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## EASTER BUNNY'S BURDEN

By [Chris Edwards](#)

From Pennsylvania, [bad news for chocolate lovers](#):

The Hershey Company says it is raising wholesale prices by 9.7% on most of its candy products. The maker of Reese's, Kit Kat, Hershey's Kisses and Twizzlers cited increased costs for raw materials, fuel, utilities and transportation.

The costs of two key raw materials—sugar and dairy products—are artificially inflated by federal government policies, the effect of which is to [harm U.S. consumers and U.S. food producers](#), such as Hershey.

[Senator Richard Lugar has introduced legislation](#) to reform U.S. sugar policies. His timing is good, as [world food prices are rising](#) and [some experts predict](#) that sugar prices will soar in coming years.

The best ways to combat rising food prices—which particular harm people with moderate incomes—are free markets, open international trade, and vigorous competition. Unfortunately, those pro-growth and progressive policies are absent in the U.S. dairy and sugar industries, which are subject to Soviet-style central planning. (See [here](#) and [here](#)).

[A consultant study last year](#) (not commissioned by Hershey) indicated that high corporate taxes are also a negative with respect to Hershey's U.S. production:

The Hershey Co. will be driven to shift more Pennsylvania manufacturing jobs overseas because of artificially high sugar prices in the U.S. market and the state's high corporate tax rate, according to a new industry cost study by The Boyd Co.

In an interview, Boyd Co. CEO John Boyd Jr. speculated that Hershey would acquire additional overseas plant capacity through its intended acquisitions in foreign markets and then shift production from its North American plants to lower-cost countries and markets.

A key part of this shift will be to avoid markedly higher sugar prices under U.S. protectionary tariffs and quotas, Boyd said. Candy companies with operations in the U.S. pay about 21 cents a pound for sugar, compared to about 9 cents a pound on the world market

Politicians talk endlessly about jobs, jobs, jobs. But job creation is thwarted in the U.S. food and candy industries by government protectionism, taxes and regulations.

I don't know the Easter Bunny's political views, but I bet he would support Senator Lugar's "Free Sugar Act" to generate more chocolate-making jobs in America.

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