It's Our Move

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Several unprecedented “happenings” during the past two years have vaulted this period into a milestone era in the history of the beet sugar industry. Several occurrences should be explored in the light of their importance to the future of the industry.

In 1974 the Congress, at the expiration of the Sugar Act, failed to enact legislation which would extend the life of the old Act or provide a new act. This was unfortunate, for the principles of this act, though varying in detail down through the years, provided a protective umbrella to the processor, grower, and the consumer. But the industry was unable to influence the Congress to keep the Act. Furthermore, certain elements spoke out in favor of replacing sugarbeets with other food crops.

The volatility of the sugar market in recent months attests to the effectiveness of the Act. Where prices fluctuated in terms of dimes and quarters under the Act, they now change in terms of dollars.

Sugar prices spiraled to unprecedented highs in 1974 caused by a world shortage of sugar. The demise of the Sugar Act was untimely; the nation found itself looking to the “have” nations for raw sugar supplies in a manner not unlike that of the oil supplying nations. But the major result was that the use of sugar dropped significantly. Consumers either chose to reduce their intake of sweet foods and beverages, or they turned to products containing sugar substitutes. It is doubtful that sugar will ever again reach the per capita level of 100 lbs.

The sugar shortage and spiraling prices focused attention on several sugar substitutes. Notable among these is high fructose corn syrup. Long an active competitor in the sweetener market, the corn processing industry can now offer a syrup for commercial use comparable in sweetness to our own sugar syrups, but costing less under today’s conditions. It is estimated that annual production of high fructose corn syrup will reach the equivalent of 48 million cwt. sugar by 1978 year end. Moreover, waiting in the wings are several synthetic sweeteners moving to take their share of the sweetener market. Sugar is assured of vigorous competition in the future.

For a number of years strenuous efforts have been made and millions of dollars spent by our industry in complying with schedules and regulations of the regulatory agencies — primarily the FDA, OSHA, and EPA. The importance of complying with the laws of the land has never been underemphasized. Yet, in December of 1974,
the industry received a severe jolt when a number of our member companies were indicted by Federal Grand Jury for alleged violations of an antitrust law during the period through 1972. Since December, 1974, a number of private suits, most of which are alleged to be class actions, have been filed against most of our member companies and national grower associations. In each of these cases, plaintiffs allege certain violations of the antitrust laws and seek treble damages in an unspecified, undetermined, but substantial amount.

While the Society has not been involved in these antitrust matters, this industry and all members of our Society must carefully examine all inter-company exchanges, including technical, whether in the form of letters, reports, research papers, or dialogue. Unfortunately, this strikes at the very roots of this Society and the Beet Sugar Development Foundation, both of which have been instrumental in bringing the industry to its present level of technical competence. In this regard, we can all profit by the utilization of competent attorneys skilled in antitrust law.

So, in reviewing the two years since we last met, it appears that we did not win friends nor influence people. We witnessed the demise of the Sugar Act; we profited from excessively high sugar prices, but now face a loss in sales and stiffer competition from sugar substitutes; the long range need for the sugarbeet crop was officially questioned in view of expected world food shortages; and, last but not least, a number of processors were indicted. It was truly an epic period.

Couple all this with our ever-increasing costs and urgent energy-related problems, and the future of our industry may not appear exactly luminous.

At this point, however, our position must not be one of discouragement and despair. Now is the time for a re-evaluation of our goals and rededication of ourselves to changing the outlook. Fortunately, we have some strong points going for us.

First, let me emphasize the fact that we are involved in an endeavor basic to Man’s survival — the production of food, and sugar is without questions an important energy-giving food.

Second, our industry was founded and has been maintained by dedicated and skilled people at every level from sugarbeet growers to company management, technicians, and staff personnel. They are our front line in meeting the challenge of the future. But let us not overlook the many significant contributions of the state and federal agricultural scientists located at universities, laboratories, and agricultural stations. They, too, are a dedicated group and an important segment of our industry.

Our salvation will be the creativity and innovation that can and must be brought to bear by all of our people on the serious problems confronting this industry. Let me list what I feel are priority problem areas in need of prompt consideration:
a. Sugarbeets possess the greatest potential energy output of any crop known. Yet, after refining, the food calorie output per fuel calorie input is 1:1 or lower, whereas most U.S. field crops yield about 2:1.* The need for our technical forces to set about improving this ratio is urgent.
b. We are in dire need of sound planning and legal guidelines from Management.
c. Seed improvement capable of significantly increasing sugar per acre, new acceptable and effective insecticides and herbicides along with improved cultural practices — all aimed at making sugarbeets more competitive — these must receive renewed attention from the agricultural scientists.
d. New processing methods must be developed, automated, and accepted into the factories to improve sugar recovery.
e. The search for new uses for our sugar and by-products must be intensified.
f. New aggressive marketing techniques must successfully meet a less stable pricing situation and the competition of new sweeteners.

All of these things and more must be accomplished with due regard to the laws of the land.

The beet sugar industry has successfully maintained its position over the years on dedication, creativity, and innovation. Now is the time to bring these attributes to bear again, not only on today's problems, but also on the challenge of the future. To do otherwise is to invite senility and all its ramifications for the industry.

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