

White House Expected \$2

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The White House expected—and apparently had been promised—\$2 million in campaign contributions from the milk producers whom the Nixon administration favored in 1971 with a controversial increase in milk support prices.

According to a long-secret White House memo, the dairy industry made an original "commitment" of \$2 million for the President's re-election effort.

The memo also shows that top White House aides and fund-raisers were still hoping to collect \$1 million from dairy co-op representatives even after the filing of a lawsuit charging that a political payoff had been made.

Dated Feb. 1, 1972, the memo was written by former White House aide Gordon Strachan to then-White House chief of staff H. R. (Bob) Haldeman.

By then, the three dairy co-ops that won the increase in price supports the previous spring had given a total of \$332,500 for Mr. Nixon's campaign, most of it to dummy committees secretly organized on Mr. Nixon's behalf.

As a result of those contributions, Ralph Nader and several consumer groups filed suit in federal court here on Jan. 24, 1972, demanding a rollback of the government's milk price supports. They charged that the support price had been raised in return for donations to the President's campaign.

The growing publicity about the milk money evidently bothered Herbert W. Kalmbach, then the President's personal lawyer and secretly one of his chief fund-raisers.

"Kalmbach is very concerned about his involvement in the milk producers situa-

tion," Strachan reported to Haldeman in the Feb. 1 memo.

Strachan then alluded to Harold Nelson, who was then in the process of bowing out as general manager of Associated Milk Producers, Inc., the biggest dairy co-op involved, and Jake Jacobsen, a one-time White House aide in the Johnson administration who was then an attorney for AMPI.

"He (Kalmbach) believes that Jacobsen and Nelson will deliver though they have cut the original 2,000 commitment back to 1,000," Strachan wrote.

Strachan's lawyer, John M. Bray, declined to make his client available for comment, but he said the figures undoubtedly represented \$2 million and \$1 million. Bray said Strachan's "shorthand in political matters was always to leave out the last three zeroes and drop the dollar sign."

Strachan told the Senate Watergate committee last July 23: "On almost all of the memoranda that I wrote to Mr. Haldeman, I would leave off the last three zeroes, because usually the figures that we were dealing with were very, very large."

At the time Strachan's memo was written, AMPI, a mushrooming "super co-op" with more than 40,000 member farms in 20 states, had given \$202,500 to Mr. Nixon's campaign through its political arm, the Trust for Agricultural and Political Education of San Antonio.

Two other co-ops, Mid-America Dairymen, Inc., and Dairymen, Inc., had contributed \$65,000 each through their political arms.

Testimony in various litigation involving AMPI indicates that the commitment was made early in 1971, before the increase in price supports, though the exact figure was never obtainable. William A. Dobrovir, the attorney press-

ing the Nader suit, said it seems to have been a collective pledge of all three co-ops. Records in that case, for example, show that TAPE loaned \$50,000 to the Agricultural and Dairy Educational Political Trust (ADEPT), the political arm of Mid-America Dairymen, Inc., for its initial set of contributions.

The first donations started with \$10,000 from TAPE on March 22, 1971, the day before Mr. Nixon met at the White House with more than a dozen representatives of the three co-ops who were then lobbying intensively for higher price supports.

Then Secretary of Agriculture Clifford Hardin had ruled on March 12 that no increase was justified. But he reversed himself on March 25, two days after the White House meeting, and announced a price support increase of 27 cents a hundredweight.

Dairy co-op leaders have said the decision added roughly \$500 million to \$700 million to the income of dairy farmers.

In his memo to Haldeman some 10 months later, Strachan reported that "Kalmbach's concern" about further involvement centered around press disclosures of an earlier, secret White House funding operation from the basement of a Washington townhouse for 1970 GOP Senate candidates.

Strachan concluded the note with the recommendation: "That Kalmbach not be involved in the milk project because of the risk of disclosure."

Handwritten at the bottom, presumably by Haldeman, in a space for comment by the memo's recipient, was the statement: "I'll disc. w/AG."

The mention of Attorney General John N. Mitchell contrasts to Mitchell's testimony under oath before the Senate

Judiciary Committee a month and a half later, on March 15, 1972.

The testimony included this exchange:

"Sen. Kennedy: Do you remember what party responsibilities you had prior to March 1?"

