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'Direct Link' Reported on Milk Gifts

Washington

Dairy cooperatives' donations to President Nixon's 1972 re-election campaign apparently were linked directly to Mr. Nixon's order to raise milk price supports in 1971, according to the staff of the Senate Water-gate committee.

The staff also said in a draft report that there are serious deficiencies in a recent White House white paper that said the President was not influenced by campaign pledges of up to \$2 million when he ordered federal milk price supports increased in March 1971.

The committee staff, after months of behind-the-scenes investigation, issued its findings in a 359-page draft report circulated to members of the committee yesterday. The Associated Press obtained a copy.

The report was based on evidence gathered by both sides of the committee but was written principally by Democratic staff members David Dorsen and Alan Weitz.

The milk contributions report said that the dairy-farmer lobby began "an effort to secure the favor of the President and his administration" shortly after Mr. Nixon took office in 1969.

The effort began with a secret \$100,000 cash donation to Nixon fund raiser Herbert W. Kalmbach and escalated into a promise to raise \$2 million for Nixon's re-election, the report said.

The report said the campaign pledge was reaffirmed and restated at the

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time of the federal price support increase in March, 1971, and a method was worked out by which three-dairy - farmer cooperatives were to donate monthly installments of \$90,000 through dummy committees to conceal the source of the money.

The money was to come from Associated Milk Producers, Inc. (AMPI), the nation's largest dairy cooperative; Dairymen, Inc., and Mid - America Dairymen, Inc. Together they control about one-fourth of the nation's milk.

These campaign pledges were "apparently directly linked to a favorable milk price support decision by the President worth hundreds of millions of dollars to the industry — and costing the same amount to the government and consumers," the report said.

Although the dairymen gave less than half the promised \$2 million, the report said that the donations continued through 1972, "partly to honor the earlier

commitment and partly to seek a favorable resolution of a Justice Department antitrust suit" against AMPI.

The report cited evidence of possible White House influence on the course of that lawsuit, including a document indicating that Mr. Nixon's former chief of staff, H. R. Haldeman, may have discussed it with then-Attorney General John N. Mitchell, who later turned down repeated requests by anti-trust lawyers to convene a grand jury investigation of the milk producers.

Mitchell told his subordinates to file a civil suit rather than seek criminal prosecution.

The report said that Kalmbach testified that, when the milk producers gave their first \$100,000 on Aug. 2, 1969, they were seeking three favors, including a price increase to the maximum allowed by law.

Kalmbach testified that the dairymen also sought a White House audience with the President and an appearance by the President

at their annual meeting, the report said.

When the first \$100,000 gift didn't produce the desired results, the milk producers held back another \$150,000 they had indicated they might give. Kalmbach was quoted as saying under oath. Soon after that, the milk producers upped their pledges to \$2 million.

Two top officials of AMPI, General Manager Harold S. Nelson and his special counsel, David L. Parr, made the promise to former White House Special Counsel Charles W. Colson, the report said.

"Shortly after the pledge was made, AMPI leaders succeeded in obtaining several sought-after goals, including personal contact with the President and favorable action on dairy import quotas," the report said.

These included a personal phone call by Mr. Nixon to Nelson and a presidential order limiting imports of ice cream, low-fat cheese and certain other dairy products.

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