

Text of Statement of Information Given by St. Clair

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WASHINGTON, July 19—Following is the text of the statement of information submitted on behalf of President Nixon responding to evidence gathered by the House Judiciary Committee's inquiry on political contributions by milk producers and the Government decision to increase milk price supports. The statement is the fourth volume submitted by the White House in connection with the impeachment inquiry.

STATEMENT OF INFORMATION Submitted on Behalf Of the President

Political Contributions by Milk Producers Cooperatives: The 1971 Milk Price Support Decision

1. The President was invited to address the Associated Milk Producers, Inc. (A.M.P.I.) annual convention in Chicago in September of 1970. The President was unable to accept the invitation, and Secretary Hardin spoke in his place.

The President placed a courtesy phone call on Sept. 4, 1970, to the general manager of A.M.P.I., Mr. Harold Nelson. He also spoke with Secretary Hardin who was with Mr. Nelson. During that conversation, the President invited the dairy leaders to meet with him in Washington and to arrange a meeting with dairy leaders at a later date.

2. Harold S. Nelson and his special assistant, David L. Parr, paid a brief call on the President on Sept. 9, 1970, during a Presidential "Open Hour." During the Open Hour of Sept. 9, 25 other people, in addition to the A.M.P.I. representatives, visited the President, including a group to encourage servicemen to exercise their votes, a group of concerned citizens from the State of South Dakota and a contingent of Gold Star Mothers. Mr. Nelson's and Mr. Parr's pictures were taken and the President told them he understood they had had a successful annual meeting and that he would like to attend their next one in 1971. They had what Mr. Parr described as a "very light-veined" discussion of their organization and activities. There is no evidence that campaign contributions were discussed.

3. Harold S. Nelson and David L. Parr have testified that the figures of 1 million and 2 million were tossed around, not that any specific pledge was made. Mr. Parr testified that the figures were used in a jesting manner.

Zero Quotas Recommended

4. On March 5, 1970, Secretary of Agriculture Hardin requested the President to direct the Tariff Commission to investigate and report on the necessity for import controls on four new dairy products which had been developed to evade import controls previously established on recognized articles of commerce. The Tariff Commission by Report 338 found unanimously that imports of the four products were interfering with the dairy price program and recommended zero quotas for 3 of the items and an annual quota of 100,000 pounds for the fourth.

5. On Oct. 19, 1970, Secretary Hardin recommended that the Tariff Commission's recommendations be implemented. The Task Force on Agriculture Trade

of the Council of Economic Advisors disagreed with Secretary Hardin and unanimously recommended to the President, on Nov. 7, 1970, that imports of these items should not be cut off. Thus C.E.A. did not forward Secretary Hardin's recommendation to the President. On Nov. 30, 1970, Secretary Hardin in a memo to Bryce N. Harlow, Assistant to the President, again pushed for a zero quota on one of the items.

6. On Dec. 16, 1970, Patrick J. Hillings of the Washington, D. C. law firm of Reeves and Harrison gave Roger Johnson a letter addressed to the President. It requested, on behalf of AMPI, that the Tariff Commission's recommendation of strict import restriction be adopted. The letter referred to contributions to Republican candidates in the 1970 Congressional election and to plans to contribute \$2-million to the re-election campaign. Attached to the letter was an extensive economic and political analysis of dairy import quotas. Roger Johnson referred the matter to H. R. Haldeman. An undated memorandum from John Brown referred it to "J. C.," who was to check with Ehrlichman and Colson regarding whether the letter should be sent to the President. The letter ended up in Charles Colson's safe and Colson criticized Hillings for send-

ing such a letter. Hillings had not intended or expected that the President see it in the first place and does not believe that the President did see it. There is no evidence that the President ever saw it.

'Slap in the Face'

7. The President on Dec. 31, 1970, by Proclamation Number 4026 established quotas totaling in excess of 25 million pounds for three of the products and in excess of 400,000 gallons for the fourth. It had been previously reported to the White House that any modification from the Tariff Commission's recommendation of zero quotas on three items, and 100,000 pounds on another would be viewed on the Hill as a "slap in the face" by the dairy people.

8. During late 1970 and early 1971 the dairy industry actively sought Congressional support and action in its effort to obtain an increase in the milk price support level.

In February and March of 1971, approximately 100 Senators and Congressmen wrote the Secretary of Agriculture to urge that the support price be increased. Most wanted the price raised to 90 per cent of parity. Some asked that the price be raised to at least 85 per cent of parity.

9. Congressional leaders made their views known to Administration officials in several private conversations. Congressman Mills urged Clark MacGregor on at least six occasions in late February and early March to urge the President to raise the support price. Congressman Mills telephoned the director of the Office of Management and Budget, George Shultz, with the same request. Mr. Shultz sent a memorandum to John Ehrlichman indicating the substance of Congressman Mills' request for a rise in the support level.

10. Following Secretary Hardin's announcement, March 12, 1971, that the support level would not be raised for the 1971-72 marketing year, intense lobbying began. On March 16, 1971, Richard T. Burress reported to John Ehrlichman that the decision had been hit by partisan attacks and that legislation would be introduced which would require that the price support level for milk be raised to 85 per cent of parity, that it would have the support of Speaker Carl Albert and Wilbur Mills and that it would likely pass.

28 Bills in House

11. In the House, 28 separate bills were introduced between March 16th and March 25th to set the support price at a minimum of 85% and a maximum of 90% of parity. 29 Republican and 96 Democratic members introduced or co-sponsored this legislation.

