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STATEMENT OF INFORMATION SUBMITTED
ON BEHALF OF PRESIDENT NIXON

HEARINGS

BEFORE THE

COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

PURSUANT TO

H. Res. 803

A RESOLUTION AUTHORIZING AND DIRECTING THE COMMITTEE
ON THE JUDICIARY TO INVESTIGATE WHETHER SUFFICIENT
GROUNDS EXIST FOR THE HOUSE OF REPRESENTATIVES TO
EXERCISE ITS CONSTITUTIONAL POWER TO IMPEACH

RICHARD M. NIXON

PRESIDENT OF THE UNITED STATES OF AMERICA

Book III

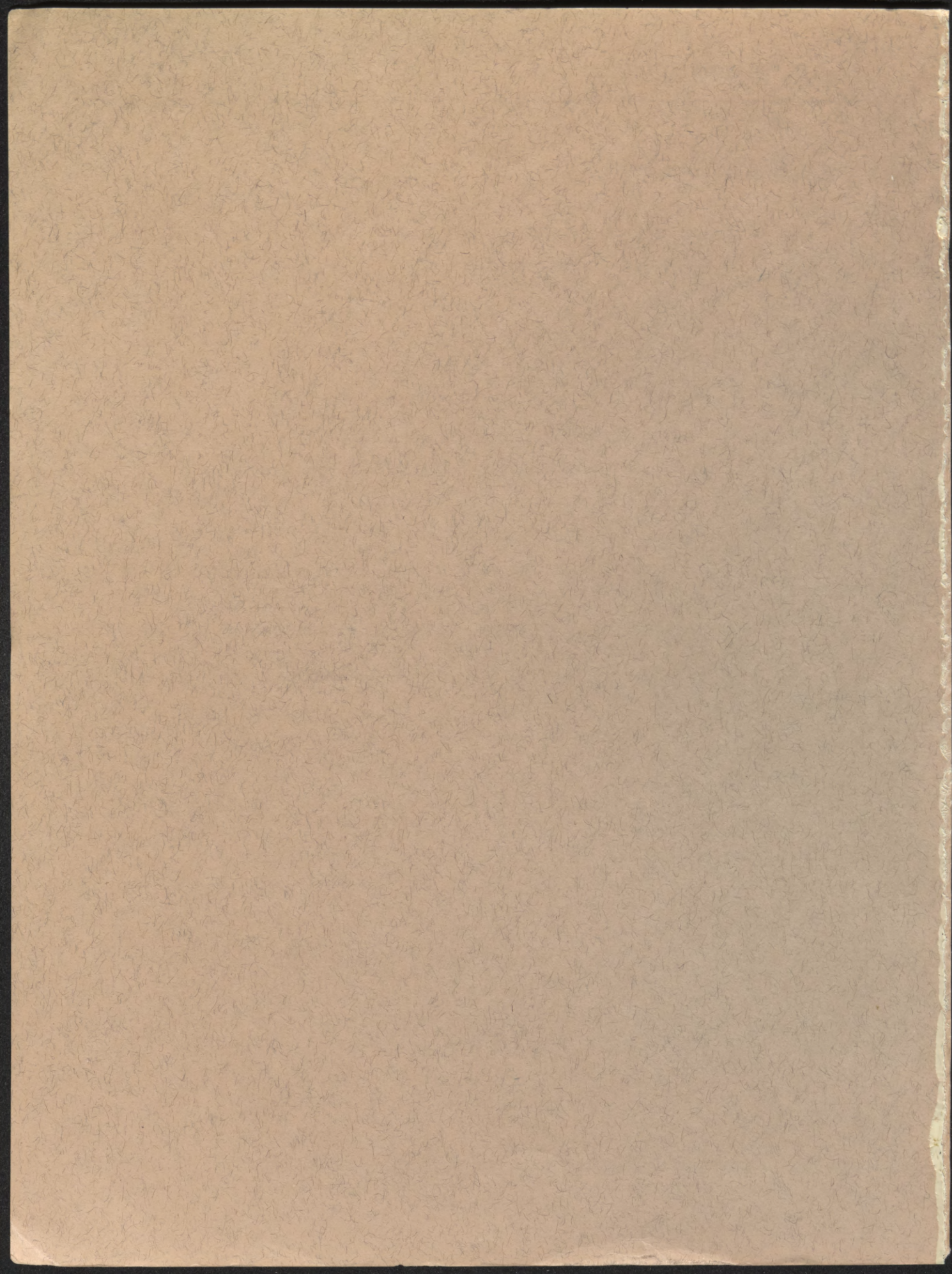
POLITICAL CONTRIBUTIONS BY MILK PRODUCERS
COOPERATIVES: THE 1971 MILK PRICE
SUPPORT DECISION



MAY-JUNE 1974



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COOPERATIVES: THE 1971 MILK PRICE
SUPPORT DECISION



MAY-JUNE 1974

U.S. GOVERNMENT PRINTING OFFICE

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COUNSEL TO THE PRESIDENT

JAMES D. ST. CLAIR, *Special Counsel to the President*

JOHN A. MCCAHERILL, *Assistant Special Counsel*

MALCOLM J. HOWARD, *Assistant Special Counsel*

FOREWORD

By Hon. Peter W. Rodino, Jr., Chairman
Committee on the Judiciary

On February 6, 1974, the House of Representatives adopted by a vote of 410-4 the following House Resolution 803:

RESOLVED, That the Committee on the Judiciary acting as a whole or by any subcommittee thereof appointed by the Chairman for the purposes hereof and in accordance with the Rules of the Committee, is authorized and directed to investigate fully and completely whether sufficient grounds exist for the House of Representatives to exercise its constitutional power to impeach Richard M. Nixon, President of the United States of America. The committee shall report to the House of Representatives such resolutions, articles of impeachment, or other recommendations as it deems proper.

On May 9, 1974, as Chairman of the Committee on the Judiciary, I convened the Committee for hearings to review the results of the Impeachment Inquiry staff's investigation. The hearings were convened pursuant to the Committee's Impeachment Inquiry Procedures adopted on May 2, 1974.

These Procedures provided that President Nixon should be afforded the opportunity to have his counsel present throughout the hearings and to receive a copy of the statement of information and related documents and other evidentiary material at the time that those materials were furnished to the members.

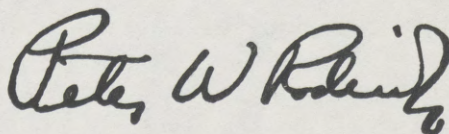
Mr. James D. St. Clair, Special Counsel to the President, was present throughout the initial presentation by the Impeachment Inquiry staff. Following the completion of the initial presentation, the Committee resolved, in accordance with its Procedures, to invite the President's counsel to respond in writing to the Committee's initial evidentiary presentation. The Committee decided that the President's response should be in the manner of the Inquiry staff's initial presentation before the Committee, in accordance with Rule A of the Committee's Impeachment Inquiry Procedures, and should consist of information and evidentiary material, other than the testimony of witnesses, believed by the President's counsel to be pertinent to the inquiry. Counsel for the President was likewise afforded the opportunity to supplement its written response with an oral presentation to the Committee.

President Nixon's response was presented to the Committee on June 27 and June 28.

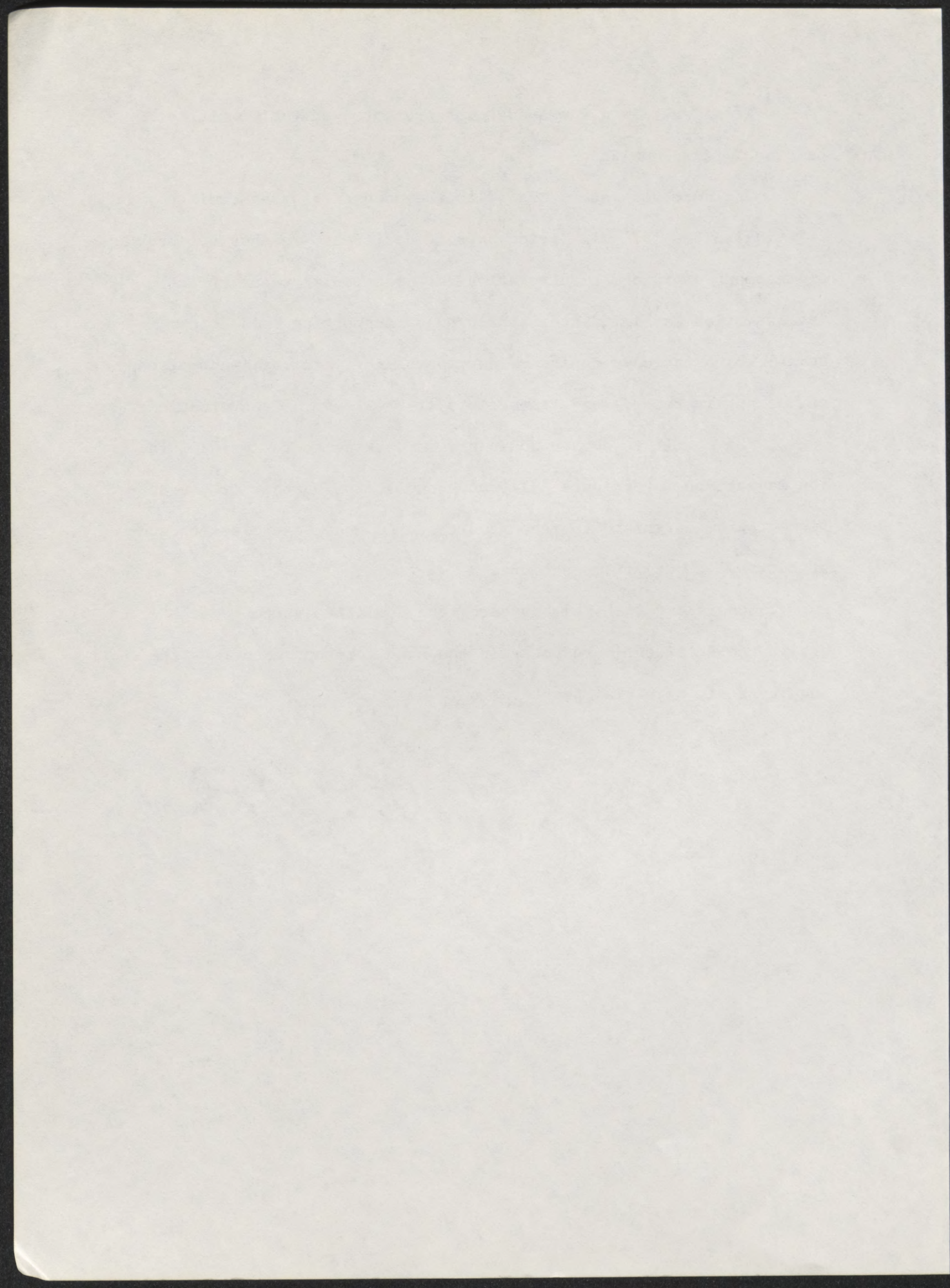
One notebook was furnished to the members of the Committee relating to the 1971 milk price support decision. In this notebook a statement of information relating to a particular phase of the investigation was immediately followed by supporting evidentiary material which included copies of documents and testimony (much already on the public record) and transcripts of Presidential conversations.

The Committee on the Judiciary is working to follow faithfully its mandate to investigate fully and completely "whether or not sufficient grounds exist" to recommend that the House exercise its constitutional power of impeachment.

Consistent with this mandate, the Committee voted to make public the President's response in the same form and manner as the Inquiry staff's initial presentation.

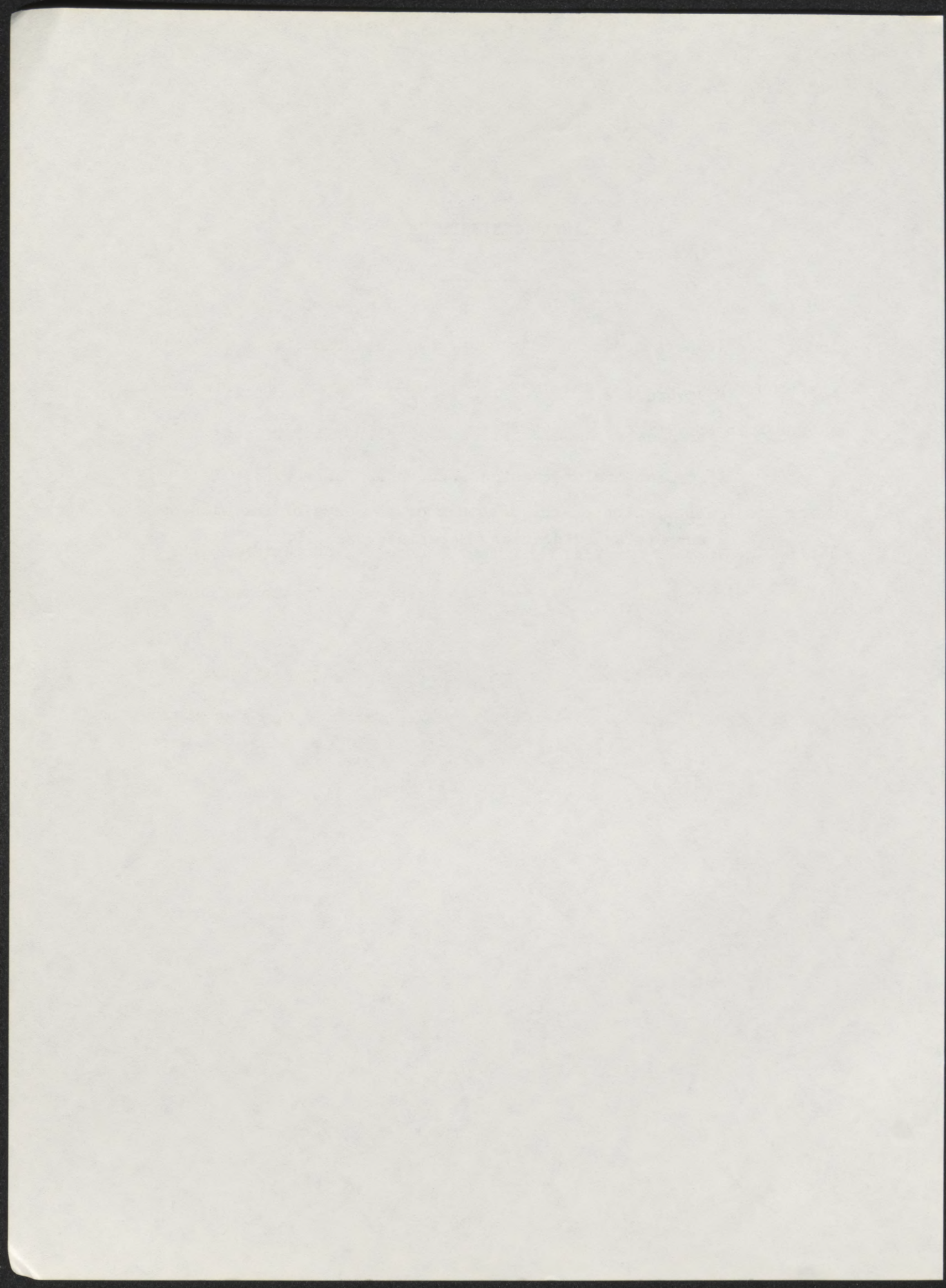
A handwritten signature in dark ink, appearing to read "Peter W. Rodino". The signature is written in a cursive, flowing style with a large, prominent initial "P".

July, 1974



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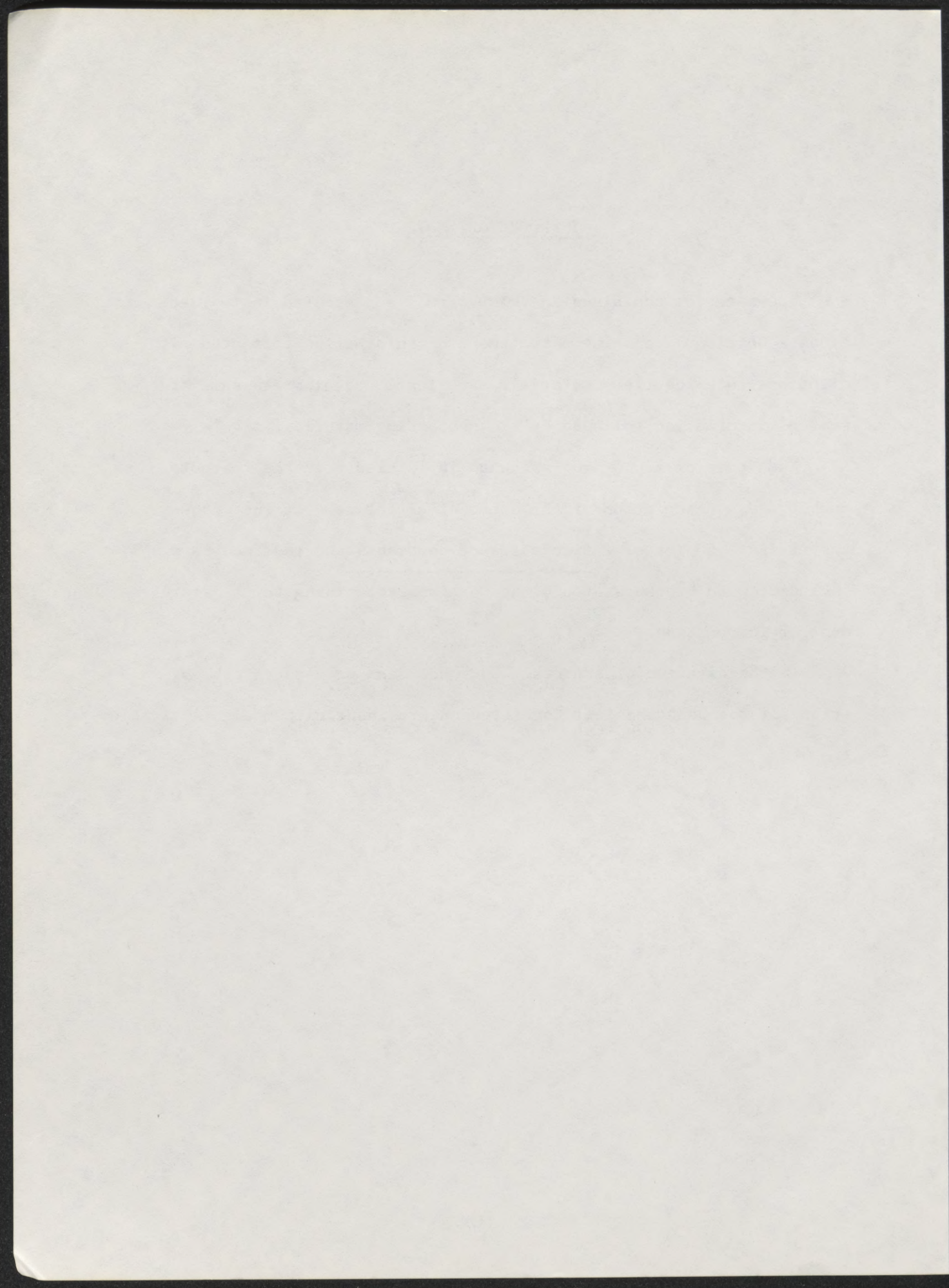


INTRODUCTORY NOTE

The material contained in this volume is presented in two sections. Section 1 contains a statement of information footnoted with citations to evidentiary material. Section 2 contains the same statement of information followed by the supporting material.

