

SUGAR ACT OF 1948

JULY 17 (legislative day, JULY 16), 1947.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 4075]

The Committee on Finance, to whom was referred the bill (H. R. 4075) to regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; and for other purposes, having considered the same, report thereon with an amendment and, as amended, recommend that the bill do pass.

The committee amendment inserts, on page 23, between lines 6 and 7, a new paragraph as follows:

(3) Subparagraphs (1) and (2) of this subsection (c) shall apply, and the Secretary shall make determinations thereunder, with respect to any domestic sugar producing area only (i) if producers in such area, who are also processors, produce in excess of five per centum of the total production of sugar beets or sugarcane in such area, and also (ii) if request for such determinations is first made by persons constituting, or representing a substantial proportion of the producers, processors, or laborers in such area who would be affected by such determinations: *Provided, however,* That in the case of the mainland cane sugar area, the provisions of this subsection (c) shall apply separately to the States of Florida and Louisiana.

Section 301 (c) of the bill as it passed the House would continue the authority of the Secretary to condition payments to producers upon compliance with fair wage and price determinations as now provided for in the Sugar Act of 1937. The committee amendment would authorize the Secretary to issue such determinations in any area only (1) if producers therein, who were also processors, produce in excess of 5 percent of the total production of sugar beets or sugarcane in such area and, also, (2) if request for such determinations with respect to any particular crop is first made by persons constituting or representing a substantial proportion of the producers, processors, or laborers in such area who would be affected by such deter-

minations. The practical effect of this amendment would be to preclude the determination of fair wages and prices as conditions for payment to sugar beet growers. The committee feels that competition among processors and of alternative crops and the prevalence of family sized farms competing for labor, create such a competitive situation as to make such determinations unnecessary in the beet sugar area. The amendment would also require the Secretary to exercise his authority therein separately to the States of Louisiana and Florida.

An explanation of the remaining provisions of the bill, together with supporting reasons, are set forth in the House report which is set out below.

[H. Rept. 706, 80th Cong., 1st sess.]

GENERAL STATEMENT

The accompanying bill would, in effect, reenact with certain changes the Sugar Act of 1937, as amended, which would otherwise terminate on December 31, 1947. This bill, except where otherwise provided, would become effective January 1, 1948, and continue in effect for a period of 5 years ending December 31, 1952. The tax with respect to sugar, originally provided for in the Sugar Act of 1937 and now included as a part of the Internal Revenue Code, would also be extended for a period of 5 years to July 1, 1953. Like its predecessors, the Jones-Costigan Sugar Act of 1934 and the Sugar Act of 1937, the bill has as its primary objective the stabilization of the sugar producing, refining, and importing industries. This over-all objective would be effectuated through the establishment and use of quotas under which the United States market would be divided among the various domestic sugar-producing areas and certain foreign-sugar-producing areas which have historically supplied the domestic market. As a means of implementing the sugar quotas authorized to be established, provision is made for making payments to domestic producers of sugar beets and sugarcane. A further implementing provision is the continuation of the excise tax on sugar manufactured in the United States which is designed to provide sufficient revenue to equal the amount of the payments made to producers. In administering the provisions of the Sugar Act of 1948 and in the establishment of quotas thereunder, the Secretary of Agriculture is subject to the over-all mandate of protecting the welfare of consumers and of those engaged in the domestic sugar industry by assuring a supply of sugar at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the sugar industry of the United States.

It has been recognized for some time by people interested in sugar that the Sugar Act of 1937, as amended, would not be adequate should the reimposition of quotas become necessary because of certain conditions affecting the production and distribution of sugar which have been brought about by the war.

Under the Sugar Act of 1937 any deficit in the quota for the Republic of the Philippines is required to be allotted to foreign countries other than Cuba. This provision of law, which was included at a time when it was never contemplated that any Philippine deficit would be other than a nominal one, makes the Sugar Act of 1937 unworkable in view of the present situation, where for the next few years the probability is that the Philippine deficits will be substantial. During the war the supply of sugar from the Philippines was cut off entirely and greatly increased supplies were obtained from Cuba with the result that during this period Cuban production was greatly expanded. By permitting Cuba to supply the principal portion of the Philippine deficit at a time when its production is at an all-time high will, in effect, substantially continue the pattern established during the war and enable Cuba to gradually adjust its production downward to a sound level with a minimum of economic disruption.

It should be pointed out that this bill is a short-term measure designed to meet postwar adjustment problems in the production and distribution of sugar. For example, provision has been made for allotting to Cuba almost the entire deficit anticipated in the Philippine quota. Domestic areas have been given fixed quotas rather than percentage quotas for a temporary period of 5 years, which period is believed to be of sufficient duration to enable necessary postwar adjustments to be made in the foreign areas supplying the United States sugar market.

The committee believes that it should be made abundantly clear that the distribution of the American sugar market among the producers of the United States and foreign countries and the provision for the establishment of quotas for the ensuing 5 years on the basis provided for in this bill is not intended to establish, and should not be construed as establishing, a permanent production and distribution pattern nor as waiving American producers' rights to such portions of the American market as they can supply at the conclusion of the 5-year period covered by the bill. On the contrary, it should be emphasized that this bill is designed to meet the problems of the temporary postwar transition period and is not to be regarded as the establishment of long-time national sugar policy.

MAJOR CHANGES IN EXISTING LAW

Consumption estimate

Section 201 would modify the method of estimating the quantity of sugar needed to meet the requirement of consumers in the continental United States. The Sugar Act of 1937 provides that the estimate of consumption requirements shall afford an annual supply to consumers, on a per capita basis, in an amount not less than the average per capita consumption during the 2-year period 1937-38, which amounted to 102.6 pounds. This per capita standard is omitted from the bill and there is provided a provision directing the Secretary in making consumption estimates to take into consideration certain standards with a view to providing a supply of sugar which will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry. The standards to be taken into consideration include the level of consumption during the preceding year, any deficiency or surplus in inventories of sugar, changes in population and demand conditions, the level and trend of consumers' purchasing power, and the relationship between the prices at wholesale for refined sugar and the general cost of living in the United States as compared with the relationship between the prices at wholesale for refined sugar and the general cost of living in the United States obtaining during 1947 prior to the termination of price control on sugar. Under this section the Secretary is not required to limit his estimate of consumption requirements to any one of the factors enumerated. He is merely required to take such factors into consideration before he makes his determination. The over-all or controlling guide is the provision which requires the establishment of a supply of sugar which will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the welfare of the domestic sugar industry.

