Salvador		6,000	6,000
Guatemala		6,000	6,000
Brazil		106,347	100,347
Total	8,964,100	1,200,000	10,164,100
SUMMARY			
Domestic areas	5,131,500		5,131,500
Reduced Cuban quota	2,419,655		2,419,655
Other foreign countries	1,412,945	1,200,000	2,612,945
Total	8,964,100	1,200,000	10,164,100
Nonquota purchase sugar, not authorized			235,900
Total determined U.S. sugar requirements			10,400,000

TABLE B.—*Sugar quotas established and nonquota purchase allocations authorized for the 3-month period ending Mar. 31, 1961*

[Short tons, raw value]

Area and country	(1) Quotas	(2) Direct consumption limits	(3) Nonquota purchase allocations authorized	(4) Total (1)+(3)
Domestic beet sugar	544,443	[1]		554,443
Mainland cane sugar	167,531	[1]		167,531
Hawaii	303,853	8,554		303,853
Puerto Rico	317,716	37,076		317,716
Virgin Islands	4,332	0		4,332
Republic of the Philippines	245,000	14,980	122,683	367,683
Peru	30,377	2,724	215,000	245,377
Dominican Republic	27,789	2,429	222,723	250,512
Mexico	23,852	4,411	191,168	215,020
Nicaragua	4,368	2,909	16,000	20,368
Haiti	2,067	1,750	433	2,500
Netherlands	1,037	1,037	1,463	2,500
China (Formosa)	995	995	11,505	12,500
Panama	995	995	1,505	2,500
Costa Rica	992	992	1,508	2,500
Canada	158	158	1,266	1,424
United Kingdom	129	129	1,034	1,163
Belgium	45	45	361	406
British West Indies and British Guiana	21	21	10,168	10,189
Hong Kong	1	1	8	9
El Salvador			2,000	2,000
Guatemala			2,000	2,000
Brazil			11,474	11,474
Ecuador			6,000	6,000
Colombia			6,000	6,000
Total	1,675,701	79,206	824,299	2,500,000

[1] No limit.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SUGAR ACT OF 1948, AS AMENDED

*   *   *   *   *   *   *

SUSPENSION OF QUOTAS

SEC. 408. (a) Whenever pursuant to the provisions of this Act the President finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar, he shall by proclamation suspend the operation, except as provided in section 207 of this Act, of all the provisions of title II above, and, thereafter, the operation of such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exists. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

(b) Notwithstanding the provisions of title II of this Act [for the period ending March 31, 1961] *for the period ending June 30, 1962*:

(1) The President shall determine notwithstanding any other provisions of title II, the quota for Cuba [for the balance of calendar

year 1960 and for the three-month period ending March 31, 1961] *for the period ending June 30, 1962*, in such amount or amounts as he shall find from time to time to be in the national interest: *Provided, however*, That in no event shall such quota at any time exceed such amount as would be provided for Cuba under the terms of title II in the absence of the amendments made herein, and such determinations shall become effective immediately upon publication in the Federal Register of the President's proclamation thereof;

(2) For the purposes of meeting the requirements of consumers in the United States, the President is thereafter authorized to cause or permit to be brought or imported into or marketed in the United States, at such times and from such sources, including any country whose quota has been so reduced, and subject to such terms and conditions as he deems appropriate under the prevailing circumstances, a quantity of sugar, not in excess of the sum of any reductions in quotas made pursuant to this subsection: *Provided, however*, That any part of such quantity equivalent to the proration of domestic deficits to the country whose quota has been reduced may be allocated to domestic areas and the remainder of such quantity (plus any part of such allocation that domestic areas are unable to fill) shall be apportioned in raw sugar as follows:

(i) There shall first be purchased from other foreign countries for which quotas or prorations thereof of not less than three thousand or more than ten thousand short tons, raw value, are provided in section 202(c), such quantities of raw sugar as are required to permit importation in such calendar year of a total of ten thousand short tons, raw value, from such country;

(ii) There shall next be purchased from the Republic of the Philippines 15 per centum of the remainder of such importation;

(iii) The balance, including any unfilled balances from allocations already provided, shall be purchased from foreign countries having quotas under section 202(c), other than those provided for in the preceding subparagraph (i), in amounts prorated according to the quotas established under section 202(c)*; except that any amount which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased*: *Provided*, That if additional amounts of sugar, *including any amounts which would otherwise be purchased from any such country with which the United States is not in diplomatic relations*, are required the President may authorize the purchase of such amounts from any foreign countries, without regard to allocation *except that consideration shall be given to countries of the Western Hemisphere and to those countries purchasing United States agricultural commodities*;

(3) If the President finds that raw sugar is not reasonably available, he may, as provided in (2) above, cause or permit to be imported such quantity of sugar in the form of direct-consumption sugar as may be [required.] *required;*

(4) As a condition for the importation of any quantity of non-quota purchase sugar from any foreign countries as provided in this subsection, a fee of approximately the difference between the world price and the domestic price of raw sugar, as determined by the Secretary, shall be paid to the United States by the person applying for release of such quantity of sugar.