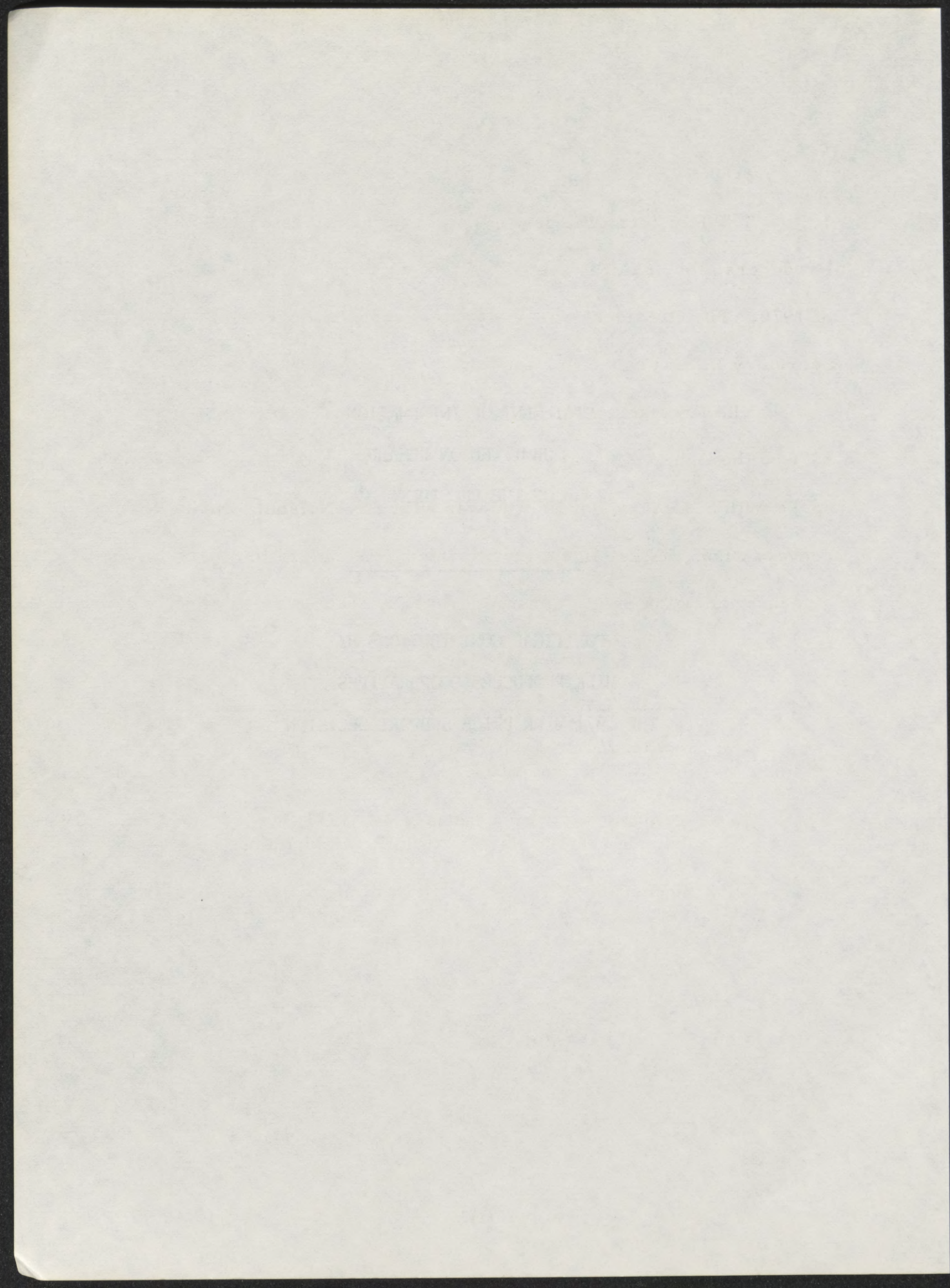
Each page of supporting evidence is labeled with the footnote number and a description of the document or the name of the witness testifying. Copies of entire pages of documents and testimony are included, with brackets around the portions pertaining to the statement of information.

In the citation of sources, "SSC" has been used as an abbreviation for the Senate Select Committee on Presidential Campaign Activities.



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. (AMPI) 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 September 4, 1970 to the General Manager of AMPI, 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.

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1c Deposition of Harold S. Nelson taken February 7, 1973, in <u>Nader v. Butz</u> , (D. D. C. 148-72) pp. 61, 62,	33

2. Harold S. Nelson and his special assistant, David L. Parr, paid a brief call on the President on September 9, 1970 during a Presidential "Open Hour". During the Open Hour of September 9, 25 other people, in addition to the AMPI 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.

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2c Deposition of David L. Parr taken December 12, 1972, in <u>Nader v. Butz</u> , (D. D. C. Cir., No. 418-72) pp. 51-54.	43
2d Deposition of Harold S. Nelson taken February 7, 1973 in <u>Nader v. Butz</u> (D. D. C. Cir., No. 148-72) pp. 61-64, 76, 77.....	47

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.

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3a Senate Select Committee Executive Session Testimony of Harold S. Nelson, December 18, 1973, pp. 82, 83.....	54
3b Senate Select Committee Executive Session Testimony of David L. Parr, December 21, 1973, pp. 205, 206.....	56

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.

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4a. Letter dated March 5, 1970, from Secretary Hardin to the President.....	60
4b. United States Tariff Commission Press Release, October 6, 1970.....	65

5. On October 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 November 7, 1970, that imports of these items should not be cut off. Thus CEA did not forward Secretary Hardin's recommendation to the President. On November 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.

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5a. Memorandum, dated October 19, 1970, from Don Paarlberg to Paul W. McCracken with attachment.	70
5b. Memorandum, dated November 9, 1970, from Hendrick S. Houthakker to Don Paarlberg.....	73
5c. Memorandum, dated November 30, 1970, from Secretary Hardin to Bryce N. Harlow.....	74

6. On December 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 \$2,000,000 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 sending 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.

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6a. Routing memorandum from John Brown to J. C.; Memorandum, dated December 17, 1970, from Roger Johnson to H. R. Haldeman; Letter dated December 16, 1970, from Patrick J. Hillings to the President with attached memorandum...	76
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6c. Memorandum of Senate Select Committee interview with Murray Chotiner on December 7, 1973, and verifying affidavit,	107

7. The President, on December 31, 1970, by Proclamation Number 4026 established quotas totaling in excess of 25,000,000 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.

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7a. Proclamation 4026, December 31, 1970, Weekly Compilation of Presidential Documents, January 4, 1971.....	112
7b. Memorandum dated October 13, 1970, from Dick Burress to John Whitaker.....	115

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 percent of parity. Some asked that the price be raised to at least 85 percent of parity.

8a Senate Select Committee Executive Session Testimony
of Harold S. Nelson, December 18, 1973, pp. 117-120... 118

Letters and telegrams to the Secretary of Agriculture transmitted by the White House to the Judiciary Committee and noted at Book VI, Part I, Paragraph 19.

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.

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9a Memorandum, dated March 5, 1971, from Clark MacGregor to John Ehrlichman and George Shultz.....	124
9b Memorandum, dated March 4, 1971, from George Shultz to John Ehrlichman,.....	125

10. Following Secretary Hardins 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. Burruss 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 percent of parity, that it would have the support of Speaker Carl Albert and Wilbur Mills and that it would likely pass.

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10a Memorandum dated March 16, 1971, from Richard T. Burruss to John Ehrlichman with routing memorandum, dated March 18, 1971, from John Ehrlichman to John Whitaker,.....	128

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 percent 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.

11a

White Paper, The Milk Support Price Decision, January 8, 1974, pp. 14-17.....

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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 percent chance that an 85 percent of parity support bill will pass Congress and that the President should allow himself to be won over to an increase to 85 percent of parity.

12a

Memorandum, dated March 19, 1971, from John C.
Whitaker to John D. Ehrlichman..... 138

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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.

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Tape recording of President's statement during telephone conversation between the President and Secretary John Connally, March 23, 1971.....	141
13 b. President's log of contacts with Secretary Connally, March 11, 1971 to May 11, 1971.....	142

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 September 4, 1970, and a ~~courtesy~~ meeting on September 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 January 26, 1971, with his recommendation that a meeting be scheduled. On February 25, 1971, Secretary Hardin was informed that the President had approved the meeting for 10:30 a.m., March 23, 1970.

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14a Memorandum, dated January 26, 1971, from Secretary Hardin to H. R. Haldeman.....	144
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14c Letter, dated February 25, 1971, from Dwight L. Chapin to Secretary Hardin.....	149

15. The President opened the meeting by thanking the dairy leaders for their non-partisan 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 the 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.

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Tape recording of meeting among the President and dairy representatives, March 23, 1971.....	152

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.

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Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice, March 23, 1971.... 154

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.

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Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice	
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18. Vetoing such a bill was then discussed. Connally said the dairymen were arguing on Capital 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.

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	Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice, March 23, 1971, 158

NOTE: OBJECTION HAS BEEN RAISED BY CONGRESSMAN SEIBERLING THAT THE SECOND PARAGRAPH IS A CONCLUSION RATHER THAN A STATEMENT OF INFORMATION WITHIN THE RULES OF PROCEDURE OF THE COMMITTEE.

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.

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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.

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Tape recording of meeting among the President,
Secretary Hardin, Secretary Connally, John
Ehrlichman, George Shultz, John Whitaker,
J. Phil Campbell and Donald Rice,
March 23, 1971..... 162

*NOTE: OBJECTION HAS BEEN RAISED BY CONGRESSMAN SEIBERLING
THAT THE ENTIRE PARAGRAPH IS A CONCLUSION RATHER
THAN A STATEMENT OF INFORMATION WITHIN THE RULES
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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.

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21a Senate Select Committee Executive Session Testimony of J. Phil Campbell, May 31, 1974, pp. 60, 61, 64.....	164

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.

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22a	Deposition of Murray M. Chotiner taken December 28, 1972, in <u>Nader v. Butz</u> , (D.D.C. 418-72) pp. 10, 11, 21-24.....
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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.

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23a Depositions of Herbert W. Kalmbach, taken December 13, 1973, in <u>Nader v. Butz</u> , (D. D. C. Civ. No. 148-72), pp. 55, 56, 110-112,.....	176
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23e Deposition of Marion Edwyn Harrison taken December 27, 1972, in <u>Nader v. Butz</u> , (D. D. C. Civ. No. 418-72), pp. 113-114,.....	196

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% and possibly as high as 90%, 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.

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24a	Affidavit of Clifford M. Hardin, filed March 19, 1972, in <u>Nader v. Butz</u> , (D. D. C. Civ. No. 148-72)..... 200
24b	CCC Docket MCP 98a, Amendment 1 and attachments.. 208

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STATEMENT OF INFORMATION

AND

SUPPORTING EVIDENCE

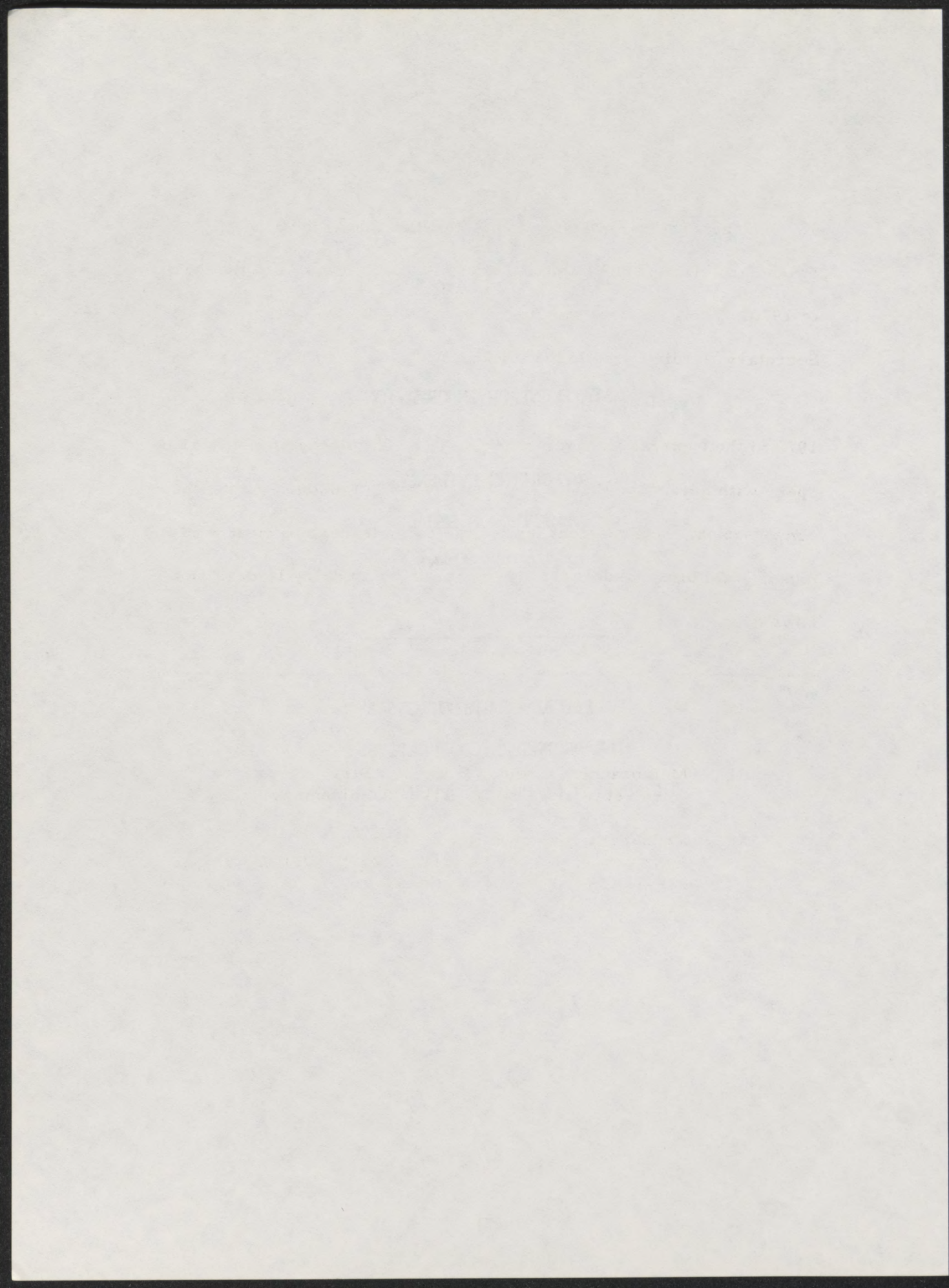
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THE 1971 MILK PRICE SUPPORT DECISION



1. The President was invited to address the Associated Milk Producers, Inc. (AMPI) 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 September 4, 1970 to the General Manager of AMPI, 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.

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(Retyped from illegible copy)

June 29, 1970

To:

Hon. Bryce N. Harlow
Counsellor to the President
The White House

As I discussed with you by telephone, the dairy leaders of the United States have verbally requested two or three times that the President address the dairy farmers at one of their large meetings with six to ten thousand in attendance. This would be a very friendly audience as the dairymen are highly pleased with actions taken by this Administration which involve their welfare.

The President could speak briefly -- four or five minutes -- about dairymen's welfare and his concern with the balance of his remarks directed generally across the board on all American agriculture.

Although the dairy, beef cattle and other commodity group leaders are appreciative of many favorable actions taken for their welfare and they make every effort to communicate with their farmer members on the land, it is impossible to convey the message that a Presidential appearance before their group would take to them. As I stated on the phone, the dairymen would give the President the same type reception accorded to him by the Jaycees in the St. Louis meeting.

/s/

J. PHIL CAMPBELL
Under Secretary

CC: Charles Colson
Special Counsel to the President
JPCampbell:chb 6/29/70

June 29, 1970

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The President could speak briefly — say five minutes — about dairymen's welfare and his concern with the balance of his remarks directed generally across the board on all American agriculture.

Although the dairy, beef cattle and other commodity group leaders are appreciative of many favorable actions taken for their welfare and they make every effort to communicate with their farmer members on the land, it is impossible to convey the message that a Presidential appearance before their group would take to them. As I stated on the phone, the dairymen would give the President the same type reception accorded to him by the Jaycees in the St. Louis meeting.

J. PHIL CAMPBELL
Under Secretary

CC: Charles Colson
Special Counsel to the President
JPCampbell:chb 6/29/70

January 26, 1971

TO: H. R. Haldeman
Assistant to the President
The White House

SUBJECT: Meeting with President and Leaders of Dairy Industry

On September 4, 1970, I addressed 25,000 members of Associated Milk Producers, Inc., in Chicago, Illinois. At that time, President Nixon talked by telephone with me and with Harold Nelson, President of AMPI, and extended an invitation to Mr. Nelson for the key leaders of that group to meet with him in the White House.

At my suggestion, Marion Harrison and Pat Hillings, as attorneys for AMPI, have submitted the enclosed list of names for such a meeting. I recommend the President invite them for a meeting at the earliest convenient time.

1/21
CLIFFORD M. HARDIN
Secretary

Enclosure

SEC:DEBrock:hmk x2631 1-25-71

BROUGHT FORWARD

1 Q Okay. Can you tell us how the March 23rd, 1971 meeting
2 with the President was set up?

3 A I believe it was set up by -- the direct answer to your
4 question is "No, I can't." If you want me to give you
5 an opinion to the best of my recollection --

6 Q Let me describe again what testimony already given --
7 I think this time by Mr. Parr -- indicates. Mr. Parr
8 testified that to his recollection you had invited
9 President Nixon to address the 1970 annual meeting --

10 A That's correct.

11 Q -- of AMPI, and that while you were holding -- He could
12 not attend, but that he telephoned you in the course of
13 that meeting.

14 A He telephoned me just as the meeting was being convened.

15 Q What was the substance of that telephone --

16 A He was expressing his regret at being unable to attend,
17 expressing his awareness of the importance of agriculture
18 to the economy of the United States and to the health
19 and well-being and that sort of thing. You know,
20 reassuring me that -- and asking me to tell the
21 convention that he was concerned about the well-being of
22 agriculture producers, and telling me also that he wanted
23 to meet with us -- no specific time was set -- and that
24 he would discuss such a meeting with Secretary Hardin,
25 I believe he said. And as I recall, Secretary Hardin was

1 at the meeting.

2 And he asked me to tell the convention -- I
3 don't know; maybe I shouldn't say he asked me to. "He
4 authorized me to" may be better. I don't want to put it
5 in the context of the President was asking me to do that.
6 But to express to them his regrets at being unable to
7 attend and the sentiments that I've just described.

8 Q And then I think Mr. Parr's testimony continues. He
9 received a call, he believes, from you saying that you
10 were to fly to Washington -- and this was just a few days
11 after that meeting and telephone call -- you were to fly
12 to Washington to meet with the President. Is that
13 correct?

14 A Well, I don't remember. We did go to meet the President.
15 It seems to me that it was relatively soon after that
16 convention, but I can't tell you what date. And I don't
17 recall who it was who called me to notify me that, you
18 know, the President would see us.

19 Q You don't remember whether a call came from someone on the
20 President's staff?

21 A Well, no, I don't. I assume that it did, though. Any
22 time you're going to see the President you usually get a
23 call and -- But I don't -- it's usually from someone you
24 don't know.

25 Q And you did go and see the President?

2. Harold S. Nelson and his special assistant, David L. Parr, paid a brief call on the President on September 9, 1970 during a Presidential "Open Hour". During the Open Hour of September 9, 25 other people, in addition to the AMPI 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.

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2a Briefing paper for the President from Stephen Bull for the Open Hour. September 9, 1970.....	36
2b Senate Select Committee Executive Session Testimony of David L. Parr, December 21, 1973, pp. 13, 14, 17.	40
2c Deposition of David L. Parr taken December 12, 1972, in <u>Nader v. Butz</u> , (D. D. C. Cir., No. 418-72) pp. 51-54.	43
2d Deposition of Harold S. Nelson taken February 7, 1973 in <u>Nader v. Butz</u> (D. D. C. Cir., No. 148-72) pp. 61-64, 76, 77.....	47

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✓

THE WHITE HOUSE
WASHINGTON

OPEN HOUR

Wednesday, September 9, 1970

12:00 Noon

The President's Office

THE PRESIDENT:

Event No. 1

12:00 p. m. Dr. Kevin McCann
to
12:10 p. m.

Dr. Kevin McCann, who is an old friend of yours, will be brought into your office for a brief visit with you. He will want to discuss with you his decision to take over the Presidency of the Freedom Foundation.

Gift: RN Mint Medallion

* * * * *

Event No. 2

12:10 p. m. Admiral E. P. Holmes, USN
to Supreme Allied Commander (NATO)
12:15 p. m. and
Commander in Chief, Atlantic (US)
General James D. Hughes

General Hughes will escort Admiral Holmes into your office for a brief visit with you. The purpose of the Admiral's visit with you is to pay a farewell call since he is retiring in September.

Gift: Presidential Tie Clasp

* * * * *

36

Open Hour

Wednesday, September 9,

Event No. 3

12:15 p.m. Miss Cathy S. Campbell
to Alex Butterfield
12:20 p.m.

Mr. Butterfield will bring Cathy Campbell into your office for a handshake and a photograph with you. Miss Campbell has been working in the Security Files Section in the White House but is resigning her position to return to College to obtain a second Bachelor's Degree to enhance her FSO opportunities.

Gift: Presidential Bow Pin

* * * * *

Event No. 4

12:20 p.m. Seaman Patricia Sargent
to SP 5 Brenda Davis
12:25 p.m. Sgt. Beverly Kilby
Sgt. Susan West
Lt. Col. John R. Sayre
Major Leonard Rice
Major Jack Brennan

Major Brennan will escort the above group into your office. The Misses Sargent, Davis, Kilby and West hold the title of Miss Military Voters and are representing their respective Services in an annual effort to encourage military personnel to exercise their voting responsibility by voting absentee.

Gifts: Men: Presidential Key Chains
Women: Presidential Bow Pins

* * * * *

Open Hour
Wednesday, September

Event No. 5

12:25 p.m.

Harold S. Nelson, General Manager

to

~~X~~ Associated Milk Producers, Inc.

12:35 p.m.

David L. Parr, Special Assistant to General Manager
Mr. Charles Colson

Mr. Colson will escort Messrs. Nelson and Parr into your office for a handshake and a photograph with you. The Associated Milk Producers organization was formed in November of 1969 as the result of the merger of various other farm groups.