In rewriting section 201 to incorporate additional standards to be considered by the Secretary in estimating consumption requirements the word "average" was omitted which formerly preceded and modified the word "prices" in line 8, page 6, of the bill and the words "as a whole" were omitted which formerly followed and modified the words "domestic sugar industry" appearing in lines 10 and 11 on page 6 of the bill. It is the intention of the committee that such omissions are not to be construed as altering the interpretations heretofore placed upon such words or phrases or as warranting a new interpretation different from that placed upon such words and phrases as they appeared in the Sugar Act of 1937. This is in accord with the interpretation placed upon the language of the bill by the representatives of the Department of Agriculture who appeared before the committee.

ESTABLISHMENT OF QUOTAS

Section 202 of the bill makes important changes in sugar quotas from those found in the Sugar Act of 1937. Under the Sugar Act of 1937, the quotas for all sugar-producing areas both domestic and foreign are based upon percentages of the estimate of consumption requirements so that annual quotas vary depending upon the amount of such estimate. Section 202 of the bill establishes fixed quotas for domestic producing areas totaling 4,268,000 short tons raw value. It also establishes a quota of 952,000 short tons of sugar (irrespective of polarization) as specified in section 211 of the Philippine Trade Act of 1946. The difference between the fixed amounts for the domestic producing areas and the Republic of the Philippines and the estimate of consumption requirements is apportioned to Cuba and foreign countries other than Cuba and the Republic of the Philippines on the basis of the same percentage ratios as are now provided in the Sugar Act of 1937, namely, 98.64 percent to Cuba and 1.36 percent to full-duty countries.

Section 202 (d) guarantees for Cuba a minimum quota after reallocation of deficits, equivalent to the share (28.6 percent) of the total estimate of consumption

provided for Cuba in section 202 (b) of the Sugar Act of 1937. Under this provision, whenever Cuba's share under the quota system set forth in this bill would otherwise fall below 28.6 percent, the quotas for domestic producing areas would be reduced on a pro rata basis by the amount necessary to provide a quota for Cuba of 28.6 percent. The committee believes it likely that the consumption of sugar in this country during the next 5 years will be at a sufficiently high level so that Cuba's quota will exceed 28.6 percent of the consumption requirements and that no revision of the specific quotas established for domestic producing areas will have to be made.

Section 202 (c) is a new provision under which the Secretary is authorized to withhold or withdraw any increase in the quota for any foreign country over that provided for such country under the Sugar Act of 1937 upon a finding and notification by the Secretary of State that such country denies fair and equitable treatment to nationals of the United States, its commerce, navigation, or industry. In the event that any quota, or any portion thereof, is withheld or withdrawn pursuant to this section the amounts so withdrawn are to be allocated proportionately among the domestic producing areas, and if the domestic areas are unable to fulfill such amounts so allotted then the amounts unfilled may be allotted by the Secretary to foreign countries which do not deny fair and equitable treatment to nationals of the United States.

It has been brought to the attention of the committee that there have been instances where nationals of the United States have been unable to collect pecuniary claims from foreign governments notwithstanding the fact that, in many instances, the validity of such claims has been acknowledged by, or adjudicated in the courts of, such foreign countries.

It is the intent of the committee that the nonpayment of valid claims which have been adjudicated or acknowledged by foreign countries shall constitute unfair or inequitable treatment within the meaning of section 202 (c): Representatives of the State Department appearing before the committee concurred in this construction of the language of section 202 (c).

PRORATION OF AREA DEFICITS

Section 204 of the bill would change the provision of the present law with respect to the allocation of any Philippine deficit by providing for the allocation of such deficit to Cuba and full-duty countries, with 95 percent of such deficit allotted to Cuba and the balance of 5 percent to full-duty countries. Under the Sugar Act of 1937, the entire Philippine deficit is reallocated to full-duty countries. The deficits in the Philippine quota were relatively small prior to the war as compared with expected substantial deficits during the next few years.

Section 204 also provides that in the event the quota for Cuba, after reallocation of deficits, would fall below 28.6 percent, except for the provisions of section 202 (d) described above. The proration to full-duty countries would be 1.36 percent instead of 5 percent, and the proration to Cuba would be 98.64 percent instead of 95 percent. The Philippine deficit would be prorated on this revised basis before application of section 202 (d) for the purpose of maintaining the Cuban quota at not less than 28.6 percent.

The deficit in any domestic area, as in the 1937 act, is shared by the remaining domestic areas and Cuba proportionately to the quotas in effect.

CONDITIONAL PAYMENTS

Section 301 of the bill specifies the conditions which a grower must meet in order to be eligible to receive full payments under the act. These conditions are (1) that growers of sugar beets or sugarcane shall not employ child labor (except members of their immediate families), and (2) that growers shall not market sugar beets or sugarcane in excess of the proportionate shares (in terms of acreage allotments, weight, or recoverable sugar content) established by the Secretary for their respective farms.

Under section 409 of the bill, the Secretary is authorized, if first requested by individuals or associations constituting or representing a substantial proportion of the persons affected in any one of the five domestic-sugar producing areas, to make recommendations with respect to the terms and conditions of contracts between producers and processors and the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane. The provisions of section 409 are similar to the provisions of section 511 of the Sugar Act of 1937 except that under section 409 the Secretary may not make recommendations

unless he is first requested to do so by a substantial proportion of the persons affected in any one of the five domestic sugar-producing areas and any such recommendations must be made on an area-wide basis.

