

Contradictions in Milk Fund Stories

Washington

Milk fund testimony by former Treasury Secretary John B. Connally conflicts with sworn statements from other witnesses and a fact sheet issued by the White House.

The Senate Watergate committee yesterday published Connally's testimony gathered in closed sessions on the milk fund affair last year.

Connally testified November 15, denying under oath that he had accepted a \$10,000 payment offered by a lawyer for a big dairy cooperative. The lawyer, Jake Jacobsen, has been accused

of lying when he supported Connally's story, and now is reported to be ready to testify that Connally took the money.

Connally said he did not know what Jacobsen did with \$10,000 that Jacobsen obtained from the co-op.

"He said then that he had available \$10,000 in cash to be given to any committee or any candidates that I might designate, and I said, 'Now Jake, I am not interested in that,'" Connally said.

The newly published transcripts show that Connally is in conflict with witnesses other than Jacobsen.

• Connally denied a sworn statement by a top dairy cooperative official, Gary Hanman of Mid-America Dairymen, Inc., who said two co-ops each promised Connally \$25,000 for his "Democrats for Nixon" organization three months before the 1972 election. He said he had "nothing to do" with milk producers' campaign gifts.

• The former Treasury secretary also swore he did not discuss dairymen's polit-

ical contributions with the President. The White House issued a statement last January, after Connally testified, saying that Connally told Mr. Nixon "that the dairy industry had political funds . . ."

• Connally said repeatedly he could not recall a meeting described by two officials of Associated Milk Producers, Inc., at which Connally allegedly told them the price increase they sought was "in the bag." He contradicted a sworn statement of one of the officials, Bob A. Lilly, who said he and Connally knew each other well and at one time met as frequently as three or four times a week.

Hanman swore that donations of \$25,000 were promised to Connally on Aug. 2, 1972, by his group and by officials of Dairymen, Inc. "Each one committed for \$25,000," he said.

"I think Mr. Connally asked us if we were going to make a commitment, a contribution. He indicated that he was going to have a party in Texas somewhere where the President would be there. He would like for some of us people to be there," Hanman said.

Public records show Hanman's group gave \$25,000 to various "Democrats for Nixon" committees on September 19. Dairymen, Inc., is listed as giving a \$25,000 lump sum to "Democrats for Nixon" eight days after the August 2 meeting. The

Watergate committee quoted an unsworn statement from co-op official Joseph Westwater, who said he personally handed Connally the \$25,000 check August 2 or soon after.

The White House has said that Mr. Nixon ordered the price increase on March 23, 1971, and that Connally briefed the president that day on the "political power of the dairy industry lobby."

"Secretary Connally said that their votes would be important in several Midwestern states and he noted that the industry had political funds which would be distributed among House and Senate candidates in the coming election year," the White House said.

The House Judiciary Committee, which has a tape of the meeting, has said that Connally briefed Mr. Nixon on the potential of the dairy industry for making political contributions.

Yet Connally denied under oath that he discussed such matters with the President.

"I never discussed political contributions by this group with them, or with him, or with anybody else," Connally said.

He swore that "at no time to this good day do I know, nor has anyone ever told me, what they contributed to whom, or by what means, or in what amount. I had nothing to do with their political campaign contribution activities."

Lobbyist Lilly said he ran into Connally in March, 1971, at Page Airways in Washington, a terminal used by corporate aircraft and other private planes. He said Connally told him the price increase was "in the bag."

Connally said he could not recall making such a statement.

Lilly said he knew Connally well and had met with him three or four times a week when Connally was governor of Texas and Lilly was a farm lobbyist in Austin. Connally denied this, saying he and Lilly were barely acquainted and that he had met Lilly only about five times in a period of seven or eight years.

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