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Connally
Testimony
In Conflict

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Former Treasury Secretary John B. Connally told the staff of the Senate select Watergate committee last night that he consistently refused to discuss money with representatives of milk producers who were seeking to have the Nixon administration raise government milk price supports.

Connally's testimony, given under oath during a three-hour executive session, conflicts with testimony already taken from other persons by the committee staff, according to one informed source.

This source did not provide details of how Connally's testimony specifically conflicts, except to say that other witnesses have told the committee staff that Connally did discuss money with milk producer representatives.

The committee is expected to take up the matter in public session when it resumes its hearings on Nov. 27.

The committee is investigating the relationship between the administration's decision in March, 1971, to increase government milk price supports and the donation of \$427,500 by milk producers to the Nixon reelection campaign.

The donations started flowing into the Nixon campaign during the period of March 12, 1971—when the administration announced that it was maintaining the milk support price at \$4.66 per hundredweight—and March 25, 1971, when Agriculture Secretary Clifford M. Hardin announced that his department had changed its mind and he decided to raise supports to \$4.93 per hundredweight.

In his testimony before the committee staff, Connally reportedly denied any action involving the implication of illegality and said he repeatedly refused to discuss campaign contributions with representatives of the milk producers. At no time, Connally reportedly testified, did he engage in any discussion concerning milk producer contributions.

Connally reportedly denied any knowledge about contributions to the Nixon campaign from milk producers and said he was never asked to do anything in return for campaign contributions from milk producers. Connally reportedly said he favored higher milk price supports because he understood the plight of farmers and thought that higher supports would help them.

Connally, according to a second source, said that he was approached in 1969 by Jake Jacobson and Harold Nelson about setting up a milk producers association to handle political contributions. Jacobson, a Washington and Texas lawyer who was an aide to President Johnson, was described by Connally, former governor of Texas, as an old friend. Nelson was an aide to George Mehren, general manager of the Associated Milk Producers Inc., a milk producers cooperative.

Connally said this initial discussion was perfunctory, this source said. In late February or early March, 1971, Connally reportedly told the committee staff, Jacobson again spoke to him. Connally said Jacobson was very disappointed with Hardin, who opposed raising milk supports. Jacobson, Connally reportedly testified, asked if he would support the milk producers in an effort to get the price supports raised.

Connally said he replied that if Hardin called him, Connally would give Hardin the milk producers' views, according to sources.

Connally reportedly told the committee staff that he had spoken to President Nixon about the milk price supports before March 12, 1971, when the administration announced that it would not increase the supports. Connally said he told Mr. Nixon that he thought the supports were far too low, sources said.

Connally told the Watergate staff that he attended a meeting at the White House on March 23, 1971, along with Mr. Nixon, chairman of the Council of Economic Advisers Paul W. McCracken, Office of Management and Budget director George P. Shultz, Hardin and other aides.

At that meeting, Connally reportedly told the committee staff, he repeated his opinion that price supports were far too low, that inflation was hurting farmers and that farmers were getting a raw deal. Connally reportedly testified that Shultz, McCracken and Hardin all were opposed to increasing price supports. Mr. Nixon, according to Connally, listened but expressed no opinion.