

# Prodding of Nixon In Milk Case Told

## '71 Price Rise

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President Nixon ordered a 1971 increase in milk price supports only moments after being reminded that the dairy lobby was raising huge amounts of political money and was on the verge of deciding where to spend it.

Despite the urgings of some advisers that the increase be delayed until 1972, Mr. Nixon was warned that he would "get no credit for it" from the milk producers if he waited till then.

"... If you do something for them this year," Treasury Secretary John B. Connally told the President at the decisive meeting in the Oval Office on March 23, 1971, "they think you've done it because they got a good case and because you're their friend. If you wait till next year, I don't care what you do for them... You get no credit for it."

Mr. Nixon, who was told an unfavorable decision might also cost him a string

See MILK, A10, Col. 1

## ITT Pressure

By Laurence Stern and  
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An unrelenting campaign of pressure by business lobbyists, top White House aides and the President himself led the government's chief antitrust officer to withdraw reluctantly his objections to the controversial ITT-Hartford merger in 1971.

The reversal on the multibillion-dollar merger case has been the subject of persistent charges in Congress and elsewhere that the administration acted with political favoritism toward the International Telephone and Telegraph Co.

A House Judiciary Committee study of the ITT merger case, released yesterday, depicted a campaign of intense corporate lobbying which converged, in the final stages, on one man — Richard W. McLaren, former chief of the Justice Department's Antitrust Division.

See ITT, A12, Col. 1

## MILK, From A1

of farm states in the 1972 election, then approved the higher price supports. He said he recognized that he was making "a political judgment" in going along with the milk producers but he said he saw no other solution:

"Not because they're milkers, but because they're farmers. And it would be just turning down the whole damn middle America. Uh, where, uh, we, uh, where we, uh, need support. And under the circumstances, I think the best thing to do is to just, uh, relax and enjoy it."

A transcript of the top-level meeting in the Oval Office was released yesterday by the White House Judiciary Committee in a two-volume compilation of evidence challenging the President's contentions that only "traditional political considerations" — and not bribery—were involved.

Many of the White House documents and tapes made public had been sheltered for more than a year under claims of executive privilege that kept them out of the hands of the Senate Watergate committee and of lawyers pressing a civil lawsuit against the controversial 1971 price support increase.

Although the President made the basic decision on March 23, 1971, there was no public announcement of the increase until the milk producers reassured Mr. Nixon's chief behind-the-scenes fundraiser, Herbert W. Kalmbach, that they intended to contribute \$2 million for the President's reelection.

The White House has acknowledged that Mr. Nixon had been told of the milk producers' plans to contribute \$2 million for his reelection before he ordered the price supports, but it had been denied that this influenced his decision in any way.

Top officials of Associated Milk Producers, Inc., the nation's biggest dairy farm cooperative, had first pledged the \$2 million at meetings in 1970 with White House special counsel Charles W. Colson. But there were no immediate contributions, first

because of White House delays in setting up a huge stable of dummy committees to take the cash in small installments and then, according to the impeachment inquiry's evidence, because of disenchantment among the milk producers over the administration's initial rejection of higher price supports in 1971.

Secretary of Agriculture Clifford Hardin had ruled on March 12, 1971, that no increase was justified. Leaders of three huge dairy farm co-ops—AMPI, Mid-America Dairymen and Dairymen Inc.—immediately launched a furious round of lobbying both on Capitol Hill and at the White House in an effort to reverse Hardin's decision.

Although Connally has denied under oath that he ever discussed political contributions by the milk producers with Mr. Nixon or anyone else, the transcript of their meeting on the afternoon of March 23 shows that Con-

nally brought up their political war chests in detail. He told the President that the three co-ops regularly tapped their members for one-third of 1 per cent of their total sales up to a maximum of \$99 a year.

"Like a union," the President said.

Connally: "Oh, it's a check-off. No question about it. . . . And they, they're amassing an enormous amount of money that they're going to put into political activities, very frankly.

"And uh, uh, I think the purpose—I think they've got a legitimate cause," Connally continued. "I wouldn't, I wouldn't recommend that you do, you ta—, do that if it didn't have any merit to it."

The Treasury Secretary—who had been enlisted in the drive for higher support prices by AMPI lawyer Jake Jacobsen, an old friend—then went on to urge immediate action. Connally told Mr. Nixon that the milk producers would be "more loyal to you" if he granted the increase.

