

# Excerpts From Transcript of March 1971,

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WASHINGTON, July 19 — Following are excerpts from the transcript of the White House tape of a March 23, 1971, meeting of the President with John D. Ehrlichman, his domestic affairs adviser; John B. Connally Jr., the Secretary of the Treasury; George P. Shultz, director of the Office of Management and Budget; Clifford M. Hardin, Secretary of Agriculture, and Donald B. Rice, assistant director of the Office of Management and Budget. The transcript was prepared for the House Judiciary Committee by its impeachment inquiry staff.

PRESIDENT: Uh, uh, uh, tell him we ought to review this, this situation. [Unintelligible]. Now, uh, John, would you express your views, uh to us all—you expressed them to me this morning. [Coughs] I had a [unintelligible] you fellows heard their story today.

EHRlichman: It's dead. It's—

CONNALLY: Well, Mr. President, I don't—I understand you did meet with 'em—But I don't want to try to go back over the economics of it, uh, I'm not—

P. How about the politics? Can you—

C. Uh, I'm not trying to talk about it or discuss at any great length the, the economics of it, but as far as the politics are concerned—looking to 1972, it, uh, it appears very clear to me that you're going to have to move, uh, strong in the Midwest. You're going to have to be strong in rural America, uh,

and particularly that part of the country. Now, there are a lot of things that you can't do, uh, with respect to farmers. They're almost, uh, beyond help at this point. Uh, they feel like they are. They don't feel like anybody's trying to help them. Uh, every time they turn around, they hear somebody talking about, wanting to increase imports on beef from Australia, to, to—in behalf of the consumer. Hog prices are down what, uh, fif—seventeen dollars—

HARDIN: [Unintelligible] dollars from twenty-nine.

C. They were, they were twenty-nine a year ago.

UNIDENTIFIED: It's because they grew so many.

C. Well, we had, there's there's lots of problems and they're responsible for a lot of them. Fortunately, beef prices have held up fairly well but, uh, grain is an insoluble problem so far as I can tell. Uh, it, it, it—working with it for years, so I, I just don't know many areas that you can do many things—that's the net of what I'm saying—to help, uh, the farmers, uh, and the dairy people now. These dairymen are organized; they're adamant, they're militant. This particular group, AMPI, which is the American Milk Producers Institute or something, uh, represents about forty thousand people. The one that parallels them on the East, uh, Mid-Con, or something—

H. Mid-American.

C. Mid-American group represents about forty thousand. The Southeastern group, uh, Dairymen Incorporated, what-

ever their name is, represent a lesser number, but probably in the range of twenty thousand members. They, uh, very frankly, they tap these fellows—I believe it's one-third of one per cent of their total sales or ninety-nine dollars a year whichever is —

P. Like a union.

C. Oh, it's a check-off. No question about it. And they're meeting, and they're having meetings. They have them a Sabine airplane, and they just travel from one part of the country to another part of the country to get these fellows in and they sign them up and it's a pure check-off deal. 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, uh, a legitimate cause. I wouldn't, I wouldn't recommend that you do, you ta—, do what if it didn't have any merit to it. They're asking for, for an increase in the cost, uh, in the price of a hundred-weight up to four —, 4.92. They originally started out at 5.05. And, uh, uh, I am sure that these fellows can all argue more convincingly than I can that on the basis of the merits, they ought not to get it, or that milk production will go up or something else, but the truth of the matter is, the price of milk is now pegged at 4.92. You're not going to raise the price of milk. Uh, they're supporting the price of milk themselves with their own money by buying cheese. Right today. Now, if they, if you don't support the price, let them support it at 4.92, they're

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## Meeting of Nixon and Aides on Milk Prices

going to have to drop it because their, their resources are not such that, that they can continue to pay the difference between, what, 4.66 and the, and the 4.92. So they'll drop the price.

