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The FBI in the Wheat Bag

President Nixon has made the correct defensive move, as a chess player might say, in ordering the FBI to investigate the Russian wheat sales. The circumstances of these sales have severely embarrassed the administration, and the President wants a public statement from the FBI declaring that no laws were broken.

But that is the very essence of the scandal: It may very well prove that no laws were broken. The grain trading companies are neither stupid nor inexperienced. The issue is not only whether the traders broke the law, but whether the law protected the public interest. The issue is not only the breadth of the law, but whether President Nixon and his Agriculture Department upheld the normal standards of competence and public morality.

In at least four respects, in the course of the wheat deal, the Nixon administration violated the basic rules of propriety and public trust. The hearings before Congressman Purcell's House Agriculture subcommittee last week provided a wealth of illustration. First of all, the public is entitled to know about sales that public subsidies support. When a subsidized dealer sells a foreign country enough wheat to affect the whole American market, the other people operating on the market deserve to be told about it. They are the taxpayers, after all, who put up the money for the subsidies. As Mr. Purcell observed, the dealers cannot expect to have it both ways. They cannot reasonably ask both subsidy and secrecy.

The law needs to be strengthened to prohibit dealers from buying wheat on a low market and then collecting subsidies after prices and subsidy levels have both risen. It is a technical point, but it seems very possible that it may have cost the Agriculture Department a good deal of money this summer. Since the Nixon administration says that it is looking for ways to reduce federal expenditures, it might usefully examine the very loose operation of the subsidy program.

The questions of conflict of interest, raised by executives shuttling back and forth between high offices in the department and the grain companies, are perhaps too evident to require much comment. The latest development here is the revelation that Clarence D. Palmby, then an assistant secretary of agriculture, bought an apartment in New York last April just before leaving for Moscow at the head of the U.S. grain negotiating team. Buying an expensive apartment is a pretty clear indication of an intention to move. But he did not mention his imminent resignation to the department until more than a month later, after the Moscow trip. He left

in early June to join the Continental Grain Co., which in early July got the largest share of the Russian purchases.

Even more obvious, Congress clearly has an obligation to outlaw the kind of telephone calls that the Agriculture Department placed last Aug. 24. In those calls, the department warned a select few grain traders that it was about to change its subsidy policy. The department, in a feckless attempt to defend itself, told the subcommittee that it gave the traders no further hint of its intentions. But they needed no further hint. As Congressman Melcher of Montana elicited, in a shrewd cross-examination of Assistant Secretary Brunthaver, the traders could readily infer the department's next move. The warning they got was the only warning they needed. The department made no calls to farmers' organizations, or to domestic businesses dealing on the wheat market, although the department knew that its action would affect wheat prices. Tipping off the insiders is apparently an established custom at the Agriculture Department. In this case, it constitutes a particularly gross violation of good faith with the farmers and the public.

No doubt in a few days we shall be treated to another press conference at which the Justice Department tells us the number of people that the FBI interviewed, the number of agents taking part, and the number of man-hours that they devoted to their labors. All of this will be followed by the conclusion that no laws were broken. But the real question is the one lying before Congress: Ought the department be feeding private warnings of its future policy to a few well connected trading firms?

Mr. Nixon was exactly right, it should be said, in the basic decision to encourage the sale of this wheat to the Russians. They have had a disastrous harvest, and we have a large surplus. It is a matter of gratification to Americans to see our products going abroad to feed the rest of the world. But Mr. Nixon was exactly wrong to subsidize the sale. The Russians are well able to pay the market price for the wheat.

The most regrettable aspects of this affair lie in the unhealthy relationship between the international trading companies and the Agriculture Department that went to such remarkable lengths to keep them informed and to protect their profits. Precisely because further sales to Russia are desirable, and because our wheat exports may well continue to rise, it is essential for Congress to rewrite the law. If the law has not been broken in this affair, it is a reflection on the law itself, and the men who administer it.