EXPLANATION OF THE BILL

Definitions

Title I contains definitions applicable to the entire bill except title V. Title V contains proposed amendments to the provisions of the Internal Revenue Code relating to taxes on sugar, and separate definitions for tax purposes are found in the Internal Revenue Code. The only change in the definitions in Title I is in subsection (f) of section 101, the definition of "liquid sugar." In the present law "liquid sugar" means—

"any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added) equal to 6 per centum or less of the total soluble solids."

The definition is changed by the bill so that the second parenthetical clause in the definition would read "(excluding any foreign substances that may have been added or developed in the product)." The definition as changed will not bring within its terms any new or different type of sugar product. The purpose is to include certain sugars which properly belong within the definition but which have not been covered by the definition because there has been artificially developed in the product additional soluble nonsugar solids sufficient to make the total soluble solids of the product in excess of 6 per centum.

Quota provisions

Title II contains the quota provisions. The Secretary of Agriculture is authorized under section 201 to determine the requirements of consumers for each calendar year on the basis of the standards specified therein. In making his determinations the Secretary is directed to protect the welfare of consumers and of those engaged in the domestic sugar-producing industry by providing a quantity of sugar which will be consumed at prices fair to both consumers and the domestic sugar industry.

The Secretary is authorized under section 202 of the bill to establish quotas for the various domestic areas and for foreign countries. The quotas to be established for domestic areas and the Republic of the Philippines are set out in section 202 in specific amounts. The quotas for domestic areas are to be established by apportioning among such areas 4,268,000 short tons of sugar, raw value, as follows:

Area:	Short tons, raw value
Domestic beet sugar.....	1, 800, 000
Mainland cane sugar.....	500, 000
Hawaii.....	1, 052, 000
Puerto Rico.....	910, 000
Virgin Islands.....	6, 000

The quota for the Philippines is 952,000 tons of sugar (irrespective of polarization) which corresponds to the quota for that area set forth in the Philippine Trade Act of 1936. The remainder of the consumption requirements is to be apportioned (1) to Cuba and (2) to other foreign countries on the basis of the division between such countries specified in the Sugar Act of 1937. Section 202 further provides that if the quota established for Cuba, including deficits allotted or prorated under section 204, should be a smaller proportion of the consumption estimate than the quota which would have been established for Cuba under such estimate under the provisions of section 202 of the Sugar Act of 1937, the quotas for the domestic areas shall be reduced pro rata by such amounts as are necessary to provide Cuba with such minimum quota. The Secretary of Agriculture is authorized to withhold from any foreign country any increase which this bill would provide for such country over the quota which it would have obtained under the Sugar Act of 1937, if the Secretary of State finds and notifies the Secretary of Agriculture that such country denies fair and equitable treatment to nationals of this country, or discriminates against the commerce, navigation, or industry of the United States. In the event that any amount of sugar is withheld or withdrawn under this section such amount of sugar so withheld or withdrawn is to be prorated to domestic areas proportionately on the basis of existing quotas and if any portion of such amount of sugar cannot be supplied by domestic

areas the Secretary may prorate such deficits to foreign countries. Section 203 continues the authority of the Secretary to determine quotas for local consumption in the Territory of Hawaii and in Puerto Rico.

Proration of deficits

The bill provides that the Secretary shall, from time to time, determine whether any domestic area, the Republic of the Philippines, or Cuba will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to fill its quota, section 204 directs that such deficit shall be prorated to other such areas on the basis of the quotas then in effect, with the proviso that Cuba shall receive the full amount of the deficit of any domestic area when the outstanding determination of consumption requirements under section 201 of the act is less than 7,000,000 short tons, raw value. Section 204 further provides that any deficit in the quota for the Republic of the Philippines shall be allotted to Cuba and full-duty countries in the ratio of 95 and 5 percent, respectively, except that, whenever the quota for Cuba established under the provisions of the bill other than section 202 (d) is less than the amount required by the provisions of that section, the deficit shall be allotted to Cuba and full-duty countries in the ratio of 98.64 and 1.36 percent, respectively. Any unfilled portion of the proration to any full-duty country, as of September 1 of any year, is to be allotted to other full-duty countries. Section 205 of the bill authorizes the Secretary to allot the quota for any area on the basis of standards specified there.

Establishment of quotas for 1948

Section 206 of the bill provides that subject to the provisions of sections 207 and 408 relating to the suspension of quotas, sugar quotas shall be established pursuant to this act for the calendar year of 1948 within 10 days after January 1, 1948. Under provisions of sections 207 and 408 of the bill the President is authorized to suspend quotas whenever he finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar.

Direct-consumption quotas

Section 207 continues the provisions of the 1937 act with respect to the quantity of direct-consumption sugar which may be imported or brought into the continental United States except the direct-consumption portion of the quota for the Republic of the Philippines is set at 56,000 short tons of sugar (irrespective of polarization) as provided in section 211 of the Philippine Trade Act of 1946.

The amounts of direct-consumption sugar which may be brought into the continental United States from areas other than the Republic of the Philippines are as follows:

Area:	<i>Short tons, raw value</i>
Hawaii.....	29, 616
Puerto Rico.....	126, 033
Virgin Islands.....	0
Cuba.....	375, 000

This section further provides that these direct-consumption portions of the quotas shall not be subject to suspension by the President, pursuant to the provisions of section 408, unless the President specifically finds and proclaims that an emergency exists with respect to sugar which requires their suspension.

