

ITT Case

By Lou Cannon

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SAN CLEMENTE, Calif., Jan. 8—The White House said today that President Nixon sought to block an antitrust case appeal undertaken by the Justice Department against the International Telephone and Telegraph Corp. but changed his mind when he was informed that U.S. Solicitor General Erwin N. Griswold was prepared to quit in protest.

The disclosure came in a "White Paper" which denounced charges that the President directed the settlement in return for a political contribution as "totally without foundation."

The eight-page White House document said Mr. Nixon was unaware of any commitment by the Sheraton Hotel Corp., an ITT subsidiary, to contribute toward expenses of the 1972 Republican National Convention.

The mammoth ITT, eighth-largest U.S.-based company and largest of the multinational conglomerates, had nearly 400,000 employees and operated in 67 countries when the Justice Department initiated civil action. The suit was aimed at forcing ITT to rid itself of three recently acquired companies: the Hartford Fire Insurance Corp., the Canteen Corp., and the Grinnel Corp., the nation's largest producer of fire-alarm systems.

Grinnell was the first case to be decided, and it was won by ITT. The Justice Department, which had not

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Milk Prices

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The White House yesterday acknowledged that President Nixon knew of dairy industry plans to contribute to his re-election months before his decision in 1971 to increase milk price supports.

The President's approval of higher price supports, however, was defended as "totally proper" and economically "beneficial to the entire country." The White House denied that it was influenced in any way by promises of financial support for his 1972 campaign.

The White House account of the controversial increase in price supports—under investigation by both Watergate Special Prosecutor Leon Jaworski and the Senate Watergate committee—was contained in a 17-page statement released last evening.

Besides defending the decision on economic grounds, the White House cited congressional pressures generated by dairy farm lobbyists and fears on the part of Mr. Nixon and some of his advisers of alienating the farm vote, "an essential part of his political constituency," with an adverse decision.

The higher milk price supports were ordered by then-Secretary of Agriculture Clifford Hardin on March 25, 1971, two days after Mr. Nixon held a series of meetings at the White House, first with dairy industry lobbyists and officials and then

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lost a merger case in the Supreme Court in more than two decades, was prepared to appeal.

According to the White House statement, the President by the spring of 1971 "had concluded that the ITT litigation was inconsistent with his own views of anti-trust policy" because it was an attack on "bigness" rather than merely an effort to insure competition.

"The Department of Justice and some of the President's advisers continued to maintain, however, that the cases were not an attack on bigness and were based on clear anti-competitive effects of the acquisitions," the White House paper said.

On April 19, 1971, the President met with John Ehrlichman, then his chief domestic adviser, and with George Shultz, then director of the Office of Management and Budget and now Treasury Secretary. Ehrlichman told the President that the Justice Department had appealed the Grinnell case and described this as an "attack on a conglomerate."

"Mr. Ehrlichman further told the President that he believed that prosecution of the case was contrary to the President's antitrust policy and that, as a result, he had tried to persuade the Justice Department not to file a jurisdictional statement (due the following day) so as to terminate the appeal," the White House statement said. "He indicated, however, that he had been unsuccessful with the Justice Department."

At this news, the White House statement continued, Mr. Nixon "expressed irritation with the failure of the head of the antitrust division," Richard McLaren, to follow his policy.

"He then placed a telephone call to Deputy Attorney General (Richard) Kleindiest and ordered that the appeal not be filed," the report said. "The meeting continued with a further discussion of antitrust policy during which Mr. Schultz expressed the view that conglomerates had been unfairly criticized."

The Justice Department appeal was due the following day, April 20, but the department asked for and was granted a delay. On April 21, Attorney General John N. Mitchell "advised the President that in his judgment it was inadvisable for the President to order no appeal to the Supreme Court in the Grinnell case."

"The Attorney General reasoned that, as a personal matter, Mr. Erwin N. Griswold, Solicitor General of the United States, had prepared his brief for appeal and would resign were the appeal not to proceed," the White House statement said. "The Attorney General further feared legislative repercussions if the matter were dropped entirely."

The White House statement said that Mr. Nixon, acting on Mitchell's recommendation, then reversed his decision of April 19 and authorized the Department of Justice to proceed with the case.

"He said that he did not care about ITT as such, but that he wanted the Attorney General to see that his antitrust policy was carried out," the statement said.

On April 29, a meeting was held between ITT representatives and officials from the Departments of Justice and Treasury at which the conglomerate discussed the financial consequences of divestiture. Acting on the proposal made at this meeting, the White House statement said, McLaren on June 17, 1971, sent a memorandum to Kleindiest that became the basis of an out-of-court settlement in which ITT agreed to divest itself of Grinnell's fire protection division, the Canteen Corp., Avis and Levitt in return for the Justice Department dropping its lawsuits.

The White House statement flatly contradicted testimony of Mitchell and Kleindiest before the Senate Judiciary Committee during 1972 confirmation hearings on Kleindiest's appointment as Attorney General.

It raised the possibility that one or both men may face perjury charges for their testimony.

On March 8, 1972, Kleindiest testified before the committee: "In the discharge of my responsibilities as the Acting Attorney General in these cases (against ITT), I was not interfered with by anybody at the White House. I was not importuned; I was not pressured; I was not directed. I did not have conferences with respect to what I should or should not do."

Mitchell said under oath that he had never discussed the ITT case with the President and had not learned of the ITT's convention pledge until after the out-of-court

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settlement had been reached.

On the latter issue, the White House statement made the same point, calling the decision-making leading to the selection of San Diego as the 1972 Republican convention site "separate and unrelated" from the ITT settlement.