H. Now they're, they're in trouble. They've already spent more money than they have, and they're going to drop the price of milk about fifty cents a hundred, on, uh, April one. [Unintelligible] lost to the Treasury. This is why the deficit—

UNIDENTIFIED: They're not, they aren't simply involved with low resources.

C. They, they may well have. Now, there's some talk that, uh, that if the management of it's in trouble and so forth—I don't believe it, I don't believe it.

C. They just raised to pay twenty thousand dollars for a meeting in

get it, uh, if you can get more help for 'em, that, uh, will be, uh, be more loyal to you. And, uh, and I think they've got a worthy case to begin with. And, uh, that being true, I just think you ought to stretch the point. I wouldn't wait till next year, so that—I know that there's been some advice given to you, to wait till next year. Uh, that's—I will differ with that simply because they're going to make their association and their 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. And, you don't want to be in a position—as you well know better than I—you got no questions when people think [unintelligible] you're doing something for them. And that's

think about doing it this year.

P.: That's the problem. I have two problems—is that you have it in the House and the Senate.

C.: What you are going to do on that? UNIDENTIFIED: [Unintelligible]

P.: What I mean is, that if you don't do it, they're going to do it anyway.

C.: I think if you don't do it—P.: If they do—

C.: They're going to pass it. P.: I think they do.

H.: I think it's—

P.: We have a damn near insoluble problem. H.: I think it's as it stands today, it's almost certain to pass.

C.: Uh, I think that's right.

EHRlichman: Is that what Belcher told you?

H.: Yes, yes, I think they got a hun-

they won't do it now.

P.: That'll raise the price, you see. I mean, that's the way they'll cut the liberals off. They'll say: No, they're going to—we guarantee, we won't—like they told us this morning, we won't raise the price; we'll cut back on production—we'll have a voluntary—

H.: Uh, I spoke, I spoke a little bit with them this morning, uh, but I just don't quite know—

C.: Now they've already figured out and how—They're circulating—I've had it for days—they're circulating how they're going to cut you up this year. And that's what they're going to do. They got it all figured out. They're passing this out on the Hill, just exactly how many electoral votes they're going cost you if you veto the 85 per cent bill—which they think they're going to pass. And I think they're going to pass it. And they say that it'll cost you Missouri, Wisconsin, South Dakota for sure. Veto will probably cost you Ohio, Kentucky and Iowa. And, then they go on down and they take the states and they figure what percentage of the states it's going to cost you and they're going to [unintelligible]

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

P.: Well, all right.

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

P.: Probably. C.: That's where you are. H.: I think so.

P.: What's the cost?

H.: Oh, it's just a wild guess. They said thirty-five million and I would suggest that it's, uh, nearer a hundred.

P.: You would?

H.: Now if they could get, if they need to—we had a little talk after you left and—UNIDENTIFIED: Right.

H.: Uh, about whether they really could influence production. And they could, if they went all out to do it. And what they would do, a year from now, would be end up with a hundred and twenty million—billion pounds of milk produced. Uh, they'd be a mature

enough organization that they could, uh, recognize that they had made a mistake and could go out and tell their members they had to survive. Uh, well, they're—maybe we won't talk about that. Uh, it's a fact of life. Uh—

P.: Uh, it seems to me that the problem we have, Cliff, is this. That, uh, and as you know we have decided on a different course of action in the cheese business and all the other—

H.: Well that has to be done. That has, has to be done anyhow.

P.: Oh, what I mean isn't that what we decided that, and that was all we could do.

Shultz: The higher you raise the price, the more certain it is that you have to be strict about the imports. Otherwise, all we're doing is paying the money to the foreigners. UNIDENTIFIED: Yeah.

S.: You have to admit in connection with our business.

P.: Uh, I see your—

S.: See that high price here throughout the—

P.: Uh, uh—UNIDENTIFIED: Yeah.

CONNALLY—Mr. President, trade for both years, if you do it. Trade for this year and next year, if you possibly can.

