Connally's Denial in Milk Issue

Washington

Former Treasury Secretary John Connally denied emphatically last night that he ever accepted money for his help in arranging higher federal support prices for the nation's dairy industry.

Connally emerged from a closed-door interrogation session with Senate Watergate committee lawyers and told reporters, "anyone that supposes he was present when I received a payment is a categorical liar."

Those making such charges are operating out of motives that are "neither good nor fair but vicious," Connally said.

Connally, who said he does not expect to be called as a witness when the committee opens public hearings into the so-called milk deal later this month, acknowledged he had favored higher dairy prices.

SUPPORTS

Connaly said the committee lawyers questioned him about published reports, denied by Connally, that he received $15,000 for his role in the decision to approve higher rice supports.

He said his position was in no way related or linked to large contributions from the dairy industry to President Nixon's re-election campaign.

He did say, however, that he was told in 1971 by Jacob Jacobson, then the general manager of the Texas-based American Milk Producers, Inc., that $10,000 was available for contributions to the Nixon campaign next year.

Connally said Jacobson, a former White House staff member, offered to allow him to designate where the funds should go, "but I said I did not want to do so because I was a Democrat in a Republican administration."

ISSUE

The milk support controversy involves a March 12, 1971 decision by Clifford Hardin, then secretary of agriculture, to hold the milk support price at $4.66 per hundredweight or about 80 percent of parity.

The decision brought forceful protests from dairymen and their professional associations.

On March 25, after a meeting involving Connally, the President, Hardin and dairy industry representatives, price supports were increased to $4.93 per hundred weight.

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