

Food Ad

Behind the Called-Off

Washington

Continental Grain Co. and Cook Industries, Inc., the firms that agreed Saturday to hold "in abeyance" new large grain deliveries to the

Soviet Union, were key participants in what some critics have called the "great grain robbery" of 1972.

On July 4, 1972, the president of the Soviet Union's

grain trading corporation met in a New York City hotel room with Michel Fribourg, president of Continental Grain.

After 36 hours of bargain-

ing, Fribourg had negotiated in near-total secrecy what he said later was the largest single transaction a private business had ever made up to that time — an agreement to sell the Russians \$460 million worth of U.S. grain.

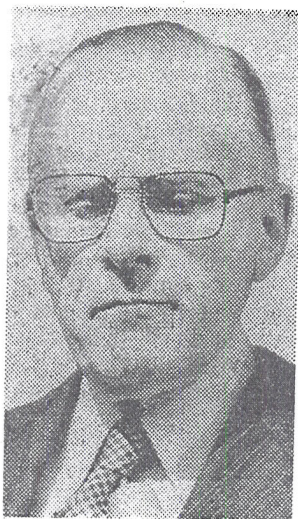
Those negotiations with Fribourg set the stage for what would become by the end of August, 1972, sales agreements for \$1.14 billion worth of grain — 19 million tons.

Cook Industries was one of six companies the Russians purchased from in a deal that virtually depleted American grain reserves and increased food prices for the American consumer.

The latest deal was halted Friday night by President Ford, who feared that this year's disappointing grain crop would be stretched too thin if the 3.4 million tons of grain were allowed to be exported.

Agriculture Secretary Earl Butz has emphasized in the last two days that the grain companies' agreement to cancel the deal was volun-

Soviet Grain Deal



EARL BUTZ
It was voluntary

tary. But he added that White House and Agriculture Department lawyers had concluded that the government has legal authority to block exports, even without resorting to ordering mandatory export controls.

The Belgium-born Fribourg, 61, has been described as one of Amer-

ica's richest men, and Continental Grain, owned by his family, has become one of the largest family-owned corporations in America, with \$3 billion in annual sales as of a year ago.

At the time of the 1972 grain purchase, he was described as living in the international grand style, with a New York town house for autumn, a Connecticut country home for spring and a Paris apartment for summer.

The Fribourg family had been trading grain on international markets since 1813, but its fortunes grew the fastest after Michel took control of Continental Grain when his father died in 1944.

While Fribourg had dealt closely before with the Soviet Union, including a large grain sale in 1964, Cook Industries had ties to the U.S. Department of Agriculture.

Cook's former associate research director, Carroll G. Brunthaver, was one of two Department of Agriculture officials accused of poor judgment in failing to intervene to lessen the domestic

economic impact of that huge grain sale.

The poor-judgment accusation was leveled by Senator Henry M. Jackson's permanent investigations subcommittee, which looked into the 1972 sale and concluded that officials from Agriculture Secretary Butz on down "failed to exercise good judgment in performance of their duties."

The government "completely overlooked the possibility that a combination of a disaster in the Russian wheat crop, our own export subsidy on wheat and the devaluation of the dollar might make United States wheat an enormously attractive bargain to the point where the Russians might wipe out our reserve stocks," the subcommittee's report said.

The report said responsibility for what it called a \$300 million error in judgment "lies first of all with the former assistant secretary of agriculture, Clarence Palmby . . . and secondly with Assistant Secretary of Agriculture Carroll Brun-

thaver. . . ."

Palmby left his Agriculture Department job in the spring of 1972 to become a vice president of Continental Grain, just after he had handled the Nixon administration's preliminary bargaining with Russia over the grain credits.

Brunthaver, who succeeded Palmby, came to the Agriculture Department from Cook Industries in 1969.

Washington Post

A Congressman Asks Ford To Fire Butz

Washington

Agriculture Secretary Earl Butz should be fired, Representative William R. Cotter (Dem-Conn.) said yesterday, "if there is to be any hope that food costs will stop rising."

Cotter wrote to President Ford asking for the dismissal of Butz, whom he called "totally insensitive" to rising food prices. He said Butz has "refused consistently" to do anything to prevent further price rises.

United Press