* See separate by
paper from Colson

Gifts:

Presidential Key Chains

* * * * *

(esp. contribution)

Event No. 6

12:35 p.m.

Mr. and Mrs. Charles H. Thomas

to

Dana Thomas

12:40 p.m.

Mr. and Mrs. Thomas and their six-year-old daughter Dana will be brought into your office for a handshake and a photograph with you. Mr. Thomas was present at a previous Open Hour and was invited by you to return with his daughter at some future date.

Gifts:

Mr. Thomas: Presidential Key Chain

Mrs. Thomas: Presidential Bow Pin

Dana Thomas: Apollo View-Master

* * * * *

Wednesday, September 9

Event No. 7

12:40 p.m. Mr. Lynn Culver
to Mr. Neil Lewis
12:45 p.m. Mr. Burl Bohlen
Mr. Merlin Bulch
Mr. Earl Nixon
Mr. Robert Ruddy (Sen. Mundt's Office)

The above-named group represents the "Concerned Citizens of South Dakota" and will be brought into your office to present you with petitions of support concerning your position in Southeast Asia. They have collected over 20,000 signatures.

Gifts: Presidential Tie Clasps

* * * * *

Event No. 8

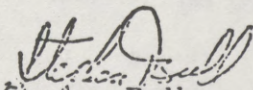
12:45 p.m. Mrs. Marie Kittridge, Legislative Chairman,
Gold Star Mothers, Inc.
12:55 p.m. Mrs. Elva Newman, Washington Representative
Mrs. Bettyann Funk

These ladies represent the organization that sought court action to prohibit the New Mobe from placing the names of their deceased sons on placards during the demonstrations last November. During that November week-end they held numerous press conferences and receive excellent publicity that was favorable to us. You wrote Mrs. Newman and Mrs. Funk personal letters of appreciation.

Gifts: Presidential Bow Pins

* * * * *

NOTE: Ollie Atkins will be present to photograph each of these events.


Stephen Bull

David Parr testimony, SSC
Executive Session,
December 21, 1973, 13-14, 17

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13

Mr. Parr. I believe Mr. Colson was there.

Mr. Weitz. Anyone else?

Mr. Cashen?

Mr. Parr. No.

Mr. Weitz. Did Mr. Colson bring you in to meet the President?

Mr. Parr. I believe that would be correct.

Mr. Weitz. This was the first time that you met with the President?

Mr. Parr. President Nixon, yes.

Mr. Weitz. Yes?

Mr. Parr. (Nods in the affirmative.)

Mr. Weitz. What discussed?

Mr. Parr. Well, Mr. Nixon -- do you mean to tell you the discussion?

Mr. Weitz. Yes. Who said what?

Mr. Parr. Well, Mr. Nixon said -- the first thing we did was got our picture taken with him.

Mr. Weitz. Just the three of you?

Mr. Parr. Yes.

Mr. Weitz. Not Mr. Colson?

Mr. Parr. No.

And the second thing that happened, he got on his yellow cabinet [sic] and we all sat down and he said, you people must have real good organization. I have heard some very good things

Retyped from indistinct original.

David Parr testimony, SSC
Executive Session,
December 21, 1973, 13-14, 17

ped from indistinct original

14

about it. I know that you tried every way in the world to get me to come, and I understand that you had a successful meeting. And when is your next one? I want to be there. I believe was the right word.

And I believe we told him that our next one would of course be 1971, and that we did not really want him to come.

Then he said, well, I do not understand that.

We said, we want you to come in 1972, and we will have it in Los Angeles, and we will have it in the Coliseum and we will have 100,000 people. And if you don't come we'll get the Democrat.

And that's when he said, no, I want to come in '71.

Now, we were sort of joshing with him then.

Mr. Weitz. In fact, you hoped he would come to your '71 convention, did you not?

Mr. Parr. Well --

Mr. Weitz. You would have taken him any time, would you not have?

Mr. Parr. Certainly. Oh, certainly.

And in '72 we could have had quite a number of people at our meeting.

Mr. Weitz. You mentioned that because you were trying to impress him with the growth of the organization?

Mr. Parr. Yes.

Of course, we were not thinking about California, really,

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David Parr testimony, SSC
Executive Session,
December 21, 1973, 13-14, 17

typed from indistinct original

17

we want you to know we want to support you?

Mr. Parr. Yes, I am sure we did that, because we faced up to the facts that he was very popular out in the Midwest.

Mr. Weitz. Did you discuss any problems or substantive policies with him, dairy policies, dairy problems?

Mr. Parr. Well, I think we were there about 15 or 20 minutes, and we tried to give him a bird's eye view of the cooperative, of what milk was. And I just do not remember all of the discussion we had. In other words, it was a very light-veined type of discussion. It was the first time we had ever seen him, the first time I had ever seen him.

Mr. Weitz. He appeared knowledgeable, though, about your organization and activities?

Mr. Parr. He complimented us on the type of organization we had.

Mr. Weitz. So apparently he had been informed of what you were doing and what the organization was?

Mr. Parr. Yes, sir. I guess so.

Mr. Weitz. After that meeting did you have any meetings with Mr. Colson in the fall, by the end of the year, about setting up a meeting with the President and other dairy leaders?

Mr. Parr. I have forgotten how we proceeded to this when I first knew we were going to have a meeting with the President. But it seems to me it was sometime in January that -- It seems like to me that Mr. Harrison visited with the Administration

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Q I understand that.

Especially with all those dairy farmers in town at the same time?

A I don't know about that.

Q Did you attend the meeting with the President at the White House on March 23, 1971?

A Yes.

MR. WILSON: You want to take a five-minute recess?

MR. DOBROVIR: Yes.

(Short recess.)

MR. DOBROVIR: On the record.

BY MR. DOBROVIR:

Q When we recessed, I had just asked you about a meeting at the White House with the President on March 23, 1971.

How was that meeting arranged?

A In 1970, ANPI was having an annual meeting in Chicago.

There were efforts to try to persuade the President to come to that meeting. He didn't come.

He did talk, as I understand it -- I wasn't at the meeting in Chicago -- he did talk, as I understand it, with Mr. Nelson in Chicago, and said the kind of thing that he

s-23

was sorry he couldn't come.

I don't know what he said.

About three days later, well, over the weekend
sometime, I got a call from Mr. Nelson.

Q You got a call from Mr. Nelson?

A I believe from Mr. Nelson, saying that -- maybe he
told Mr. Nelson. I don't know how that ran.

Anyhow, they were to meet with the President about
three days after the annual meeting. This must have been in
September of '70.

At that time, the President -- a lot of people had
urged him to come, and he had gotten the impression that it
was a good meeting, a large, well attended meeting, and he
wanted to know when our next one was and that he would make
every effort to try to come to the next one.

When was it? And he would like to meet with other
people in the dairy industry and to remind Secretary Hardin,
just to keep in mind, that he wanted to meet in early 1971
with other people.

So, I don't know when it was set, Mr. Dobrovir,
exactly, but that is the first mention I heard of it.

Q Were you told this by Mr. Nelson?

A No.

I was told this by the President.

Q By the President.

You spoke to him personally?

A Mr. Nelson and I were there.

Q This was after the Chicago meeting?

A The 1970 annual meeting of AMPI.

Q You went to Washington?

A Came to Washington.

Q And expressly for the purpose of seeing the President?

A Yes.

Q And how did that occasion come about?

A I said I don't know. I don't know.

As I was saying, I wasn't in Chicago, so I don't know how the meeting got arranged.

He did talk, as I understand it, to Mr. Nelson from some place, wherever he was, while the meeting was going on.

Q So you and Mr. Nelson flew to Washington to meet with the President, and now when you met with the President at that time, did you discuss anything else besides the question of his setting up a meeting?

A I just remember he got his yellow pad and started

saying, "When is that meeting?"

I was impressed with that.

Q How long did your meeting with him at that time last?

A I don't remember.

Q You don't remember what other subjects were discussed?

A The only thing that impressed me was that he was very complimentary of what he had heard about our annual meeting. That is what we had just had.

And he expressed an interest in meeting some of our people, which we thought was good, and it sounded like he wanted to come to our next meeting, which he ultimately did.

Q Was that the only thing that you talked with the President about at that time?

A I am sure we talked to him about the plight of the dairy farmer because we never missed an opportunity to talk to anybody about that, but I don't remember anything specifically.

Q Do you meet with the President often?

A No.

I don't know of anybody that meets with the President often.

1 Q Okay. Can you tell us how the March 23rd, 1971 meeting
2 with the President was set up?

3 A I believe it was set up by -- the direct answer to your
4 question is "No, I can't." If you want me to give you
5 an opinion to the best of my recollection --

6 Q Let me describe again what testimony already given --
7 I think this time by Mr. Parr -- indicates. Mr. Parr
8 testified that to his recollection you had invited
9 President Nixon to address the 1970 annual meeting.--

10 A That's correct.

11 Q -- of AMPI, and that while you were holding -- He could
12 not attend, but that he telephoned you in the course of
13 that meeting.

14 A He telephoned me just as the meeting was being convened.

15 Q What was the substance of that telephone --

16 A He was expressing his regret at being unable to attend,
17 expressing his awareness of the importance of agriculture
18 to the economy of the United States and to the health
19 and well-being and that sort of thing. You know,
20 reassuring me that -- and asking me to tell the
21 convention that he was concerned about the well-being of
22 agriculture producers, and telling me also that he wanted
23 to meet with us -- no specific time was set -- and that
24 he would discuss such a meeting with Secretary Hardin,
25 I believe he said. And as I recall, Secretary Hardin was

1 at the meeting.

2 And he asked me to tell the convention -- I
3 don't know; maybe I shouldn't say he asked me to. "He
4 authorized me to" may be better. I don't want to put it
5 in the context of the President was asking me to do that.
6 But to express to them his regrets at being unable to
7 attend and the sentiments that I've just described.

8 Q And then I think Mr. Parr's testimony continues. He
9 received a call, he believes, from you saying that you
10 were to fly to Washington -- and this was just a few days
11 after that meeting and telephone call -- you were to fly
12 to Washington to meet with the President. Is that
13 correct?

14 A Well, I don't remember. We did go to meet the President.
15 It seems to me that it was relatively soon after that
16 convention, but I can't tell you what date. And I don't
17 recall who it was who called me to notify me that, you
18 know, the President would see us.

19 Q You don't remember whether a call came from someone on the
20 President's staff?

21 A Well, no, I don't. I assume that it did, though. Any
22 time you're going to see the President you usually get a
23 call and -- But I don't -- it's usually from someone you
24 don't know.

25 Q And you did go and see the President?

1 A We did.

2 Q And who attended the meeting at that time?

3 A As I recall at that time it was just Mr. Parr and me.

4 Q And who was --

5 A Unless you, you know, can refresh my memory on someone
6 else. I don't believe there was anyone else there.

7 Q Was there anyone from the President's staff there?

8 A I'm sure there was, but I don't recall who. And there
9 may not have been, but --

10 Q And what happened at that meeting?

11 A He once again talked about how he regretted that he
12 couldn't attend the meeting. We talked to him about and
13 invited him to address the next meeting -- the next annual
14 meeting, which he did.

15 Q And that was the entire --

16 A This was a very brief meeting. I remember he kidded Dave
17 Parr about his build as a former Tennessee football
18 player and, you know, talked about his interest in sports
19 and that sort of thing. That seems to me that the main
20 point of discussion at that time was that we would like
21 for him to attend our next -- and speak at our next annual
22 meeting.

23 Q And was there any discussion at that time of a meeting
24 that would turn out to be the March meeting?

25 A I don't have an independent recollection but I would say

1 it would be unusual if we didn't seize that opportunity
2 to tell him that we'd like at his convenience to have
3 some dairy leaders in to talk with him.

4 Q Now, when did you first learn that this March meeting was
5 going to take place?

6 A You mean the one -- which March meeting?

7 Q The March 23rd meeting at the White House.

8 A It seems to me it was just very shortly before the meeting,
9 maybe -- I don't really know. I can't recall how I heard
10 or -- it seems to me maybe it was just twenty-four hours
11 or forty-eight hours before the meeting. It may have
12 been longer, but not a whole lot of notice, as I recall.
13 Now, I could be wrong about that.

14 Q Had anything about such a meeting been in the wind before
15 that?

16 A Oh, there was always something about such a meeting in the
17 wind before that, and let me tell you why. You know that
18 those who are opposing your views have access to the
19 President and are pressing their views on the President.
20 You always want an opportunity to be heard because if
21 you're convinced of the correctness of your position,
22 see, you have confidence that if you can be heard that
23 you can refute, especially if those who are of opposing
24 views are present. I was always confident that if we
25 could get the opposing views exposed in our presence, we

CROSS-EXAMINATION

By Mr. Goldbloom:

Q I have a couple of questions, Mr. Nelson. During the course of your various discussions with members of Congress or Congressional staff members or the President or members of the White House staff or with whomever you may have come in contact or officials of the Department of Agriculture in connection with your efforts to obtain a satisfactory -- that is, satisfactory to your interests -- result concerning the price support level were there discussions to the effect that the making of political contributions by the agricultural trust would have an effect or an impact upon the decisions to be reached by the Government as to the price support level?

A Absolutely not.

Q Did anyone intimate to you that the making of political contributions, or for that matter, the failure to make political contributions, would have any kind of effect on such a determination?

A No, they did not.

Q And in the course of your discussions did you or others representing your interests suggest that the making of political contributions might have a beneficial result?

A No, absolutely not.

MR. GOLDBLOOM: I have no further questions.

1 A I'd just like to say this: I take it that what you're
2 asking me -- the essence of what you were asking me is,
3 was there a quid pro quo.

4 Q Exactly.

5 A There's never been a quid pro quo in my total experience.

6 CROSS-EXAMINATION

7 By Mr. Barrera:

8 Q Just by way of clarifying the people that may have been
9 present at the meeting, which you've already given some
10 names, both as to those that may have been with the
11 President's staff and those that ~~may have been with the~~
12 farm group, in number, would you hazard a guess as to how
13 many people may have been there all told?

14 A As I recall, the meeting was in the Cabinet Room and the
15 Cabinet table was full -- the seats at the Cabinet table
16 -- and chairs were arranged in back of the President with
17 people occupying them. So I would say -- that's very hard
18 to figure. I would say if you started counting, though,
19 a total of thirty-five to fifty people in there. I'd
20 say probably nearer thirty-five. I could be wrong on
21 that, too. I'm sure they know how many were in there,
22 but it was a goodly number of people.

23 Q The \$8500.00 loan to Mid-America, do I recall your having
24 said that you did or did not recall the possibility of

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.

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3a Senate Select Committee Executive Session Testimony of Harold S. Nelson, December 18, 1973, pp. 82, 83,.....	54
3b Senate Select Committee Executive Session Testimony of David L. Parr, December 21, 1973, pp. 205, 206.....	56

Harold Nelson testimony, SSC
Executive Session, December 18, 1973, 82, 83,

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82

Mr. Weitz. Several hundred committees?

Mr. Nelson. Yes.

Mr. Weitz. What total amount did you contemplate contributing, or did you tell them you would contribute?

Mr. Nelson. Well, we did not tell them any specific amounts at various times, a million dollars, two million dollars or even more money was discussed. And had they given us the names of the committees, they could have gotten much more money from us.

Mr. Weitz. When you say a million, two million dollars or more was discussed at various times, who discussed it? Did you discuss it with some individuals or did you --

Mr. Nelson. There would just be amounts that would be thrown out about the --

Mr. Weitz. Yes. Did you hear those amounts discussed, or did you yourself discuss those amounts?

Mr. Nelson. Ordinarily, I would not be the one to mention those amounts.

Mr. Weitz. Who did?

Mr. Nelson. Mr. Parr.

Mr. Weitz. In your presence?

Mr. Nelson. He has mentioned those amounts in my presence, yes.

Mr. Weitz. Who else was present at any of the times that Mr. Parr mentioned those amounts?

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Mr. Nelson. Mr. Colson.

Mr. Weitz. Mr. Colson. Was it at this meeting in 1970, for example?

Mr. Nelson. I do not recall it being at that meeting, Everybody knew that they had demonstrated their -- to me, it is an unfathomable thing -- inability to come with a list of committees.

Mr. Weitz. Well, how early -- was this the first meetings when you raised the first possibility of committees being organized, or had you asked for these committees earlier?

Mr. Nelson. We had asked for these committees earlier.

Mr. Weitz. How much earlier?

Mr. Nelson. I cannot tell you when it would be.

Mr. Weitz. 1969?

Mr. Nelson. No. I do not recall in '69, but among the first meetings we had with Mr. Colson we asked for committees.

Mr. Weitz. When was the first time you met with Mr. Colson?

Mr. Nelson. Let us say, we may have met with him in '69, but if not, it was certainly early '70.

Mr. Weitz. And at one of the first or early meetings, you mentioned that you wanted to make contributions and wanted the names of committees?

Mr. Nelson. Yes, sir. We sure did.

Mr. Weitz. Did you mention the contribution in 1969, the

David Parr Testimony, SSC
Executive Session, Decem-
ber 21, 1973, 205-206

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205

Mr. Sanders. Yes, but as I recall your previous testimony, you put it in the context of in discussion of this, and really my question is, did you ever make such representation?

Mr. Parr. I do not recall anything specifically. No, sir.

Mr. Sanders. Did you ever say that dairy people could give more than labor organizations?

Mr. Parr. I would have loved to have said that.

Mr. Sanders. Do you think you might have?

Mr. Parr. I don't know.

Mr. Sanders. Well, what I wanted to ask you is, when do you think you might first have said something to that affect. But I suppose your answer is that you do not recall that you ever really said it?

Mr. Parr. Well, I want to be fair with everybody, and if I could shed any light on it I would sure try to do it.

Mr. Sanders. Please try to understand. I am not asking you if you promised that to the Administration or the re-election, or that you promised to give that in return for a certain favor. I am just asking if you made a general statement that this much money would be available.

Mr. Parr. I just remember a discussion of about a million dollars, and then somebody said two million dollars, and that's the --

Mr. Sanders. Would the first time that that occurred have been in Colson's office?

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Mr. Parr. Do you mean discussions of that type of nature?

Mr. Sanders. Yes.

Mr. Parr. I just don't know.

Mr. Sanders. Can you recall who participated in such a discussion?

Mr. Parr. No, sir. I do not. We were --

Mr. Gibson. Can we go off the record just a second and take a break?

Mr. Sanders. (Nods in the affirmative.)

(Discussion off the record.)

Mr. Sanders. Back on the record.

Mr. Parr. In relation to this one million and two million, I recall that it was said, discussed, and as I recall, it was sort of in a jesting manner. That is the best recollection I can have.

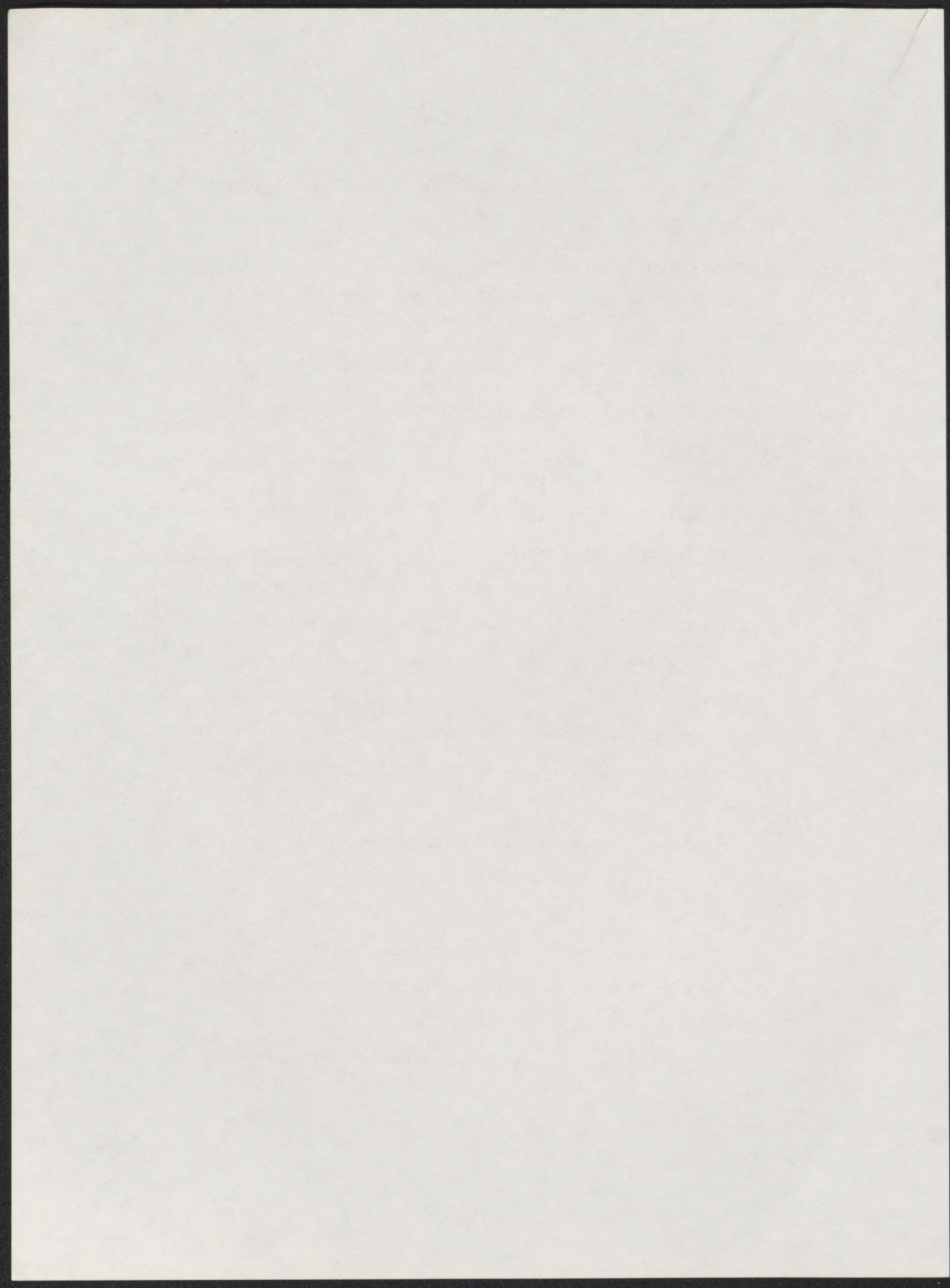
I have testified that one was mentioned, and then I believe Mr. Colson said, this is a two million dollar package, or some words like that.