In the Senate, 28 Senators introduced legislation on March 16, 1971, that would have required support levels at a minimum of 85 per cent of parity. Of the bill's sponsors, one was a Republican and 27 were Democrats. Three days later, Senator Hubert Humphrey sponsored his own bill seeking higher parity.

12. On March 19, 1971, John Whitaker reported to John Ehrlichman that contrary to a vote count of the previous night, Secretary Hardin is convinced there is a 90 per cent chance that an 85 per cent of parity support bill will pass Congress and that the President should allow himself to be won over to an increase to 85 per cent of parity.

13. On the morning of March 23, 1971, the President called Secretary of the Treasury Connally. The primary subject of the conversation was an unrelated matter. The latter part of their conversation touched on the fact that the President would be meeting later that morning with the dairymen, the potential effect of a support level increase on consumer prices and that the President wanted a decision that day.

Invited by President

14. The meeting had been planned and scheduled some months in advance. The President originally invited the dairy leaders during a courtesy telephone call on Sept. 4, 1970, and a meeting on Sept. 9, 1970. Specific arrangements were begun in January, 1971. The Department of Agriculture obtained a list of the officers and representatives of the major dairy industry groups. A list of potential invitees was forwarded to the White House by Secretary Hardin on Jan. 26, 1971, with his recommendation that a meeting be scheduled. On Feb. 25, 1971, Secretary Hardin was informed that the President had approved the meeting for 10:30 A.M., March 23, 1971.

15. The President opened the meeting by thanking the dairy leaders for their nonpartisan support of Administration policies.

Secretary Hardin then briefly outlined the problems facing the dairymen and asked for their views. The remainder of the meeting was taken up by dairy leaders pleading their case for a higher support price and discussion among the President, Administration officials and the dairymen regarding

the economics of a milk-price support increase. No conclusions were reached about the support price. Campaign contributions were not mentioned.

16. On the afternoon of March 23, 1971, the President held a meeting with seven Administration officials to discuss the dairy price support problem. The meeting opened with Secretary Connally, at the President's request, outlining the situation. He pointed out that politically the President was going to have to be strong in rural America and that the farmers had many problems and that this was one of the few which the President could do anything about; second, the major dairy groups represent some 100,000 dairymen who are being tapped, labor-union style, to amass an enormous amount of money which they were going to use in various Congressional and Senatorial races all over the country to the President's political detriment. Secretary Connally also advised the President twice that he believed a support level increase to be economically sound.

17. The discussion then centered on the pending legislation which would require a support level increase. The President stated that he believed such a bill would pass. Secretary Hardin expressed the view that a bill forcing an increase was almost certain to pass and told the President that 150 names were on the bill and that Speaker Carl Albert supported it. Secretary Connally stated that Wilbur Mills also supported it and that it would pass the House beyond any question. Secretary Connally said the move would gain liberal support as it would embarrass the President.

18. Vetoing such a bill was then discussed. Connally said the dairymen were arguing on Capitol Hill such a veto would cost the President Missouri, Wisconsin, South Dakota, Ohio, Kentucky and Iowa in the 1972 election. Hardin said the President would not have any choice but to sign it.

The President then made the judgment that Congress was going to pass the bill and that he could not veto it. The President then adopted a proposal by Connally that a trade-off be made, giving the dairymen an increase in 1971 in return for a promise not to seek an increase in 1972.

Credit for Increase

19. Secretary Hardin then raised the question of the Administration getting credit for the increase. Secretary Connally suggested rather that first the Speaker, Carl Albert, Congressman Wilbur Mills and others be contacted in order to obtain their support, in return, on other legislation. The problem was discussed of how to keep the dairymen from learning of the decision until Congressmen Albert and Mills could be approached but still obtain a promise from the dairymen not to push for an increase in 1972.

20. At the end of the meeting the President outlined who was to contact Speaker Albert and Congressman Mills and that he understood J. Phil Campbell would contact the dairymen about not seeking an increase in 1972.

21. J. Phil Campbell called Harold Nelson after the meeting and asked him if the Administration did raise the support level would he and the other dairymen "get off our backs" and not ask for more increases, to which Mr. Nelson agreed. Campbell did not tell him of the meeting with the President; did not discuss anything else; and did not tell him not to boycott a Republican fund raising dinner.

22. Murray M. Chotiner stated in his deposition he did not know in advance of the decision to increase support levels, did not discuss campaign contributions in seeking a support level increase on behalf of the dairymen and did not talk to the dairymen in the context of contributions in return for favorable action.

23. Herbert W. Kalmbach has testified that as of March 25, 1971 he was unaware of any price support matter and that he does not recall any suggestion or indirect suggestion of a relationship between campaign contributions and governmental actions affecting the dairy industry by members of the dairy industry or their representatives or members of the White House staff. Harold S. Nelson, David L. Parr and Marion Edwyn Harrison have all testified to the effect that there was no quid pro quo relationship between a milk price support increase and campaign contributions.

24. Economic and traditional political considerations were the only basis of the decision to increase the price-support level. Increased costs and other economic factors raised by dairymen, the political pressure which precluded a veto of a bill which would set parity at a minimum of 85 per cent and possibly as high as 90 per cent, the potential threat of production controls which would decrease the milk supply and the need for an increased supply of cheese were factors which caused Secretary Hardin to change his earlier decision.