

Dairy Fund Was Discussed Before Given, Memo Says

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Top White House aides were discussing secret handling for the Nixon campaign's "milk money" before most of the donations had even been made, according to a memo supplied by former White House counsel John W. Dean III.

The contributions, totaling \$317,500 in 1971 alone, were made by three dairy farm groups that won a controversial increase in the government's price support for milk after a meeting in March with President Nixon at the White House.

Starting in the summer of 1971, most of the money was being funneled to dummy committees with non-partisan titles.

By then, White House chief of staff H. R. Haldeman and Dean had already discussed "the milk money" and its disposition in detail.

Their conversations, at a May 18, 1971, meeting between the two men, were reflected in a memo that Dean supplied the Senate Watergate Committee this week. Dean said the memo was written by Haldeman aide Gordon Strachan, who sat in on the discussion.

According to the document, Dean stated at one point that "it is my understanding that the White House is to be completely hands off the milk money."

"Agree," Haldeman is quoted as responding. The former White House chief of staff also suggested that "the milk money can pay for the 1971 activities of the campaign."

1701 Pennsylvania Ave. was headquarters for the Committee to Re-Elect the President, which was initially known as the Citizens Committee for the Re-Election of the President. The memo of the May 18 meeting shows that Haldeman and Dean were considering the feasibility of not report-

ing early expenditures on the grounds that they could be said to have been devoted to the President's "re-nomination" rather than his "re-election."

In any case, Strachan noted in his summary, "Dean and Haldeman agree that the expenditure should be kept low so that if the decision to report is made, the facts don't look to (sic) bad. Large expenditures, and the activities of the milk money, would remain non-reporting."

Dean pointed out that Nixon campaign treasurer Hugh Sloan was creating some 200 committees, each with a chairman. He also noted that the expenses of the "Citizens Committee" for the President's re-election would approximate \$35,000 to \$40,000 a month.

According to the memo, Haldeman then proposed that "the milk money be funneled into committees and into 1701 to pay operating expenses." But the meeting apparently broke up without any final decision on that point. Haldeman said that "in the meantime, the money can sit in the bank."

The dairy farm contributions for Mr. Nixon and the GOP that year began shortly after then Secretary of Agriculture Clifford Hardin's March 12, 1971, announcement that milk price supports would not be increased. The first donations, totaling \$10,000, were made on March 22 by the political arm of Associated Milk Producers, Inc., a fast-growing co-op, to Republican committees with titles suggesting that GOP congressmen might be the beneficiaries.

Representatives of AMPI and two other co-ops—Dairy men, Inc., and Mid-America Dairymen, Inc.—met with Mr. Nixon and Secretary Hardin at the White House the next day. Meanwhile, ac-

ording to his deposition in a lawsuit filed last year, former White House aide Murray Chotiner had been lobbying key White House aides for a reversal of Hardin's decision.

On March 24, the political arm of Dairymen, Inc., gave \$25,000 to various Republican committees. A day later, Hardin announced that the milk price support would be increased after all in light of what Hardin called a new analysis of rising farm costs.

Additional contributions to identifiable Republican committees—including \$45,000 from the political arm of Mid-America Dairymen, Inc.—were made in subsequent weeks. By the time of the May 18 meeting between Haldeman and Dean, however, they totaled \$85,000.

The volume increased after that, with all of the new contributions going in \$2,500 portions to the bank accounts of dummy committees with names such as "Americans United for Objective Reporting," and "Americans Concerned." AMPI's political trust reported giving \$125,000 in this fashion on July 9 and another \$62,500 on Sept. 10. Dairymen, Inc., gave \$30,000 on Aug. 19, and Mid-America Dairymen, Inc., \$15,000 on Aug. 20.

The dummy committee came to light that fall when the dairy co-ops made their political spending reports. Consumer advocates later filed a suit charging that the contributions were a payoff for the higher government price supports.

Chotiner has said in a deposition that he furnished the co-ops with the names of the committees. He also said that when the contributions were slow in arriving, he called a key executive of one of the co-ops and told him "that contributions had not been made that I understood were going to be made."