

THE POLITICAL ECONOMY OF AMERICAN SUGAR

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Introduction

In the United States, as in many countries, agricultural protectionism is robust. Sugar in the U.S is one of those commodities that policymakers continue to protect. Although agricultural protectionism continues, the post-war period has resulted in concessions in agricultural protectionism and the move towards free trade in general. We believe that this shift towards open trade could be an impetus for liberalizing sugar in the U.S. would lose reelection.

Background

In addition to the general trend toward free trade, a newfound interest in energy and health policies among American voters may weaken the historically powerful sugar industry. If the interest in energy and health policies has affected today’s discussion of the political economy of the sugar industry, then Congressional representatives should in general be more likely to vote for liberalization of the sugar market, regardless of sugar production in a district or campaign contributions.

With prohibitive tariff rate quotas and strict marketing distribution, the sugar program in the United States maintains the price of sugar higher than the world price. The sugar lobby, mostly sugar producers and processors, has been able to maintain this policy for decades. Yet, the winners are few and losers are many. Of the benefits to sugar growers, nearly half of the benefits went to only 1% of sugar farms in 1991. According to the Government Accountability Office, the cost to society in 1996 and 1998 was were \$700 million and \$900 million, respectively. We believe that this evidence, in addition to an interest in health and energy policy, would create an impetus for changing the sugar program.

Assumptions

We rely on a political science approach to interest group influence. Politicians are rational actors who must maximize votes to remain in office but are constrained by limited resources. Interest groups offer politicians campaign contributions to fund their candidacies but also expect certain policy outcomes. This is a quid pro quo of contributions for votes. Moreover, unlike other works, we consider constituent influence key because otherwise politicians would lose reelection.

Methods

We use constituent perceptions on health and energy policy as a proxy to determine whether campaign contributions from the sugar lobby and sugar presence in congressional districts affects congressional voting on a 2013 sugar reform amendment—House amendment 227 to HR 1947, the Federal Agricultural Reform and Risk Management Act of 2013.

Model

We run a logistic regression of the following model:

$$\text{VOTE} = \beta_1 + \beta_2 \text{SUGAR} + \beta_3 \text{DC_CENTER} + \beta_4 \ln(\text{CONTRIB}) + \beta_5 \text{DW_NOM1} + \beta_6 \text{DWNOM2} + \beta_7 \text{REPUBLICAN} + \beta_8 \text{AGCOMMITTEE} + e$$

vote	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
sugar	-2.870508	1.064963	-2.70	0.007	-4.957797	-.7832196
distcenteronlydistrict1	3.576121	1.118688	3.20	0.001	1.383533	5.768709
lncontrib	-.2134278	.0265001	-8.05	0.000	-.265367	-.1614886
dwnom1	3.238232	.8736249	3.71	0.000	1.525959	4.950505
dwnom2	-.7527246	.3697328	-2.04	0.042	-1.477388	-.0280618
republican	-2.380465	.9727209	-2.45	0.014	-4.286963	-.4739669

Results

Running a logistic regression of voting on the sugar amendment shows that all variables are statistically significant. We find that, even when controlling for standard political science indicators, sugar production in congressional districts and campaign contributions have a significant effect on voting.

Conclusion

After our analysis, we conclude that the traditional trade politics of sugar are still strong, that the sugar lobby is efficacious and continues to buy votes despite a new constituent interest in energy and health policy. More broadly, the worldwide shift toward liberalization has not yet swept the sugar market in the U.S.

References

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“H.Amdt. 227—113th Congress: Amendment sought to reform the federal sugar program.” <http://www.GovTrack.us>.