The White House account left unresolved and unanswered some of the major questions in the ITT controversy.

Among these is any comment at all by the White House on Kleindienst's statement of Nov. 1, 1973, that only his own personal threat to quit forced President Nixon to withdraw orders halting the Justice Department appeal. Kleindienst said he was called by Ehrlichman on April 19, 1971, and told not to file an appeal.

"Immediately thereafter, I sent word to the President that if he persisted in that direction I would be compelled to submit my resignation," Kleindienst said.

If both this statement and the White House statement issued today are correct, it would mean that the President backed down only

when threatened with resignations by both Kleindienst and Griswold.

In recounting the procedures leading to the selection of San Diego as the convention site, the White House statement declared:

"The President was unaware of any commitment by ITT to make a contribution toward expenses of the Republican National Convention at the time he took action on the antitrust case. In fact, the President's antitrust actions took place entirely in April of 1971 — several weeks before the ITT pledge was even made."

The White House statement said that ITT-Sheraton "apparently" offered \$200,000 to the convention authorities "about June 1, 1971."

However, California Lt. Gov. Ed Reinecke said last July that he discussed the ITT offer with Mitchell in May, 1971, several weeks before McLaren's June 17 memorandum on the proposed settlement, which was agreed to on July 31, 1971. Reinecke afterward changed his story and said his records show that he talked to Mitchell on June 2 and June 7.

Nixon Knew of Plans For Dairymen's Gift

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with top administration advisers on the issue.

The White House said that contributions to the Nixon campaign were not discussed at either of those sessions, although "the political power of the dairy industry lobby" was brought to the President's attention.

In addition, the White House statement said that Mr. Nixon had been informed in September, 1970, by a memo from White House special counsel Charles W. Colson, of a \$2 million campaign pledge from the biggest dairy co-op involved, the Associated Milk Producers, Inc.

The disclosure seemed to conflict with Mr. Nixon's previous statements about his policy toward campaign contributions.

Asked at an Oct. 26 press conference about another controversial gift, from billionaire Howard Hughes, the President said that he was unaware of it because of a standing rule that "I have refused to have any discussion of contributions." In accord with this practice, Mr. Nixon said, "I did not want to have any information from anybody with regard to campaign contributions."

The White House said yesterday, however, that Colson had "asserted in a memorandum to the President that AMPI had pledged \$2 million to the 1972 campaign.

The memo was attached to a briefing paper for Mr. Nixon in connection with a short "courtesy" call on him at the White House by two top AMPI officials, Harold Nelson and David Parr, on Sept. 9, 1970.

"It was suggested in the memorandum that the President acknowledge AMPI's support" at that session, the White House said. But the statement added, "no suggestion was made that any commitment whatsoever be made to do any substantive act. There was also no mention of the asserted pledge during the meeting" with Nelson and Parr.

AMPI's first contribution to Mr. Nixon was made in August, 1969, when an attorney for the giant dairy co-op turned over \$100,000 in cash to the President's personal lawyer, Herbert W. Kalmbach.

The White House said yesterday that Kalmbach added the money to a trustee account at the Security Pacific National Bank in Newport Beach, Calif., which already contained leftover cash from Mr. Nixon's 1968 campaign. "The President had no knowledge of this contribution," the White House said.

In a similar vein, the White House acknowledged that AMPI lawyer Patrick J. Hillings, a former Republican congressman from Mr. Nixon's district, had made a "reference to fund-raising" in a Dec. 16, 1970, letter that Hillings addressed to the President.

In the letter, Hillings mentioned AMPI's plans to donate \$2 million, and then turned to a request on AMPI's behalf for immediate imposition of import quotas on ice cream and other dairy products.

The White House said Mr. Nixon "did not see this letter." And since the President "had already been informed of the fund-raising efforts by the dairy industry," the statement said, "the only possible relevance of the Hillings letter would lie in what action was taken on the Tariff Commission recommendations (regarding import quotas) that Mr. Hillings asked the President to accept."

Mr. Nixon proclaimed import quotas on the four dairy products at issue on Dec. 31, 1970. But the White House stressed that he did

not go as far as the Tariff Commission had suggested.

"Rather than closing off imports—an action that would have been more favorable to the dairy industry—the President instead reduced the import quotas on each item, permitting all four goods to continue their competition with American dairy products."

Much of the white paper on the milk controversy was devoted to the March 23, 1971, meetings at the White House that led to the increase in milk price supports that year. The account was evidently based on White House tape recordings of the session, which have been turned over to Watergate prosecutors but which the White House said it still expects to be kept confidential.

Secretary Hardin, who ruled out higher price supports on March 12, 1971, has said that he decided to reverse himself after a fresh look at the problem. He told The Washington Post last fall that he "didn't need any prompting."

The White House, however, said the decision was Mr. Nixon's.

The first March 23 meeting at the White House was held in the Cabinet Room and included several administration officials as well as more than a dozen representatives of the three dairy co-ops that had just started contributing an eventual total of \$427,500 for the President's re-election. The White House said the get-together was scheduled more than three weeks before Hardin had rejected higher milk price supports and stemmed from an invitation Mr. Nixon had made the previous fall.

"The President opened the meeting by thanking the dairy leaders for the support they had given to administration policies and praised them for their activism in pursuing goals which were important to them," the White House said.

The rest of the meeting, the statement said, was devoted to dairy industry pleas for higher price supports while several administration officials, in turn, expressed fears of higher retail prices and overproduction. "There was no mention whatever of campaign contributions," the White House said.