

CIA 6-01 (Soviet Economy)
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HUMAN EVENTS

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CIA Report Illustrates Folly of Wheat Deal

By REP. GARNER E. SHRIVER (R-Kan.)

A release by the Central Intelligence Agency of a report on the Soviet economy last week helped illustrate the inconsistency and folly of the Administration's recent demands on the Congress for authority to extend government-backed credit to Communist Russia.

The CIA report depicted the Russian economy, and particularly the agricultural sector, as being in dire trouble. There was speculation that release of the previously secret study was timed to discourage our European allies from granting long term credits to the Soviets. Such credits would allow Russia to break out of the economic predicament which the CIA believes it is in. The study also revealed that Russia faces a gold shortage which will force it to seek increased credits to finance its necessary purchases.

In the light of the CIA analysis, it is ironic that the Administration vigorously sought last Christmas Eve the authority to extend credit to the Communists through the Export-Import Bank.

The Export-Import Bank credit issue which was debated by the Congress did not affect previously announced U.S. policy to sell wheat or other agricultural products to the Soviet Union. It did involve the terms upon which such transactions would be made.

The decision to sell wheat already had been made by the Administration, and the Congress was not asked to vote its approval. It should be remembered that the Russian wheat deal was first presented to the American people as a private, commercial transaction—a one-shot deal—for cash, presumably gold, and it was supposed to help the American wheat farmer as well as the American taxpayer, and ease our balance-of-payments problem.



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It didn't take long to discover that Russian commercial credit in this country, and international circles, was zero. In fact, the Communist record of government-to-government credit also is a sorry one. The Russians on June 30 owed the United States over \$621 million on their World War I indebtedness. They received some \$11 billion from us in World War II aid, and while they agreed to repay only some \$321 million, we have received only about \$110 million. They owe the United Nations huge sums.

Nevertheless, the Administration is willing to let the American taxpayer underwrite with his money the faith, intentions and the credit of Mr. Khrushchev.

The CIA report confirms that the wheat transactions constitute a minor phase of the Soviet bid for credit purchases. With the Communists obviously facing increasing economic difficulties, the Administration is telling our allies "Don't do as we do, do as we say."