

Connally, Nixon And the Milk Lobby



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THE WATERGATE prosecutors are pushing their investigation of former Treasury Secretary John Connally right into the White House oval office. They have asked the White House for tapes of conversations between President Nixon and Connally on milk matters.

In secret statements to the Watergate prosecutors, dairy lobbyist Jake Jacobsen has said he delivered \$10,000 to Connally at the Treasury Department. Jacobsen alleged that Connally pocketed the money and returned it only after the dairy lobby came under investigation.

The forceful Connally, once a power in the Nixon cabinet and still a presidential contender, told us in a lengthy telephone conversation from Texas that he had been offered the \$10,000 but had rejected it. "I have told the prosecutors the truth," he declared emphatically.

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THE PROSECUTORS, meanwhile, are eager to learn what the President and Connally said to one another about the dairy industry's push for higher price supports in 1971 and 1972.

Both men attended a White House meeting on March 23, 1972, to discuss the dairy leaders' requests. The White House account of the meeting acknowledges that

Connally said the dairy industry "had political funds which would be distributed among House and Senate candidates in the coming election."

The dairymen also promised financial support for the President's own reelection campaign.

The following day, the White House ordered a subsidy increase worth \$500 million a year to the dairy industry.

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THE PROSECUTORS are particularly interested in Nixon-Connally conversations during the 30-day period preceding the White House meeting. Sources close to the case tell us that one tape is thought to be "extremely sensitive."

Our sources say the prosecutors are also interested in the President's conversations with former Attorney General John Mitchell on the milk case. This may indicate that the prosecutors are investigating Mr. Nixon's own role in the milk scandal.

Jacobsen and Connally also got together on a cover story. Jacobsen promised to say he had never delivered the \$10,000 to Connally but had kept it in a safe deposit box. Jacobsen has now been indicted for perjury for telling this story under oath to a grand jury.