

# Excerpts From House Panel's Evidence on

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## Political Gifts and Milk Price Rise

Special to The New York Times

WASHINGTON, July 19—Following is the text of a statement of information presented by the staff to the members of the House Judiciary Committee on the political contributions by milk producers and the Government decision to raise milk price supports:

### STATEMENT OF INFORMATION

#### Political Contributions By Milk Producers Cooperatives: The 1971 Milk Price Support Decision

1. Prior to Aug. 2, 1969, Milton Semer, a lawyer for the predecessor organization of Associated Milk Producers, Inc. (A.M.P.I.), a large milk producers' cooperative, told Herbert W. Kalmbach, the President's personal attorney and political fund-raiser, that Semer's client wanted to make a political contribution. Semer told Kalmbach that his client had three goals: (1) milk price supports at a level of 90 per cent of parity; (2) a Presidential address to the A.M.P.I. convention the following year; and (3) some identity or audience with the President, such as picture taking and the ability to talk to various people within the White House. Kalmbach has testified that he informed Haldeman of A.M.P.I.'s goals and its desire to make contributions and that Haldeman authorized Kalmbach to accept the contribution. Haldeman has stated that Kalmbach reported to him generally on fundraising activities but that he does not recall Kalmbach's reporting on the milk producers' contribution.

2. On Aug. 2, 1969, Semer on behalf of A.M.P.I. delivered \$100,000 in cash to Kalmbach. Kalmbach added the cash to the surplus funds from the President's 1968 campaign which were in this fund on behalf of the White House for, among other things, making payments to Tony Ulasewicz and to the Albert Brewer campaign against George Wallace for Governor of Alabama.

assistants to the President Peter Flanigan and Harry Dent of the contribution, and he telephoned one or more of them to arrange for meetings between A.M.P.I. representatives and White House aides. On Aug. 19, 1969, Semer, A.M.P.I. General Manager Harold Nelson and A.M.P.I. special counsel David Parr met with Dent at the White House to discuss dairy industry problems and to invite the President to address an A.M.P.I. annual meeting.

4. By memorandum dated June 24, 1970, White House aide Jack Gleason turned over most of the responsibilities with regard to the milk producers to special counsel to the President, Charles Colson. Gleason stated that Colson would handle outstanding items, including the possibility of the President speaking in September at the A.M.P.I. annual meeting in Chicago and the possibility of the President making an emergency reduction of import quotas on dairy products. Attached to the memorandum was a draft letter prepared by Parr that could be used by the Secretary of Agriculture to recommend that the President take immediate action imposing limitations on imports of certain cheese and other dairy products.

5. In the June 24, 1970, memorandum from Gleason to Colson referred to in the preceding paragraph, Gleason stated that A.M.P.I. special counsel Parr would coordinate directly with Gleason on collection and distribution of support. During 1970, A.M.P.I. and other dairy organizations pledged or contributed approximately \$135,000 to a special White House project administered by Gleason and Kalmbach which both distributed contributions and designated certain Congressional candidates to receive contributions.

6. Before Sept. 9, 1970, A.M.P.I. representatives stated to Colson that A.M.P.I. would arrange for \$2-million to be contributed to the President's 1972 re-election campaign.

7. On Sept. 4, 1970, the President telephoned A.M.P.I. general manager Nelson at the A.M.P.I. convention in Chicago, expressed his regret at being unable to attend the A.M.P.I. convention and invited Nelson to meet with him in Washington to arrange a meeting with a larger delegation of dairy leaders at a later

their political support, what they had already done that year to assist and what they were committed to do in the future. Colson said that if the visitors realized that the President was aware of what they were doing, it would strengthen very much Colson's hand in dealing with them. Parr has testified that during the meeting, the President stated that he had heard some very good things about A.M.P.I. and that he wanted to address an A.M.P.I. convention.

8. On Sept. 16, 1970, Charles Colson wrote a memorandum to John Dean saying that a group that provides strong political and financial backing had asked for information regarding limitations on campaign contributions. Colson asked Dean to get a quick reading from the Justice Department because Colson did not want to keep the group hanging and their funds were needed. At the bottom of the carbon copy of the memorandum is the handwritten name and telephone number of Bob Isham, the A.M.P.I. controller.