P.: With these people? C.: Yes, sir.

P.: Well, C.: Yes, sir. P.: Can that be done? I, uh, that's what I, uh—

C.: Yes, sir. P.: That would be great. C.: Yes, sir.

EHRlichman: If you could made a deal for the two years—

C.: Yes, sir. It can be done.

HARDIN: They will do that.

UNIDENTIFIED: You bet.

C.: Won't they, Phil?

CAMPBELL: Yes.

UNIDENTIFIED: Yeah, I would—

UNIDENTIFIED: Well, I would say the price is stable.

P. Yes, that's correct. UNIDENTIFIED: Yeah.

H. The other thing, Mr. President, so they're not asking—

UNIDENTIFIED: And, uh—

H. That, uh, on grounds that it would be just hard to answer. These fellows have a tendency to say, "Well, now look, uh, look at the construction industry. Look at labor. Uh, and then why be so chintzy with us? Uh, all, all evidence is our costs keep rising, and that we're under the freeze, and, uh, you take it out on us not, not the people who are really causing the problem." And, this is hard to answer. Uh, when it's a challenge put that way—

CAMPBELL: Well I think we can settle for a—

UNIDENTIFIED: We've got this other consid—

P. All right, make the best deal you can. UNIDENTIFIED: Yeah. P. Do it for two years and, uh, we, uh, we, know that, uh, and as I say, I appreciate the, very fine judgment to the contrary which, which you can't do as, uh—

H. Now, we must do one other thing, uh—

P. Let's let them know what we're doing. That, uh—EHRlichman: Let's get credit.

UNIDENTIFIED: Oh God, if we're going to do this—C. Mr. President—P. Let's—

C. Please, may I interject a suggestion?

P. Uh, ph—UNIDENTIFIED: [Sighs]

C. Uh—P. Anything you like.

C. Well, let's don't, let's don't trade the, uh, uh, through Agriculture, uh, on the merits—P. Yeah.

C. Until, uh, some other conversations are had. P. Yeah. Yeah.

H. [Unintelligible] we've got a little work to do. We've got to let Page, that, uh—

UNIDENTIFIED: What? H. I mean—Bob Dole.

C. All I'm saying is you—

EHRlichman: No. Later, because they're—

C. You're in this thing for everything, you, you can get out of it. [Unintelligible] UNIDENTIFIED: Yeah.

E. You either hold your position now till you get the green light, couldn't you? C. Oh, sure. P. What?

E. Yeah, as I say, that Agriculture doesn't need to do anything right away. UNIDENTIFIED: He—

P. You, you're now thinking of the political offer?

E. In a day or so.

C. But I know somebody down here can make a little time with them. How much, how much I don't know. But it's worth trying, obviously, because they're both extremely interested in it.

E. Phil, move over there, would you. We'd like to get the picture of some of the House groups that are [unintelligible]. All together now.

H. Wilbur, uh—

C. Let me tell you how important I think it is to Wilbur. Now I don't—I can't vouch for this. I haven't pursued it. I haven't followed it up. I don't want to. But, I was told that you could almost name your price with Wilbur short of all-out support of revenue sharing if you did it.

P. What my point is: This is something where I would not have it done by you, Cliff, in Agriculture. Let's have it done in a way by somebody who has to get something out of it. Uh, like George. You see my point? H. Uh hm. Sure. P. On Wilbur. H. Sure.

P. How would that be? Does that sound all right to you, John? Or should you tell him?

C. No. I think somebody other than me, sir P. Yeah.

C. I think George, or—P. Yeah. C. Whoever—

P. You see my point? S. Yeah, maybe. John and I. P. Maybe John Ehrlichman and George.

C. And don't overlook the Speaker, Mr. President.

P. And do the same with the Speaker. But, I mean the point is, when you do something for these fellows, remember, don't just let them think that we're doing it for, uh, turning our back on policy. Get a picture to them.

