

SEP 14 1972

Red Deals

In Wheat

Defended

SF Examiner

WASHINGTON — (UPI) — Agriculture Secretary Earl Butz accused Democratic critics of jeopardizing U.S. trade with the Communist bloc today, as the administration announced the sale of about 15 million bushels of wheat to China.

Butz stoutly defended the earlier wheat deal with the Soviet Union, and singled out Sen. George McGovern for particularly sharp criticism, in testimony before a House agriculture subcommittee.

At about the same time, the Agriculture Department's Export Marketing Service announced the wheat sales to China, confirming the reports circulating yesterday. The announcement did not spell out details.

Butz, asked about the relatively small Chinese sale, said he understood that for some time Chinese spokesmen had been in contact with an international grain trade firm identified only as a French-based company. On Monday, Butz said, the firm filed a statement with

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Butz Defends Wheat Deals

—From Page 1 the Russians or the companies."

the Agriculture Department applying for export subsidy on 20 million bushels.

Butz, who has been engaged in a heated long-range debate with McGovern over the U.S.-Soviet grain agreement, told Rep. Graham Purcell:

"The partisan attacks on this historic sale to Russia, and the poor judgment displayed, are jeopardizing the present and future sales of American farm products, and all commercial products, to the Soviet Union."

McGovern and others have charged that grain dealers reaped windfall profits from the wheat sales at the expense of the consumer and the farmer. Butz today testified the deal would mean higher prices to farmers, a boon to taxpayers in the form of a \$200 million reduction in farm costs, and creation of new jobs.

Calm Look

As for charges that big grain companies cashed in on advance information about the deal, Butz said such knowledge resulted from direct contact between individual firms and Soviet officials and "we did not know about it (the scope of Soviet needs) either from

Butz appealed to the subcommittee for a "calm and understanding" look into the deal and called "absolutely untrue" any suggestions that "export grain firms were given advance information by the Agriculture Department."

The Agriculture Department's statement confirming reports of the wheat sale to Peking said:

Third Parties

"The fact that export payment on (the wheat) was booked does not in itself indicate that sales were made by U.S. exporters directly to China. Sales made through third parties for re-export to China would also qualify for the U.S. export payment."

The statement said the registrations were made under a special program in effect between Aug. 24 and Sept. 1 for 11.2 million bushels of white wheat and 3.8 million bushels of soft red winter wheat.

In his testimony, Butz decried charges that grain freighters, with close connections to government officials, were able to make profits before farmers learned the sales would drive prices up.