9. In the fall of 1970, at Haldeman's direction, Colson began coordinating outside funding activities for various White House projects including the use of a Washington, D.C., public relations firm to place advertisements and undertake other activities in support of Administration policies. The project contemplated the use of "front" organizations. Colson stated that some friends had retained a public relations outfit which gave them the financial resources to do things for the White House. Colson stated in a memorandum to Haldeman that once the project was fully set up, the White House would have available about \$100,000 per year through this resource. During 1971 and 1972 the Washington, D.C., public relations firm of Wagner & Baroody placed advertisements in the name of various private groups in support of Administration policies.

10. On or about Nov. 3, 1970, Colson sent a memorandum to Murray Chotiner noting that A.M.P.I.'s political trust had contributed to unopposed Democratic Congressional candidates and asking Chotiner to tell A.M.P.I.'s lawyer Marion Harrison that if he wanted to play both sides that's one game, but if he wanted

12. On Dec. 16 or 17, 1970, A.M.P.I. lawyer Hillings hand-delivered to the White House a letter to the President requesting that the President adopt a Tariff Commission recommendation to restrict imports of chocolate crumb and other dairy products. The letter stated that A.M.P.I. had contributed about \$135,000 to Republican candidates in the 1970 election, was now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for A.M.P.I. to contribute \$2-million for the President's re-election, and also was funding a special project. The letter was routed to Haldeman, Ehrlichman and Colson. According to the White House "White Paper" on the milk price support decision, the President did not see the letter.

13. By memorandum dated Dec. 18, 1970, Charles Colson complained to Murray Chotiner regarding the behavior of A.M.P.I. lawyers Harrison and Hillings. Colson stated that they had so muddled up the present dairy import situation that he almost thought there was no way to help them. He also stated that they had refused to help recently in a matter of great importance.

14. On Dec. 31, 1970, the President signed a proclamation lowering import quotas on certain chocolate and other dairy products. The action taken by the President was less favorable than the steps recommended by the Tariff Commission.

15. In January, 1971, A.M.P.I. began making payments of \$2,500 per month to the Washington, D. C., public relations firm of Wagner & Baroody. The January, 1971, payments total \$10,000 and were in response to statements from Wagner & Baroody dated Dec. 31, 1970, for counseling and public relations services in October, November and December of 1970 and January, 1971. A.M.P.I. general manager Nelson has testified that Wagner & Baroody was retained by A.M.P.I. after repeated requests by Colson to A.M.P.I. lawyer Harrison; that shortly prior to A.M.P.I.'s agreeing to retain Wagner & Baroody, A.M.P.I. and Harrison had refused to retain the firm; that A.M.P.I. decided it had better hire the firm because Colson had requested it and because A.M.P.I. was afraid that it would lose favor or its efforts would be impeded if it did not; that A.M.P.I. considered the payments to Wagner & Baroody in the nature of contributions; and that Nelson was unaware of any activities undertaken by Wagner & Baroody on behalf of A.M.P.I. and knew of no A.M.P.I. employe who had ever met with or talked to anybody from the firm. The A.M.P.I. monthly payments to Wagner & Baroody continued from January, 1971, through January, 1972.

16. Prior to February, 1971, Haldeman directed Kalmbach to begin raising early money for the 1972 Presidential campaign. In early February, 1971, Haldeman gave Colson permission to proceed with finding an outside man for handling funds from certain groups that Kalmbach did not want to be involved with. In a Feb. 2, 1971, memorandum Haldeman told Colson to contact Republic National Committee Chairman Bob Dole regarding complaints that the milk producers were

people at the White House not be personally involved. In or before March, 1971, Kalmbach, with Haldeman's approval, began to assist in the establishment of the Finance Committee to Reelect the President.

17. On Feb. 2, 1971, Colson sent a memorandum to Haldeman's assistant, Lawrence Higby, stating that the milk producers were prepared to contribute \$100,000 for tables at a Republican dinner and that the only trick would be to be certain that the White House got credit for this against the sums it was expected to raise. Higby noted on the memorandum, "O.K."