TERMINATION OF ACT

SEC. 412. [The powers vested in the Secretary under this Act shall terminate on March 31, 1961, except that the Secretary shall have power, until March 31, 1961, to make payments under title III under programs applicable to any crop year beginning prior to March 31, 1961.] *The powers vested in the Secretary under this Act shall terminate on June 30, 1962, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1962 and previous crop years.*

INTERNAL REVENUE CODE OF 1954

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CHAPTER 37

Subchapter A—Sugar

SEC. 4501. IMPOSITION OF TAX.

(a) GENERAL.—There is hereby imposed upon manufactured sugar manufactured in the United States, a tax, to be paid by the manufacturer at the following rates:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscope test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein.

The manufacturer shall pay the tax with respect to manufactured sugar (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within 12 months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid). For the purpose of determining whether sugar has been sold or used within 12 months after it was manufactured, sugar shall be considered to have been sold or used in the order in which it was manufactured.

(b) IMPORT TAX.—In addition to any other tax or duty imposed by law, there is hereby imposed, under such regulations as the Secretary or his delegate shall prescribe, a tax upon articles imported or brought into the United States as follows:

(1) on all manufactured sugar testing by the polariscope 92 sugar degrees, 0.465 cent per pound, and, for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) on all manufactured sugar testing by the polariscope less than 92 sugar degrees, 0.5144 cent per pound of the total sugars therein;

(3) on all articles composed in chief value of manufactured sugar, 0.5144 cent per pound of the total sugars therein.

(c) TERMINATION OF TAX.—No tax shall be imposed under this subchapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after [September 30, 1961.] *December 31, 1962.* Notwithstanding the provisions of subsection (a) or (b), no tax shall be imposed under this subchapter with respect to unsold sugar held by manufacturer on [September 30, 1961] *December 31, 1962*, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

SEC. 6412. FLOOR STOCKS REFUNDS.

* * * * * * *

(d) SUGAR.—With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 4501(b) has been paid and which, on [September 30, 1961] *December 31, 1962*, are held by the importer and intended for sale or other disposition, there shall be refunded (without interest) to such importer, subject to such regulations as may be prescribed by the Secretary or his delegate, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar, if claim for such refund is filed with the Secretary or his delegate on or before [September 30, 1961] *March 31, 1963.*

INDIVIDUAL VIEWS OF SENATORS DOUGLAS AND FULBRIGHT

I

The action of the Finance Committee in accepting our amendment is to be highly commended. It is the first time in many years that in connection with the Sugar Act the interests of the American consumer and taxpayer have been taken into account.

The effect of the amendment is to make certain that the so-called "quota premium"—the difference between the world price for sugar and the domestic highly subsidized price—on that amount of sugar which was formerly bought from Cuba, is paid into the American Treasury rather than into the pockets of producers, middlemen, speculators, or others who would otherwise receive windfall profits from the reallocation of the previous Cuban quota.

This will amount to about $140 million per year. This will be a savings to the taxpayer and consumer.

In the interests of American consumers, American taxpayers and the proper interpretation of the basic Sugar Act, this amendment should remain in the bill. Under the basic act, the consumers' interests supposedly are to be taken into account. But, in practice, this has not been the case and almost every device conceived by man has been used to increase the price to American consumers—both individual and industrial.

The American people do not realize how much the present sugar program is costing them as consumers. When the Jones-Costigan Sugar Act was passed in 1934, it was intended to protect the interests of consumers as well as producers, and in the process also put a floor of protection under the farm laborers and their families in the cane and beet sugar fields. At that time the world price of raw sugar was only about 1 cent a pound, and sugar growers everywhere were experiencing great hardship.

In 1934, however, the philosophy of the National Recovery Act was dominant under which producers were encouraged to restrict production, raise prices, and improve the condition of their employees. The Jones-Costigan Act was in this tradition and extended its protection to foreign as well as American sugar producers.

Over the 27 years which have passed since then, a whole battery of devices to benefit the producers of sugar have been put into effect. These have helped the producers with little or no attention paid to the interests of housewife and consumer. The facts of the situation are approximately these:

1. The people of the United States consume roughly 10 million tons of sugar a year.

2. The average retail price of sugar in 5-pound packages is about 11.6 cents a pound. This would be $232 a ton at retail rates. Wholesale carload rates are about 9¼ cents per pound, or $185 per ton. A weighted composite of the two quotations would be roughly $200 a ton.[1] This would mean that the total final sales value of the sugar is approximately $2 billion.