Mr. Sanders. The obvious implication of your answer is that it occurred in Colson's office?

Mr. Parr. Yes, sir.

Mr. Sanders. What I was wondering is, is this the first time to your recollection that contributions of that magnitude had been discussed in your presence?

Mr. Parr. We were constantly discussing what we expected



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.

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4a. Letter dated March 5, 1970, from Secretary Hardin to the President.....	60
4b. United States Tariff Commission Press Release, October 6, 1970.....	65

March 5, 1970

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

This is to advise you that I have reason to believe that certain dairy products are being imported, and are practically certain to continue to be imported, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the price support program for milk and butterfat undertaken by the Department of Agriculture, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat. I have reference to ice cream, chocolate crumb with a fat content of 5.5 percent or less, animal feeds containing milk or milk derivatives, and certain cheese containing 0.5 percent or less by weight of butterfat.

These articles are specifically described in the enclosed statement of recommendations which sets forth the basis for my belief. Also enclosed for your consideration is a draft letter from you to the Chairman, United States Tariff Commission.

All of the aforementioned articles are products of recent appearance in international trade which have been specifically developed and promoted to evade import controls established on recognized articles of commerce. These evasions should be stopped before they grow to disruptive proportions and cause unnecessary and burdensome Federal expenditures. For this reason, I urge that you ask the Tariff Commission to initiate and complete its investigation as soon as possible.

Respectfully,

S/ Clifford M. Hardin

CLIFFORD M. HARDIN
Secretary

Enclosures

RECOMMENDATIONS FOR STRENGTHENING UNITED STATES DAIRY IMPORT CONTROLS

The United States controls imports of certain dairy products by means of import quotas established pursuant to Section 22 of the Agricultural Adjustment Act, as amended. Such quotas are intended to prevent imports from rendering ineffective, or tending to render ineffective, or materially interfering with, the price support program for milk and butterfat undertaken by the Department of Agriculture, or from reducing substantially the amount of products processed in the United States from domestic milk and butterfat.

Since their inception in 1953, these controls have been used with restraint in an effort to maintain a proper balance between freedom to trade and the necessary protection of our dairy price support program and, through it, our dairy economy. But, because the price incentives are very strong, both foreign suppliers and the import trade have sought to circumvent and evade the quotas whenever possible. It is such a situation which now requires action.

World supplies of dairy products are in surplus to commercial market demand and increased further in 1969. Milk going to fluid use continues to decline while the output of manufactured dairy products continues to increase. These surpluses are seeking outlets at almost any price; export subsidization is commonplace, with such subsidies frequently exceeding the value of the product. The world dairy market is in a state of turmoil and disorganization. In consequence, nearly all countries find it necessary to control dairy products imports by one device or another.

When Section 22 was originally utilized in 1953 to deter imports from materially interfering with the dairy price support program, all the items placed under quota were articles normally found in international trade. In 1954, the first full calendar year of quota operations under Section 22 controls, imported products amounted to 441 million pounds, whole milk equivalent.

The President

2

As world dairy supplies have increased, so has the relative attractiveness of the United States market. Recent utilizations of the provisions of Section 22 have necessarily had the specific intent of restraining importations of foreign dairy surpluses, particularly of products deliberately formulated in order to evade existing dairy import restrictions.

The most recent Section 22 action, Proclamation 3884 of January 6, 1969, was intended to limit annual imports to 1.3 billion pounds, whole milk equivalent, an amount the Department considered to be consonant with the Department's price support program. Now, however, we are again faced with an increase in imports beyond this level and which again threatens to affect seriously the Department's support program. This situation requires me to request that you direct the Tariff Commission to undertake an investigation under Section 22 of the Agricultural Adjustment Act, as amended, as to the need for import restrictions on certain articles.

The products on which import restrictions are recommended are the following:

1. Ice cream, as provided for in item 118.25 part 4, subpart D, of Schedule 1 of the Tariff Schedules. The most flagrant abuse in the list of dairy products currently free of restriction concerns ice cream. Prior to April 1969, there was no record of any imports of ice cream, which is listed in the Tariff Schedules as Item 118.25. In that month, there began the importation of frozen mixtures containing the ingredients of ice cream but in different proportions and with abnormally large milk solids content. This type of product was classified as "ice cream" even though the product was not used for direct consumption but, rather, for the manufacture of commercial ice cream. In effect, these mixtures are a modification of the "Junex" mixes which were placed under quota restriction in 1967 and 1969.

Imports of this putative ice cream during January-November 1969 exceeded 14.5 million pounds, representing roughly 29 million pounds of genuine ice cream or 86 million pounds milk equivalent. The Bureau of Census data show the price per gallon from 72.7 to 80.6 cents. The same product made at support level prices with domestic butterfat, non-fat milk solids and sugar, all of which are subject to price support, would be approximately \$1.50 per gallon.

This evasion threatens to become a major leak in the import control structure. Whereas the original (and still principal) source of supply is Belgium, six other countries (Canada, Denmark, Jamaica, New

The President

3

Zealand, Sweden and West Germany) have entered the field. Prompt establishment of an import quota on ice cream, covering genuine ice cream as well as the putative product, is recommended.

2. Chocolate provided for in item 156.30 of part 10 and articles containing chocolate provided for in item 182.95, part 15, Schedule 1 of the TSUS, containing 5.5 percent or less by weight of butterfat (except articles for consumption at retail as candy or confection). Presidential Proclamation 3884 of January 6, 1969, set a limit on imports of milk chocolate crumb as "Chocolate provided for in item 156.30, of part 10, Schedule 1, if containing over 5.5 percent by weight of butterfat (except articles for consumption at retail as candy or confection)." The specification of a butterfat content for quota purposes of over 5.5 percent derives from similar descriptions of other products made from a combination of dairy and non-dairy ingredients; until recently, it had no practical significance since the butterfat content of normal chocolate crumb is 8-12 percent.

Now, however, the 5.5 percent provision has become a loophole for quota evasion. Crumb with a butterfat content just under the minimum percent has come in, both under the TSUS 156.30 and also (because of differing sugar/chocolate content) under TSUS 182.95, "Edible preparations not specifically provided for," a category in which articles containing 5.5 percent or less butterfat are likewise not subject to quota.

The Bureau of Customs estimates that from the initial importation on through mid-December, approximately 400,000 pounds of low-fat chocolate crumb have been imported. This figure can be expected to mount rapidly. This is a product which never existed before and which has been devised specifically for the purpose of circumventing United States import restrictions. Furthermore, the reduction in butterfat content is accompanied by an increase in nonfat milk solids. This is a situation which needs correction by making the product subject to quota.

3. Animal feeds containing milk or milk derivatives, classified under item 184.75, subpart C, part 15 of Schedule 1 of the TSUS. Another development of particular concern has been the growth in imports of "milk replacer" animal feeds consisting of nonfat dry milk (or dry whole milk) to which other non-dairy ingredients have been added, particularly fats such as tallow, grease or lard. The addition of the non-dairy ingredients allows this type of product to enter without being subject to the import quotas for dried whole milk, dried buttermilk and whey, or dried skimmed milk, all of which have been subject to Section 22 restriction since July 1, 1953.

The President

4a. SECRETARY HARDIN LETTER, MARCH 5, 1970

4

Imports of such animal feeds commenced in January 1968, following a Bureau of Customs decision in August of 1967 that such product was classifiable as an animal feed and free of quota as long as that class or kind of merchandise to which the imported product belonged is chiefly used for animal feed purposes. Imports in 1968 were 2.4 million pounds and rose to 8.5 million pounds for the first eleven months of 1969. Significantly, moreover, the rate of imports is accelerating and the major supplier, Ireland, has been joined by Australia and New Zealand.

These feeds compete with domestic feeding of milk and milk solids, whether such feeding takes the form of whole milk fed directly; fluid skim milk, buttermilk or whey returned from creameries and cheese factories; dry feeds containing milk solids; or nonfat dry milk purchased for feeding purposes. The landed, duty-paid cost of the imported feeds is from 12-15 cents per pound; the minimum (support) price for domestic nonfat skim milk (to which animal fats must be added) is slightly above 23 cents. With this price difference, there can be little doubt that the imported feeds, unless checked, will gain wide and growing acceptance.

Imports of these "milk replacer" animal feeds threaten interference with the price support program for dairy products. Current trends presage materialization of that threat in significant magnitude. Action to establish quotas should be taken now to forestall that threat before it becomes disruptive and costly.

4. Cheese, and substitutes for cheese, containing 0.5 percent or less by weight of butterfat, as provided for in items 117.75 and 117.85 of subpart C, part 4 of Schedule 1 of the TSUS, except articles within the scope of other import quotas provided for in Part 3 of the Appendix to the TSUS; if shipped otherwise than in pursuance to a purchase, or if having a purchase price under 47 cents per pound. Proclamation 3884, in establishing import quota 950.10D of the TSUS provided for exceptions for "cheese not containing cow's milk; cheese, except cottage cheese, containing no butterfat or not over 0.5 percent by weight of butterfat, and articles within the scope of other import quotas provided for in this part."

The exception as provided in Proclamation 3884 has stimulated an influx of skim milk cheese for use in the manufacturing of process cheese food. No such cheese was imported previously. This is a recent development which can be expected to expand considerably under the pressure of price incentives. It is therefore necessary that the description of this item be changed to eliminate the exception for cheese containing no butterfat or not over 0.5 percent by weight of butterfat.

U.S. Tariff Commission

press release, October 6, 1970. 1-2

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PUBLIC

INFORMATION

U.S. TARIFF COMMISSION

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20436

PHONE: NA. 8-3947

For release

October 6, 1970

TARIFF COMMISSION RELEASES REPORT TO THE PRESIDENT
ON DAIRY PRODUCTS

The U.S. Tariff Commission today released its September 21, 1970, report to the President on the results of an investigation of certain dairy products under section 22 of the Agricultural Adjustment Act, as amended. The purpose of the investigation (No. 22-28) was to determine whether ice cream, certain chocolate and articles containing chocolate, certain animal feeds, and certain cheeses are being, or are practically certain to be, imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the U.S. Department of Agriculture's price-support programs for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat.

The Commission unanimously found material interference, or practical certainty of such interference, from imports of all the products named above and recommended import quotas of zero for ice cream, certain chocolate and articles containing chocolate, and certain animal feeds. With respect to certain cheeses, the Commission recommended an absolute quota of 100,000 pounds for each calendar year after 1970. The quotas they assigned to the various products are based on the patterns of trade during the calendar years 1963 through 1965, inclusive.

The Commission's report contains, in addition to the Commission's statement of the considerations on which its findings

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U.S. Tariff Commission
press release, October 6, 1970, 1-2

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2

and recommendations were based, information on the domestic dairy situation, Federal programs for dairy products, foreign trade, and support programs and export subsidies of foreign countries.

Copies of the report (T.C. Pub. 338) are available upon request as long as the limited supply lasts. Requests should be addressed to the Secretary, U.S. Tariff Commission, 8th and E Streets, N.W., Washington, D.C. 20436.

* * * * *

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PUBLIC

INFORMATION



U.S. TARIFF COMMISSION

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20541
PHONE: 202-343-3022

14.2 U.S. Tariff Commission
press release

For release
October 6, 1970

TARIFF COMMISSION RELEASES REPORT TO THE PRESIDENT
ON DAIRY PRODUCTS

The U.S. Tariff Commission today released its September 21, 1970, report to the President on the results of an investigation of certain dairy products under section 22 of the Agricultural Adjustment Act, as amended. The purpose of the investigation (No. 22-28) was to determine whether ice cream, certain chocolate and articles containing chocolate, certain animal feeds, and certain cheeses are being, or are practically certain to be, imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, the U.S. Department of Agriculture's price-support programs for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat.

The Commission unanimously found material interference, or practical certainty of such interference, from imports of all the products named above and recommended import quotas of zero for ice cream, certain chocolate and articles containing chocolate, and certain animal feeds. With respect to certain cheeses, the Commission recommended an absolute quota of 30,000 pounds for the remainder of 1970 and an absolute quota of 100,000 pounds for each calendar year after 1970. The quotas they assigned to the various products are based on the patterns of trade during the calendar years 1963 through 1965, inclusive.

The Commission's report contains, in addition to the Commission's statement of the considerations on which its findings

and recommendations were based, information on the domestic dairy situation, Federal programs for dairy products, foreign trade, and support programs and export subsidies of foreign countries.

Copies of the report (T.C. Pub. 338) are available upon request as long as the limited supply lasts. Requests should be addressed to the Secretary, U.S. Tariff Commission, 8th and E Streets, N.W., Washington, D.C. 20436.

* * * * *

5. On October 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 November 7, 1970, that imports of these items should not be cut off. Thus CEA did not forward Secretary Hardin's recommendation to the President. On November 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.

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5a. Memorandum, dated October 19, 1970, from Don Paarlberg to Paul W. McCracken with attachment.	70
5b. Memorandum, dated November 9, 1970, from Hendrick S. Houthakker to Don Paarlberg.....	73
5c. Memorandum, dated November 30, 1970, from Secretary Hardin to Bryce N. Harlow.....	74

October 19 1970

TO: Paul W. McCracken, Chairman, Council of
Economic Advisers

FROM: Don Paarlberg, Director, Agricultural Economics

SUBJECT: Dairy Import Quotas

CENTRAL
SECRETARY'S FILES
FILED
SECY'S RECORDS & COMM. DIV.

You will soon receive an options paper on dairy import quotas from the Ad Hoc Task Force on Agricultural Trade.

Secretary Martin has asked me to forward the attached letter to the President urging that the President accept the recommendations of the Export Commission. I should appreciate it very much if you will bring this matter to the President's attention at the earliest opportunity.

Enclosure

FAS:IT:ARDeFelice:dld:ext 6887:10/19-70

FAS-190

*Cleaned in
draft with
P.H.P. and*

(Retyped from illegible copy)

(Tab 5a)

October 19, 1970

Filed

—
Please return to
F. A. S.

The President
The White House

Dear Mr. President:

I refer to Report 338 of the Tariff Commission on certain dairy products, containing findings and recommendations in response to your directive of May 13 that the Commission investigate and report on the necessity for import controls. The products concerned are: ice cream, chocolate crumb with a fat content of 5.5 percent or less, animal feeds containing milk or milk derivatives, and certain cheese containing 0.5 percent or less by weight of butterfat.

As you know, the Commission found unanimously that imports of the four products are interfering with the dairy price support program and recommended zero quotas for all items except the low-fat cheese. For low-fat cheese, the Commission recommended an annual quota of 100,000 pounds to permit continuance of traditional imports of "hard cheese," a specialty product which is in the same classification as skim milk manufacturing cheese, the item which we seek to bring under control.

Two alternative proposals for your decision are being submitted by the task force chaired by Mr. Houthakker. One is acceptance of the Commission's recommendation in toto; the other is establishment of import quotas in amounts equal to actual imports during the period July 1969-June 1970, inclusive.

I am firmly convinced that acceptance of the Commission's recommendations is the only proper course of action. The Commission's investigation has substantiated my position that the trade concerned reflects in its entirety (except for "hard cheese") evasions of the intent and purpose of existing import controls. To conclude that the July 1969-June 1970 period, in which accelerating imports necessitated my recommendation and your action, is "representative" is to deny both fact and logic. Failure to follow the Commission's recommendations can only strengthen the hands of the critics who charge that the Administration is unwilling to carry out the intent of Congress in enacting Section 22.

I urge that you accept the Tariff Commission's recommendations and issue a proclamation to give them effects as soon as possible. For your convenience, a draft proclamation is enclosed.

Sincerely,
signed
CLIFFORD M. HARDIN

October 19 1970

The President
The White House

Dear Mr. President:

I refer to Report 335 of the Tariff Commission on certain dairy products, containing findings and recommendations in response to your directive of May 13 that the Commission investigate and report on the necessity for import controls. The products concerned are: ice cream, chocolate cream with a fat content of 5.5 percent or less, animal feeds containing milk or milk derivatives, and certain cheese containing 3.5 percent or less by weight of butterfat.

As you know, the Commission found unanimously that imports of the four products are interfering with the dairy price support program and recommended zero quotas for all items except the low-fat cheese. For low-fat cheese, the Commission recommended an annual quota of 100,000 pounds to permit continuance of traditional imports of "hard cheese," a specialty product which is in the same tariff classification as skin milk manufacturing cheese, the item which we seek to bring under control.

Two alternative proposals for your decision are being submitted by the task force chaired by Mr. Rusk. One is acceptance of the Commission's recommendations in toto; the other is establishment of import quotas in amounts equal to actual imports during the period July 1969-June 1973, inclusive.

I am firmly convinced that acceptance of the Commission's recommendations is the only proper course of action. The Commission's investigation has substantiated my position that the trade concerned reflects in its entirety (except for "hard cheese") evidence of the intent and purpose of existing import controls. To conclude that the July 1969-June 1973 period, in which accelerating imports necessitated by recommendation and your action, is "unrepresentative" is to deny both fact and logic. Failure to follow the Commission's recommendations can only strengthen the hands of the evil forces which charge that the Administration is unwilling to carry out the intent of Congress in enacting Section 22.

I urge that you accept the Tariff Commission's recommendations and issue a proclamation to give that effect as soon as possible. For your convenience, a draft proclamation is enclosed.

Sincerely,

WHL

CLARENCE A. LARSEN
Secretary

DAIRY PRODUCTS 3

5b. HENDRIK HOUTHAKKER MEMORANDUM, NOVEMBER 9, 1970

misc

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

PAUL W. MCCrackEN, CHAIRMAN
HENDRIK S. HOUTHAKKER
HERBERT STEIN

November 9, 1970

MEMORANDUM FOR DON PAARLBERG
Director, Agricultural Economics

OFFICIAL
SECRETARY'S FILES
FILED
SECY'S RECORDS SECTION

Subject: Dairy Import Quotas

As you know, the Task Force on Agricultural Trade has made a unanimous recommendation on dairy imports to the President. In view of this, there presumably is no longer any need to forward the letter from Secretary Hardin to the President which you sent to Paul McCracken on October 19. We are therefore holding these letters. If you want them back, I shall be glad to return them.

H. S. Houthakker
Hendrik S. Houthakker

*I: ask De Police if we
should have the letter back.
I think "yes."*

73

1/30/70

FOR OFFICIAL USE ONLY

MEMORANDUM FOR: Bryce H. Harlow, Assistant to the President
The White House

SUBJECT: Impending Section 22 Dairy Action

I have had a further look at the recommendation for Section 22 controls on four additional dairy items, including ice cream mix. I am now convinced that the proposed settlement is too generous and for this reason believe we must review it again.

I am especially concerned about the implications of the proposed settlement for ice cream mix. This is strictly a contrived product--contrived to get around existing import controls. In the past, it has appeared in substantially the same form but under different descriptions such as Juxex, Hyloane, etc. These have been brought under control on a very tight basis.

If we were to proceed with a fairly generous quota for the current ice cream mix product, it would appear that we were not only rewarding those who sought to exploit loopholes in the program, but were encouraging additional efforts to discover new loopholes. It is quite clear that this product, which is called ice cream by the sellers but which undergoes further processing before it is used as ice cream, is imported in this form because there are controls on ice cream mix.

In our original proposal to the Tariff Commission, we recommended a zero quota for ice cream mix. The Commission itself recommended a zero quota. I believe we should be very tough on this item and hold to a zero quota.