18. Between Feb. 2, 1971, and Feb. 16, 1971, Haldeman, Ehrlichman, Colson and other White House officials approved plans for the President to meet with dairy industry leaders. On a memorandum approving the proposal for the meeting Colson stated that the President said he wanted to do this and should.

19. Beginning in early 1971 dairy cooperative representatives undertook intense lobbying efforts in Congress to enact legislation requiring a milk price support level of between 85 per cent and 90 per cent of parity. On Feb. 10, 1971, Speaker Carl Albert, Congressman Wilbur Mills, and the ranking House

Ways and Means Committee member, John Byrnes, met in Speaker Albert's office with A.M.P.I. officials Harold Nelson and Dave Parr, U.S.D.A. Congressional liaison head William Galbraith, and counsel to the President for Congressional relations, Clark MacGregor. On March 4, 1971, Congressman Mills telephoned O.M.B. Director George Shultz and on March 10, 1971, Speaker Albert telephoned Shultz to urge an increase in milk price supports. During late February and March, 87 members of Congress wrote or wired the Department of Agriculture urging an increase in milk price supports to 90 per cent of parity. Ten other members sought an increase to at least 85 per cent of parity, while 44 members forwarded constituent requests which sought increases to various levels. Between March 16 and March 25, 1971, approximately 28 bills sponsored by 118 individual Representatives were introduced in the House of Representatives and two bills sponsored by 29 Senators were introduced in the Senate to increase the minimum level of milk price supports to at least 85 per cent of parity.

20. On or about March 3, 1971, the Department of Agriculture concluded that an increase in milk price supports

above the then current level of \$4.66 per hundredweight (cwt) (approximately 79 per cent of parity) was not economically justified to assure an adequate supply of milk. Between March 3, 1971, and March 12, 1971, the President, Ehrlichman, Ehrlichman's assistant for agricultural matters, John Whitaker, counsel to the President for Congressional relations, Clark MacGregor, Office of Management and Budget Director George Shultz, and other White House, O.M.B., and Council of Economic Advisers officials discussed the Department of Agriculture's decision. On March 10, 1971, Colson sent Ehrlichman

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(approximately 79 per cent of parity). In the same press release announcing the price support decision, the Department of Agriculture noted that the President had ordered the Tariff Commission to conduct an immediate investigation on restricting cheese imports and it announced purchase of cheese for the U.S.D.A. food program. According to a memorandum by Whitaker, the President approved this announcement on March 12, 1971, on the recommendation of Hardin, Shultz, Ehrlichman and special assistant to the President for international economic affairs, Peter Peterson.

22. From early March, 1971, through March 25, 1971, dairy cooperative attorneys and representatives contacted Administration officials to urge that the President increase milk supports above the level set by Secretary Hardin. Murray Chotiner, who resigned as special counsel to the President on March 4, 1971, and was retained by A.M.P.I. shortly thereafter, spoke with John Ehrlichman, John Whitaker, Charles Colson, and Colson's assistant Henry Cashen to urge that the milk price support level be increased. Jake Jacobsen, another A.M.P.I. attorney, met with Secretary of the Treasury Connally. Bob Lilly, the secretary of A.M.P.I.'s political trust, has testified that in March, 1971, Secretary Connally told him that an increase in milk price supports was "in the bag." Connally has denied making this statement or meeting with A.M.P.I. officials between March 12, 1971, and March 25, 1971. A.M.P.I. representatives Nelson, Parr and Harrison have testified that campaign contributions were not discussed as a quid pro quo to the price support increase.

23. On March 17, 1971, Colson sent a memorandum to Haldeman's aide, Gordon Strachan, attaching memoranda from Colson's file regarding the milk producers' political contributions and saying this is now in your department. On March 18, 1971, Dean sent to Kalmbach and other Presidential campaign fund-raisers a draft charter for a political committee to serve as a model to be used in connection with the milk producers' association. Haldeman has stated that on an uncertain date he had a conversation with Connally regarding the establishment of mechanics for receiving milk producer contributions.

24. On March 19, 1971, Ehrlichman, Shultz, Whitaker, Cashen and other White House aides met in Ehrlichman's office with Campbell and Hardin and discussed the milk price support issue.

