

By WILLIAM V. SHANNON

WASHINGTON, Sept. 14 — When Government decisions directly affect the economic welfare of an industry or an interest group, policymaking officials have a delicate problem in political judgment. As realists, they recognize that a favorable decision may pay off in the next election in votes or campaign contributions.

But if they are men of probity, they also recognize that they have to keep these possible rewards out of their thinking as much as humanly possible. Otherwise, the whole decision-making process will become an auction. Instead of decisions made by some rational, objective criteria, the verdict will go the participant with the biggest bloc of votes or the biggest wad of money to give to the party.

It is in terms of these principles that the little-noticed milk price case of 1971 continues to be so troubling to observers of the Nixon Administration. On March 12 of last year, Secretary of Agriculture Hardin announced that his department would maintain the Federal price support for milk at \$4.66 per hundredweight and would not raise it for the new marketing year beginning April 1.

On March 23, President Nixon met with ten leaders of various milk farmers' organizations.

On March 25, Secretary Hardin announced he had changed his mind and would raise milk price supports from \$4.66 to \$4.93 per hundredweight. That meant \$500 million to \$700 million more for dairy farmers in the new marketing year, an increase paid for by housewives in higher prices for milk.

In theory, this reversal of policy could have been based on some new information which had not previously been available to the Agriculture Secretary when he originally denied the increase or based on some other objective considerations.

But a lawsuit of the National Farmers Organization against the major national dairy co-ops has brought into court records a fascinating series of letters which documents how great a part political money played in changing the Nixon Administration's mind.

On March 22, the day before the dairymen met with Mr. Nixon at the White House, TAPE, a "political education" group set up by the Associated Milk Producers, gave \$10,000 to the Republican party. Over the next few months, dairy organizations gave over \$300,000 to G.O.P. fund-raising committees.

In one of the letters now in the court record, William A. Powell, president of Mid-America Dairymen, wrote a member:

"The facts of life are that the

economic welfare of dairymen does depend a great deal on political action. If dairymen are to receive their fair share of the governmental financial pie that we all pay for, we must have friends in government. I have become increasingly aware that the sincere and soft voice of the dairy farmer is no match for the jingle of hard currencies put in the campaign funds of the politicians. . . .

"On March 23, 1971, I sat across the table from the President of the United States and heard him compliment the dairymen on their marvelous work in consolidating and unifying our industry and our involvement in politics. He said, 'You people are my friends and I appreciate it.'

"Two days later an order came from the U.S. Department of Agriculture increasing the support price of milk. . . . Whether we like it or not, this is the way the system works."

Other letters are from Gary Hanman, chairman of ADEPT, the political fund of the Mid-America Dairymen. Writing to an official of a major dairy co-op, Mr. Hanman said: "And I can assure you that the TAPE and ADEPT programs played a major role in this administrative decision."

Immediately after the favorable milk decision, Mr. Hanman got in touch with the law firm of Murray Chotiner, long-time political agent of President Nixon, and asked how he should send the money. On March 30, one of Mr. Chotiner's partners wrote Mr. Hanman giving him the names of nine bogus committees to which checks of \$2,500 each could be sent to evade the reporting requirements of the old Federal Corrupt Practices Act.

Asked by reporter Nick Kotz of The Washington Post why he chose to funnel the money through the Chotiner law firm, Mr. Hanman replied: "I would assume Chotiner had influence with the President. At least it gave us confidence in the names of the committees [to which money was to be sent] just as would the names of John Mitchell or Maurice Stans."

If this allusion is a bit obscure, bear in mind that intermediaries handling political cash have been known to keep it for themselves. When a giver is writing checks to a dummy committee, he likes to know that the go-between is really close to the intended recipient. Mr. Chotiner is that close to Mr. Nixon.

Democrats have done very little with this milk case because they do not want to get the dairy farmers mad at them. But citizens who care not only about the price of milk but also about the quality of Government may ponder whether this is how they want their Government to decide milk prices—or antitrust settlements or tax policy or a hundred other economic issues.