

U.S. Surprise on Wheat Subsidy

WASHINGTON — (UPI) — The Agriculture Department — without warning — has eliminated its wheat export subsidy, driving export prices 50 per cent higher than those charged on the wheat sales to Russia this summer.

An announcement after commodities exchanged closed yesterday said the subsidy would be dropped to zero on Monday. It had been slipped in stages since the Soviet sales, sagging to 19 cents Thursday and 14 cents before 3:30 p.m. yesterday.

Lower Rates

The Soviet purchases of 400 million bushels of wheat had created a domestic shortage, according to millers and bakers who asked the Price Commission last month for permission to increase bread prices as a result.

Elimination of the subsidy, which had allowed exporters to buy wheat at high domestic prices and sell it abroad at lower rates, automatically raised the export price by 14 cents. In addition, officials said domestic prices rose another 4 cents yesterday.

An agriculture spokesman said the export payment was dropped because, "in our judgment, the subsidy is not needed to increase sales at this point."

Price Boosted

The combination of the domestic price hike and the subsidy elimination boosted the export price of hard red winter wheat at Gulf ports yesterday by 18 cents to \$2.44 a bushel from Thursday's price of about \$2.26.