Conditional-payment provisions

Title III contains the conditional-payment provisions of the bill. Section 301 authorizes the Secretary to make payments to producers who do not employ child labor (except members of their immediate families) and who do not market sugar beets or sugarcane in excess of the proportionate shares (acreage allotments) established by the Secretary for their respective farms. Section 302 authorizes the Secretary to establish proportionate shares for farms in each of the domestic areas in terms of each farm's fair share of the total quantity of sugar beets or sugarcane required to be processed to enable the producing area to meet the quota (and provide a normal carry-over inventory) for such area. The proportionate shares (acreage allotments) for farms are to be established on the basis of past production on the farm and ability to produce sugar beets or sugarcane thereon. In view of the differences in conditions of production obtaining in the various sugar-producing areas, the committee has not attempted to specify the exact manner in which the Secretary shall use production history. It is the judgment of the committee that considerable discretion should be left to the

Secretary to deal with the varied and changing conditions in the various producing areas, in order to establish fair and equitable proportionate shares for farms in such areas. The bill also directs the Secretary to protect, insofar as practicable, the interests of new producers and small producers and the interest of tenants, sharecroppers, and adherent planters. Section 303 continues the provision of the 1937 act with respect to crop deficiency and abandonment payments which afford farmers protection in the case of crop losses due to specified weather hazards.

Section 304 provides for a base rate of payment of 80 cents per 100 pounds of sugar, and for reductions in this base rate of payment for farms producing in excess of 350 tons of sugar. The reductions in the base rate of payment vary from 5 cents per 100 pounds for that portion of the farm production between 350 and 700 tons to a reduction of 50 cents per 100 pounds for that portion of the production in excess of 30,000 tons. This provision continues the policy of preferring the small-sized farm in the making of payments. The base rate of payment and the rates of reductions are the same as in the present law.

Local committees

In carrying out the provisions of titles II and III, the Secretary is authorized to utilize the service of local committees of producers, State and county agricultural conservation committees, and the Agricultural Extension Service and other agencies, and to prescribe that all or part of the expenses of such committees may be deducted from the payments.

General provisions

Title IV of the bill contains general provisions applicable to the entire bill except title V.

Authorization is made for an annual appropriation of such amounts as the Congress determines to be necessary to make the authorized payments to producers and to administer the legislation. The funds made available for the purpose of carrying out the provisions of the Sugar Act of 1937, as amended, during the fiscal year of 1948 are also made available under this bill to the Secretary for the purposes of administering the provisions of this act during the fiscal year of 1948.

The bases and considerations underlying determinations by the Secretary in connection with quotas and payments are required to be published in the Federal Register along with such determinations (sec. 403). District courts are given jurisdiction to enforce the provisions of the legislation and regulations issued thereunder (sec. 404). The Secretary is also authorized to require persons who manufacture, market, transport, or make industrial use of sugar to furnish such information as he deems to be necessary to administer the legislation (sec. 406). Department officials are prohibited from speculating in sugar or sugar companies' securities or interests (sec. 407).

Suspension of quotas

The President is authorized under section 408, upon a finding that a national economic or other emergency exists with respect to sugar, to suspend quotas established under title II. The quotas would again become operative on a finding by the President that the facts which constituted the emergency no longer exist.

Recommendations as to fair prices and wages

Section 409 authorizes the Secretary, when he determines such action necessary to effectuate the purposes of the legislation, upon the request of individuals or associations constituting or representing a substantial portion of the persons affected, to make such surveys and investigations as he deems necessary, including the holding of public hearings, and to make recommendations, with respect to the terms and conditions of contracts between processors and producers of sugar beets and sugarcane and the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane. Such recommendations are required to be made on an area-wide basis with respect to any one of the five domestic sugar-producing areas. In administering this provision the Secretary would be authorized to obtain information under the provisions of section 406 which provides for the furnishing of information which the Secretary deems necessary to enable him to administer all the provisions of the act including the provisions of section 409 thereof. The Secretary, however, is forbidden to disclose any information with respect to the individual operations of any processor, producer, or laborer.

Effective date

Section 412 of the bill provides that it shall become effective January 1, 1948, and that the powers vested in the Secretary under the Sugar Act of 1937 shall terminate on December 31, 1947, except that the Secretary shall have power to make payments under title III of that act under programs applicable to the crop year 1947 and previous crop years.

Amendments to taxes relating to sugar

Title V contains certain amendments to the Internal Revenue Code relating to taxes on sugar. A change is made in the definition of "manufactured sugar" to conform with a similar change made by subsection (f) of section 101 in the definition of "liquid sugar" applicable to the provisions of the bill other than those contained in title V.

The termination date for the tax on sugar is extended to June 30, 1953, which covers a period of 5 years from the present termination date. There is also included a provision providing that no tax shall be imposed with respect to unsold sugar held by a manufacturer at the time of the termination of the tax. Similarly, with respect to sugar held by an importer and intended for sale or other disposition at the time of the termination of the tax, there is to be refunded to such importer an amount equal to the tax paid. The purpose of this provision is to eliminate any inequity which might result if tax-paid sugar had to be marketed in competition with sugar marketed after termination of the tax.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is in italics, existing law in which no change is proposed is shown in roman):

SUGAR ACT OF 1937, AS AMENDED

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sugar Act of [1937] 1948".

TITLE I—DEFINITIONS

SEC. 101. For the purposes of this Act, except title [IV] V—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contains sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure, but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.

(e) The term "direct-consumption sugar" means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 per centum or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing ninety-six sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07.

(2) For sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93.

(3) For sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees.

(4) For sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972.

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection (h).

(i) The term "total sugar content" means the sum of the sucrose (Clerget) and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota", depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year, from the Territory of Hawaii, Puerto Rico, the Virgin Islands, [the Commonwealth of the Philippine Islands] or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or liquid sugar which may be marketed in the Territory of Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

(k) The term "producer" means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar.

(l) The terms "including" and "include" shall not be deemed to exclude anything not mentioned but otherwise within the meaning of the term defined.

(m) The term "Secretary" means the Secretary of Agriculture.