UNIDENTIFIED: True. Right. P. You have that point, now. UNIDENTIFIED: Yes, sir. P. Fine.

C. I could maybe suggest a better way. If you tie it in uh, keep in mind that Wilbur called me twice about this. P. Uh huh.

C. And I think Jerry called him about this.

H. Did he call you about it?

C. The Speaker called me, which is very unusual, and he just normally doesn't do that.

UNIDENTIFIED: Well, that's fine, Dick, both talked to you about it.

P. All right. Fine. Well, all right. E. There is—P. I think that, I think that, I think what our play should be here is basically, uh, uh, I think maybe it's, uh, George and John—What do you think? John Ehrlichman.

E. I think that would be great.

P. They, they're going to have to deal with them on revenue sharing and all these other programs. And, and you, uh, pass the word to—you of course handle all the—Page and all that.

UNIDENTIFIED: Heh, heh.

UNIDENTIFIED: If you give them cookies they, they'll love it.

H. Now look there, there are a few of those, fellows—Let's take them home with us.

[Several voices]: Oh, yeah.

H. Well, I think it depends on George. Uh, you know, uh, uh, we've got to accommodate—I think we ought to go this way.

ble] P. He could get Wilbur.

UNIDENTIFIED: But you're going to have to [unintelligible]

SHULTZ: If you wanted to, you could do it. At the same time, of course, you get different people doing it so they don't get crossed up.

UNIDENTIFIED: All right.

CAMPBELL: It, it, it—it's going to have to almost be done simultaneously because just as soon as they've talked, it's so important, everybody is going to know it. The first one that knows is going to get on the phone and call the dairymen, UNIDENTIFIED: You, uh—  
CAMPBELL: And soon as one of the dairymen knows, all of them will.

P. I'll say.

S. Uh, but aren't you and somebody going to want to talk to the dairymen about it so you can set up a—E. Make a two-year deal.

UNIDENTIFIED: A two-year deal.

S. Two year deal.

P. I think first you have got to—well, then and they're going to know—they're, they're—

CAMPBELL: But no, Mr. President, you could ask, you could ask if we're able to do anything would you be satisfied to leave this alone next year. They'll come back promptly—and you'll get a way out if you do. They'll never, never listen to the Secretary. We've found that—

CAMPBELL: I suggest just as quick I can get them on the telephone. P. All right.

CONNALLY: May I also suggest—

P. Make sure you got the deal to present to me. And, uh—UNIDENTIFIED: [Unintelligible]

CAMPBELL: No. I'm not notifying them anyway.

P. No, no, no, no, no. [Unintelligible]

E. His idea is that he'll say, "Look we were able to do this. Will you pledge this." See?

P. Uh huh.

CAMPBELL: No, no problem.

E. Still hypothetical.

P. Yeah, yeah. Then that way the decision is still open. And then, boom.

CONNALLY: And you can pretty well seal this, John and George, uh, when you talk to Wilbur and the Speaker. The two-year aspect.

RICE: We've got a, one loose end left on the, uh—P. Yeah. R. The rate—

P. Uh huh. R.—And it seems to be one other thing we are going to have to do is coordinate the timing of the announcement — which we have to make, uh, very closely with these contacts. And—

EHRlichman: Yeah. Well, right after this—

R. However, there is someone to contact that doesn't—

E. We'll coordinate that, Don. Uh, I think we'll have to get the group together. Uh, we'll have to get Colson and Bob Dole in this, too. And, uh, so—

P. Well, because Colson dealing with the, uh—Well, in any event, I think you got a good game plan. You, you'd, uh, you know what to commit your, your friends and our friends and so on. For political reasons you do, uh, Mr. Mills and Mr., uh, [sigh] Albert. And then, uh, I, uh, I understand Phil will get the dairy people and make the—and say, "All right, you don't bug us next year."

E. Better go get a class of...