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Sugar Beet Area Not Sweet on Pact

By Dan Morgan

BRECKENRIDGE, Minn. -- After years of growing sugar beets in the rich soil of the Red River Valley, Mike Hasbargen figures he can handle the gamut of minor catastrophes that occur with every new crop: machinery gummed up by rocks and mud during round-the-clock October harvests, stores of beets rotted by unexpected early spring thaws and other small disasters.

But when Hasbargen strode into the field near his homestead to pull up and inspect a plump, sugar-rich beet one late summer day this year, he was more worried about the trade policies of the Bush administration than the vagaries of nature or equipment.

In May, the administration signed an agreement with Central American countries that could open the door to an additional 97,000 tons of imported sugar a year. Trade officials say the concessions to Guatemala and four other countries amount to no more than one day of U.S. sugar production. The trade deal, they say, would greatly benefit U.S. exporters who send beef, pork, wheat, soybeans, corn and other products to Central America.

But those assurances have not kept the sugar issue out of the presidential campaign unfolding in this corner of the Farm Belt. Many in the beet industry -- a mainstay of northwest Minnesota's economy -- have taken the trade deal as a sign of fading support for sugar protections, and they are fighting back with money and lobbying muscle.

Cane growers in Florida and Louisiana -- two other political battlegrounds -- have joined the chorus.

"It hurts the president," said Hasbargen, a self-described independent who voted for George W. Bush in 2000 but is supporting Sen. John F. Kerry (D-Mass.) for president this time around, largely because of sugar.

The administration is not backing away from the treaty. But it does not plan to send it to Congress for ratification before the election. Kerry favors renegotiation but has not said expressly whether he would redo the sugar provisions.

It has been decades since the "farm vote" could swing an election to a Harry S. Truman or a Dwight D. Eisenhower. Vast changes in U.S. agriculture have shrunk the number of full-time commercial farmers from millions to a statistically insignificant few hundred thousand.

But in many parts of the Farm Belt that will be crucial in the election, economic prosperity is still linked to farming, and farm issues still mobilize voters. In a stark demonstration of agriculture's muscle last week, farm-state senators tacked a $2.9 billion disaster relief package for farmers and ranchers onto an unrelated spending bill, overriding objections that the aid violated budget rules.

Minnesota last voted for a Republican for president in 1972. Yet Bush lost Minnesota in 2000 by just two percentage points -- thanks in part to his 15-point margin in the huge 7th Congressional District covering the state's rural northwest quadrant, including the beet-growing country along the Red River. Political analysts say the president must run that strong in the district this year to capture the state's 10 electoral votes.

Strong farm prices are a clear asset for the president right now, as are the conservative leanings of many rural voters on issues such as gun control. But sugar is a major wild card.

"Bush is in trouble in Minnesota," said the 7th District's representative, Collin C. Peterson, a popular conservative Democrat and one of the strongest advocates in Congress for the sugar program. The reasons, he said, are the Iraq war, the budget deficit -- and sugar.

Peterson's district shows why agriculture matters. The district is first in the nation in sugar and turkey production, second in soybeans, third in wheat and fourth in corn. Driving along the two-lane blacktops and gravel section roads, one sees huge wheat combines churning up clouds of dust and miles of ripening soybeans and beets.

Politically, the district displays a distinctly independent streak. Peterson, the Democrat, has won recent elections by 2 to 1 margins, and voters often send Democrats to the state Legislature. Ralph Nader garnered almost 5 percent of the vote in 2000, a sign that prairie populism still flourishes here.

When Germans and Scandinavians settled these parts in the 19th and 20th centuries, they found nothing but a grassy prairie. For years, wheat was the main cash crop. But in the 1950s, sugar beets were introduced in the fertile, gently tilting plain on both sides of the north-flowing Red River boundary between Minnesota and North Dakota.

Rainfall, good soil and cold winters that allowed farmers to store beets on their farms without spoilage gave growers a competitive edge. Although beets are also grown in western and other Midwestern states, the Red River Valley accounts for more than 40 percent of U.S. beet sugar production and one-fifth of all U.S. sugar output. The area's $1 billion-a-year sugar crop, produced on a half-million acres by more than 1,000 farmers, supports about 32,000 jobs year-round in processing and related services, according to the industry.

As big a business as it is, it is still family farming. Hasbargen, two sons and a brother handle 2 1/2 square miles of beets with the help of only a few hired hands. During harvest, the Hasbargens all put in 12-hour shifts day and night on the huge machines that "top" (cut off the bushy leaves of the plants) and then dig up the beets.

Underpinning the industry, however, is an elaborate federal program that protects U.S. growers from a world market glutted with cheap sugar. Quotas limit sugar imports to the United States to about 1.2 million tons a year, and the government sets the annual level of production and enforces it through acreage allotments that cooperatives hand down to individual farmers.

Although the program is supposed to operate at no cost to taxpayers, the 2002 farm bill restored a requirement that the federal government acquire surplus sugar from refiners if prices fall below a set level, now about 22 cents a pound.

Dependence on Washington has made political activists out of many beet farmers. The political arm of American Crystal Sugar, the largest Red River Valley cooperative, has poured $627,000 into congressional campaigns this cycle, more than double the amount in 2000. "There was strong support for Bush in the valley in 2000," said James Horvath, American Crystal's top official. "Right now we're not exactly sure where the administration is in regard to sugar."

To Peterson and many farmers, the Central American Free Trade Agreement (CAFTA), signed in May, is "the camel's nose under the tent," foreshadowing more concessions in trade deals with such big sugar producers as Thailand, Colombia and eventually Brazil.

"The president was committed to an understanding that sugar was different, that it was a sensitive crop," Hasbargen said. "If CAFTA is, as they said, atemplate, that is the end of our industry as we know it."

So far, beet growers have received little sympathy from Republican leaders in Congress. Earlier this year Anthony Reed, an aide to House Speaker J. Dennis Hastert (R-Ill.), told a delegation of Minnesota beet growers that they "should be very happy with what happened in CAFTA -- it could have been worse," according to Hastert spokesman John Feehery.

Beet farmer Victor Krabbenhoft, who chairs the 500-member Minn-Dak beet cooperative, recalls responding: "The president is trying to kill me and my industry, and in all due respect, I will not kiss the ground he walks on." Recent assurances by Vice President Cheney that trade issues should be dealt with at the World Trade Organization -- a position supported by the beet industry -- do not appear to have satisfied all growers.

Whether Kerry can capitalize on the sugar issue is uncertain, however. Although he now favors renegotiating the treaty, Kerry cast votes against the sugar program in 1996, 1999 and 2000. U.S. officials, citing the agreement's broad benefits to U.S. farmers -- and a guarantee that imports would be limited if the treaty proved damaging to the sugar industry -- stand by the agreement.

They are backed by the American Farm Bureau Federation, which estimates CAFTA will increase the value of U.S. farm exports to Central America by $900 million a year within 15 years.

"The balance we achieved was a good balance and there's no need to reopen this," said Allen F. Johnson, chief U.S. trade negotiator on agriculture.

Researcher Meg Smith contributed to this report.