"Mr. Mitchell: Party responsibilities?"

"Sen. Kennedy: Yes, Republican Party."

"Mr. Mitchell: I do not have and did not have any responsibilities and I have no party responsibilities now, senator."

"Sen. Kennedy: No re-election campaign responsibilities?"

"Mr. Mitchell: Not as yet. I hope to."

Whether Haldeman discussed Kalmbach's feelings with the Attorney General was not clear from the memo. Shown a copy at the U.S. Court House here Thursday during a break in his testimony before a federal grand jury, the former White House chief of staff refused to give it more than a passing glance.

"We would have absolutely no comment," said his lawyer, Frank H. Strickler.

Kalmbach, in any event, continued the fund-raising effort at a meeting in Los Angeles two days later, on Feb. 3, 1972. Others at the session were several members of Kalmbach's California law firm, along with Nelson, Jacobsen and George Mehren, a former assistant secretary of agriculture in the Johnson administration who was just taking over as AMPI's new general manager.

Million From Dairymen



GORDON STRACHAN
... long-secret memo

Mehren said in a telephone interview that Kalmbach wanted "a significant contribution." He said "there were no numbers mentioned," but he emphasized that "I knew Kalmbach did not deal in small contributions." He said he somehow got the impression that "up to half a million" more was being sought.

Mehren said he did not flatly refuse any more money for the Nixon campaign, but he did reject Kalmbach's suggestions for handling it.

"He wanted a certain amount in February, a certain amount in March, a certain amount before April 7 (the effective date of a stiff new federal campaign financing disclosure law), and a certain amount to show on the record after that," Mehren said.

According to Mehren, Kalmbach also proposed setting up "50 real committees, state committees, to receive the money.

"I said no, I wouldn't do it," Mehren said. As new general manager of AMPI and, as he puts it, "a known Democrat," he said he had had enough of such devices. But he said he did not flatly rule out any campaign contributions at all.

The two other co-ops, Dairymen, Inc., and Mid-American Dairymen, Inc., eventually gave \$95,000 more in recorded contributions for the President's campaign.

AMPI, however, gave nothing. Kalmbach withdrew the request, Mehren said, at a second meeting in the Madison Hotel in Washington. Mehren said Kalmbach offered no reasons and he didn't ask for any.

"He said they were no longer interested in any contributions from TAPE," Mehren said. "I was happy."

Mehren and another AMPI spokesman disclaimed any knowledge of a \$2 million commitment by the co-ops or by AMPI alone before they took over. "But I'm not saying there wasn't one," Mehren added.

Former AMPI general manager Nelson, who is still on the co-op's payroll under what Mehren called "an unbreakable contract," could not be reached for comment despite repeated attempts.

Jacobsen said he attended the Los Angeles meeting as "just a lawyer . . . to see things went along legally." He

also said Kalmbach mentioned no particular sum. But when asked whether Kalmbach had ever mentioned one, Jacobsen paused and said: "Not that I remember. He may have."

Kalmbach's lawyer, James O'Connor of Phoenix, said he doubted that his client would have any comment.

The officials now in charge of AMPI, however, said they were stunned on being told of the Strachan memo by The Washington Post.

The same day it was written predicting that contributions totaling \$1 million might still be secured, they say, was the same day the Justice Department filed a civil antitrust suit against AMPI.

The Feb. 1, 1972, lawsuit, filed in San Antonio and announced here by Attorney General Mitchell, charged AMPI with monopolizing the sale of milk produced by dairy farmers in 14 states.

Mehren said he had been on the job as AMPI general manager less than a month at that point, following Nelson's ouster. He said "Nelson and Jacobsen represented to me that Kalmbach wanted to meet with me" but that he kept declining through "the latter part of January" because of the press of business and family responsibilities in San Antonio.

As for the antitrust suit, said another AMPI spokesman, "we had no indication of this until two days before it was filed—when we were hit with an ultimatum from the Justice Department telling us

to sign a consent decree or else."

The Strachan memo, according to the White House, was only discovered this summer in a double-check for documents demanded by the Nader suit. White House special counsel J. Fred Buzhardt initially proposed to submit it for secret inspection by U.S. District Court Judge William B. Jones for "a determination of possible relevancy" to the suit against the 1971 price support increase. Subsequently, however, it was quietly filed in the open court record.