

# \$2 Million Dairy Promise to Nixon

DAIRY

Washington

The dairy industry promised President Nixon \$2 million in re-election contributions two weeks before the President imposed import quotas on ice cream and other dairy products, it was disclosed yesterday.

The promise was contained in a letter sent to Mr. Nixon Dec. 16, 1970, by Patrick J. Hillings, lawyer for the Associated Milk Producers Inc. A copy of the letter was obtained by The Associated Press. Public records show the quotas were imposed Dec. 31, 1970, by presidential proclamation.

"This letter discusses a matter of some delicacy and of significant political impact," Hillings said in the opening paragraph.

He said the milk producers' group had donated \$131,000 to Republican candi-

dates in the 1970 mid-term elections and said the group was working to set up "appropriate channels for AMPI to contribute \$2 million for your re-election."

## RECOMMEND

In the following paragraph, Hillings noted that the U.S. Tariff Commission had recommended quotas on dairy products almost three months before. "No presidential proclamation has been issued," Hillings said.

"The problem is this. The dairy industry cannot understand why these recommendations were not implemented very quickly. The longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days," he said.

Copies of the letter have been made available to the Senate Watergate committee and other investigators, including public interest groups suing the administration over an alleged deal by which milk prices were raised in 1971 in return for campaign contributions.

## BACKGROUND

Hillings is a former Republican congressman from the same district Mr. Nixon represented in California. He later joined the Washington law firm of long-time Nixon associate Murray M. Chotiner and handled the firm's representation of the milk group. He has since left Washington and returned to California.

In his letter, Hillings said government farm price supports were at their lowest

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levels since 1933. "Farmers generally are unhappy with the economy," he told Mr. Nixon. "You know of our Farm Belt losses in the election."

"The right kind of proclamation issued quickly would dramatize your personal interest in a large segment of agriculture," he said.

"We write you both as advocates and supporters. The time is ripe politically and economically to impose the recommended quotas . . . All that is necessary is a simple proclamation . . ."

## PRICES

Three months after Mr. Nixon imposed the quotas, the administration also raised milk price supports, reversing its announced intention not to do so.

This was in March 1971. The price increase of 27 cents a hundredweight was worth between \$400 million and \$700 million to dairymen.

By February 1 of next year, 1972, the amount of the dairymen's promised contributions apparently had been reduced. White House aide Gordon Strachan wrote in a memorandum to his boss, chief of staff H.R. Haldeman, that "they have cut the original 2000 commitment to 1000."

Strachan was in the habit of omitting dollar signs and the last three zeroes in his memoranda on political contributions.

He said in that memo that the President's chief fundraiser, Herbert W. Kalmbach, "is very concerned about his involvement in the milk producers situation."

Strachan urged Haldeman "that Kalmbach NOT be involved in the milk project because of the risk of disclosure."

Associated Press