

Sugar Growers Playing Games With Jobs Numbers

In farm bill lobbying efforts, sugar producers have said that their industry’s impact on employment is equivalent to 142,000 jobs. They get to that number by starting with an inflated estimate of about 40,000 directly employed in the industry and then using Commerce Department multipliers from an input-output model to calculate indirect employment effects in other sectors. That increases the number by more than 250% to their 142,000. Sugar users could also play that game, increasing the 592,000 directly employed in sugar-using industries with multipliers and saying that 2.1 million jobs are adversely affected by the sugar program.

It is reasonable to use Commerce Department multipliers in connection with changes at the margin, but not in telling fairy tales about eliminating an industry. And let’s be accurate about the basic facts. ***Actual employment in the sugar industry is periodically published by the U.S. International Trade Commission (USITC), and is about 18,000, not 40,000 or 142,000.*** The latest USITC estimates are shown in the following table.¹

TABLE 2.8 Sugar: Summary data and simulation results

Item	Summary data				Projected change, 2005–15 (%)	Effect of liberalization (%)
	2007	2008	2009	2010		
<i>Employment^a</i>	<i>Employees</i>					
Total sugar crop farming	7,340	5,565	5,219	5,378 ^b	4.5	-2.8
Sugarcane farming	5,606	3,976	3,675	4,076 ^b	17.0	-7.7
Sugar beet farming	1,734	1,589	1,544	1,302 ^b	1.9	-1.7
Total sugar processing	12,686	12,317	12,859	11,493 ^b	-4.9	-1.6
Raw cane sugar	4,084	3,643	3,543	3,049 ^b	3.6	-7.9
Refined cane sugar	2,682	2,622	3,305	2,746 ^b	-1.9	2.4
Refined beet sugar	5,920	6,052	6,011	5,698 ^b	-9.0	-1.8

The sugar program is one of the leading causes of the loss of 125,000 jobs in sugar-using industries since 1997 (shown in the table on the next page). The reforms that these industries are seeking in the current farm bill debate are modest. They do not eliminate the sugar program, and they would not have a significant impact on sugar industry jobs. In fact, the USITC study concluded that even with elimination of all the sugar import barriers,

¹ U.S. International Trade Commission, “The Economic Effects of Significant U.S. Import Restraints: Seventh Update 2011”, Publication 4253, Washington, D.C., page 2-21. The “b” footnote for the 2010 figures says “Employment data for 2010 are estimated based on available data for the first six months of 2010 and likely are understated owing to seasonality.”

employment in sugar crops and sugar processing would decline by a mere 2.8% and 1.6%, respectively, as a result of that liberalization of trade rules. That works out to only about 350 jobs.

Employment in U.S. Food and Beverage Industries				
Industry	1997	2010	Absolute change	% change
Sugar-using industries				
Breakfast cereal mfg	14,396	11,977	-2,419	-16.8%
Choc. & confec. Mfg. from cacao beans	9,946	7,210	-2,736	-27.5%
Confec. Mfg from purchased choc.	32,871	24,883	-7,988	-24.3%
Nonchocolate confectionary mfg.	25,512	16,560	-8,952	-35.1%
Frozen food mfg.	94,192	86,102	-8,090	-8.6%
Fruit & veg canning, pickling., & drying	97,384	79,165	-18,219	-18.7%
Ice cream & frozen desert mfg.	19,786	18,907	-879	-4.4%
Bread & bakery product mfg.	222,596	193,653	-28,943	-13.0%
Cookie, cracker & pasta mfg	64,401	45,453	-18,948	-29.4%
Snack food mfg	46,609	41,025	-5,584	-12.0%
Flavoring syrup & concentrate mfg	6,243	6,452	209	3.3%
Soft drink & ice mfg	83,256	60,789	-22,467	-27.0%
Sub-total	717,192	592,176	-125,016	-17.4%
Other food & beverage				
Animal food mfg.	46,651	43,704	-2,947	-6.3%
Flour milling & malt mfg	17,877	15,133	-2,744	-15.3%
Starch & veg fats & oils mfg	26,970	22,910	-4,060	-15.1%
Dairy product (except frozen) mfg	112,082	113,181	1,099	1.0%
Animal slaughtering & processing	464,991	479,557	14,566	3.1%
Seafood product prep & packaging	40,763	29,261	-11,502	-28.2%
Tortilla mfg	11,303	14,826	3,523	31.2%
Coffee & tea mfg	12,895	13,352	457	3.5%
Seasoning and salad dressing mfg	26,055	30,918	4,863	18.7%
All other food mfg	56,886	63,265	6,379	11.2%
Breweries	34,251	21,369	-12,882	-37.6%
Wineries	18,193	31,155	12,962	71.2%
Distilleries	6,417	5,406	-1,011	-15.8%
Sub-total	875,334	884,037	8,703	1.0%
Sugar manufacturing				
Sugar manufacturing	16,547	12,803	-3,744	-22.6%
Total food & beverage	1,609,073	1,489,016	-120,057	-7.5%
Source: U.S. Census Bureau, Economic Census & Annual Survey of Manufactures				