P.S. to the NEWS
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GRAIN DEAL REPORT

For nearly two years, the Department of Agriculture has had to take the brunt of criticism for the giant Soviet grain deal of 1972, often called "the great grain robbery." This was the deal which resulted in a tremendous loss to the American taxpayers through loans and export subsidies, plus a big loss to the farmers who sold their wheat too cheaply, plus a several-billion-dollar loss to the American consumers who had to pay higher prices for wheat and meat products.

The Senate Committee on Government Operations recently completed a year-long investigation into the Soviet grain deal. The most interesting feature of the new Senate Committee report is its documentary evidence that the giant grain deal started, not with the Agriculture Department trying to unload farm surpluses, but with Presidential Assistant Henry Kissinger.

A January 31, 1972 directive from Kissinger to the Departments of State, Commerce and Agriculture stressed the importance of trading with the Soviet Union and of loaning the Russians U.S. taxpayers' money to enable them to buy our goods. He specifically mentioned agricultural products financed through the Commodity Credit Corporation, a U.S. Government agency.

A few weeks later, Kissinger wrote a follow-up directive dated February 14, 1972. He cited grain sales as the particular area in which President Nixon wanted expanded trade with the Soviets. Kissinger's written directive instructed the Agriculture Department to prepare "a negotiating scenario" for shipping grain to the Soviets, including direct loans from the U.S. Treasury.

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The Agriculture Department then gave the Soviets a credit line of $750 million, and approved export subsidies which enabled the Soviets to use that loan to buy the grain at prices lower than Americans had to pay. This brought to nearly a billion dollars the price that the U.S. taxpayers had to pay for the Soviet grain deal.

Added to this was the estimated cost of nearly $3 billion which the American consumers had to pay in higher prices of wheat and meat products directly attributable to the Soviet grain deal. In addition, there was a tremendous increase in transportation costs and delays in the shipping of all kinds of goods, due to the large numbers of freight cars tied up in the delivery of such massive quantities of U.S. grain to the Soviets.

The terrible drought that afflicted our farm belt this summer has now brought home the folly of this policy, even from the domestic point of view. Whereas in 1972 we had large grain surpluses, now we have no backlog to ease the economic distress and higher food prices caused by the drought that destroyed so much of our corn crop.

As reported in the recent Senate Committee report: "The massive Russian purchases resulted in shortages in our nation's grain supplies. These shortages set off shortages in other products. Then, prices rose, inflationary forces were unleashed and imbalance occurred throughout the American food industry."

It appears that, even two years later, there simply is no end to the costly price which the American taxpayers and consumers must pay for the grain deal of 1972.

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