TITLE II—QUOTA PROVISIONS

SEC. 201. The Secretary shall determine for each calendar year, *beginning with the calendar year 1948*, the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year (*in the case of the calendar year 1948, during the first ten days thereof*) and at such other times during such calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and *for changes in consumption because of changes in population and demand conditions*, as computed from statistics published by agencies of the Federal Government; [with respect to inventories of sugar, population, and demand conditions] and, in order that [the regulation of commerce provided by this Act shall not result in excessive prices to consumers, the Secretary shall make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirements of consumers, so that the supply of sugar made available to consumers shall not result in average prices to consumers in excess of those necessary to maintain the domestic sugar industry as a whole. The amount of such additional allowances shall not be less than the amount required, after allowance for normal carry-over, to give consumers in the continental United States a per capita consumption equal to the average of the two-year period 1937-38.] *such determinations shall be made so as to protect the welfare of consumers and of those engaged in the domestic sugar industry by providing such supply of sugar as will be consumed at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the*

welfare of the domestic sugar industry, the Secretary, in making any such determination, in addition to the consumption, inventory, population, and demand factors above specified and the level and trend of consumer purchasing power, shall take into consideration the relationship between the prices at wholesale for refined sugar that would result from such determination and the general cost of living in the United States as compared with the relationship between prices at wholesale for refined sugar and the general cost of living in the United States obtaining during 1947 prior to the termination of price control of sugar as indicated by the Consumers' Price Index as published by the Bureau of Labor Statistics of the Department of Labor.

Sec. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas, by [prorating] apportioning among such areas [55.59 per centum of such amount of sugar but not less than 3,715,000 short tons on the following basis] 4,268,000 short tons, raw value, as follows:

Area:	(Per centum)	Short tons, raw value
Domestic beet sugar	[41. 72]	1, 800, 000
Mainland cane sugar	[11. 31]	500, 000
Hawaii	[25. 25]	1, 052, 000
Puerto Rico	[21. 48]	910, 000
Virgin Islands	[. 24]	6, 000

(b) [For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 44.41 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over 3,715,000 short tons) on the following basis:

Area:	Per centum
Commonwealth of the Philippine Islands	34. 70
Cuba	64. 41
Foreign countries other than Cuba 89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act.] For the Republic of the Philippines, in the amount of 952,000 short tons of sugar as specified in section 211 of the Philippine Trade Act of 1946.

(c) For foreign countries other than the Republic of the Philippines, by prorating among such areas an amount of sugar, raw value, equal to the amount determined pursuant to section 201 less the sum of the quotas established pursuant to subsections (a) and (b) of this section, on the following basis:

Area	Per centum
Cuba	98. 64
Foreign countries other than Cuba and the Republic of the Philippines ..	1. 36

The quota for foreign countries other than Cuba and the Republic of the Philippines shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

(d) Notwithstanding the other provisions of this title II, in the event the quota established for Cuba, including any and all deficits allotted or prorated to Cuba pursuant to the provisions of section 204 (a), shall be a smaller proportion of the total amount of sugar which the Secretary determines is needed to meet the requirements of consumers in the continental United States pursuant to section 201 of this Act, than the quota which would have been established for Cuba upon such consumptive estimate under the provisions of section 202 (b) of the Sugar Act of 1937, the quotas for domestic sugar-producing areas established pursuant to the other provisions of this title II shall be reduced pro rata by such amounts as are required to establish such quota for Cuba and the amounts by which such domestic sugar-producing quotas are so reduced shall be added to the quota for Cuba.

(e) If the Secretary of State finds that any foreign country denies fair and equitable treatment to the nationals of the United States, its commerce, navigation, or industry, and so notifies the Secretary, the Secretary shall have authority to withhold or withdraw any increase in the share of the domestic consumption requirements provided for such country by this Act as compared with the share allowed under section 202 (b) of the Sugar Act of 1937: Provided, That any amount of sugar so withheld or withdrawn shall be prorated to domestic areas on the basis of existing quotas for such areas and

the Secretary shall revise such quotas accordingly: Provided further, That any portion of such amount of sugar which cannot be supplied by domestic areas may be prorated to foreign countries other than a country which the Secretary of State finds has denied fair and equitable treatment to nationals of the United States.

SEC. 203. In accordance with [the applicable] such provisions of section 201, as he deems applicable, the Secretary shall also determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico, and shall establish quotas for the amounts of sugar which may be marketed for local consumption in such areas equal to the amounts determined to be needed to meet the requirements of consumers therein.

SEC. 204. (a) The Secretary shall, [as he deems necessary] from time to time during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the [Commonwealth] Republic of the Philippines [Islands], or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. *Provided, however, That domestic areas shall not share in any deficit of any domestic area if the then outstanding determination of the Secretary made pursuant to section 201 of the Act is less than seven million short tons, raw value.* If the Secretary finds that the [Commonwealth] Republic of the Philippines [Islands] will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for Cuba and foreign countries other than Cuba and the Republic of the Philippines by prorating an amount of sugar equal to the deficit so determined [to such foreign countries, on the basis of the proration of the quota then in effect for such countries] as follows:

To Cuba	95 per centum
To foreign countries other than Cuba and the Republic of the Philippines	5 per centum

Provided, however, [That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.] That whenever the quota for Cuba established under the provisions of this Act other than section 202 (d) is less than the amount required by the provisions of section 202 (d) of this Act, such prorations shall be as follows:

To Cuba	98.64 per centum
To foreign countries other than Cuba and the Republic of the Philippines	1.36 per centum

Any portion of such Philippine deficit which the Secretary determines cannot be supplied by Cuba shall be prorated to foreign countries other than Cuba and the Republic of the Philippines. No part of any Philippines deficit so prorated may be filled by direct-consumption sugar.

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota [in effect on the 1st day of July in the same calendar year] for foreign countries other than Cuba and the Republic of the Philippines established under the provisions of section 202 (c) has not been filled, the Secretary may revise the proration of such quota among such foreign countries by [prorating] allotting an amount of sugar equal to such unfilled proration to [all other] such foreign countries [which] as have filled their prorations of such quota by such date [on the basis of the prorations then in effect].

