

FARMERS CRITICAL OF U.S. GRAIN DEAL

SEP 19 1972

Democrats on House Panel
Also Score Agriculture
Unit on Data Release
NYTimes

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Special to The New York Times

WASHINGTON, Sept. 18

Representatives of three farm organizations and several Democratic members of a House Agriculture subcommittee sharply criticized the Department of Agriculture today for the way it had handled the United States-Soviet grain deal.

The criticism was based on allegations that the department did not make available to wheat producers and farmers cooperatives the information that was available to six large commercial dealers that have sold about 400 million bushels of wheat to the Soviet Union since President Nixon announced the \$750-million deal last July 8.

In particular the Democrats and farm organizations wanted to know why Charles W. Pence, a department official, had called exporters but not producers' organizations on Aug. 24 about an impending change in policy on export subsidies that was not announced until Aug. 25.

In reply, Mr. Pence and Carroll G. Brunthaver, Assistant Secretary of Agriculture for International Affairs, maintained that this advance notification did not in any way benefit the exporters because they had been told that the new policy had already

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HE NEW YORK TIMES, TUESDAY, SEPTEMBER 19, 1972

Farmers Are Critical of U.S. on Big Grain Deal

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taken effect the day before, on Aug. 23.

As a consequence, he two officials insisted, that the companies could not have hastily concluded contracts on Aug. 24 before the loss of business to profit by a special subsidy that they did not know about because it was not announced until Aug. 25.

Mr. Pence's contention that exporters had been told that the new policy had already taken effect on Aug. 23 was contrary to what he told reporters last week.

In a day-long hearing of the House Agriculture Subcommittee on Livestock and Grains, the critics concentrated their fire on the losses suffered by farmers in the early harvest states of Texas, Oklahoma and Kansas who, unaware of the magnitude of the prospective Soviet deal, sold winter wheat in July at \$1.32 a bushel or thereabouts. A few weeks later the Soviet purchases had pushed prices received by farmers up to \$1.65 and \$1.70 a bushel.

Weldon V. Barton of the National Farmers Union testified that the farmers who sold early stood to lose in two ways.

First, he said, they lost on the grain that the companies had bought for export. Second, he said, on domestic sales, they lost on the "certificate payments".

These are payments made by the Federal Government to make up the difference between the parity price set by the Government and the average price paid to farmers over five marketing months.

Since the prices paid in July were far below those in August

and September, and those projected for October and November, the average lowered, and consequently he said, the farmers who sold early got a smaller total of actual sale price plus certificate price.

The losses on certificate payments were estimated by Mr. Barton at about \$68.4-million.

Representative Graham Purcell, Democrat of Texas, who is the subcommittee chairman, has offered a bill to reimburse the farmers who made such early sales for losses resulting from lower certificate payments.

The legislation was supported by Mr. Barton, Charles L. Frazier of the National Farmers Organization and Eugene Moos, president of the National Association of Wheat Growers.

Representative W. R. Poage, Democrat of Texas, who is chairman of the full committee, asked Carroll G. Brunthaver, Assistant Secretary of Agriculture, what he had to suggest to recompense the farmers.

Mr. Brunthaver conceded that such farmers "were hurt," as were those bakers who had to pay higher prices for flour as a result of the mounting prices. But he said, "I don't know what the position of the department will be."

The second area of criticism involved a special export subsidy that the department announced on Aug. 25.

The law permits the department to pay an export subsidy on wheat representing the difference between the domestic price at various ports and the world price.

The department had been trying to maintain a price for export based on a world price of \$1.63-\$1.65 a bushel. It had assured exporters that if they

sold wheat to the Soviet Union at this price, a subsidy would be paid between that price and the domestic price they would have to pay.

However, as the domestic price rose rapidly in August, the department decided it could no longer keep this commitment, and on Aug. 25 it announced that henceforth the subsidy would be paid on the difference between the actual world price and the domestic price.

At the same time, the department decided it would be unfair not to give a subsidy based on the \$1.63 on all sales before the close of business on Aug. 24 for which the exporters had not yet applied for a subsidy. The special subsidy was set at 47 cents a bushel.

This offer was good for five business days — until Sept. 1. In that period, 280 million bushels were registered for the 47 cent subsidy — a total of almost \$132-million.

At the first hearing of the subcommittee last Thursday, Representative John Melcher, Democrat of Montana, asked Secretary of Agriculture Earl L. Butz and Mr. Brunthaver whether Mr. Pence had called the six principal exporters of wheat to the Soviet Union on Aug. 24 and informed them of the impending change of policy on export payments.

At first, they both answered, no, and then amended their answers to "not that I am a of."

The implication of Mr. Melcher's question was that, inasmuch as the companies had been informed several hours before the close of business on Aug. 24, they could have arranged for sales that would have been eligible for the special subsidy.