I have no objection to the proposed 1969-70 quota amounts for the other three products. They are not so troublesome as ice cream mix with respect to the price support program.

Clifford M. Hardin
Secretary of Agriculture

FAS:04:RA:loanes:erb/old:ext 2025-11/30/70
FAS-211

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6. On December 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 \$2,000,000 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 sending 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.

	Page
6a. Routing memorandum from John Brown to J. C.; Memorandum, dated December 17, 1970, from Roger Johnson to H. R. Haldeman; Letter dated December 16, 1970, from Patrick J. Hillings to the President with attached memorandum...	76
6b. Deposition of Patrick J. Hillings, taken January 15, 1974, in <u>Nader v. Butz</u> , (D.D.C. Civ. No. 148-72) pp. 37-42, 50-52,.....	96
6c. Memorandum of Senate Select Committee interview with Murray Chotiner on December 7, 1973, and verifying affidavit,.....	107

THE WHITE HOUSE
WASHINGTON

TO: J2

FROM: JOHN BROWN

FYI _____

COMMENT Would you
check with E 2
on an whether
this should go in
and if so in what
form.

MEMORANDUM

6a. ROGER JOHNSON MEMORANDUM, DECEMBER 17, 1970

THE WHITE HOUSE

WASHINGTON

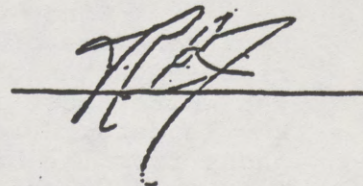
December 17, 1970

TO: H. R. HALDEMAN

FROM: ROGER JOHNSON

SUBJECT: Letter to the President from Pat Hillings.

Pat Hillings handed me the attached letter and asked that it be directed to the President. It concerns a matter with which both Peter Flanigan and Chuck Colson are familiar and on which they are working.

A handwritten signature, likely of J. Edgar Hoover, is written over a horizontal line. The signature is stylized and cursive.

LAW OFFICES

REEVES & HARRISON

SUITE 300

1701 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D. C. 20006

TELEPHONE 202 278-9030

TELEX 440378 CROX

CABLE "REEVLAW"

OF COUNSEL

PATRICK J. HILLINGS

WM. MONTGOMERY SMITH

JOHN EDWIN HARRISON
KEST GENE REEVES
JOSEPH F. SAGLE
DON SOLTER
ST. R. POTTER

December 16, 1970

The Honorable Richard Nixon
The White House
Washington, D. C.

Re: \$22 Tariff Commission (Milk) Recommendations
Presidential Proclamation

Dear Mr. President:

This letter discusses a matter of some delicacy and of significant political impact.

Since January 1 my Washington partner Marion Harrison (one of your 1968 Virginia Co-Chairmen) and I have represented Associated Milk Producers, Inc. ("AMPI"). At the White House in September you privately met AMPI's two key leaders, Harold Nelson and Dave Parr. You spoke by telephone from the beach at San Clemente to Secretary Hardin and to Harold Nelson during AMPI's annual convention in Chicago Labor Day weekend. You told Harold of your intent personally to address AMPI's next annual convention (a gathering of almost 30,000 dairy farmers and their families).

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about \$135,000.00 to Republican candidates in the 1970 election. We are now working with Tom Evans and Herb Kalmbach in setting up appropriate channels for AMPI to contribute \$2 million for your re-election. AMPI also is funding a special project.

On September 21 the Tariff Commission recommended to you, after it did a study you requested in May, four specific quotas for four specific dairy products. These recommendations are well documented and by now are well known in the dairy and related industries. No Presidential Proclamation has been issued.

The problem is this. The dairy industry cannot understand why these recommendations were not implemented

very quickly. The longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days. On one occasion, President Johnson even imposed quotas before he received the Tariff Commission's recommendations!

The overall parity ratio is at its lowest since December 1933. Farmers generally are unhappy with the economy. You know our farmbelt losses in the election.

The Government saves money (by saving price support payments) and the farmer makes money when the recommended quotas are imposed. The products are all "evasion" products - that is, products which historically were not imported but which started to be imported only after quotas were imposed on other products.

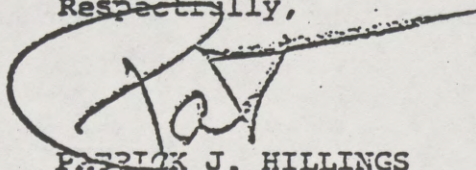
The dairy and related industries have great faith in your personal leadership. At the same time, they are shaken by the economy. The right kind of Proclamation issued quickly would dramatize your personal interest in a large segment of agriculture.

This problem is bogged down within the White House. It is a victim of the bureaucracy - the Trade Bill people, the National Security Council people, the domestic people. It has been studied and restudied. It is not moving.

We write you both as advocates and as supporters. The time is ripe politically and economically to impose the recommended quotas. Secretary Hardin, the Tariff Commission and the dairy industry all support this. All that is necessary is a simple Proclamation implementing the four specific Tariff Commission recommendations.

(We attach a more detailed Memorandum. The subject is quite interesting if you have time for it.)

Respectfully,



PATRICK J. HILLINGS

PJH:ek

Enclosure

LAW OFFICES

REEVES & HARRISON

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1701 PENNSYLVANIA AVENUE, N. W.

WASHINGTON, D. C. 20006

TELEPHONE 202 294-3030

TELEX 440375 CRDK

CABLE "REEVLAW"

OF COUNSEL

PATRICK J. HILLINGS

WM. MONTGOMERY SMITH

EDWIN HARRISON
J. GENE REEVES
J. F. SAGLE
M. SOLTER
R. POTTER

December 1, 1970

MEMORANDUM TO THE SPECIAL COUNSEL TO THE PRESIDENT

Dairy Industry Support for \$22 Tariff
Commission Recommendations

1. Introduction

The dairy industry supports the \$22 Tariff Commission recommendations for import quotas and opposes the White House staff proposal. This Memorandum is written on behalf of our client, Associated Milk Producers, Inc., representing a very major segment of the dairy industry, in support of the President's issuing a Proclamation implementing the \$22 Tariff Commission recommendations exactly as recommended by the Tariff Commission.

a. \$22 Tariff Commission Recommendations

The Tariff Commission has recommended to the President that he set quotas of zero for "ice cream"; of zero for certain chocolates; of zero for certain animal feeds; and of 100,000 pounds per annum for certain lowfat cheeses. These recommendations are based upon historic imports.

b. Staff Proposal

The staff proposes to submit to the President a recommendation that he set quotas drastically higher than

- 2 -

those recommended by the Tariff Commission - specifically, 5 million pounds (or 633,500 gallons) for ice cream; 5 million pounds for chocolate; 17 million pounds for animal feeds; 9 million pounds for lowfat cheese.

The staff's recommendation evidently is based upon a synthesis of admittedly difficult foreign trade negotiation considerations, a lack of full realization of the economic impact of its recommendations upon the American dairy industry, a minimization of possible domestic political impact and a non-acknowledgement of the evasion factors involved in the recent dramatic increases in imports.

We fully recognize the difficulty of the staff's assignment. We believe that the approach taken by the staff has made that assignment more difficult. We are hopeful the facts set forth in this Memorandum and in the tables attached will be helpful.

c. Absence of Legal Issues

Apparently at least one member of the staff is concerned that we might be under the impression the dairy industry has some kind of legal right to quotas as recommended by the Tariff Commission. Obviously we are under no such impression. The statute is clear. The President has absolute discretion, unreviewable in the courts, and final authority. (Indeed, if we had a legal right, there would be nothing about which to negotiate.)

2. Political Considerations

Since this firm began to represent AMPI, that organization has been, and regardless of the outcome of this matter will continue to be, most helpful to the Administration.

However, neither AMPI nor any other source of leadership in the dairy industry can guarantee the support of the membership and of those many segments of voters who directly or indirectly are tied in to the agricultural economy. As the recent election has shown, the economic issue is foremost in the minds of many voters and, reasonably or otherwise,

- 3 -

when there is a downturn in the economy, they hold it against the Administration.

The dairy farmers' 1972 vote obviously is not going to turn totally upon the quotas set for dairy products. However, that is one of many factors which go into the mix that ultimately both psychologically and economically affects the dairy farmers' relationship with the Administration. The present lack of accord as to quotas is particularly puzzling to those dairy farmers sufficiently sophisticated to be aware of the situation, a number which increases as time passes. This is so because in the past the dairy industry more often than not has sought quotas stricter than those recommended by the Tariff Commission. Here the industry seeks only to implement the recommendations of the Tariff Commission. Farmers cannot understand the subtleties of diplomatic negotiation. When the Tariff Commission issues a detailed, factual and convincing report, based upon a study directed by the President, farmers do not understand why the President will not accept the recommendations contained in the report. (The fact that those of us in Washington allegedly more sophisticated in these matters can understand some of the problems, unfortunately, is neither relevant nor convincing.)

a. North Central States

The dairy industry exists in varying proportion in all 50 states. It is strongest in some of those states which traditionally are the backbone of Republican voting strength and which the President must carry in 1972. Some 65% of all milk used in manufactured dairy products comes from the Dakotas, Minnesota and Wisconsin. In the recent election, we lost every statewide race in those four states. We also lost five House seats. We do not suggest the difference in the amount of a quota on a dairy product would mean the difference in such races. We do suggest that the political considerations which motivate recognition of the dairy industry's import problems are significant in the total voter reaction in those states.

b. Merits

The welfare of the dairy industry is closely tied to the Government. In large measure this is a consequence

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of too much success in increasing dairy production. However, we must face the facts as they are and not as one might wish them to be. Fortunately, the Tariff Commission's §22 recommendations stand on their own merits, all political considerations aside.

3. Psychological and Price Considerations of Dairy Industry

Both psychological and price considerations of the dairy industry should be considered. The latter can be explained more readily than the former.

As Table VI indicates, if the staff proposal were implemented, dairy farmers would lose an estimated \$4,649,000.00.

The psychological blow to the dairy industry would be meaningful, difficult though it is to attempt to explain.

At the present time, there is substantial personal support for the President in the dairy and related industries and, except for the present adverse economic condition in the country, there is general dairy farmer support for the Administration. The sources for this feeling are many - the dairy farmer's personal admiration for the President, the dairy farmer's natural inclination (in most states, particularly outside the South) toward the Republican Party, the dairy farmer's appreciation of his good relations with the present Administration and other factors. The dairy farmer reasonably cannot expect to get from this Administration, or from any other, everything he wants. However, to turn him down in an area where another body of the Government, ostensibly speaking with great expertise, publicly has recommended something he wants, risks a psychological blow of unpredictable proportion. (As some know, there are also other considerations why AMPI cannot afford any psychological block to its present activities.)

Even more complicated than the direct psychological repercussion is the combined psychological and economic repercussion. When some purchasers are allowed to purchase imported dairy products at a price less than all other purchasers must pay for domestic products, there is an unfair cost advantage to all other purchasers. If the staff proposal be implemented, that unfair cost advantage would be about \$3,510,000.00 (Table VI).

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The exercise of that advantage tends to have a lowering effect generally on dairy product prices. The dairy industry is not necessarily advocating continually higher prices for dairy products. However, as a matter of survival, it must favor at the minimum (1) the holding of present prices and (2) price increases based upon cost of living increases and increased production costs. The creation of an unfair price advantage to a small portion of purchasers has a negative impetus on these goals.

4. Evolution of Imports

The evolution of imports of ice cream, chocolate, animal feeds and lowfat cheese - the \$22 items - is particularly relevant.

Normally imports of a product, dairy or otherwise, rise or fall according to a pattern which relates to internal demand and cost competition factors. In the instance of these \$22 products, as with a number of other dairy products in recent years, the rise in imports is sudden and dramatic. Appendix A, which reproduces page 19 of the \$22 Report, by table shows this increase. Ice cream went from zero in the first five months of calendar 1969 to 2,588,000 gallons in the last seven months of calendar 1969. In the first seven months of calendar 1970, it went to 4,012,000 gallons. Thus, in the fiscal year 1970, total ice cream imports were almost 6,600,000 gallons - an acceleration from zero! The figures are similar with respect to the other products. Lowfat cheese had minimal imports through the years but these, too, increased dramatically in 1969 and 1970. Complete calendar 1970 figures are not available. However, all informed sources seem in agreement that the rate of acceleration continues unabated.

Imports appear to be running presently at about 1.4% of total domestic dairy production. Since 1953, imports have run as low as 0.4%, as high as 2.4% (1967). As the information at page 55 of the \$22 Report indicates, imports now apparently are rising again. (The figure of 1.4% - rising - is to be contrasted with an export figure for 1969 of 0.8%. Of course, even if exports in percentile terms equalled or exceeded imports, the cost disadvantage to the dairy and related industries and to the taxpayer through support prices would continue.)

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- 6 -

The reasons for the sudden and dramatic rise in imports of these four products are easy to find. Since 1953, there have been \$22 quotas on some dairy products. As a quota is imposed and enforced, foreign competitors find a loophole in the form of another product not under quota. They then commence exporting of that non-quota product. Since the Presidential Proclamation of January 1969, foreign producers have moved to the loopholes represented by the present absence of quotas in the four \$22 products.

5. Reward for Evasion

As Tables I and II indicate, the staff proposal would reward the foreign evader for his successful evasion. In other words, the foreign producer did not export, for example, ice cream, until fiscal 1970. He exported it then only because a prior proclamation had curtailed his exporting certain other products. As the \$22 Report shows, the record of imports in the dairy industry is the record of successful evasions. The foreign exporter pursues a relentless quest for a loophole - a product for the moment not under quota.

We perceive no reason why successful evasion should be rewarded.

It has been suggested that the proposal for ice cream would "roll back" or "cut back" ice cream imports to 25% of calendar 1969. Expressed in that frame of reference, this proposal seems stringent. However, if one looks at the record of imports, one finds that there were no imports of ice cream until calendar 1969. Consequently, to roll back or cut back to 25% of those imports is no rollback or cutback at all, but rather is a reward to the foreign exporter for his assiduousness and acumen in discovering that ice cream - itself an unfinished product unrecognizable as ice cream - might offer a loophole. To make the 25% figure or any other figure meaningful, the frame of reference must be relevant. If one is going to limit a chicken thief to the number of chickens he may steal, one should use as his frame of reference the historical years during which there was no thievery rather than the most recent year during which for one reason or another the chicken thief began his nefarious activity. Twenty-five percent of an evasion is an evasion - to be precise, an evasion at the rate of 5,000,000 pounds or 633,500 gallons annually.

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We strongly enjoin upon the staff the wisdom of selecting a meaningful frame of reference - the historical years during which these evasion products were not imported. As the Tariff Commission as stated, "... the period in which such increases in imports occurred cannot properly be regarded as being the whole, or part, of a representative period within the meaning of the statute. To do so makes the 'representative period' concept meaningless; it not only improperly increases the minimum permissible quantities of articles which may be imported but also affects the equities of the foreign countries that supplied, and the importers who imported, the traditional imports of dairy products" Page 20, §22 Report.

With respect to three of the four §22 products there is not even a suggestion of an alleged rollback. As Table II demonstrates, the proposal would permit chocolate imports 10 times greater than the actual imports for calendar 1969, animal feed imports twice greater than the actual imports for calendar 1969 and lowfat cheese imports three times greater than the actual imports for calendar 1969.

The line of reasoning behind such suggested permissiveness can be only one or both of two considerations, either unacceptable to the dairy industry. The first would be that quotas if too low are unenforceable. The other would be that the proposed quotas are less than imports will be in 1970 or would be in some future year. As to enforceability, it seems clear that the simpler means to facilitate enforcement is to set a zero quota - any quantity is unlawful, no measurement or guessing as to prior imports is required. As to portended increases, such reasoning only stimulates a feverish-effort-rapidly to increase imports. If importers are given to understand that future quotas will be set in relation to what the importer might do in the future if given the time and encouragement to do it, the importer will be rewarded for his ingenuity and speed in finding evasion products and dumping as many of them as possible and as quickly as possible upon the American market.

6. Cost to Taxpayers and Farmers

As Tables III, V and VI demonstrate, the staff proposal would cost the taxpayers money in the form of Department of Agriculture (CCC) support payments or would

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cost the dairy farmer money through product dislocation. The former loss would be about \$3,045,000.00 and the latter loss would be about \$4,649,000.00.

The present proposal would legitimize imports of \$9,300,000.00 whereas actual imports prior to calendar 1969 of the same four products were only \$20,000.00. It is easy to dismiss the whole subject as of limited meaning by assigning a percentage for imports in comparison to some astronomical but irrelevant figure as, for example the percentage of imports to total domestic dairy production. However, when one views the actual dollars and considers that the proposal would legitimize imports at an increase from \$20,000.00 to \$9,300,000.00, the impact becomes more visible.

7. Relationship of \$22 Dairy Products

It has been suggested that ice cream accounts for 88% of the four \$22 products, that the percentile increase for ice cream is less than for the other three products and that, therefore, by some alchemy, the total proposal should have no dollar affect upon the dairy and related industries.

One should note initially that ice cream does not represent 88% of the total of the four products. On the basis of solids not fat measurement, it represents only 9,000,000 pounds or 3% - by far the least of the four products. On the basis of fat measurement, it represents 25,000,000 pounds or 76%. Because animal feeds are not a fat product, comparison on the basis of fat measurement omits 170,000,000 pounds of solids not fat measurement as to animal feeds and renders the entire basis for comparison useless. See Table IV.

On the basis of a dollar comparison, ice cream also is the smallest of the four products - see Table V, showing that ice cream represents \$1,300,000.00 compared to \$1,400,000.00 for chocolate, \$2,700,000.00 for lowfat cheese, \$3,900,000.00 for animal feeds, a total of \$9,300,000.00. Even on the basis of imported value as distinguished from domestic value, ice cream represents the smallest value, \$500,000.00 of \$5,790,000.00.

Thus, it is incorrect to contend that there should be no problem because there is a rollback as to

. 1

ice cream and ice cream is 23% of the total package. This argument is incorrect for two reasons, as noted supra, (1) because by either of the two acceptable methods of measurement, ice cream is the smallest of the four products; and (2) because ice cream is not to be rolled back but rather is to be increased by 5,000,000 pounds or 638,500 gallons over its pre-1969 import level.^{1/}

1/ In support of the proposition that measuring ice cream by fat content is an improper means of measurement, we note the comment of the Tariff Commission.

" . . . In examining the effects of imports on the price-support programs, it is therefore necessary to give due consideration not only to the butterfat, but also to the nonfat milk solids contained therein.

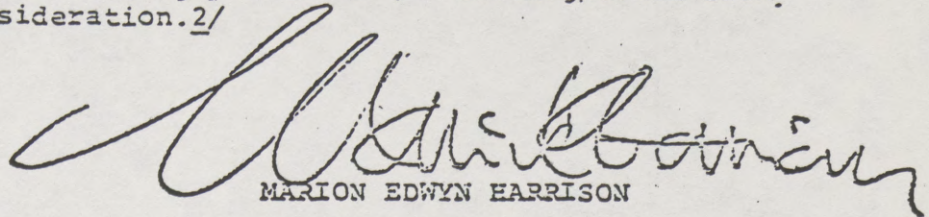
"Imports of many of the basic forms of nonfat milk solids (i.e. nonfat dry milk, dry buttermilk, and dry whey) have been subject to section 22 quotas since the initial section 22 quotas were established in 1953. Since that time most of the emphasis on imports of dairy products has been on products containing butterfat and no nonfat milk solids or on products containing large proportions of butterfat in relation to their nonfat milk solids content. As the importation of these products has increased they have generally been placed under section 22 limitations to prevent them from interfering with the price support programs.

"As the imports of dairy products with significant butterfat content have been for the most part brought under section 22 controls, importers have now also turned their attention toward products which contain little or no butterfat, but which contain significant amounts of nonfat milk solids (e.g., the animal feeds and low-fat cheese considered in this investigation). When measuring imports of such products, milk equivalency on a butterfat basis is obviously of limited usefulness" Pages 5-6, §22 Report.

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3. Conclusion

From the foregoing, it should be clear that the dairy industry cannot accept the staff proposal as a helpful implementation of the §22 recommendations or as a significant step toward solving the problem of evasion imports. It also should be clear that, merits aside, practical political considerations militate in the direction of implementing §22 recommendations, at least to the extent not totally precluded by a countervailing political (as distinguished from diplomatic) consideration.^{2/}



MARION EDWYN HARRISON

^{2/} The diplomatic considerations should not be undue. A reasonable foreign negotiator would have to admit that the discussion concerns evasion products and that the historical and meaningful base period is that of zero or negligible imports. The assignment of our diplomatic negotiators should be to negotiate the result we desire, not to limit the result by the difficulty of the negotiations.

