

Prosecutors Obtain Tape On Connally

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Watergate prosecutors have obtained the tape of a phone conversation between President Nixon and former Treasury Secretary John B. Connally concerning a controversial 1971 increase in milk price supports, it was learned yesterday.

White House counsel J. Fred Buzhardt alluded to the recording in an affidavit filed in U.S. District Court earlier this week, but without mentioning Connally's name.

The conversation apparently took place early in 1971 during an intensive lobbying campaign by the milk producers that ended with Mr. Nixon personally ordering the higher support prices.

Connally's help in the drive was enlisted by an old friend, Jake Jacobsen, a former White House aide in the Johnson administration who was working at the time as a lawyer for Associated Milk Producers, Inc., the nation's biggest dairy co-op.

According to an independent report on the co-op's political dealings, Jacobsen subsequently obtained \$10,000 in cash from an AMPI official with the understanding that it would be set aside "for the use of Mr. John B. Connally."

The lawyers who prepared the report said Jacobsen told them that he offered the money to Connally twice—most recently in 1972, when Connally was head of "Democrats for Nixon."

Jacobsen, the report said, stated that Connally refused the money on both occasions.

The former Treasury Secretary, now a Republican, has publicly acknowledged that Jacobsen did offer him \$10,000—in June or July of 1971—for distribution to political candidates of Connally's choosing, but Connally said he rejected the proposal.

The new report on AMPI's political dealings, compiled for the co-op's board of directors by former American Bar Association president Edward L. Wright, was the first indication that Connally was offered the money a second time.

last offering it to Connally, without success, as a contribution for the Democrats for Nixon campaign.

Jacobsen, meanwhile, faces trial here on a charge of lying to a federal grand jury about his handling of the alleged pay off fund. He was accused of perjury in testifying that he put the \$10,000 in a safe deposit box and never touched it until FBI agents checked the box last fall.

In his phone conversation with Mr. Nixon, Connally evidently recommended higher price supports despite Secretary of Agriculture Clifford M. Hardin's decision on March 12, 1971, not to grant the increase.

The White House has acknowledged that Connally also forcefully argued for the increase at a meeting with Mr. Nixon and other administration officials on March 23, 1971—the day the President decided to go ahead with it. The President also met that day with dairy co-op leaders, including officials of AMPI, which had pledged \$2 million for his re-election campaign, but the White House has denied that this influenced Mr. Nixon in any way.

According to Buzhardt's guarded description of the undated phone conversation with the President, it was a one-sided chat, with "one of his Cabinet officers" doing most of the talking. The tape, Buzhardt said, "could possibly disclose the general thrust of the recommendation of that officer with respect to government action."

Buzhardt submitted the affidavit in connection with a civil suit charging that the higher price supports were a payoff for early contributions by the milk producers to the President's campaign. The President's counsel acknowledged that the new tape had been supplied to Watergate prosecutors weeks ago, but said that Mr. Nixon had directed him to invoke executive privilege for it as far as the civil suit was concerned.

Watergate prosecutors are apparently seeking other Nixon-Connally tapes as well. Buzhardt protested in the affidavit that they had asked for the recordings of all conversations "between the President and a member of the Cabinet during a period in excess of one month."

The controversial price support increase was announced officially on March 25, 1971.

According to the Wright report for AMPI, Jacobsen called AMPI official Robert W. Lilly on April 28, 1971, "and requested \$10,000 in cash for the use of Mr. John B. Connally."

Lilly, the report said, got the approval of AMPI general manager Harold Nelson and delivered the cash to Jacobsen on May 4, 1971, at the Citizens National Bank of Austin. Jacobsen was quoted as saying that he kept the money in a safe deposit box there after