(c) *The quota for any domestic area, the Republic of the Philippines, Cuba, or other foreign countries as established under the provisions of section 202 shall not be reduced by reason of any determination of a deficit existing in any calendar year under the provisions of subsections (a) and (b) of this section 204.*

(d) *Any proration among foreign countries other than Cuba and the Republic of the Philippines pursuant to this section shall be on such basis as the Secretary shall determine.*

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this

Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; ~~or~~ and the ability of such person to market or import that portion of such quota or proration thereof allotted to him. The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

(b) An appeal may be taken, in the manner hereinafter provided, from any decision making such allotments, or revisions thereof, to the United States Court of Appeals for the District of Columbia in any of the following cases:

(1) By any applicant for an allotment whose application shall have been denied.

(2) By any person aggrieved by reason of any decision of the Secretary granting or revising any allotment made to him.

(c) Such appeal shall be taken by filing with said Court, within twenty days after the decision complained of is effective, notice in writing of said appeal and a statement of the reasons therefor, together with proof of service of a true copy of said notice and statement upon the Secretary. Unless a later date is specified by the Secretary as part of his decision, the decision complained of shall be considered to be effective as of the date on which public announcement of the decision is made at the office of the Secretary in the city of Washington. The Secretary shall thereupon, and in any event not later than ten days from the date of such service upon him, mail or otherwise deliver a copy of said notice of appeal to each person shown by the records of the Secretary to be interested in such appeal and to have a right to intervene therein under the provisions of this section, and shall at all times thereafter permit any such person to inspect and make copies of appellants' reasons for said appeal at the office of the Secretary in the city of Washington. Within thirty days after the filing of said appeal the Secretary shall file with the court the originals or certified copies of all papers and evidence presented to him upon the hearing involved, ~~and also~~ a like copy of his decision thereon, ~~and shall within thirty days thereafter file~~ a full statement in writing of the facts and grounds for his decisions as found and given by him and a list of all interested persons to whom he has mailed or otherwise delivered a copy of said notice of appeal.

(d) Within thirty days after the filing of said appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a verified statement showing the nature of the interest of such party together with proof of service of true copies of said notice and statement, both upon the appellant and upon the Secretary. Any person who would be aggrieved or whose interests would be adversely affected by reversal or modification of the decision of the Secretary complained of shall be considered an interested party.

(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision, and if it enters an order reversing the decision of the Secretary it shall remand the case to the Secretary to carry out the judgment of the court: *Provided, however,* That the review by the court shall be limited to questions of law and that findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Secretary are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States, upon writ of certiorari on petition therefor, under section 240 of the Judicial Code, as amended (U. S. C., title 28, sec. 347), by appellant, by the Secretary, or by any interested party intervening in the appeal.

(f) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, and other interested parties intervening in said appeal, but not against the Secretary, depending upon the nature of the issues involved in such appeal and the outcome thereof.

[(g) The Government of the Commonwealth of the Philippine Islands shall make allotments of any quota established for it pursuant to the provisions of this Act on the basis specified in section 6 (d) of Public Law Numbered 127, approved March 24, 1934.]

Sec. 206. [Until sugar quotas are established pursuant to this Act for the calendar year 1937, which shall be within sixty days after its enactment, the quotas determined by the Secretary in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the provisions of the Agricultural Adjustment Act, as amended, shall remain in full force and effect.] *Subject to the provisions of sections 207 and 408 relating to the suspension of quotas, sugar quotas shall be established pursuant to this Act for the calendar year 1948 within ten days after effective date of this Act.*

Sec. 207. (a) [Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than four thousand nine hundred and thirty-six short tons, raw value, of the quota for Hawaii for the calendar year 1940 may be filled, during the first two months of such year, by direct-consumption sugar. This subsection is hereby extended so that not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for any calendar year may be filled by direct-consumption sugar: *Provided, however,* That the amount of said quota which may be filled by direct-consumption sugar for the calendar year 1940 shall not be less than the quantity of direct-consumption sugar from Hawaii actually brought into the continental United States, for consumption therein, after December 31, 1939, and up to and including the date of the enactment of this amendatory sentence.] *Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for any calendar year may be filled by direct-consumption sugar.*

(b) [Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than twenty-one thousand and six short tons, raw value, of the quota for Puerto Rico for the calendar year 1940 may be filled, during the first two months of such year, by direct-consumption sugar. This subsection is hereby extended so that not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar: *Provided, however,* That the amount of said quota which may be filled by direct-consumption sugar for the calendar year 1940 shall not be less than the quantity of direct-consumption sugar from Puerto Rico actually brought into the continental United States, for consumption therein, after December 31, 1939, and up to and including the date of the enactment of this amendatory sentence.] *Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for any calendar year may be filled by direct-consumption sugar.*

(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

(d) Not more than [eighty thousand two hundred and fourteen] *fifty-six thousand short tons of sugar* [raw value,] of the quota for the [Commonwealth] Republic of the Philippines [Islands] for any calendar year may be filled by direct-consumption sugar as specified in section 211 of the Philippine Trade Act of 1946.