[1] The sale of sugar for family use is only about a third of the total.

3. About 55 percent or 5.6 million tons of the sugar is produced domestically of which the Hawaiian production is about 1 million tons and that of Puerto Rico an equal amount. Of the 3.4 million tons produced on the mainland, 2.7 million tons are produced in the Beet Sugar Belt area (mostly on the Great Plains) and 0.7 million tons in the cane sugar areas, mostly in Louisiana and Florida. Of the 4.5 million tons imported, about two-thirds have come from Cuba and about 1 million tons from the Philippines.

4. The price of sugar is controlled (and raised) by a combination of methods.

(*a*) Quotas are fixed which govern the amounts to be produced domestically and also imported from a group of sugar-producing countries.

(*b*) In addition, an import tariff of 0.5 cent a pound is levied on all sugar from Cuba and the Philippines, while for the relatively small amounts which were formerly imported from elsewhere, the tariff was 0.625 cents a pound. The total receipts from the tariff on sugar to the Treasury have been a little over $40 million a year or around $10 per ton.

(*c*) A further excise or processing tax of 0.5 cent a pound, or $10 a ton, is levied on all sugar whether produced domestically or imported. This comes, at present, to approximately $100 million a year, or $10 a ton.

(*d*) Direct production payments of 0.8 cent a pound ($16 a ton) are paid on the first 350 short tons, and graduated downward on further production. Additional allowances for other contingencies are also paid to domestic producers, and together these amount to about $75 million a year.

5. The limitation on the total amount of sugar which can be produced within the United States and imported from abroad causes the U.S. price to be appreciably greater than the world market price. The best measure of this in the past has been the difference between the price in Cuba of sugar destined for the United States and that going to other countries. A year ago this was the difference between approximately 5.6 and 3.1 cents a pound. This came to 2½ cents a pound, or $50 a ton.

It can therefore be seen that the housewives and consumers pay dearly for the present sugar policy. If we add (*a*) the difference between the price to the United States and the world price, (*b*) the tariff, and (*c*) the excise tax, we get a total price increase to the consumer of about 3.5 cents a pound, or about $70 a ton. This comes to a total of $700 million a year.

Against this should be offset the $65 million in revenue over the cost of the production payments, or a net subsidy by the consumers of between $635 and $735 million. This, in turn, should be somewhat further reduced by the fact that if we bought all our sugar on the free market, the free market price would rise. The extent of this increase would, however, not be as great as is frequently argued, since current estimates of world production this year run to around 58 million tons as compared with world consumption of 53.5 million tons. With the previous carryover, the present surplus will probably run about 10 million tons. Ample supplies are, therefore, available.

On the whole, it would seem safe to estimate the total subsidy which consumers pay is not far from $660 million a year, or $66 a ton, and

3.3 cents a pound.[2] Since the per capita consumption in this country is about 97 pounds a year, this comes to about $3.25 a year per person, or $13 a year for a family of four. This is a sum approximately equal to a day's wages. Each time a housewife purchases candy, cakes, pies, or soft drinks she also pays this hidden subsidy.

The American housewives and consumers over the years have probably paid from 10 to 20 billions of dollars of subsidies to the foreign and domestic sugar producers. This has been done without their knowledge because of the complexity of the whole program. Seldom have such complex arrangements been devised.

II

As a result of the change in our relationships with Cuba, there are now some 3 million tons of sugar formerly purchased from Cuba which will be bought elsewhere. As world supplies are now plentiful, this, of itself, presents no great problem. But the question of who shall sell this "nonquota" sugar under the present heavily subsidized and, hence, lucrative American program has created considerable discussion.

Under the House bill the former Cuban share would be prorated among the sources now providing sugar to the United States at the presently heavily subsidized American domestic price. This proration, in the language of the House report, would be as follows:

> Presidential authority to establish the sugar quota for Cuba through December 31, 1962, at such level as the President shall find from time to time to be in the national interest, but in no event in excess of the Cuban quota under the basic quota system of the Sugar Act. If the President sets the Cuban quota at less than its basic quota, the amount of the reductions are to be distributed as follows:
>
> (1) An amount equivalent to Cuba's share in any domestic area production deficit may be assigned exclusively to other domestic areas; and then
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> (2) To five nations whose quotas have been between 3,000 and 10,000 tons, a sufficient quantity of sugar to bring each up to 10,000 tons. These nations are Costa Rica, Haiti, Panama, the Netherlands, and Nationalist China; and then
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> (3) To the Republic of the Philippines 15 percent of the remainder;[3] and then
>
> (4) To other countries having quotas under the act (except those five nations mentioned in (2) above) the remaining 85 percent in amounts prorated according to the basic quotas established by the act, "except that any amounts which would be purchased from any country with which the United States is not in diplomatic relations need not be purchased"; and then
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> (5) If additional amounts of sugar are needed, purchases may be made from any other foreign nation without regard to allocations, but with consideration given to countries of

[2] On p. 10 of the "Special Study on Sugar," prepared by the Department of Agriculture for the House committee, it is stated that a direct payment of about 3.5 cents a pound would be required in the absence of other protective devices.