COMPARISONS - MILK PRODUCTS IMPORTED

<u>Products</u>	<u>Actual Imports</u>		<u>Proposals</u>	
	<u>Average Per Annum Base Period/ 1963-1965</u>	<u>Average Per Annum Base Period/ 1967-1969</u>	<u>\$22-Recommendation Per Annum</u>	<u>Staff Proposal Per Annum</u>
Cream ² /	-0-	863,000	-0-	638,500
colate	-0-	159,000	-0-	5,000,000
tain animal eeds	-0-	4,039,000	-0-	17,000,000
tain lowfat heeses	60,000	1,040,000	100,000	9,000,000

Base period average means total for base period divided by number of years in base period.
Gallons. Other figures in pounds.

TABLE II
COMPARISONS - MILK PRODUCT IMPORTS

<u>Products</u>	<u>Actual Imports Calendar 1969</u>	<u>Staff Proposal</u>	<u>Ratio</u>
Ice Cream	2,588,000	638,500	25%
Chocolate	477,000	5,000,000	10 times greater
Certain animal feeds	9,693,000	17,000,000	Twice greater
Certain lowfat cheeses	3,000,000	9,000,000	3 times greater

Gallons. Other figures in pounds.

ANALYSIS OF PROPOSED DAIRY QUOTA

<u>Product</u>	<u>Staff Proposal</u> <u>Product Pounds</u>	<u>Milk Equivalent</u>	<u>Costs</u>	
			<u>To USDA</u>	<u>To Dairy Farms</u>
Ice Cream	5,000,000	9,000,000 - SNF ³ / 25,000,000 - fat	205,000.00 - SNF	\$ 476,000.00
			936,000.00 - fat	
			<u>\$ 1,135,000.00</u>	
Chocolate	5,000,000	19,000,000 - SNF 6,875,000 - fat	433,000.00 - SNF	364,000.00
			256,000.00 - fat	
			<u>689,000.00</u>	
Animal Feeds	17,000,000	170,000,000 - SNF No fat	3,876,000.00 - SNF	2,381,000.00
			-0-	
			<u>3,876,000.00</u>	
Lowfat Cheese	9,000,000	101,000,000 - SNF 1,125,000 - fat	2,303,000.00 - SNF	1,428,000.00
			42,000.00 - fat	
			<u>2,345,000.00</u>	
Totals		299,000,000 - SNF 33,000,000 - fat	6,817,000.00 - SNF	\$ 4,649,000.00
			1,228,000.00 - fat	
			<u>\$ 8,045,000.00</u>	

/ USDA cost to remove an equivalent volume of product in the form of butter and nonfat dry milk based on cost of \$37,200.00 for each million of fat equivalent and \$22,800.00 for each million pounds of solids not fat (SNF) equivalent.

/ Costs resulting from imports of these products at proposed levels - assumes a price elasticity of demand at the farm of -.3 (in other words, if imports increase the total milk product supply by 1%, price to farmer drops -.3%).

/ Solids not fat.

STAFF PROPOSAL. -
RELATIONSHIP OF \$22 DAIRY PRODUCTS/

<u>Product</u>	<u>Fat Measurement</u>	<u>Solids Not Fat Measurement</u>
Ice Cream	25,000,000 = 76 %	9,000,000 = 3 %
Chocolate	6,875,000 = 21 %	19,000,000 = 6 %
Animal Feeds	- = 0 %	170,000,000 = 57 %
Lowfat Cheese	<u>1,125,000</u> = <u>3 %</u>	<u>101,000,000</u> = <u>34 %</u>
Totals	33,000,000 100 %	299,000,000 100 %

1/ Pounds or % of milk equivalent.

TABLE V

TOTAL U.S. VALUE OF \$22 DAIRY PRODUCTS

<u>Product</u>	<u>Imports Prior to Calendar 1969</u>	<u>Staff Proposal</u>	<u>Imported Value</u>	<u>Unfair Cost Advantage</u>
Ice Cream	- 0 -	\$ 1,300,000.00	\$ 500,000.00	\$ 800,000.00
Chocolate	- 0 -	1,400,000.00	1,050,000.00	350,000.00
Animal Feeds	- 0 -	3,900,000.00	2,440,000.00	1,460,000.00
Lowfat Cheese	\$ 20,000.00	<u>2,700,000.00</u>	<u>1,800,000.00</u>	<u>900,000.00</u>
Totals	\$ 20,000.00	\$ 9,300,000.00	\$ 5,790,000.00	\$ 3,510,000.00

TABLE VI

LOSSES TO TAXPAYERS OR FARMERS - STAFF PROPOSAL

<u>Product</u>	<u>Cost (Loss) to USDA (Taxpayers)</u>	<u>Loss to Dairy Farmer</u>	<u>Unfair Cost Advantage</u>
Ice Cream	\$ 1,135,000.00	\$ 476,000.00	\$ 800,000.00
Chocolate	689,000.00	364,000.00	350,000.00
Animal Feeds	3,876,000.00	2,381,000.00	1,460,000.00
Lowfat Cheese	<u>2,345,000.00</u>	<u>1,428,000.00</u>	<u>900,000.00</u>
	\$ 8,045,000.00	\$ 4,649,000.00	\$ 3,510,000.00

Thus, while domestic purchasers theoretically could save \$3,510,000.00 by purchasing at the lower import price, their saving would cost taxpayers \$8,045,000.00 or American dairy farmers would lose \$4,649,000.00

A No.

Q Or about campaign contributions?

A No, never had.

Q Now I would like to get on to this letter. Let me show you a series of documents. At the top it is a Xerox of what appears to be a memo to -- and there are two initials -- and it says from John Brown. Then the next leaf is December 17, 1970 memorandum to H.R. Haldeman from Roger Johnson; subject, letter to the President from Pat Hillings.

Then there follows two copies, two Xerox copies of a letter from you to the President, and that is followed by a memorandum dated December 1, 1970, on the letterhead of Reeves and Harrison.

I would like for you and your counsel to look through this.

I should note for the record that those documents were turned over to us pursuant to subpoena by John W. Dean III and copies also had been furnished to the Watergate Special Prosecution Force.

I would like to have this marked as Exhibit 1 to this deposition.

(Exhibit No. 1 marked for
identification)

BY MR. DOBROVIR:

Q Can you tell us how this letter came to be prepared and transmitted, Mr. Hillings?

MR. CHOTINER: Which letter?

MR. DOBROVIR: The letter dated December 16, 1970, to the Honorable Richard Nixon, signed Patrick J. Hillings.

THE WITNESS: The letter was prepared by Mr. Marion Harrison and me and was based on the fact that the Tariff Commission had unanimously recommended favorable action for milk farmers on restriction of imports, but we had to have approval in the White House and for some reason we couldn't figure out the approval had been unnecessarily delayed.

In previous administrations it was often approved right away. The bureaucracy of the White House at this time was such that it was very difficult to get them to act.

You have probably heard the story of the farmer and the mule, haven't you?

MR. DOBROVIR: No.

MR. CHOTINER: This is a milk farmer?

THE WITNESS: A milk farmer, right. This milk farmer was walking along the road and sees on the other side of the road another farmer with a mule. The mule isn't kicking it, hitting it and so forth, and the milk farmer

walks across the road and says that is no way to get that animal to move. The way to do it is to be kind and coax him. So the other guy said well, let's see. You try it. He nuzzles the mule and pats him for about ten minutes and still the mule hasn't moved.

He looks down by the side of the road and sees a two by four, picks it up, and with all his might hits the mule right between the eyes and staggers the animal. The other guy says, I thought you had ~~dat~~ way ~~way~~ get get him to move is to be kind and not chastize him or beat him.

The milk farmer says, yeh, but first you have got to get his attention.

That is what we had to do. That was the purpose of the letter, to get the attention over there, and to try to get them to do what they should have done weeks previous, to act favorably on the recommendation of the Tariff Commission. So we wrote the letter and we had to break through that bureaucracy that existed there at the time. That was the purpose of it.

We also supported it with four memorandum brief of all the facts and figures and details.

We felt the case was meritorious and we were presenting our case as lawyers.

BY MR. DOBROVIR:

Q Now you felt that the way to attract their attention was to open up the letter by discussing the campaign contributions, is that right?

A Well, that was our strategy at that time, was the only way we could get them to get interested, was to talk about the political significance, and the fact that these people, the milk farmers of America, were vital to them and we needed their help and support, and we wanted to let them know that these were friendly people.

As far as the money involved, we didn't consider that a significant thing. We never said they would contribute money if they got the support or anything like that. What we wanted to do was to get their attention.

Q Did you feel that you had to tell them that you were going to contribute political money in order to get their attention?

A We didn't say we were going to contribute political -- we said the milk farmers were out working to raise money to help in the campaign. We didn't say that was the only reason we wanted the favorable action, but we figured that would at least trigger their interest, and it did, but it didn't mean there was any offer to contribute the money. The \$2 million

figure was just pulled out of the air.

Q You say it did trigger their interest. How do you know that?

A Because I got called in by Colson and chewed out.

Q I see.

A Finally got Colson. We never intended it to reach the President.

Q You didn't intent it to reach the President?

A No.

Q Why did you address it to him?

A Because everything you send, you address to the President.

Q Who did you expect this to get to?

A Colson.

Q Did you send a copy to Colson?

A No.

Q How were you sure it would get to him?

A We weren't sure. We figured if we routed it around him, it might work, and it did.

Q Was the problem that Colson wasn't being particularly receptive to your requests for help on this tariff matter?

A It wasn't just ours, the whole bureaucracy over there was way behind. The Congressmen were complaining,

everybody was complaining. You couldn't get any action there, either because they were piled up with too much work or whatever the reason, we couldn't get through.

Q Did you and Marion Harrison prepare this letter together?

A Yes.

Q That was in Washington, the two of you sat down and wrote it out?

A Yes.

Q Now here it says in the third paragraph: "AMPI has followed our advice explicitly and will do so in the future."

Can you tell us what that referred to?

A Well, that was actually Marion's language. I think he was just trying to indicate they were trying, that they were going to be helpful, the milk farmers across the country would be helpful to the administration. There was a time when we were very worried about the farm vote and this was a key factor. I think that is what he was trying to say.

Q He was saying AMPI was following yours and his advice. What kind of advice had you been giving them and I just want to point out that is the paragraph in which mention is made specifically of the possible contribution of \$2 million.

ten minutes.

(Short recess)

BY MR. DOBROVIR:

Q Getting back to the December 16 letter, did you clear that with anybody, for example, with Parr and Nelson before you sent it?

A No.

Q They didn't know that you were sending that letter?

A They didn't know at the time, I don't believe, unless Mr. Harrison talked to them about it. We were their counsel and I don't think lawyers have to consult with their clients on every move they make.

Incidentally, I pointed out, you know, that I didn't intend the President to see it, and I think that is borne out by the memo that you have there, which shows that the letter was delivered to Mr. Roger Johnson, and not to the President, and never went to the President. It went from Johnson to Haldeman to Colson according to the White House memo you showed me.

Q Who is Roger Johnson?

A Roger Johnson is a long-time personal friend of the President that practiced law in Whittier at the same time the President began the practice of law and later became a counsel

for one of the independent oil companies and lived in Washington for many years and then traveled and lived abroad and then retired.

When he retired, Mr. Nixon brought him into the White House as sort of a personal aide to deal with groups and organizations around the country and particularly with a lot of the so-called VIPs. I think he is in the State Department now working on protocol.

Q He was employed in the White House in December, 1970?

A Yes, in the EOB.

Q You knew him?

A Yes.

Q Did you have the letter delivered to Roger Johnson?

A I took it over there and left it with the secretary.

Q Specifically?

A Yes.

Q Did you say to the secretary what she should do with the letter?

A I said I would like Mr. Johnson to see it and route it to the appropriate people. We never intended the President to see it.

Q You did want Mr. Colson to see it?

A Assuming that he was the guy, it turned out to be,

and asked that it be directed to the President. It concerns a matter with which both Peter Flanigan and Chuck Colson are familiar and on which they are working."

On top of that, without a date, it says memo to J.C. -- they are initials -- from John Brown, and a comment:

"Would you check with E and Colson on whether this should go in and if so in what form."

I don't want you to speculate, Mr. Hillings, that is not fair to you. I would like to ask you though if you know what -- other than what is indicated or not indicated in these documents -- do you know yourself what happened to your letter?

A No. I --

MR. CHOTINER: You have answered the question.

Unless somebody told you --

THE WITNESS: All I know is the next time I heard about it is when Colson called me in.

BY MR. DOBROVIR:

Q Did you hear from anyone at any time it had gone to Haldeman or anything like that had happened to it?

A No, not until he showed me this.

Q Did Colson tell you where he got the letter?

A No, he was just very upset.

Q Did he indicate one way or the other about whether the President had seen it?

A He didn't, but I gather he hadn't.

Q How did you gather that?

A Had he seen it I think there would have been some comment to that effect.

Q Now how soon after sending this letter did you talk to Colson?

A About two days before Christmas, the 23rd of December, the 22nd or 23rd of December.

Q Was that on the phone or personal meeting?

A No, he asked me to come back and see him.

Q You went back to see him?

A Yes.

Q When you say went back to see him --

A Came from California to Washington.

Q He called you in California?

A His secretary did.

Q I would just like to explore this a bit. Mr. Colson said come back to see me, and you automatically went, or was there something special?

A He said it is very important that I talk to you. That is what his secretary said. I said all right, but it's

Christmas time and I don't want to be stuck in Washington.

Q When you got to his office, he was very angry?

A Yes.

Q In the course of that conversation did you talk about the substantive problem of action on the Tariff Commission's recommendations?

A Well, I said I thought there had been an unnecessary delay and the case was meritorious and there was no reason for it to be held up by bureaucracy in the White House and that I was sorry if I offended him by doing it, but there was no action, and I felt we had to have some action on it. It had already been approved unanimously by the Tariff Commission. It was just a ministerial act that was needed and no reason to hold it up.

Q Did he say why in the heck did you put a mention of money in a letter to the President?

A He was critical of that. He was very critical of that.

Q Can you recall more precisely what he said?

A He used some pretty strong language and said you shouldn't have written a letter like that. I said all right, I agree, but we just couldn't seem to get anybody to listen to us.

Murray Chotiner SSC interview,
December 7, 1973

typed from indistinct original

MEMORANDUM

To: File
From: Donald G. Sanders
Date: December 7, 1973
Subj: Murray Chotiner Interview
Milk Fund

Murray Chotiner was interviewed today in his office at 1701 Pennsylvania Avenue, Washington, D.C., telephone 298-9030. Attending were Donald G. Sanders, Alan Weitz, and Chotiner.

From January 1970 to March 1971, Chotiner was Special Counsel to the President. Previously, he was General Counsel to the Special Representative for Trade Negotiations in the White House. In March 1971, he became of counsel for Reeves & Harrison.

Chotiner said his first contact with the milk industry was in 1970 at which time he met Parr and Nelson. He was introduced by Harrison. He learned the dairy people were going to assist the 1970 candidates. Harrison knew that Chotiner was serving as the White House liaison with the 1970 candidates. Chotiner thinks Parr and Nelson may have been on their way to see Harry Dent in an adjoining office. Chotiner didn't discuss with them any details of the contributions. Chotiner knew that Colson had responsibility for groups and organizations.

Chotiner was not a party to any meetings in late 1970 between the dairy people and Colson and associates. Harrison told Chotiner recently that Parr and Nelson met with Colson (Harrison didn't attend), at which time Parr was supposed to have said that dairy farmers were not being treated properly; that they were for the President and wanted to help him. There was also talk of \$1,000,000 or \$2,000,000 to be contributed to the campaign. Parr told Harrison of this talk. Parr said Colson said there couldn't be any quid pro quo.

In 1971-1972, Colson showed Chotiner the Millings letter which he had in his safe. Chotiner was probably talking to Colson about the milk industry troubles with the Department of Agriculture. One trouble was the milk products imports, and one must have been the milk price

Received from indistinct original

United States Senate

SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES
(ESTABLISHED BY S. RES. 114, 93RD CONGRESS)
WASHINGTON, D.C. 20510

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Murray Chotiner was interviewed today in his office at 1701 Pennsylvania Avenue, Washington, D.C., telephone 298-9030. Attending were Donald G. Sanders, Alan Weitz, and Chotiner.

From January 1970 to March 1971, Chotiner was Special Counsel to the President. Previously, he was General Counsel to the Special Representative for Trade Negotiations in the White House. In March 1971, he became of counsel for Reeves & Harrison.

Chotiner said his first contact with the milk industry was in 1970 at which time he met Parr and Nelson. He was introduced by Harrison. He learned the dairy people were going to assist the 1970 candidates. Harrison knew that Chotiner was serving as the White House liaison with the 1970 candidates. Chotiner thinks Parr and Nelson may have been on their way to see Harry Dent in an adjoining office. Chotiner didn't discuss with them any details of the contributions. Chotiner knew that Colson had responsibility for groups and organizations.

Chotiner was not a party to any meetings in late 1970 between the dairy people and Colson and associates. Harrison told Chotiner recently that Parr and Nelson met with Colson (Harrison didn't attend), at which time Parr was supposed to have said that dairy farmers were not being treated properly; that they were for the President and wanted to help him. There was also talk of \$1,000,000 or \$2,000,000 to be contributed to the campaign. Parr told Harrison of this talk. Parr said Colson said there couldn't be any quid pro quo.

In 1971-1972, Colson showed Chotiner the Hillings letter which he had [redacted] to him. Chotiner was actually talking to him about the milk industry and the effect of the price of milk on the economy. He thought the milk products industry, not the price of milk, had been the milk price

SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

AFFIDAVIT

District of Columbia
City of Washington

I, Alan S. Weitz, a resident of Washington, D.C., being duly sworn, hereby depose and say as follows:

1. I have been assistant counsel to the Senate Select Committee on Presidential Campaign Activities from September 24, 1973 to the present.

2. In the course of the Committee's investigation, Mr. Donald Sanders, Deputy Minority Counsel, and I interviewed Mr. Murray Chotiner on December 7, 1973, and Mr. David Dorsen (Assistant Chief Counsel), Mr. Dennis Summers (Assistant Counsel), Mr. Robert Silverstein (Assistant Minority Counsel) and I interviewed Mr. Chotiner, again, on December 10, 1973. On the day of the first interview, Mr. Sanders wrote a memorandum summarizing the substance of the interview. On the day of the second interview, I wrote a memorandum summarizing the substance of the interview.

3. On January 24, 1974, Mr. Dorsen advised me that he had telephoned Mr. Chotiner's office to arrange to obtain sworn testimony in executive session before the Committee on the subjects of the interviews, and was advised by Mr. Chotiner's secretary that he had been in a serious automobile accident the preceding day. Mr. Chotiner died on January 30, 1974.

4. I am executing this affidavit in order to preserve, in the most reliable form, the substance of Mr. Chotiner's account related to us of relevant events. To this end,
(1) Mr. Sanders and I reviewed the December 7, 1973 memorandum;
(2) I caused my December 10, 1973 memorandum to be retyped on Committee letterhead stationery to correct any typographical errors, to spell out certain names and to rewrite certain cryptically-phrased sentences in the original December 10 memorandum. I did not alter the substance of the earlier memorandum; and (3) I showed the retyped December 10 memorandum to Messrs. Dorsen, Summers and Silverstein.

5. Mr. Sanders and I agree that the December 7 Sanders memorandum is a true and accurate account of the substance of the December 7 interview with Mr. Chotiner. Messrs. Dorsen, Summers, and Silverstein also agree that the retyped December 10 memorandum is a true and accurate account of the substance of the interview with Mr. Chotiner of that date.

Affidavit

Page 2

6 Attached to this Affidavit are the following:

Exhibit A: copy of the December 7, 1973 memorandum from Donald G. Sanders to the File re: Murray Chotiner Interview;

Exhibit B: the retyped December 10, 1973 memorandum from Alan Weitz to the File re: Second Chotiner Interview.

Alan S. Weitz
Alan S. Weitz

Subscribed and sworn to before me
this 27th day of February, 1974.

Marie Geneau
Notary Public

My Commission Expires 10/31/78.



7. The President, on December 31, 1970, by Proclamation Number 4026 established quotas totaling in excess of 25,000,000 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.