(e) Not more than three hundred and seventy-five thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct consumption sugar.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

(g) *The direct-consumption portions of the quotas established pursuant to this section, and the enforcement provisions of title II applicable therein, shall continue in effect and shall not be subject to suspension pursuant to the provisions of section 309 of this Act unless the President acting thereunder specifically finds and proclaims that a national economic or other emergency exists with respect to sugar or liquid sugar which requires the suspension of direct-consumption portions of the quotas.*

SEC. 208. Quotas for liquid sugar for foreign countries for each calendar year are hereby established as follows:

Country—	<i>In terms of wine gallons of 72% total sugar content</i>
Cuba.....	7, 970, 558
Dominican Republic.....	830, 894
Other foreign countries.....	0

【The quantities of liquid sugar imported into the continental United States during the calendar year 1937, prior to the enactment of this Act, shall be charged against the quotas for the calendar year 1937 established by this section.】

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States from the Territory of Hawaii, Puerto Rico, the Virgin Islands 【the Commonwealth of the Philippine Islands】 or foreign countries, (1) any sugar or liquid sugar after the applicable quota 【for such area】 or the proration of any such quota, has been filled, or (2) any *direct-consumption sugar after the direct-consumption portion of any such quota has been filled*;

(b) From shipping, transporting, or marketing in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce, any sugar or liquid sugar produced from sugar beets or sugarcane grown in either the domestic-beet-sugar area or the mainland cane-sugar area after the quota for such area has been filled;

(c) From marketing in either the Territory of Hawaii or Puerto Rico, for consumption therein, any sugar or liquid sugar after the quota therefor has been filled;

(d) From exceeding allotments of any quota, *direct-consumption portion of any quota*, or proration 【thereof】 of any quota, made to them pursuant to the provisions of this Act.

SEC. 210. (a) The determinations provided for in sections 201 and 203, and all quotas, prorations, and allotments, except quotas established pursuant to the provisions of section 208, shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar, except that imported from foreign countries, shall be included with sugar in making the determinations provided for in sections 201 and 203 and in the establishment or revision of quotas prorations, and allotments.

SEC. 211. (a) The raw-value equivalent of any sugar or liquid sugar in any form, including sugar or liquid sugar in manufactured products, exported from the continental United States under the provisions of section 313 of the Tariff Act of 1930 shall be credited against any charges which shall have been made in respect to the applicable quota or proration for the country of origin. The country of origin of sugar or liquid sugar in respect to which any credit shall be established shall be that country in respect to importation from which draw-back of the exported sugar or liquid sugar has been claimed. Sugar or liquid sugar entered into the continental United States under an applicable bond established pursuant to orders or regulations issued by the Secretary, for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

(c) The quota established for any domestic sugar-producing area may be filled only with sugar or liquid sugar produced from sugar beets or sugarcane grown in such area: *Provided, however*, That any sugar or liquid sugar admitted free of duty from the Virgin Islands under the Act of Congress, approved March 3, 1917 (39 Stat. 1133), may be admitted within the quota for the Virgin Islands.

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year; (2) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in any calendar year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from any foreign country, other than Cuba and the Republic of the Philippines, in individual sealed containers of such capacity as the Secretary may determine, not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, or for livestock feed, or for the production of livestock feed.

TITLE III.—CONDITIONAL-PAYMENT PROVISIONS

SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

(a) That no child under the age of fourteen years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed; and that no child between the ages of fourteen and sixteen years shall have been employed or permitted to do such work, whether for gain to such child or any other person, for a longer period than eight hours in any one day, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed. The Secretary is authorized to make payments, notwithstanding a failure to comply with the conditions provided in this subsection, but the payments made with respect to any crop shall be subject to a deduction of \$10 for each child for each day, or a portion of a day, during which such child was employed or permitted to work contrary to the foregoing provisions of this subsection.

[(b) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however,* That a payment which would be payable except for the foregoing provisions of this subsection may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.]

[(c) (b) That there shall not have been marketed (or processed) an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

[(d) That the producer on the farm who is also, directly or indirectly, a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing.

[(e) That there shall have been carried out on the farm such farming practices in connection with the production of sugar beets and sugarcane during the year in which the crop was harvested with respect to which a payment is applied for, as the Secretary may determine, pursuant to this subsection, for preserving and improving fertility of the soil and for preventing soil erosion, such practices to be consistent with the reasonable standards of the farming community in which the farm is situated.

[(The conditions provided in subsection (a), and in subsection (b) with respect to wage rates, of this section shall not apply to work performed prior to the enactment of this Act; and the condition provided in subsection (c) of this section shall not apply to the marketing of the first crop harvested after the enactment of this Act from sugar beets or sugarcane planted prior to such enactment.)]

SEC. 302. (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially

recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, as determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share tenants, adherent planters, or share croppers.

(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm [and which shall have been marketed (or processed by a producer) on and after July 1, 1937.] commencing with the crop year 1948.

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects, which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area, as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) with respect to such bona fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 per centum of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm, as determined by the Secretary, over the actual yield.

SEC. 304. (a) The amount of the base rate of payment shall be 80 cents per hundred pounds of sugar or liquid sugar, raw value.

(b) All payments shall be calculated with respect to a farm which, for the purposes of this Act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and, in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reduction shall be made from such total payment in accordance with the following scale of reductions:

That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	Reduction in the base rate of payment per hundred weight of such portion
350 to 700	\$. 05
700 to 1,000 10
1,000 to 1,500 20
1,500 to 3,000 25
3,000 to 6,000 275
6,000 to 12,000 30
12,000 to 30,000 325
More than 30,000 50

(d) Application for payment shall be made by, and payments shall be made to, the producer or, in the event of his death, disappearance, or incompetency, his legal representative, or heirs: *Provided, however,* That all producers on the farm shall signify in the application for payment the [per centum] percentage of the total payment with respect to the farm to be made to each producer: *And provided further,* That payments may be made, (1) in the event of the death, disappearance, or incompetency of a producer, to such beneficiary as the producer

may designate in the application for payment; (2) to one producer of a group of two or more producers, provided all producers on the farm designate such producer in the application for payment as sole recipient for their benefit of the payment with respect to the farm or (3) to a person who is not a producer, provided such person controls the land included within the farm with respect to which the application for payment is made and is designated by the sole producer (or all producers) on the farm, as sole recipient for his or their benefit, of the payment with respect to the farm.

SEC. 305. In carrying out the provisions of titles II and III of this Act, the Secretary is authorized to utilize local committees of sugar beet or sugarcane producers, State and county agricultural conservation committees, or the Agricultural Extension Service and other agencies, and the Secretary may prescribe that all or a part of the expenses of such committees may be deducted from the payments herein authorized.