[3] Based on the nonquota allocations for the 3-month period ending March 31, 1961, the allocation for the Philippines for the next year would be 490,000 tons. On the same basis the Peruvian share would be 860,000 tons, and the Mexican share would be 764,000 tons.

the Western Hemisphere and to those countries purchasing U.S. agricultural commodities.

The House proposal suffers from serious defects.

In the first place, it would build up a vested interest among those who received the additional quotas. In the future it will be almost impossible to take away these additional amounts and return them to Cuba when Cuba once again becomes a friendly government. For this reason alone these amounts should not be distributed in such a manner.

The tragic Cuban situation is clearly against the best interests of the United States. The action which the United States has taken with respect to Cuban sugar is fully justified. But we also believe that the forces friendly to the United States should be encouraged. If the Cuban quota is redistributed among others, and they gain a vested interest in selling these highly subsidized amounts to the United States, it will be very difficult indeed to reverse this situation when the Cubans are again friendly and free.

In the second place, building up such vested interests might very well create a situation where these nations would be a great deal less concerned about bringing a change in the Cuban Government than they would otherwise be. Surely we do not want to build up economic pressures which would be satisfied with the status quo in Cuba because their interests would be harmed if Cuba again became friendly and free.

In the third place, the price paid for the "nonquota" or Cuban share under the House bill would still be the highly subsidized price which offers virtually no protection or consideration to the American housewife and consumer.

COMMITTEE AMENDMENT

As an alternative we proposed and the committee accepted an amendment which would give the United States the right to buy this sugar from whatever sources it could (either on the free world market or under quota arrangements which the President deemed proper) but which would provide that the "quota premium" of about 2⅓ cents per pound be paid into the Treasury of the United States instead of into the pockets of the producers of this additional 3 million tons. This would net the American Treasury and hence the American taxpayer about $140 million a year.

This proposal has merit for:

(1) It would provide some protection to the hard pressed American consumer—if not through lower sugar prices at least through increased revenues to the Treasury and hence lower taxes than otherwise. In this way the basic provision of the act concerning consumer protection would be carried out to this limited extent.

(2) More than adequate supplies are now available for this purpose for there is now a surplus of sugar in the world.

(3) It would avoid building up a vested interest in the highly subsidized American market by those who would receive the right to fill the "nonquota" or former Cuban quota.

(4) It would assist the United States in its balance of payments problem.

This is important as we have said for, among other reasons, it would give some greater reason and hope to the anti-Castro forces to throw off the present shackles. They would then know that if their Government became friendly to the United States the American market could be restored.

Furthermore, this proposal is exactly what the American Government did with respect to the Dominican Republic this last year. Dominican sugar was purchased at the world price, but instead of paying the additional "quota premium" to the Dominican producers it was paid into the American Treasury. Consequently, there is precedent for this amendment.

Some argue that the distribution of the Cuban quota to others is necessary as a foreign aid measure. We reject this argument. Foreign aid, under this argument, would go to countries not on the basis of demonstrated need but on the basis of their sugar producing ability. Some non-sugar-producing countries may well have greater needs for technical information, schools, roads, health services, etc., which are or can be supplied under foreign aid than do some sugar producing countries. This is no way to distribute foreign aid, namely, on the basis of who can produce sugar.

If need be the $140 million could be earmarked which would be for foreign aid to our Latin American neighbors. This would both reduce the amount we would otherwise have to appropriate and would also allow the aid to be distributed according to demonstrated need rather than on the accident of sugar production.

In summary, this amendment would—

(1) Greatly benefit the American taxpayer whose interests have long been ignored in the administration of the Augar Act.

(2) Avoid building up "vested interests" in the nonquota or former Cuban share of the American market at premium prices.

(3) Provide an incentive for the Cuban people and other countries to seek a change in the present Cuban Government rather than support for the status quo in Cuba as would be the case if the quotas were redistributed at premium prices.

(4) Provide additional funds which could be used for aid to Latin America on the basis of need and a well-planned program and not on the accident of who grows sugar.

(5) Follow a precedent already set by the American Government with the Dominican Republic only this last year.

(6) Assist the United States in its balance of payments problems.

Paul H. Douglas.
J. W. Fulbright.

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