25. On March 19, 1971, Connally met with A.M.P.I. lawyer Jake Jacobsen. On March 20, 1971, and March 22, 1971, Connally and the President had telephone conversations.

26. Following the Secretary of Agriculture's announcement that the milk price support level would be maintained at \$4.66 per cwt., dairy cooperative leaders determined to cancel the plans they had made in February, 1971, to contribute between \$60,000 and \$100,000 at a Republican dinner scheduled for March 24, 1971. Prior to March 22, 1971, dairy cooperatives did not pur-

Director Rice and other White House officials had met with Hardin and Under Secretary of Agriculture Campbell on the problem on March 19, 1971, and recommended that the President hold the line, listen to the dairymen's arguments, and await developments on the bill in the next two weeks to see if the Democrats could move on the bill.

28. At approximately 10:16 A.M. on the morning of March 23, 1971, Secretary Connally spoke by telephone with the President. According to a memorandum by Whitaker, Connally suggested that the President go along with the dairymen he was scheduled to meet at 10:30 A.M. and announce that he was ready to go to 85 per cent of parity (\$4.92).

29. On March 23, 1971 from 10:30 to 11:25 A.M. the President, Hardin, Shultz, Whitaker and other White House and Department of Agriculture officials met in the Cabinet Room of the White House with Nelson, Parr, Harrison and approx-

imately 15 other representatives of A.M.P.I. and other dairy cooperatives. They discussed political support, price support levels and other matters.

30. On March 23, 1971 from approximately 12:18 P.M. to approximately 1:07 P.M. the President met with Ehrlichman and Shultz in the Oval Office. At an unspecified time on March 23, 1971 the President had a telephone conversation with Colson.

31. On March 23, 1971, from 5:05 to 5:35 P.M., the President met in his Oval Office with Ehrlichman, Connally, Hardin, Whitaker, Shultz, Campbell and Rice. They discussed changing the milk price support level.

32. On March 23, 1971, from 5:35 to 5:38 P.M. the President met with Connally in the Oval Office. At 5:50 P.M., Ehrlichman met with Colson and at approximately 6:00 P.M., Colson met with A.M.P.I. lawyer Chotiner. During the afternoon or evening of March 23, 1971 Under Secretary of Agriculture Campbell had a telephone conversation with Nelson. At some time on March 23, 1971, Connally had a telephone conversation with A.M.P.I. lawyer Jacobsen.

33. During the night of March 23, 1971, A.M.P.I. officials flew to Louisville, Ky., the home of Dairymen, Inc., another large milk producers cooperative, and met at about 4:00 A.M. on March 24, 1971 with Paul Alagia, an official of D. I., who had attended the March 23, 1971 morning meeting with the President. They discussed political contributions, including the possibility of an immediate contribution to purchase tickets to a Republican fund-raising dinner to be held that evening. They also discussed loans among their organizations for the purpose of making contributions. During the afternoon of March 24, 1971, a D. I. contribution of \$25,000 was flown to Washington and given to several Republican committees to buy seats to the dinner.

34. Kalmbach has testified that pursuant to a telephone call he received from Ehrlichman on March 23, 1971, Kalmbach met with Ehrlichman at 5:30 P.M. on March 24, 1971, and was told by Ehrlichman that he would be meeting with Chotiner later that evening to receive a reaffirmation of the \$2-million pledge. During the night of March 24,

met and discussed contributions. Kalmbach has testified that on March 25, 1971 he reported to Ehrlichman that Chotiner and Nelson had reaffirmed their \$2-million pledge to the campaign.