"I wouldn't wait till next year," Connally emphasized. "I know that there's been some advice given to you, to wait till next year. . . . I will differ from that simply because they're going to make their association and alliances this year and they're going to spend a lot of money this year in various congressional and senatorial races all over this United States."

Accordingly, Connally

said, if Mr. Nixon waited until 1972, any price support increase he might grant then would just seem forced by election-year pressures and the President would get no thanks for it.

The Treasury Secretary then turned to the lobbying campaign the milk producers had mounted on Capitol Hill, especially among congressional Democrats, in an effort to overturn Hardin's decision by legislation. A flurry of bills had already been introduced. Connally and Hardin, who was also at the meeting told the President the legislation would almost certainly be passed.

Connally warned the President against any veto, saying that the milk producers were predicting that it would cost him Missouri, Wisconsin and South Dakota "for sure" in the 1972 election and "probably" Ohio, Kentucky and Iowa.

Hardin: "Well, if it does pass, I don't think the President has any choice but to sign it."

The President: "Well, all right."

Connally: "Well, then, what do you do? If you do, you've cost yourself the money—you've lost your political advantage. You, you're infinitely worse off."

The loss of money was apparently an allusion to the cost of higher price supports which Connally suggested that the President would have to approve in 1972 anyway. In terms of politics, the White House has insisted that Mr. Nixon was worried only of losing farm-belt votes if the milk producers became indebted to the Democrats. Congressional

investigators maintain that he must also have been worried about the \$2 million, especially at a time when the President's fund-raisers were trying to raise "early money" for the campaign.

Mr. Nixon announced his decision as "a political judgment" in any event.

"My political judgment is that the Congress is going to pass it," he told his advisers. "I could not veto it. Not because they're milkers, but because they're farmers. And it would be just turning down the whole damn middle America. Uh, where, uh, we, uh, where we, uh, need support. And under the circumstances, I think the best thing to do is to just, uh, relax and enjoy it."

Connally immediately urged Mr. Nixon to make the best bargain he could and get the milk producers



promise not to seek another increase in 1972.

"You're in this thing for everything, you, you can get out of it," Connally told him.

Under Secretary of Agriculture Phil Campbell, another official who was at the meeting, was assigned to sound out the milk producers on that point. The President told him to "make the best deal you can."

Mr. Nixon: "Let's let them know what we're doing."

White House aide John D. Ehrlichman agreed and added: "Let's get credit." He suggested holding up any announcement "till you get the green light." The Agriculture Department, Ehrlichman said, "doesn't need to do anything right away."

Mr. Nixon: "You, you're now thinking of the political offer?"

Ehrlichman responded somewhat cryptically. "In a day or so," he said.

Connally suggested that the President could also use

the time to "make a little capital" with House Speaker Carl Albert (D-Okla.) and Ways and Means Chairman Wilbur D. Mills (D-Ark.) by sending them word that their backing of higher price support legislation was what had changed Mr. Nixon's mind.

The meeting broke up seconds after Ehrlichman interjected one final point. "Uh," he said, "we'll have to get Colson and Bob Dole in this, too."

The President replied haltingly, "Well," he said, "because Colson dealing with to promise not to seek anything you've got a good game plan."

Colson dealt regularly with the milk producers. It was he who had initially told Mr. Nixon in a September, 1970, memo that they had "pledged \$2 million to the 1972 campaign," a point that was given added emphasis by a covering memo from the President's appointments secretary, Stephen Bull, directing Mr. Nixon's attention to the figure.

Sen. Bob Dole (R-Kan.) was then Republican National Chairman. He had told White House chief of staff H. R. Haldeman in February of 1971 that the milk producers were growing increasingly frustrated over the lack of any committees to take the money they had promised the White House.

Minutes after the meeting ended, according to White House logs, Ehrlichman con-

tacted Colson. Ten minutes later Colson met with President Nixon's old confidant, Murray Chotiner, who had just left the White House staff to become a \$60,000-a-year lawyer for AMPI.

Chotiner has since died, but AMPI general manager Harold S. Nelson has testified that Chotiner called him sometime on March 23 to invite him to a meeting with White House fundraiser Kalmbach the next night. Meanwhile, Kalmbach, who was still on the West Coast, has said that Ehrlichman called him and told him of the proposed get-together.

