based on the supposition that rising prices mean short supplies—required Butz to raise the U.S. sugar procurement target. Between December, 1973, and last January, he raised it an
ible 700,000 tons to a total of 12.5-
illion tons. "It was the most illogical action ever taken. We didn't need that sugar," says one USDA sugar specialist.

The argument was not with the re-
quired increase, but the bullish volume, which forced up world prices.

Prices rose again in July and Sept-
tember of this year after Butz reallo-
cated some 700,000 tons of production
to foreign suppliers because of crop
shortfalls both in the U.S. and abroad,
resulting primarily from later crop
forecasts. The argument is that he
could have reduced the procurement
target instead of keeping the U.S. on
world books for sugar it will not con-
sume. The target had been reduced 14
times in the past 40 years.

Today Calcagnini gets a lot of letters
from irate citizens protesting soaring
sugar prices. "I think it's awful. I'm
petrified at the consequences," he re-
sponds, but he would not hesitate to
work against "that anachronism"—the
sugar law—if he had it to do over again.

Insinuations. Calcagnini calls "shabby" and "rotten" the "behind the hand" in-
sinuations that his sugar views were
conditioned by working for Amerop, a
French trading subsidiary, and denies
having any interest in it or the parent.

Maurice Varsano, Sucre et Denrees
chief, confirms that Calcagnini has se-
vered all connections. But Varsano
makes no secret of the boon brought by
soaring sugar prices. "Like all traders, we have been making very big, very
handsome profits for the past year or so," Varsano emphasizes. He is jubilant
over an "open" U.S. market, effect-
ively open for the first time to foreign
refined sugar (now only a token 65,000
tons are let in). An economist for a ma-
jor U.S. refiner sees this as a definite
threat: "If we are flooded with 'whites' [refined sugar] we will have to close
down plants," he says. Meanwhile, U.S.
growers get the bonanza. The
USDA figures a mere 12.7c per lb. covers
costs and a fair return.

How did the USDA campaign succeed
when the Nixon Administration itself
proclaimed it wanted to retain the old
law? Watergate produced a leadership
vacuum. And, says an industry execu-
tive: "Art [Calcagnini] was not very so-
plicated and Butz and Frick used him." Also, last June sugar prices were
already up, and some Congressmen
thought consumers wanted them to kill
the program. House Agriculture Com-
mittee Chairman W. R. Pouge [D-
Tex.] warned futilely that if they did,"six bit" sugar would come. He was
wrong: Dollar-a-pound sugar is in
sight.

The FEA gets a chief
with top-level clout

Frank G. Zarb, nominated this week as
the new chief of the Federal Energy
Administration (FEA), agreed to take
the job only after President Gerald R.
Ford personally assured him of direct
access to the Oval Office. Zarb's prede-
cessor, John C. Sawhill, never enjoyed
that kind of access and, in frustration,
began advocating policies, such as a
higher gasoline tax, without White
House clearance. He was ousted for his
independence.

The controversy over the nomination

of Andrew E. Gibson is still so fresh
that Zarb will not spell out his plans for
the FEA in advance of confirmation
hearings. But one indication of his
views on energy comes in his as-yet
unannounced White House decision to
support the Environmental Protection
Agency's requirement that all coal-
fi red power plants have stack gas
scrubbers.

The 39-year-old Zarb acted as a medi-
ator in this controversial decision. As
associate director of the Office of Man-
agement & Budget (OMB), specializing
in both energy and environment, and
as director of Ford's Energy Resources
Council (ERC), Zarb helped turn around
White House and Cabinet opposition to
the scrubbers, which most utilities
claim are ineffective. The best that
power companies can hope for now is a
delay in installing them. Zarb's role in
this case suggests that he may not fa-
vor much relaxation of environmental
standards to gain flexibility with
energy supplies.

Another money man. Zarb, whose con-
firmation by the Senate is likely, will be
the third FEA administrator with a fi-
nancial background. Treasury Secre-
tary William E. Simon, first head of the
agency, was a Wall Street investment
banker, and Sawhill was vice-president
of Commercial Credit Corp. Zarb was
executive vice-president of Hayden,
Stone, Inc., before joining the govern-
ment in 1971 as Assistant Secretary of
Labor. He moved to the OMB to work on
government reorganization, later tak-
ning over scientific, environmental, and
energy affairs.

He has a penchant for long hours
that will come in handy at the FEA.
Energy officials involved in last win-
ter's crash program to deal with the
Arab embargo say that the next three
or four months will be just as difficult.
"Zarb will be faced with finding a deli-
cate balance between limiting energy
growth and increasing oil production,
and a storm is brewing in Congress
over energy policy," says one former
FEA official.

Zarb: 'Morton and I see eye
to eye. No single agency
can do the energy job alone'

Last December, Simon asked Zarb to
leave the OMB to organize the FEA's
complex fuel allocation program. Zarb
stayed long enough to help settle the
truckers' fuel strike. Associates also
credit him with putting together the
successful legislative strategy that led
to the creation of the Energy Research &
Development Administration, which
will oversee the government's energy
research. He also played a leading role
in hammering out a crude-oil equal-
ization program that will make smaller
oil companies more competitive with
major ones.

When Interior Secretary Rogers
C. B. Morton named Zarb executive di-
rector of the ERC, Zarb promptly
stressed a team approach, making sure,
for example, that the FEA would be in-
volved with the Transportation Dept.
in negotiations with auto makers on
improved gasoline mileage. Zarb says
he will keep his ERC post if he becomes
FEA chief. "Morton and I see eye
to eye," he says. "No single agency can
do the energy job alone." But he wants
the FEA to be a lead agency in recom-
mending and carrying out energy poli-
cies. "The FEA has the only substantial
energy staff in town," says Zarb.

Zarb may clash with Morton over
whether energy conservation should be
voluntary, as Morton prefers, or man-
datory. For now, Zarb says, "I strongly
feel we need to conserve energy. I'm
keeping my options open."