National

World wheat export decreased

United Press International

WASHINGTON — A month ago, analysts believed world grain stocks in the summer of 1982 would rise to 195 million tons, a healthy 30 million-ton increase over stocks this summer.

In the imprecise crystal ball exercise of predicting conditions over the next year, Agriculture Department experts already have reduced the stocks figure to 189 million tons.

That would still be an increase over 1980-81. World wheat production is expected to exceed consumption in 1981-82. The opposite has been true in the worldwide crop year that comes to a close June 30.

Freeze damage in Kansas and the Central Plains and dry weather in Chinese wheat regions of Henan, Shandong and Hebei have made a difference in world wheat production expectations.

Eastern Europe's wheat crop is down a little due to late planting and poor winter conditions.

At the same time, experts believe more wheat will be traded than they predicted a month ago. If China and Eastern Europe produce less, those nations will have to import more wheat. India is expected to be forced to import wheat.

The new estimate of 1981-82 world grain trade, issued last week in the Agriculture Department's World Grain Situation and Outlook circular, was a record 219 million tons, 2 million tons more than estimated in May.

"The composition of world grain trade is forecast to change with expected larger trade in wheat, but slightly reduced trade in coarse grains, compared to a month ago," the department said.

"Increased wheat demand to meet domestic requirements is anticipated in some importing countries while lower coarse grain trade reflects a continued optimistic outlook for production in importing countries," the department continued.

Wheat stocks are expected to increase 12 million tons by the summer of 1982, unless weather alters production estimates or lower prices cause a significant shift in use of wheat for use as livestock feed, the circular said.

World wheat trade is expected to reach a record of 96 million tons, which would be 2.3 million tons above the level in the worldwide season ending June 30.

U.S. experts believe the United States will be the only major exporting nation with sufficient wheat to meet the extra demand, so American analysts have raised their estimate of U.S. wheat exports and predicted a dime per bushel increase in the average price of the 1981 crop.

The projected range is now $3.80 to $4.40 per bushel.

Australia, Argentina and Canada are not expected to have sufficient stocks to meet increased demand for wheat.

European Community exports might fill some of the extra demand, but "this is unlikely given the present crop outlook and the reported effort to contain EC budget expenditures for subsidization of exports," the circular said.

Analysts made little change in their estimates of world production of feed grains from May to June. Lower production estimates for Western Europe were offset by higher estimates for Eastern Europe.

The estimate of worldwide feed grain stocks for the summer of 1982 is unchanged.

A prediction of imports of feed grains for 1981-82 was adjusted down a little. Producers in Japan and Brazil are expected to feed less to livestock.

"Recessionary pressures in these nations have caused a significant reduction in livestock producer receipts with a subsequent reduced demand for food," the circular said.

Japan is expected to encourage use of more of its surplus rice for feed by pricing it below sorghum. Japan apparently wants to replace feed grains with 500,000 tons of rice a year over the next three years.

The Eastern European feed grain crop may set a record so those nations may import less. Livestock production could expand if weather is favorable.

Estimates of exports from Argentina and Australia were down a little from May to June.

Insurance holders use life policies to get cheap loan

United Press International

WASHINGTON — Seeking low-interest loans in today's tight money market, Americans are borrowing on their life insurance policies at Great Depression levels.

Industry figures show consumers had borrowed $42.6 billion against their policies by February — an amount equal to 8.8 percent of the industry's assets. The figure is the highest since 1935, when borrowing reached 15.2 percent of assets.

The lure is loans that may be obtained at rates as low as 5 percent at a time when banks are charging as much as 16 percent.

Some policyholders are simply pulling their money out to invest in certificates of deposit or other high-interest devices.

The break on interest rates is increasingly being limited to current policyholders.

Figures from the American Council on Life Insurance showed that eight states have now enacted laws that allow interest rates for loans on newly written policies to be tied to a bond market index now in the 13 to 14 percent range.

The interest rate for borrowing against those policies as a result will vary by year.

Existing policies — which have borrowing rates of from 5 to 8 percent — cannot be changed and would not be affected by the new laws.

The eight states that have approved the industry-backed legislation are Arkansas, Connecticut, Indiana, Maine, Nebraska, Utah, Virginia and Washington. Similar legislation is under consideration in other states.

