

*Position of Agricultural Industry*

What are some facts about the sugar industry of the United States? How much sugar does the United States require annually? About 100 pounds per capita, about 8 million tons. Where does the United States obtain her sugar? From mainland production through beets, 1,700,000 tons; through cane, 500,000 tons; from offshore United States' areas, namely, Hawaiian islands, Puerto Rico, Virgin islands, altogether about 2 million tons; from Cuba and the Philippines, 3,700,000 tons; from other foreign countries, small lots.

How has this apportionment of supply to the different sources been arrived at? It is by reference to special circumstances that surround the United States. Cuba is peculiarly an American problem. Some details to make this matter clear I will set forth later in this talk. The Philippines, too, are a special American problem. In the Philippine Independence Act of 1936 it was provided that the Philippines would be guaranteed a quota of not less than 982,000 tons of raw sugar a year. The Hawaiian islands, the Virgin islands, and Puerto Rico are looked upon by the United States as domestic cane areas, though not part of the United States mainland.

When, and by reason of what events, did the United States begin to deal with her sugar supply problem in an orderly manner? We are dealing with ours in an unordered manner! The question can perhaps best be answered by reviewing certain facts about Cuban history in respect of sugar. What are such facts? Here they are: Cuba from before 1776 was an important supplier of sugar to the United States. Cuba, historically, has been a one-crop, a sugar economy, 90 per cent of her exports being sugar. Up until 1930 Cuba had always exported more than 70 per cent of her sugar to the United States. Even before her gaining independence from Spain, Cuba had geared her economy to the markets of the United States of America.

There were, resulting from the Spanish-American war, unique political ties between Cuba and the United States.

The Platt amendment to the army appropriation bill dictated by the United States in 1901 as a condition of United States military evacuation of Cuba after the Spanish-American war, permitted the United States to:

Exercise the right to intervene in the preservation of Cuban independence, the maintenance of government adequate for the protection of life, property and individual liberty.

In addition to these there were special economic ties between the United States and

Cuba. The United States and Cuba in 1903 ratified a reciprocal treaty which decreed:

That the duty on sugar from Cuba should be 20 per cent less than the full duty rate.

This measure has been in effect continuously ever since. Finally, American investment in the Cuban processing industry, as well as in the Cuban plantations, is very large.

Cuba suffered a most unhappy experience after world war II. There was agricultural depression in the twenties, as in the thirties, which caused the United States to raise her tariffs on sugar three times, presumably to protect her own continental cane and beet sugar industry. This caused the development of an expanded sugar industry in United States offshore possessions—the Hawaiian islands, Puerto Rico and the Virgin islands. This development was greatly at Cuba's expense. From 1902 to 1929 Cuba had supplied almost one-half of the sugar requirements of the United States, averaging 3,832,000 tons, from 1926 to 1929. During the years 1930 to 1933 Cuba's proportion fell to less than 30 per cent, averaging 2,287,000 tons during the period 1930 to 1932.

There developed an overproduction of sugar. World production averaged in the period 1923-25 the amount of 26.1 million tons. In 1928-30 it was 31.3 million tons. The world price of raw fell from 4 cents per pound, New York price minus duty, to less than 2 cents per pound. In 1932 it fell to less than 1 cent a pound. The Cuban price in 1932 averaged .7 cent per pound.

The development of overproduction of sugar in the years 1925 to 1937 is indicated by the annual carryover each year. From the 1939 brief of the eastern Canadian cane refineries I quote the following tabulation, as it is set out in section 47 of that brief:

1925, 5,320,398;	1926, 5,766,898;	1927, 5,689,749;	1928, 6,124,050;
1929, 7,500,794;	1930, 8,881,086;	1931, 10,740,024;	1932, 10,896,824;
1933, 9,888,462;	1934, 9,468,861;	1935, 8,128,421;	1936, 7,352,179;
1937, 7,172,779.			

Cuba, as I said in my speech on March 16, had a settled policy of reducing her production "costs" far enough to permit her always to enter the United States market. Cuban prices lower than 1 cent per pound, and sales disastrously reduced, brought her economic ruin and revolution in 1933, with the expulsion of President Machado, followed by extremely unsettled political conditions.

These occurrences were cause for much concern in the United States.

Then there developed a Cuban refining industry, and the many troubles resulting therefrom. Concerning the development of