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WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, JANUARY 4, 1971

Imports of Dairy Products

Proclamation 4026. December 31, 1970

PROCLAMATION AMENDING AND CORRECTING PART 3 OF THE APPENDIX TO THE TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO THE IMPORTATION OF AGRICULTURAL COMMODITIES

*By the President of the United States of America
a Proclamation*

WHEREAS, pursuant to section 22 of the Agricultural Adjustment Act, as amended (7 U.S.C. 624), limitations have been imposed by Presidential proclamations on the quantities of certain articles which may be imported into the United States in any quota year; and

WHEREAS, in accordance with section 102(3) of the Tariff Classification Act of 1962, the President by Proclamation No. 3548 of August 21, 1963, proclaimed the additional import restrictions set forth in part 3 of the Appendix to the Tariff Schedules of the United States; and

WHEREAS, the import restrictions on certain dairy products set forth in part 3 of the Appendix to the Tariff Schedules of the United States as proclaimed by Proclamation No. 3548 have been amended by Proclamation No. 3558 of October 5, 1963; Proclamation No. 3562 of November 26, 1963; Proclamation No. 3597 of July 7, 1964; section 88 of the Tariff Schedules Technical Amendments Act of 1965 (79 Stat. 950); Proclamation No. 3709 of March 31, 1966; Proclamation No. 3790 of June 30, 1967; Proclamation No. 3822 of December 16, 1967; Proclamation No. 3856 of June 10, 1968; Proclamation No. 3870 of September 24, 1968; and Proclamation No. 3884 of January 6, 1969; and

WHEREAS, pursuant to said section 22, the Secretary of Agriculture advised me there was reason to believe that the articles, for which import restrictions are hereinafter proclaimed, are being imported, and are practically certain to be imported, under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS, under the authority of said section 22, I requested the United States Tariff Commission to make an investigation with respect to this matter; and

WHEREAS the United States Tariff Commission has made an investigation under the authority of said section

22 with respect to this matter and has reported to me its findings and recommendations made in connection therewith; and

WHEREAS, on the basis of such investigation and report, I find and declare that the articles, for which import restrictions are hereinafter proclaimed, are being imported and are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS I find and declare that for the purpose of the first proviso of section 22(b) of the Agricultural Adjustment Act, as amended, the representative period for imports of such articles is the calendar years 1967 through 1969; and

WHEREAS, on the basis of such investigation and report, I find and declare that the imposition of the import restrictions hereinafter proclaimed is necessary in order that the entry, or withdrawal from warehouse, for consumption of such articles will not render or tend to render ineffective or materially interfere with the price support program now conducted by the Department of Agriculture for milk and butterfat, or to reduce substantially the amount of products processed in the United States from domestic milk and butterfat; and

WHEREAS I find and declare that the allocation of shares of the import quotas proclaimed herein among the countries of origin shall be based upon the proportion of such articles supplied by such countries during the twelve months July 1969 through June 1970, taking due account of any special factors which may have affected or may be affecting the trade in the articles concerned; and

WHEREAS it has been determined advisable, in order to carry out the intent of the import restrictions proclaimed pursuant to said section 22 with respect to articles for which licenses are required, that the Secretary of Agriculture be authorized to adjust, within the aggregate quantity of any such article permitted to be entered from all countries during a calendar year, the quantities of any such article which may be entered from particular countries of origin;

WHEREAS the Secretary of Commerce has advised me that, due to a processing error, the published figures for the importation during the calendar year 1967 of articles originating in Iceland, on which the import restriction of such articles set forth in item 950.10D of Part III of the Appendix to the Tariff Schedules of the United States was based, understated actual imports from that country for 1967 by 89,000 pounds; and

WHEREAS, in order to carry out the Presidential intent that such import restriction should be based on the level of imports of such articles from Iceland during the calendar year 1967, the figure in the quota quantity column opposite Iceland in item 950.10D of Part III of the Appendix to the Tariff Schedules of the United States should be corrected by increasing the amount by 89,000 pounds;

NOW, THEREFORE, I, RICHARD NIXON, President of the United States of America, acting under and by virtue of the authority vested in me as President, and in conformity with the provisions of section 22 of the Agricultural Adjustment Act, as amended, and the Tariff Classification Act of 1962, do hereby proclaim that:

1. Part 3 of the Appendix to the Tariff Schedules of the United States is amended as follows:

(a) Headnote 3(a) is amended as follows:

(1) Subdivision (i) is amended by changing the item number "950.15" in the first sentence to "950.16" and by revising the last sentence to read as follows:

"No licenses shall be issued which will permit entry during the first six months of a quota year of more than one-half of the quantities specified in the column entitled 'Quota Quantity' for any of the articles subject to the quotas provided for in items 950.07 through 950.10E, 950.15, and 950.16."

(2) In subdivision (iii) the phrase "items 950.10B, 950.10C, and 950.10D" is changed to read "items 950.10B through 950.10E".

(3) A new subdivision (iv) is added which reads as follows:

"(iv) Notwithstanding any other provision of this part, if the Secretary of Agriculture determines that, in the case of any article for which licenses are required by subdivision (i) hereof, a quantity specified in the column entitled 'Quota Quantity' opposite the name of any country is not likely to be entered within any calendar year, he may by regulation provide with respect to such article for the adjustment for that calendar year, within the aggregate quantity of such article permitted to be entered from all countries during such calendar year, of the quantities of such article which may be entered during such year from particular countries of origin."

(b) Item 950.10E is added following item 950.10D, which reads as follows:

950.10E Cheese, and substitutes for cheese, containing 0.5 percent or less by weight of butterfat, as provided for in items 117.75 and 117.85 of subpart C, part 4, schedule 1, except articles within the scope of other import quotas provided for in this part; if shipped otherwise than in pursuance to a purchase, or if having a purchase price under 47 cents per pound:

Country of Origin	Quota Quantity (In pounds)
Denmark	6,680,000
United Kingdom	791,000
Ireland	756,500
West Germany	100,000
Poland	385,600
Australia	123,600
Iceland	64,300
Other	None

(c) Items 950.16, 950.17, and 950.18 are added following item 950.15, which read as follows:

950.16 Chocolate provided for in item 156.30 of part 10 and articles containing chocolate provided for in item 182.95, part 15, schedule 1, containing 5.5 percent or less by weight of butterfat (except articles for consumption at retail as candy or confection):

Country of Origin	Quota Quantity (In pounds)
United Kingdom	930,000
Ireland	3,750,000
Other	None

950.17 Animal feeds containing milk or milk derivatives, classified under item 184.75, subpart C, part 15, schedule 1:

Country of Origin	Quota Quantity (In pounds)
Ireland	12,060,000
United Kingdom	185,000
New Zealand	3,930,000
Australia	125,000
Other	None

950.18 Ice cream, as provided for in item 118.25 of part 4, subpart D, schedule 1:

Country of Origin	Quota Quantity (In gallons)
Belgium	243,650
New Zealand	155,680
Denmark	3,450
Netherlands	27,600
Jamaica	950
Other	None

(d) The figure in the quota quantity column opposite "Iceland" in item 950.10D is corrected to read "649,000".

2. Articles which were exported to the United States on a through bill of lading, or which were in bonded warehouse, but not entered, or withdrawn from warehouse, for consumption prior to the effective date of this proclamation, shall not be denied entry under the import restrictions herein proclaimed. Notwithstanding headnote 3(a)(i) of part 3 of the Appendix to the Tariff Schedules of the United States, import licenses shall not be required for the entry into the United States during the first six

months of the calendar year 1971 of articles subject to the quotas provided in items 950.10E and 950.16.

3. The provisions of this proclamation shall become effective upon publication in the Federal Register.

IN WITNESS WHEREOF, I hereunto set my hand this thirty-first day of December, in the year of our Lord nineteen hundred and seventy and of the Independence of the United States of America the one hundred and ninety-fifth.

RICHARD NIXON

[Filed with the Office of the Federal Register, 12:21 p.m., December 31, 1970]

International Financial Institutions Bill

Statement by the President on Signing the Bill Into Law. December 31, 1970

I am today signing H.R. 18306—the international financial institutions bill—although it only partially meets my recommendations.

I welcome that part of the bill which approves the \$1,540 million increase in the United States quota in the International Monetary Fund as part of a general increase in Fund quotas. This is a major step. The general quota increase will enable the Fund to meet its important responsibilities for providing adequate credit facilities to support expanding world trade and capital movements. Our own quota increase permits the United States to maintain its leadership role in the Fund, and also takes the first step towards enabling us to enjoy the full benefits of the Special Drawing Rights allocation to be made on January 1, 1971.

Similarly, I welcome the authorization for an increase in our World Bank capital subscription. The United States can now participate fully in making available to the Bank \$2 billion of subscriptions from other countries in addition to our own increase of \$246 million. The increase will maintain our relative voting position in the Bank. It will be of considerable help to the Bank in meeting its expanded program of assistance to the developing countries by expanding the base on which it can borrow in private capital markets around the world, and by adding a substantial amount of paid-in capital immediately available to the Bank.

Unfortunately, the legislative situation did not permit action on my request for \$100 million for the Special Funds of the Asian Development Bank. We must not allow further delay to be interpreted as lack of U.S. support for the Bank at a time when it is coming to play an essential role in encouraging peaceful development in Asia. This Bank, the result of an Asian initiative and managed primarily by Asians, is a major force for peaceful and cooperative development. Six countries have already contributed

to the Special Funds in anticipation of a United contribution. Failure to act early in the next session the Congress would be a serious setback to the ability to obtain funds from other donors and a strong, long-range, concessional lending facility. Accordingly, I wish to stress that I will ask the 92d Congress to take prompt action to provide a United States contribution of \$100 million to the Bank's Special Funds.

With respect to the Inter-American Development Bank, H.R. 18306 meets my request to provide an expansion over \$200 million in the United States subscription to the Bank's ordinary capital. This desirable step will strengthen the Bank's capacity for conventional lending.

However, I regret that H.R. 18306 authorizes payment and appropriation of only \$100 million for replenishment of the resources of the Bank's Fund for Special Operations, an amount representing the first portion of a planned \$1 billion contribution over a 3-year period. The bill authorizes the U.S. Governor to vote in favor of a pending resolution of the Bank which contemplates the full contribution will be available on schedule, in accordance with the legislative action the U.S. Governor will cast his votes in favor of the resolution.

Further action by the Congress will be necessary to enable the United States to conclude the subscription procedure envisioned by the resolution, and I will urge the 92d Congress to take action to that end. Full implementation of this replenishment of the Fund for Special Operations will enable the Bank to continue to expand its role as the hemisphere's major instrument for promoting development financing.

As I indicated in my foreign aid reform message of September 15, international institutions can and should play a major role in the funding of development assistance. I have therefore proposed that the United States channel an increasing share of its development assistance through these institutions as rapidly as practicable. Institutions considered in H.R. 18306 are among the most important to this effort. I therefore welcome the authorization contained in H.R. 18306, but regret its failure to fully meet my requests and urge that the 92d Congress take early action to do so.

NOTE: As enacted, the bill (H.R. 18306) is Public Law 91-510, approved December 30, 1970.

Coal Mine Disaster in Kentucky

Statement by the President. December 31, 1970

The coal mine explosion which struck yesterday in the mountains of Kentucky also struck at the hearts of all Americans. On their behalf, I extend our deepest sympathy to the families and friends of those who lost lives in this tragic accident.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 13, 1970

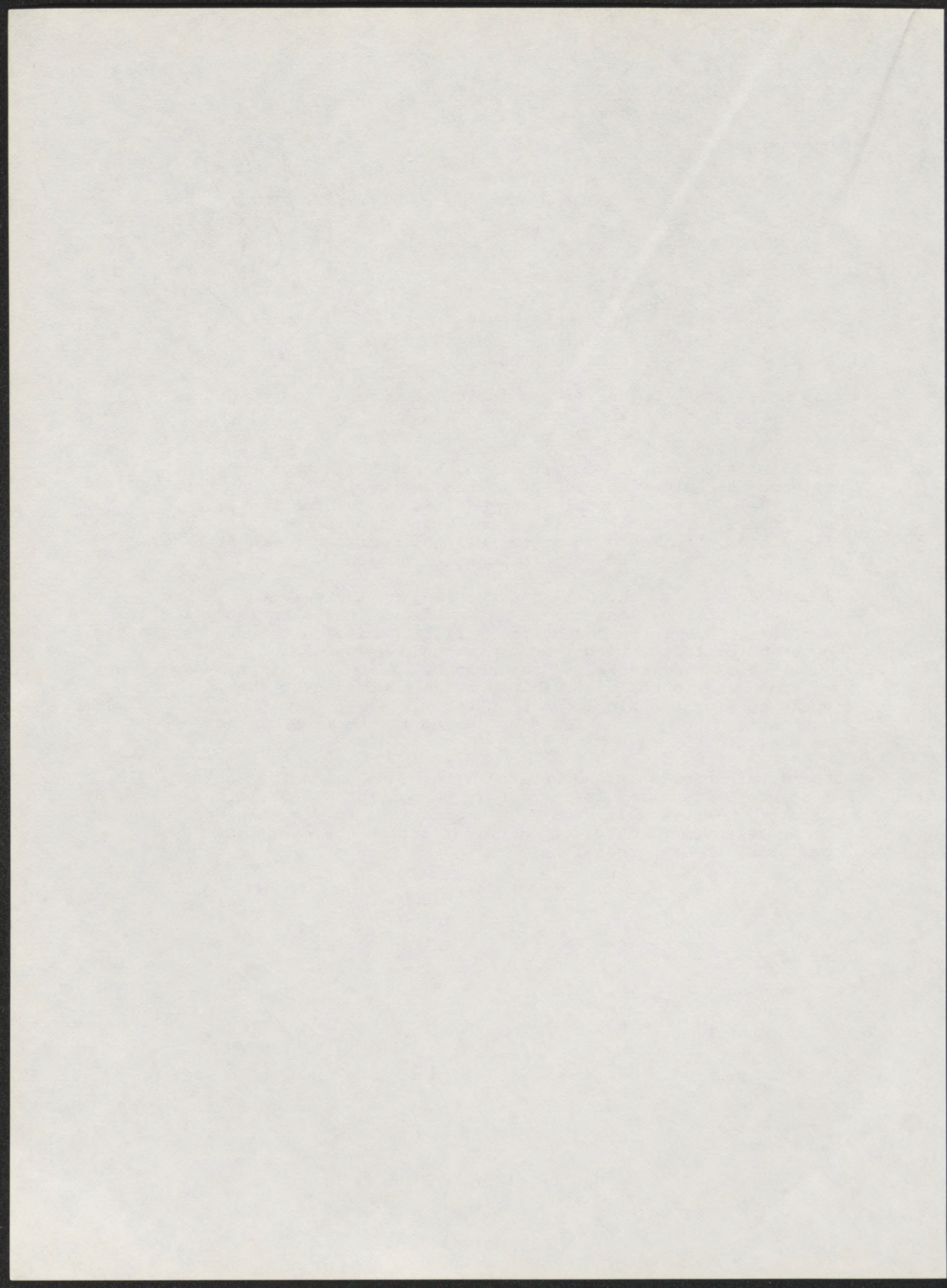
sent to George Bell
sent 10/15

MEMORANDUM TO: JOHN WHITAKER
FROM: DICK BURRESS *DB*
SUBJECT: Tariff Commission Recommendation on Quotas
for Dairy Imports.

As I indicated in our conversation, Henry Houthakker appears to have the lead with respect to this matter. He states that it is held up pending obtaining additional information from some foreign countries through the State Department. In all likelihood, the recommendations will be modified somewhat before they are forwarded on for Presidential action.

I have checked on the Hill and the feeling there is that if we are going to implement the recommendations in its entirety and just as it was forwarded by the Tariff Commission that we should do so prior to the election for it could help some of our candidates in Wisconsin and Minnesota. If on the other hand, we are going to modify it in any respect whatsoever then we would be wise to hold it until after the election. Any modification would be viewed as a slap in the face by the dairy people.

Until such time as final action is to be taken in this matter, I do not believe any further reply to Congressman Steiger is required. However, it would be a good idea to give the Congressman some advance notice of the final action whatever that may be, prior to its general release.



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 percent of parity. Some asked that the price be raised to at least 85 percent of parity.

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8a Senate Select Committee Executive Session Testimony of Harold S. Nelson, December 18, 1973, pp. 117-120...	118

Letters and telegrams to the Secretary of Agriculture transmitted by the White House to the Judiciary Committee and noted at Book VI, Part 1, Paragraph 19.

Harold Nelson testimony, SSC
Executive Session, December 18,
1973, 117-120
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with Mr. Colson.

Mr. Weitz. Did you meet with all of those individuals?

Mr. Nelson. Yes.

Mr. Weitz. Who was present at those meetings?

Mr. Nelson. The various people.

Mr. Weitz. Was Mr. Parr generally present at those meetings?

Mr. Nelson. Generally, yes.

Mr. Weitz. Mr. Harrison?

Mr. Nelson. Yes.

Mr. Weitz. Mr. Hillings? Was Mr. Hillings present at all those meetings?

Mr. Nelson. Mr. Hillings may have been present one time when we met with Secretary Hardin, I don't really recall that he was, but I don't believe he was ever present when we met with any of these other people.

Mr. Weitz. And at these meetings, you presented various dates to them with respect to the position of the dairy co-ops?

Mr. Nelson. What you might call, mostly unwritten views [unreadable] and arguments, and also some written papers on the subject.

Mr. Weitz. And did you, during this period late 1970, the first several months of 1971, mount an effort or organize to obtain Congressional support?

Mr. Nelson. Yes, we did.

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Harold Nelson testimony, SSC
Executive Session, December 18,
1973, 117-120

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Mr. Weitz. How did you go about doing that?

Mr. Nelson. Well, the Congressional effort, you understand, wasn't an AMPI effort alone. This was an effort that I would say the nearest thing to what you might call at least figuratively speaking, the head of this was the National Milk Producers Federation which enlisted the aid of its -- or attempted to enlist the aid of all of its members.

The prime movers in this effort, I would say, were AMPI, Mid-America, and Dairymen, Inc. Those were the prime movers. We also had, as I recall, one prime opponent to it, initially, and that was another cooperative Land-O-Lakes, which is legally a cooperative, but has a different philosophical approach to the whole thing than these other marketing groups. And so this support was pretty wide-spread throughout the United States, as far as dairy cooperatives were concerned.

And their members, or representatives, would call on their respective Congressmen and Senators asking them to co-author a bill setting the supports at 90 percent.

Mr. Weitz. Now what time period are we talking about? The first decision by the Secretary of Agriculture, not raising price supports, was March 12. Would you have begun this effort let's say a month or two months before that time?

Mr. Nelson. I would say at least that.

Mr. Weitz. At least a month or two months?

Mr. Nelson. At least that.

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Harold Nelson testimony, SSC
Executive Session, December 18,
1973, 117-120

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Mr. Nelson. So it would be fair to say that throughout the early part of 1971, the first two and a half, three months of 1971, you were meeting both with representatives of the Administration, and also with the various Congressmen and so forth, to obtain their support, in contacting whoever they felt was appropriate in order to try to obtain an increase, and also to perhaps solicit their support for a bill to raise the support level?

Mr. Nelson. You're talking about "you", you're not using the personal pronoun, you're using the whole collective effort? Yes, that's right.

Mr. Weitz. Was it contemplated, let's say, in February or March of 1971, that a bill would be, or you hoped, would be introduced into Congress to raise the support level?

Mr. Nelson. I believe it was before that.

Mr. Weitz. So part of this whole strategy was both to approach the Administration pretty much from the outset in obtaining an Administrative increase if possible, but also to obtain Congressional support and possibly Congressional action?

Mr. Nelson. Yes.

Mr. Weitz. Did you communicate your information, or the fact that you were making this effort, this Congressional effort to anyone in the administration?

Mr. Nelson. I don't recall any specific communication, but it was no secret. There wasn't anything furtive about the

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8a. HAROLD NELSON TESTIMONY, DECEMBER 18, 1973, SSC EXECUTIVE SESSION, 117-20.