35. On March 24, 1971, Campbell sent to Rice a draft press release announcing an increase in milk price supports for use when action was completed on the subject. On March 25, 1971, the Secretary of Agriculture officially announced that the milk price support level for the 1971-72 marketing year would be \$4.93 per cwt. (approximately 85 per cent of parity). Hardin has testified in an affidavit filed in civil litigation challenging the milk-price support increase, that he re-evaluated the evidence regarding the milk-price support level and that the decision to set the price support level at \$4.93 was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

36. Between March 30, 1971, and August 5, 1971, Harrison and Chotiner transmitted to A.M.P.I. the names of 100 political committees to receive contributions and over spring and summer of 1971, A.M.P.I. and the other dairy cooperatives made contributions of \$2,500 each to the committees. The names and charters of the committees were prepared by Presidential campaign fundraisers Bob Bennett and Hugh Sloan with the assistance of John Dean. Haldeman received reports from Dean and Strachan regarding the collection and handling of the milk money. On Sept. 11, 1971, Strachan sent a memorandum to Haldeman stating that fund-raiser Lee Nunn reported that \$232,500 of milk money had been realized. Strachan stated that this was slightly more than one-half of the amount that should have been realized on the commitment (\$90,000 per month). Throughout this period dairy cooperative representatives referred to the commitment to make contributions to the President's re-election campaign.

37. In August 1971 Colson asked that A.M.P.I. make a contribution to People United for Good Government, a political committee, without specifying the purpose of the contribution. On Sept. 2, 1971, A.M.P.I. contributed \$5,000 to People United for Good Government. Without the knowledge of A.M.P.I. officials, this money was later used to reimburse Joseph Baroody of Wagner & Baroody for funds he had loaned to Colson. The loan had been used to pay expenses incurred by the White House Special Investigations Unit (the "Plumbers") in connection with the break-in of the offices of Daniel Ellsberg's psychiatrist.

38. On Sept. 3, 1971, the President delivered a speech to the A.M.P.I. convention in Chicago, Ill.

39. In mid-September, 1971, newspaper articles were published about A.M.P.I.'s contributions suggesting they influenced the March, 1971, milk-price support decision. According to reports filed with the Clerk of the House of Representatives, A.M.P.I. made no direct contributions to the President's re-election campaign after Sept. 10, 1971.

40. On Nov. 22, 1971, deputy assistant to the President John Whitaker prepared and signed a "Memorandum to the President's File" dated that day

that it had been informally ascertained from the originator of the memorandum that the date on the original was apparently changed by persons unknown.

41. On Jan. 24, 1972 a civil suit was filed in United States District Court for the District of Columbia challenging the March 1971 milk price support increase as unlawfully based on political considerations and campaign contributions. After Feb. 1, 1972, counsel to the President John Dean reported regularly on the litigation to Haldeman and Ehrlichman.

42. In January and February, 1972, Kalmbach and A.M.P.I. representatives discussed procedures whereby A.M.P.I. could resume making political contributions without the contributions being made public. In March or early April, 1972, following attempts by A.M.P.I. to get the Department of Justice to drop an antitrust suit against A.M.P.I., Kalmbach told A.M.P.I. representatives that he would not accept additional A.M.P.I. contributions.

43. On the list of pre-April 7, 1972, contributions prepared by the Finance Committee to Re-elect the President and sent to the President's personal secretary, Rose Mary Woods, contributions by the dairy organizations are listed separately under the heading: "house account."

44. On Oct. 21, 1972, Lee Nunn, who had taken over Kalmbach's responsibilities as a major Presidential campaign fund-raiser, met with A.M.P.I. general manager George Mehren and asked A.M.P.I. to make an additional substantial contribution to the President's re-election campaign. Nunn has testified that when Mehren stated A.M.P.I. could not make additional contributions to Presidential candidates, Nunn suggested that A.M.P.I. make a contribution to the Republican Congressional and Senatorial campaign committees. Nunn has testified that he reported to Maurice Stans, chairman of both the Republican National Finance Committee and the Finance Committee to Re-elect the President, that A.M.P.I. could not contribute to the Presidential campaign but would probably contribute to the Congressional campaigns and that Stans told Nunn to contact the two Republican Congressional campaign committees and see if they could not make some repayment on loans that had been advanced.

45. On Oct. 27, 1972, A.M.P.I. contributed over \$320,000 to the Republican Senatorial and Congressional campaign committees. Thereafter, \$200,000 was used by the Congressional and Senatorial campaign committees to repay loans from the Republican National Finance Committee. On Nov. 6, 1972, and Nov. 13, 1972, \$200,000 was transferred by the Republican National Finance Committee and its subsidiary Republican Campaign Committee to the Finance Committee to Re-elect the President.