

## The Washington Merry-Go-Round

## Grain Companies Rake In Subsidies

By Jack Anderson  
and Les Whitten

A handful of giant grain companies reaped \$333 million in federal subsidy payments at the same time that they were making windfall profits from sales in the Russian wheat deal.

The massive sales profits grabbed off by the wheat barons have already been documented: the traders bought cheap on the basis of private information, then sold dear when the magnitude of the deal drained wheat supplies. Their shenanigans helped drive up the prices of meat, dairy and bakery goods.

Now, the Senate Investigations Subcommittee under Sen. Henry Jackson (D-Wash.) has documented how the grain merchants chiseled the taxpayers through subsidies.

A secret staff memo meant for Jackson's eyes only asserts that "the expert subsidy program cost American taxpayers \$333 million in agricultural subsidies in connection with the Russian grain deal." Much of the gouging was accomplished through dubious paper transactions.

Under the export subsidy system, the government pays the U.S. seller the difference between the high price he could get in the U.S. market and the lower price he would get from the foreign buyer.

For example, if the seller could get \$3 a bushel in the U.S., but only \$2.75 in Europe, the government pays the U.S. seller 25 cents a bushel. The government promotes such deals to improve our balance of trades and bolster the dollar.

At the time of the Russian wheat deal late last summer, subsidies had soared to 47 cents a bushel — the difference between the U.S. price of \$2.10 and the foreign price of \$1.63. The Jackson memo details how the grain companies used this situation to collect massive amounts in subsidies by clever manipulation.

"For example, we have information that one company (Cargill) sold wheat to its wholly-owned South American affiliate (Tradex-Panama). The company collected the subsidy when it showed proof of shipment to its affiliate.

"The affiliate then sold the wheat to another affiliate in Geneva which thereupon made a final sale for \$2.20 (a bushel) or 10 cents above the American price."

In other words, Cargill sold wheat to its affiliate in order to cash in on the high subsidy. Then Cargill made a profit when its affiliate sold the wheat. The profit was recorded by the foreign affiliate, and sheltered from U.S. taxes.

"As far as we can tell," Jackson's investigators marveled, "the wheat never left the ship on which it was origi-

nally loaded, and all transfers were mere paper transfers.

"This practice was repeated numerous times as (The Department of Agriculture) blindly maintained unnecessary subsidies which pushed up the price of wheat and ultimately the retail cost of food to the American taxpayer."

Footnote: A Cargill spokesman conceded to our associate Jack Cloherty that transactions with affiliates occurred, and that subsidies were collected. He defended the system as necessary for the U.S. to compete on the world market. He denied that Cargill had profiteered.

**Spooky Censors** — So far, the Central Intelligence Agency has successfully blocked publication of a CIA expose by ex-agent Victor Marchetti. Now, State Department censors are trying to get a copy of the manuscript from its co-author, John Marks, formerly a State Department employee.

Among the manuscript's secrets: the CIA ordered an informal boycott of a Chinese restaurant in Washington because "Jack Anderson is one of its owners." (In fact, I have a small interest in a Chinese restaurant.)

The book also discloses CIA "spooks" in Chile and CIA misuse of funds.

**Watergate Music** — Seattle's KIRO radio has banned a humorous record called "Haldeman, Ehrlichman, Mitch-

ell and Dean" by a group called "The Creep."

The ban was ordered after the station received calls to the station attacking John Ehrlichman, who has just resettled in Seattle with his family.

The station explained to us it feared the record ("Just when we were getting to be well-to-do, the Watergate turned into our Waterloo") might stimulate assaults on the former White House aide's family or prejudice action by local lawyers to disbar him.

**Typewriter Crusader** — The taxpayers of College Park, Ga., have been rendered speechless by the actions of Billy Graham at the College Park School.