At the same time, Nelson has indicated that the milk producers were still kept guessing. They had met with Mr. Nixon in the Cabinet Room on the morning of March 23 to press their case, but got no commitments.

Instead, the transcript of that session shows Mr. Nixon repeatedly questioning the dairy co-op leaders about their ability to keep milk production from getting out of hand if price supports were increased. Secretary Hardin took the same tack, saying that dairy farmers would be hurt in the long run by overproduction.

"This is a time when I think we have to be statesmen, Hardin declared at one point. "We have to look at what's best for the man that's pulling the teats out on the farm, if I can use that old expression."

An unidentified voice popped up: "You do it with machines."

The President: "I know something about that."

The transcript of the morning meeting also shows Mr. Nixon encouraging the milk producers to speak up.

"Matter of fact," he told them, "the room is not tapped. (Laughter) Forgot to do that."

According to AMPI's Nelson, the March 23 phone call he got from Chotiner triggered a round of all-night meetings by the milk producers, one of them after a predawn flight to Louisville, Ky., where a hurry-up attempt was made to raise \$300,000 for the President's campaign from an official of Dairymen Inc., D. Paul Alagia. He said he turned his colleagues down on the grounds that the co-op didn't have that kind of money on hand, but Dairymen Inc. did rush up \$25,000 on March 24 when it was do-

AMPI leader not to seek another rise in 1972. According to Campbell's testimony he had asked Nelson without making any definite promises:

"Now Harold, if we do change our mind and do raise the price . . . will you and the other dairymen stop asking for price support increases because I don't think it is good for the dairymen . . . Will you get off our backs?"

Campbell says Nelson agreed. However, it was not until two days later, after Nelson had also confirmed the \$2 million commitment, that Secretary Hardin announced the higher price supports.

The March 25 Department of Agriculture press release promulgating the decision—which was worth an estimated \$300 million to the nation's dairy farmers—had actually been prepared on March 24. Campbell had sent a copy over to the White House Office of Management and Budget that day with a note saying that it would be issued only "when action is completed on this subject."

The milk producers eventually contributed more than \$500,000, but Nelson has maintained they would have given even more than \$2 million if White House aides and fund-raisers hadn't "bungled" the arrangements for dummy committees to take the money. The Washington Post and the Wall Street Journal simultaneously disclosed the huge stable of milk-money conduits in September of 1971.

Ralph Nader filed a lawsuit challenging the 1971 price supports a few months later. In a confidential Feb. 1, 1972, memo to Ehrlichman, White House counsel John W. Dean III warned that the disclosures arising from the lawsuit "could prove disastrous."

AMPI  
nated at a Republican fund-raising dinner here. The House impeachment inquiry staff indicated that last-minute dairy contributions to the GOP fundraiser were considered important because the milk producers had promised to come up with as much as \$100,000 for it, but then reneged out of disappointment over Hardin's decision on March 12.

Although the fundraiser was ostensibly for Republican Congressional candidates, Colson had told one of Haldeman's aides that the milk producers' contributions to it should be counted as payments on a \$150,000 debt that "we owe" to the Republican National Committee.

Kalmbach met with Nelson and Chotiner at the Madison Hotel here after the GOP dinner. The President's fundraiser has testified that Nelson formally confirmed the \$2 million campaign pledge.

It was no surprise to Kalmbach. He had arrived at Dulles airport on the afternoon of March 24 and went directly to a meeting with Ehrlichman. " . . . He advised me that I would be meeting with Mr. Chotiner and Mr. Nelson later that evening, at which time a reaffirmation of the pledge would be received."

In addition, Kalmbach said that when Chotiner and Nelson came up to his suite around midnight on March 24, Chotiner explicitly linked the renewal of the \$2 million pledge to a forthcoming increase in milk price supports.

Nelson has been described as "completely optimistic" about the price support increase after that. Under Secretary Campbell in a March 23 phone call to Nelson right after the meeting in the Oval Office had already gotten a promise from the



## Intense Campaign Converged on McLaren

# The ITT Case: High Pressure

### ITT, From A1

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Critics of the administration's handling of the case have suggested that the settlement was, in effect, a quid pro quo for the convention pledge.

