

WXPost *ford* AUG 9 1975

CIA Data Show Soviet Grain Setback

By Dan Morgan
Washington Post Staff Writer

The Central Intelligence Agency has received new information that the Soviet Union has suffered a major agricultural setback that could leave this year's grain production as much as 40 million metric tons below what it needs.

The information indicates that the Soviet harvest could be as low as 165 million metric tons, less than in 1972, the year of massive Soviet grain purchases abroad, and 20 million tons below the current estimates of the U.S. Department of Agriculture.

The CIA material has been circulated widely in the administration and in Congress, where policy makers are attempting to evaluate it and gauge the possible impact of such a poor crop on American farm exports.

It was not possible to determine yesterday how much credence the CIA analysts gave the new information, from unidentified sources. However, the fact that it was widely disseminated appeared to give it credibility.

On July 24, the Department of Agriculture issued a revised estimate of the Soviet crop, figuring grain production at 185 million tons and import

needs at 20 million tons. In 1972, the Soviets produced 168 million tons and placed orders totaling 21.5 million tons from abroad. Some 13.5 million tons came from this country, contributing to a surge in grain prices here.

David M. Schoonover, Soviet crop analyst in the department's economic research service, said yesterday that his agency stuck by the July 24 estimates.

"The information I see does not suggest a major change," he said. Schoonover said the Soviet crop situation

See GRAIN, A6, Col. 1

GRAIN, From A1

would be re-evaluated when a team of American experts returns this week-end from an inspection tour of the Soviet spring wheat growing areas.

Assistant Secretary of the Treasury Gerald L. Parsky said, "There has been no concrete information substantiating a lower figure."

The extreme political sensitivity of a Soviet situation that could result in renewed grain purchases here by Moscow was evident on a number of fronts yesterday.

Sen. Henry M. Jackson (D-Wash.), a major critic of the Nixon administration's handling of the 1972 grain sales to the Soviets, issued a statement from his office here calling for "an immediate reassessment of the U.S. Department of Agriculture's do-nothing policy on grain sales."

He warned of renewed double-digit inflation if the administration permitted big new sales to the Soviets.

The statement said Jackson had received "new information on what could be a disastrous Soviet harvest." It said that the new information indicated the Soviet crop shortfall could be double that of 1972.

In 1972, Moscow set a production target of 190 million metric tons but produced 168 million tons. The initial target this year was 215 million tons, though analysts of Soviet affairs said yesterday that such targets often are set well above actual requirements. A metric ton is 2,200 pounds.

The International Longshoremen's Association has warned that it won't load grain bound for the Soviet Union unless the administration can prove that a round of sales made in July will not increase domestic food prices substantially.

The loading of a Yugoslav vessel at Beaumont, Tex., was interrupted briefly Thursday on orders of the ILA. The loading resumed after the longshoremen determined that the Soviet-bound grain on board had been ordered prior to the latest round of purchases.

However, the ILA war of nerves continued with reports that the organization, in anticipation of boycotts, was trying to track down the vessels that will carry the grain ordered in the last month.

International grain companies signed sales contracts for 9.8 million tons of corn, wheat and barley in July. Most will come from the United States.

These purchases have threatened to embroil the Ford administration in a political controversy over their domestic price impact, just as the Nixon administration's sales to the Soviets did in 1972.

News of the sales put a brake on declining commodities prices in the United States. Wheat, which hit \$5 a bushel in late fall of 1974, dipped below \$3 a bushel in June, but has now risen to \$4.10 a bushel in the wake of the Soviet purchases. Corn followed a similar pattern, moving from about \$2.40 a bushel to over \$3 a bushel after the sales.

However, the impact of these increases on bread, meat, egg and poultry prices is still unclear, some economists say. Administration officials note that current grain prices still are well below late last year.

President Ford, with an eye on the 1976 farm vote, has indicated strong reluctance to take any action that could depress prices paid to farmers. Agriculture Secretary Earl L. Butz said Sunday the nation had a "moral commitment" to allow uninterrupted agricultural trade, because the government had asked them to go all out in raising food this year.

Farm organizations say that the United States needs to export about a quarter of its corn crop to keep farm prices here from slumping. More than half of the total wheat crop also will be exported.

U.S. total grain exports from the 1975 crop are expected to be 68.6 mil-

lion tons. The 9.8 million tons ordered from the private grain companies so far is less than 15 per cent of that figure. The Soviets also have ordered some 5 million tons from other foreign suppliers such as Canada.

Soviet port capacity may limit future purchases, officials say. Estimates are that their ports can handle a maximum of 25 million tons of grain imports annually—only 10 million more than is already on order.

The impact of a disastrous harvest on Soviet plans and politics could be far reaching, crop analysts said yesterday.

There would be a strong likelihood that Moscow planners would have to cut back on the amount of feed available for livestock, dairy and poultry industries. That could result in a postponement of goals for a higher protein, better diet for Soviet citizens.

When feed grain prices rose in the United States last year, American livestock owners reduced the amount of corn and soybeans they fed their animals, sometimes by slaughtering them early. Effects of this are being felt in higher prices for the less plentiful supplies of fattened hogs and beef this year.

By contrast, the Soviets last year continued to increase their feeding of grains to animals.

Iowa Awaits a Rainfall

Record Corn Crop Hopes Dim

By Stan Crook

Washington Post Staff Writer

DES MOINES, Iowa, Aug. 8—The prospects for a record corn crop in Iowa have dropped dramatically in the past two weeks, according to a survey released today by the U.S. Department of Agriculture.

"We are on the borderline, under Iowa standards, of a disaster," said Dale H. Awtry, executive director of the USDA's Agriculture Stabilization and Conservation Service, which conducts a weekly survey.

Two-thirds of Iowa's 100 counties, many of which had virtually no rain in July, indicated that their crop prospects for the October harvest are fair or poor, while 31 per cent listed the prospects as good. Two per cent said they were excellent.

Two weeks ago 13 per cent of the counties said crop prospects were excellent, 68 per cent said they were good and 19 per cent said they were fair. None reported poor prospects.

In today's report, the rapid deterioration indicated in last week's report continues, with 57 per cent of the counties reporting fair crop prospects

and 10 per cent listing the prospects as poor.

"I think without a doubt it shows we're in severe stress," Awtry said.

The survey is conducted by the three-county ASCS committee members in consultation with three town ASCS committee members, Awtry said. THE ASCS provides financial services to farmers, such as loans and sharing of the soil conservation costs.

The July 1 estimate for Iowa by the USDA's Crop Reporting Board, which is scheduled to issue another major estimate Monday, was 106 bushels an acre. Awtry speculated yesterday the figure may be 20 bushels below that, or a shortfall of about 242 million bushels for Iowa's 12.1 million acres under cultivation.

Iowa usually produces about 16 per cent of the nation's corn, and traditionally is the country's leader in corn production.

Other states, especially those east of the Mississippi River, are not in the poor shape parts of Iowa are in, according to Thatcher Johnson, Iowa's deputy secretary of agriculture.