SEC. 306. The facts constituting the basis for any payment, or the amount thereof authorized to be made under this title, officially determined in conformity with rules or regulations prescribed by the Secretary, shall be reviewable only by the Secretary, and his determinations with respect thereto shall be final and conclusive.

SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands.

TITLE [V] IV—GENERAL PROVISIONS

SEC. [501] 401. For the purposes of this Act, [except title IV] the Secretary [shall—]

[(a) Appoint and fix the compensation of such officers and employees as he may deem necessary in administering the provisions of this Act: *Provided*, That all such officers and employees, except attorneys, economists, experts, and persons in the employ of the Department of Agriculture on the date of the enactment of this Act, shall be subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended: *And provided further*, That no salary in excess of \$10,000 per annum shall be paid to any such person.] *may* (b) make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, lawbooks, books of reference, directories, periodicals, and newspapers].

SEC. [502] 402. (a) There is hereby authorized to be appropriated for each fiscal year for the purposes and administration of this Act, [except for allotments in the Philippine Islands as provided in subsection (g) of section 205, a sum not to exceed \$55,000,000] *the funds necessary to make the payments provided for in title III of this Act and such other amounts as the Congress determines to be necessary for such fiscal year to carry out the other provisions of the Act.*

(b) All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

(c) *The funds made available for the purpose of enabling the Secretary to carry into effect the provisions of the Sugar Act of 1937, as amended, during the fiscal year 1948 are also hereby made available to the Secretary for purposes of administration of the provisions of this Act during the fiscal year 1948.*

[SEC. 503. There is authorized to be appropriated an amount equal to the amount of the taxes collected or accrued under title IV on sugars produced from sugarcane grown in the Commonwealth of the Philippine Islands which are manufactured in or brought into the United States on or prior to June 30, 1947, minus the costs of collecting such taxes and the estimates of amounts of refunds required to be made with respect to such taxes, for transfer to the Government of the Commonwealth of the Philippines for the purpose of financing a program of economic adjustment in the Philippines, the transfer to be made under such terms and conditions as the President of the United States may prescribe: *Provided*, That no part of the appropriations herein authorized shall be paid directly or indirectly for the production or processing of sugarcane in the Philippine Islands.]

SEC. [504] 403. (a) The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any

order or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than \$109 for each such violation.

(b) *Each determination issued by the Secretary in connection with quotas and deficits under title II or payments under title III of this Act shall be promptly published in the Federal Register and shall be accompanied by a statement of the bases and considerations upon which such determination was made.*

SEC. [505] 404. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this Act or of any order or regulation made or issued pursuant to this Act. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. [506] 405. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such act, (a) of that quantity of sugar or liquid sugar by which any quota, pro-rata, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. [507] 406. All persons engaged in the manufacturing, marketing, or transportation or industrial use of sugar or liquid sugar, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than \$1,000 for each such violation.

SEC. [508] 407. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both.

SEC. [509] 408. 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 [or III] above, [which he determines on the basis of such findings should be suspended] and, thereafter, the operation of [any] such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. 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.

[SEC. 510. The provisions of the Agricultural Adjustment Act, as amended, shall cease to apply to sugar upon the enactment of this Act, and the provisions of Public Resolution Numbered 109, Seventy-fourth Congress, approved June 19, 1936, are hereby repealed.]

SEC. [511] 409. [In order to facilitate the effectuation of the purposes of this Act, the Secretary is authorized] *Whenever the Secretary determines that such action is necessary to effectuate the purposes of this Act, he is authorized, if first requested by individuals or associations constituting or representing a substantial proportion of the persons affected in any one of the five domestic sugar-producing areas, to make for such area surveys and investigations to the extent he deems necessary, including the holding of public hearings, and to make recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane in such area and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane in such area. In carrying out the provisions of this section, information shall not be made public with respect to the individual operations of any processor, producer, or laborer.*

SEC. [512] 410. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act and for the benefit of

agriculture generally in any area. Notwithstanding any provision of existing law¹ the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

SEC. [513] 411. The powers vested in the Secretary under this Act shall terminate on December 31, [1947] 1952, except that the Secretary shall have the power to make payments under title III under programs applicable to the crop year [1947] 1952, and previous crop years.

SEC. 412. *The provisions of this Act, except where an earlier effective date is provided for herein, shall become effective January 1, 1948. As provided in section 513 of the Sugar Act of 1937, the powers vested in the Secretary under that Act shall terminate on December 31, 1947, except that the Secretary shall have power to make payments under title III of that Act under programs thereunder applicable to the crop year 1947 and previous crop years.*

TITLE V—AMENDMENTS TO THE INTERNAL REVENUE CODE¹

CHAPTER 32—SUGAR

SEC. 3507. DEFINITIONS.

(b) MANUFACTURED SUGAR.—The term “manufactured sugar” means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added or developed in the product) equal to more than 6 per centum of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States.

The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.

SEC. 3508. TERMINATION OF TAXES.

No tax shall be imposed under this chapter on the manufacture, use, or importation of sugar or articles composed in chief value of sugar after June 30, [1948] 1953. Notwithstanding the provisions of section 3490 or 3500, no tax shall be imposed under this chapter with respect to unsold sugar held by a manufacturer on June 30, 1953, or with respect to sugar or articles composed in chief value of sugar held in customs custody or control on such date.

With respect to any sugar or articles composed in chief value of sugar upon which tax imposed under section 3500 has been paid and which, on June 30, 1953, 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 Commissioner of Customs with the approval of the Secretary, an amount equal to the tax paid with respect to such sugar or articles composed in chief value of sugar.

¹ The provisions of sec. 501 (a) and (b) of the bill amending sections 3507 and 3508, respectively, of the Internal Revenue Code are to become effective under the provisions of sec. 501 (c) of the bill upon the first day of the second month following the date of the enactment of the Sugar Act of 1948.