The Judiciary Committee study made public the transcript of a scathing telephone call in which President Nixon ordered then Deputy Attorney General Richard Kleindienst to drop the Justice Department's appeal in ITT merger proceedings.

In an angry, five-minute exchange the President told Kleindienst:

"I want something clearly understood and, if it is not understood, McLaren's ass is to be out within one hour. The IT&T thing — stay the hell out of it. Is that clear? That's an order."

Minutes before the President's conversation with Kleindienst the Justice Department official had received a call from then Domestic Counselor John D. Ehrlichman. Kleindienst had balked at Ehrlichman's suggestion that the appeal be dropped.

It was then that the President got on the phone with his excoriation of McLaren.

"I do not want McLaren to run around prosecuting people, raising hell about conglomerates, stirring things up. . . Now you keep him the hell out of that."

The alternative, the President insisted, would be for McLaren to resign. "I'd rather have him out anyway," he added. "I don't like the son-of-a-bitch."

The phone conversation came in the midst of a White House meeting with Ehrlichman and former Treasury Secretary George P. Shultz. In the course of the meeting the President's criticism of McLaren was even sharper.

"Good — Jesus, he's — get him out," the President exclaimed to Ehrlichman. "In one hour, one hour. And he's not going to be a judge either."

McLaren was, in fact, later appointed to a life-time federal judgeship in Chicago.

The Judiciary Committee account recites the campaign by high executive officers of ITT, including board chairman Harold Geneen, directed at virtually every top administration official who might have been of help to the communications conglomerate.

McLaren, who had been holding fast for more than a year on forcing ITT to divest a number of recently acquired companies, was the chief target of the lobbying program.

The President, speaking of McLaren in the April, 1971 session at the White House, complained that "Kleindienst is busy appointing judges; Mitchell is busy doing other things, so they're afraid to overrule him. By God, they're not going to do it."

Kleindienst, instead of complying directly with the President's order to drop the appeal, got a 30-day ex-

tension for appeals action in the case. It was during this period that the framework of the settlement was reached.

The Judiciary Committee recited Kleindienst's repeated denials during his Senate confirmation hearings that he had received any White House direction in dealing with the merger case. These disavowals were contradicted by the April 19, 1971 telephone call from the President.

Only by inference did the committee touch on the question of President Nixon's silence throughout both Kleindienst and Mitchell's testimony that they never discussed the ITT cases with him.

The report noted that there was extensive news coverage of both men's testimony. The committee also said the President has not yet responded to its subpoenas for copies of his daily news summaries during the Kleindienst nomination hearings.

At issue is whether the President willfully concealed knowledge that the testimony of Kleindienst and Mitchell was untruthful as it bore on their contacts with him. Kleindienst pleaded guilty to a count of failing to testify fully and accurately to the Senate Judiciary Committee.

Presidential lawyer James D. St. Clair, in a 200-page response to the Judiciary Committee testimony, underscored the panel's failure to show a casual link between the antitrust settlement and the pledge of financial support for the convention.

Despite the President's order to drop the ITT appeal, St. Clair noted, there was "no testimonial or documentary evidence to indicate that the President had any

part, directly or indirectly, in the settlement of the ITT antitrust cases."

The White House counsel did not challenge the mass of affidavits, letters and transcripts that documented ITT's campaign of pressure on the White House to overrule McLaren's actions.

In the course of that campaign ITT officials questioned McLaren's party credentials as well as his loyalty to the policies of the administration.

"It was plain that McLaren's views were not, and are not, consistent with those of the Attorney General and the White House, ITT vice president Edward (Ned) Gerrity complained in an August, 1970 memo to then Vice President Agnew.

There was nothing in the committee's presentation to suggest that there was anything improper in President Nixon's intercession with Kleindienst on the merger case. The only issue, from the standpoint of presidential impeachment, could be his possible concealment of a crime—false testimony by sworn administration witnesses.

The only other major question bearing on the impeachment inquiry was whether the President was party to a bartering of antitrust favors for the convention site pledge by ITT.

And so the principal value of the two-volume ITT study was its documentation of the interplay of private and governmental influence on what was to become the highest-priced merger case in the history of the antitrust enforcement.

With the exception of the April 19 tape much of that evidence has already been spread before the public in congressional hearings, newspaper stories and the columns of Jack Anderson.