A council spokesman said the industry will have to wait until similar laws are passed in a la number of states before it will be possible to writing policies with the higher borrowing ra

Generally it is possible to borrow against cash value of a whole life insurance policy and p back the amount borrowed on the interest of loan.

Some consumers never pay back anything the interest, reducing the face value of the pol by the amount of the indebtedness when it pa off.

A spokesman said insurance companies, whi traditionally have invested their assets in mo tages for commercial building projects are no cutting back those kinds of commitments a investing their money in flexible projects th more closely ride the ups and downs of the eco nomy.

The National Insurance Consumer Organiza tion, a group set up by Ralph Nader, says it do not oppose variable loan rates for policies that p dividends — so-called participating policies since assets and investments help determine di vidends. Thus, it says, policyholders who do borrow are protected against erosions of d vidends.

But the group said it opposes variable rates f "non-participating" policies — those paying n dividend. James Hunt, former Vermont insu ance commissioner who works for the group, sa variable loan rates for "non-par" policies wou "rebound to the benefit of the issuing companie not to policyholders. We see this fact as inheren ly unfair."

Some budget cuts may fall int 'booby traps' on House floor

United Press International

WASHINGTON — Congress' two budget committees this week begin packaging hundreds of budget cuts into a pair of bills that may run nearly 4,000 pages long.

The bills aim to slash government spending by $35 billion and drastically change priorities.

The final version — connecting actions of 29 individual committees — will embody the sharp spending reductions proposed by President Reagan and ratified by Congress last month in the 1982 budget resolution.

Once enacted, it will cause massive changes in aid to education, food stamps, health services, jobs and job training, subsidized housing and many other areas of government.

It also will put the brakes on many social programs created in the last quarter-century under Democratic leadership.

The House and Senate will consider their respective versions of the two bills next week. After the measures are passed, dozens of differences between them will be worked out by a giant conference committee. Congressional leaders are shooting for final action in late July.

For years, Republicans have argued the programs lead to a dead end — that the private sector, and not government, should be in the business of crea work. Similarly, Republicans long have had t sights on programs such as food stamps, which t say are riddled with cheaters.

So, the job was not so tough in the Senate. In preliminary estimates show Senate committees almost $2 billion deeper than the $35 billion tar

Rep. Leon Panetta, D-Calif., a member of House Budget Committee, says most House pa met or exceeded their goals, although final fig are not yet in.

However, some cuts rigged with political bo traps that may explode when the bill reaches House floor the week of June 22, such as a pla close thousands of rural post offices.

In other cases, Democrats like Education a Labor Chairman Carl Perkins, D-Ky., are vowin fight the cuts they proposed when they reach floor.

But before that, the budget committees have to do. This week, they must decide whether s cuts are cuts at all — like the House Energy Com tee's proposal to provide $3.9 billion for the strat petroleum reserve, but place it "off-budget" s doesn't affect overall totals. The Senate En Committee took the same basic approach.

Soviet oil reserves uncertain

United Press International

WASHINGTON — The So Union probably has more oil the CIA thinks, making it unli the Kremlin would stage a mili grab for oil in the Middle Eas this century, a new governm report says.

The study, prepared by t Library of Congress for the Jo Economic Committee and e tled "Energy in Soviet Poli suggests the Soviet Union wil main self-sufficient in energ least until the end of the centu

But the study conceded the tire issue is clouded because e Soviet experts are uncertain.

As a "worst case," the rep cited recently revised CIA pro tions that Soviet oil product will fall to 10.5 million barrels ly by 1985 and to 8 million bar by 1990, making the Soviets m est oil importers by the latter d

The projections, it said, "more a possibility than a lik hood in our assessment."

As its "best case" estimate used projections by the Econ Commission for Europe, show Soviet production rising to 14 m lion barrels a day in the 1980s

The Soviet Union is the wo largest oil producer, at about million barrels a day.

The study said deteriorating lations between the Soviet Un and the West could boost chan of a Soviets attempt to compl the Western oil supply pict but "this is unlikely to take t form of overt military action.

"Prior to 1990 (and indeed as as can be foreseen until the end the century), it is simply not lik that the U.S.S.R. would take ri such as would be involved in m sive military action to secure gr ter access to oil for Easte Europe," it said.

The report also referred to w is considered the Soviet Uni ace in the hole — its natural g resources, specifically the mu billion-dollar Siberia-to-West Europe Yamburg pipeline p ject.