Harold Nelson testimony, SSC
Executive Session, December 18,
1973, 117-120

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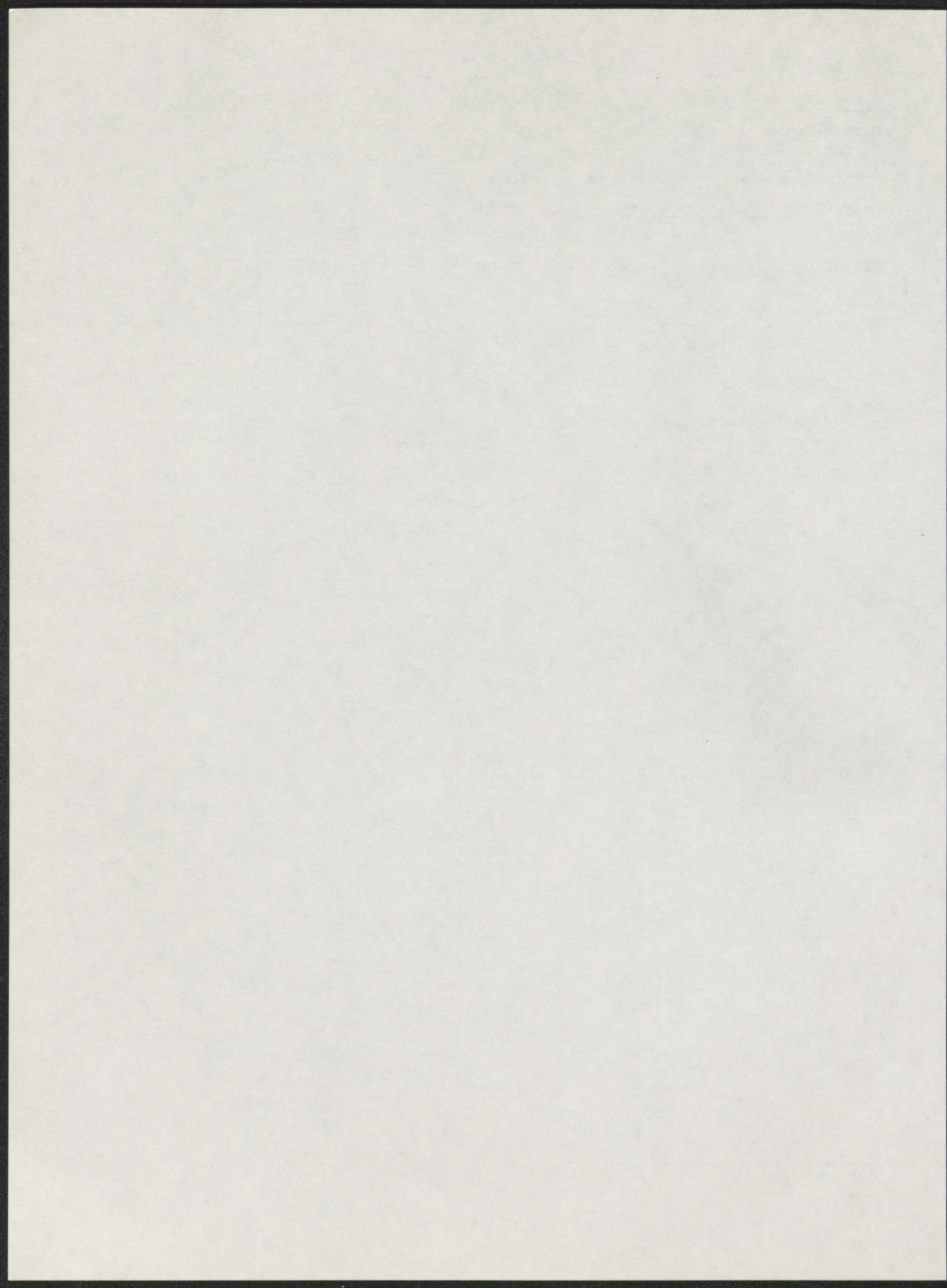
effort with Congress. It was a well-known, well-publicized
fact.

Mr. Weitz. Let's go off the record.

(Discussion off the record.)

(A brief recess was taken.)

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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.

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9b Memorandum, dated March 4, 1971, from George Shultz to John Ehrlichman,.....	125

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THE WHITE HOUSE

WASHINGTON

March 5, 1971

MEMORANDUM FOR:

JOHN EHRLICHMAN
GEORGE SHULTZ

(29)

FROM:

CLARK MacGREGOR

SUBJECT:

Discussion on Dairy Problems

I have before me Don Rice's four-page memo to Messrs. Shultz and Ehrlichman dated March 4th. At the bottom of Page 2 Don Rice states that Representative Al Quie (R-Minn) "strongly opposes an increase in the price support level at this time." This is not correct. On the basis of several personal conversations, the latest being late yesterday, what is correct is that Al Quie does not feel that it is necessary or advisable not to announce support levels at 85% of parity. Al Quie would be seriously embarrassed in his district were it to become known that he strongly opposes the 85% position taken by Speaker Albert and Congressmen Mills and Byrnes. What Al said to me was, "The Land O'Lakes position is a sound one, but I am not saying that for publication."

On Page 4 of the Rice memo it is stated, "Clarence Palmby believes strongly that it [the Rice-recommended package] would satisfy Wilbur Mills." This is not correct. Wilbur Mills has urged me more than a half a dozen times in the last three weeks to urge the President to announce the 85% of parity price support level; the latest Mills appeal to me was by phone late in the afternoon of March 4th.

cc: Don Rice
Pete Peterson
John Whitaker

9b. GEORGE SCHULTZ MEMORANDUM, MARCH 4, 1971

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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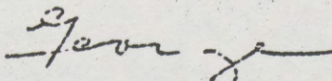
March 4, 1971

(24)

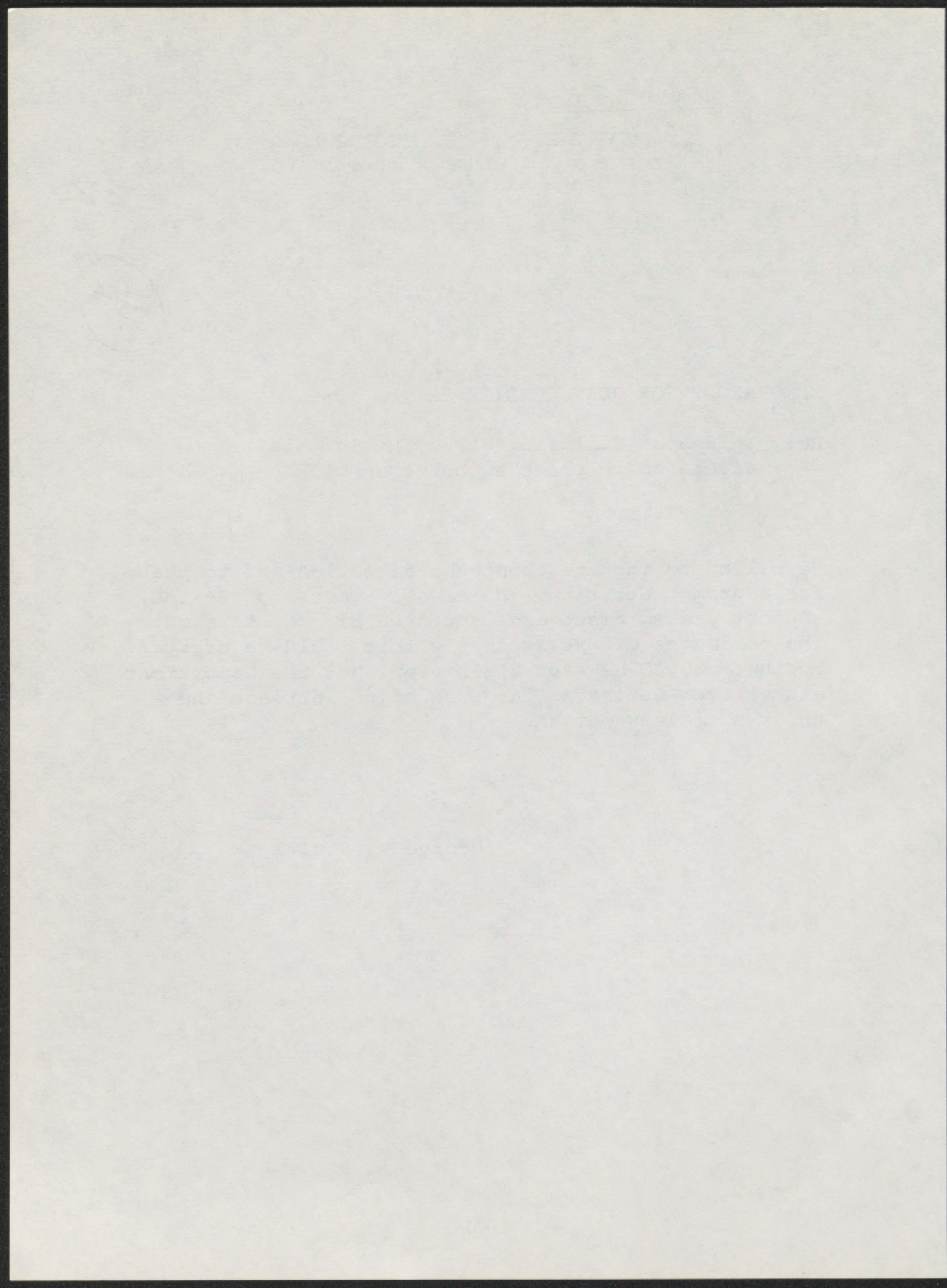
MEMORANDUM FOR JOHN EHRLICHMAN

Re: Telephone Call from Wilbur Mills this
afternoon re price supports on milk.

He called to inquire about the situation and to push for a prompt decision. He clearly wants to see the support price raised and expressed his doubts about the estimates of excess supply that would be created by that move. He states his view that the Department always over-estimates the production increase and under-estimates demand.



George P. Shultz



10. Following Secretary Hardins 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. Burruss 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 percent of parity, that it would have the support of Speaker Carl Albert and Wilbur Mills and that it would likely pass.

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10a Memorandum dated March 16, 1971, from Richard T. Burruss to John Ehrlichman with routing memorandum, dated March 18, 1971, from John Ehrlichman to John Whitaker.....	128

THE WHITE HOUSE
WASHINGTON

Date March 18

For John Whitaker

From John Ehrlichman

THE WHITE HOUSE

WASHINGTON

March 16, 1971

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: RICHARD T. BURESS

SUBJECT: Price Support for Milk

As you know, on Friday March 12, 1971, Secretary Hardin announced that the price support level for milk would not be changed from its present \$4.66 per hundred weight, a level which is equal to 81 percent of parity. This announcement was made despite intense pressure from certain dairy interests, spearheaded by the various Dairy Coops, who wanted the price support increased to 85 percent of parity.

The decision to hold the line and not increase the price support level was based upon several factors. Chief among these was the very real concern that an increase at this time could lead to a serious surplus situation by 1972 as well as an increase in the retail price of milk.

As expected, this decision has been hit by partisan attacks and an effort has been made to require, through legislation, an increase in the price support. Senator Humphrey has called for an increase in the support level to 90 percent. (See March 4, 1971 Congressional Record S2478) And Congressman Obey included the refusal to raise the milk price support level in his list of Anti-Farmer actions by the Administration. (See March 15, 1971 Congressional Record H1514.)

Hyde Murray has advised that legislation would be introduced which would require that the price support level for milk be raised to 85 percent of parity. Apparently this legislation will be introduced by Congressman Neal Smith and will have the support of the Speaker,

John Byrnes, and probably Wilbur Mills. The odds that it can be favorably considered and passed by both Houses of Congress are very good. With this in mind, Page Belcher is requesting a meeting at the Agriculture Department at noon, Wednesday, March 17, 1971 to discuss the situation and to plan a course of action. This could be an important meeting and I believe the White House should be represented.

At the present time, Page is committed and will probably stand firm against this legislation if he is given a strong assurance that the Administration is opposed to the legislation and will give him the support he needs. He is presently joined in this opposition by Al Quie and Paul Findley. In addition, Chuck Teague and George Goodling, both members of the House Agriculture Committee, probably can be counted on to oppose.

On the Senate side the picture is a little murkier. Bob Dole is on record as being opposed to an increase and several other Senators should be firm on this point. However, as soon as possible, careful soundings should be taken to determine the extent of this support.

Conclusion

With the proper planning and appropriate follow-through, we should be able to make a good case for the action taken by Secretary Hardin and against the proposed legislative increase. Appropriate Minority Views, solid testimony and dissenting votes in both the Senate and House Agriculture Committees can be obtained. Also, a good record can be made on the House and Senate Floors as well as in the Rules Committee. If this is done, then, even if the legislation is passed and a Presidential veto is required, the veto should be sustainable. Moreover, the record would be absolutely clear that the opposition and the veto was required, not to hurt the farmers, but to protect against surpluses and to prevent further increases in the price of milk.

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 percent 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.

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11a White Paper, The Milk Support Price Decision, January 8, 1974, pp. 14-17,.....	132

1971 CONGRESSIONAL BILLS ON DAIRY PRICE SUPPORTS

HOUSE OF REPRESENTATIVES

The following bills are substantially identical to each other:

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	H.R. 6188	Smith (D-Iowa) Edmondson (D-Okla) Hungate (D-Mo) Roush (D-Ind) Jones (D-Tenn) Teague (D-Tex) Steiger (R-Wis) Burton (D-Calif) Hamilton (D-Ind) Griffin (D-Miss) Burleson (D-Tex) Burlison (D-Mo) Fraser (D-Minn) Ullman (D-Ore) Shipley (D-Ill) Randall (D-Mo) Price (D-Ill) Kuykendall (R-Tenn)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/17/71	H.R. 6248	Roncalio (D-Wyo)	"
3/17/71	H.R. 6249	Smith (D-Iowa) Poage (D-Tex) Patman (D-Tex) Sisk (D-Tex) Obey (D-Wis) Sikes (D-Fla) Steed (D-Okla) Culver (D-Iowa) Kyl (R-Iowa) Bergland (D-Minn) Abbitt (D-Va) Abourezk (D-S.Dak) Kastenmeier (D-Wis) Fascell (D-Fla) Broyhill (R-N.C.)	"
3/17/71	H.R. 6250	Smith (D-Iowa) Casey (D-Tex) Hansen (D-Wash) Shriver (R-Kan) Pickle (D-Tex) Pryor (D-Ark) Blanton (D-Tenn) Flowers (D-Ala) Fulton (D-Tenn) Hammerschmidt (R-Ark) Wright (D-Tex) Aspin (D-Wis) Thone (R-Nebr) Daniel (D-Va) Dorn (D-S.C.) Fisher (D-Tex) Edwards (D-La)	"

more

11a. THE MILK SUPPORT PRICE DECISION WHITE PAPER, JANUARY 8, 1974, 14-17

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/17/71	H.R.6289	O'Konski (R-Wis)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/18/71	H.R.6412	Zwach (R-Minn)	"
3/18/71	H.R.6425	Harvey (R-Mich)	"
3/18/71	H.R.6443	Smith (D-Iowa) Abernethy (D-Miss) Stubblefield (D-Ky) Purcell (D-Tex) Matsunaga (D-Hawaii) Vigorito (D-Pa) Denholm (D-S.Dak) Martin (R-Nebr) Roberts (D-Tex) Halpern (R-N.Y.) Zablocki (D-Wis) McFall (D-Calif) Montgomery (D-Miss) Johnson (D-Calif) Schwengel (R-Iowa) Anderson (D-Tenn) Watts (D-Ky) Perkins (D-Ky) Riegle (R-Mich) Whitehurst (R-Va)	"
3/23/71	H.R.6534	Hull (D-Mo)	"
3/23/71	H.R.6553	Natcher (D-Ky)	"
3/23/71	H.R.6559	Quillen (R-Tenn)	"
3/23/71	H.R.6619	Gross (R-Iowa) Scherle (R-Iowa) King (R-N.Y.) Hall (R-Mo)	"
3/23/71	H.R.6621	Jones (D-N.C.) Preyer (D-N.C.) Henderson (D-N.C.) Taylor (D-N.C.) Lennon (D-N.C.)	"
3/23/71	H.R.6632	Long (D-La)	"
3/23/71	H.R.6635	McMillan (D-S.C.)	"
3/23/71	H.R.6647	Sebelius (R-Kan)	"
3/23/71	H.R.6650	Stratton (D-N.Y.)	"

more

11a. THE MILK SUPPORT PRICE DECISION WHITE PAPER, JANUARY 8, 1974, 14-17

<u>Date</u> <u>Introduced</u>	<u>Bill</u> <u>Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/23/71	H.R.6657	Young (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/24/71	H.R.6683	Evans (D-Colo) Aspinall (D-Colo)	"
3/24/71	H.R.6691	Hastings (R-N.Y.)	"
3/24/71	H.R.6701	Landrum (D-Ga) Stephens (D-Ga) Brinkley (D-Ga) Stuckey (D-Ga) Thompson (R-Ga) Mathis (D-Ga)	"
3/24/71	H.R.6712	Thompson (D-N.J.)	"
3/24/71	H.R.6727	Nichols (D-Ala)	"
3/25/71	H.R.6746	Andrews (D-Ala)	"
3/25/71	H.R.6753	Duncan (R-Tenn)	"
3/25/71	H.R.6785	Pryor (D-Ark) Bingham (D-N.Y.) Leggett (D-Calif) Mahon (D-Tex) Melcher (D-Mont) Baker (R-Tenn) Duncan (R-Tenn) Myers (R-Ind) Hillis (R-Ind) Hanley (D-N.Y.) Galifianakis (D-N.C.) Brasco (D-N.Y.) Collins (D-Ill) Alexander (D-Ark) Kee (D-W.Va) Gallagher (D-N.J.) Gonzalez (D-Tex) Begich (D-Alaska) Kyros (D-Maine)	"

The following bills are identical:

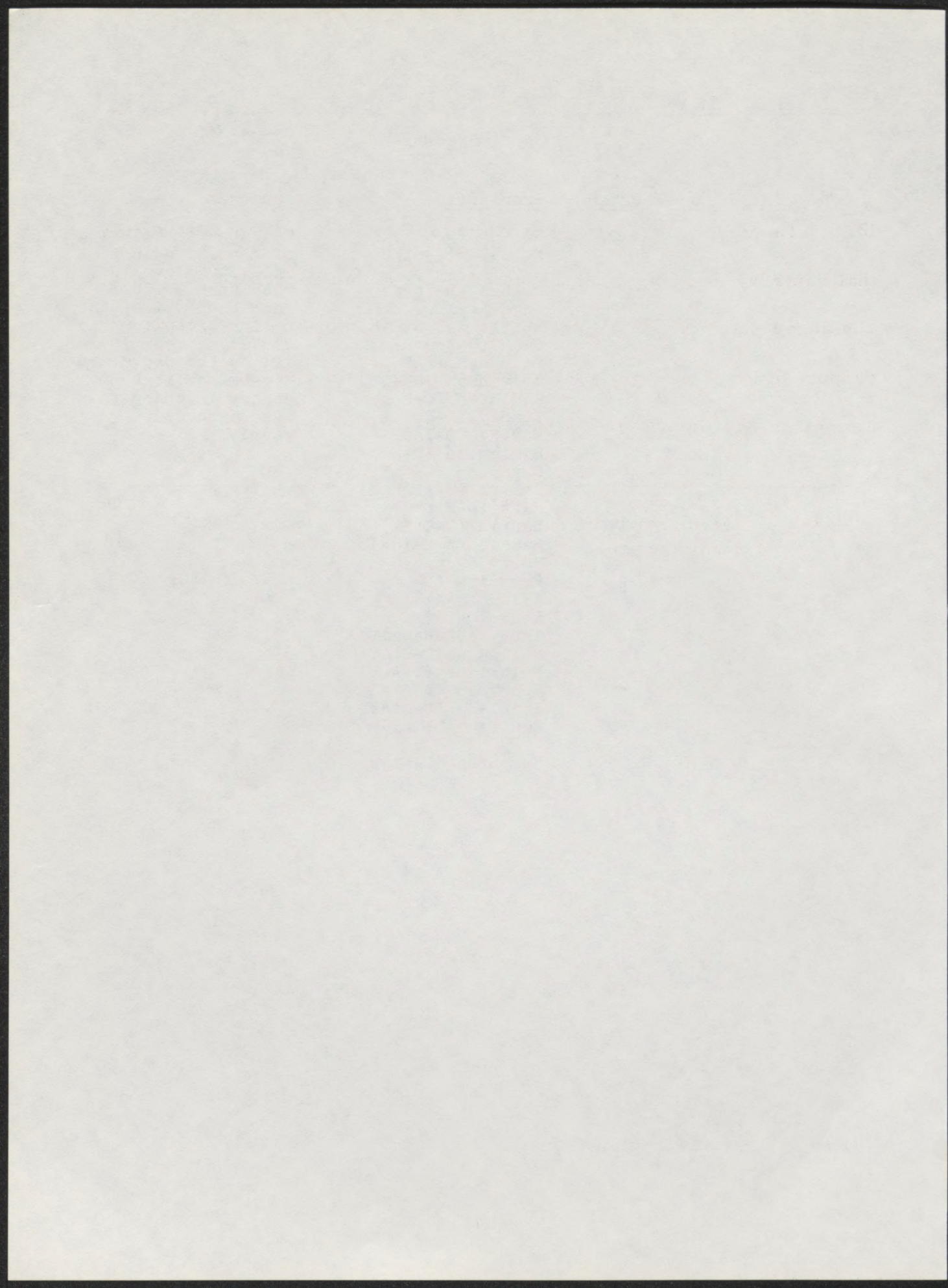
3/18/71	H.R.6357	Abbitt (D-Va)	To support the price of milk at 90% of the parity price through purchases of milk and milk products.
3/22/71	H.R.6502	Thomson (R-Wis)	"

more

SENATE

<u>Date Introduced</u>	<u>Bill Number</u>	<u>Sponsor(s)</u>	<u>Purpose</u>
3/16/71	S.1277	Nelson (D-Wis) Mondale (D-Minn) McGee (D-Wyo) Hughes (D-Iowa) Bayh (D-Ind) Burdick (D-N.Dak) Cook (R-Ky) McGovern (D-S.Dak) Stevenson (D-Ill) Eagleton (D-Mo) Tunney (D-Calif) Hartke (D-Ind) Symington (D-Mo) Cranston (D-Calif) Gravel (D-Alaska) Hart (D-Mich) Harris (D-Okla) Muskie (D-Maine) Moss (D-Utah) Proxmire (D-Wis) Allen (D-Ala) Long (D-La) Inouye (D-Hawaii) Hollings (D-S.C.) Fulbright (D-Ark) Sparkman (D-Ala) Eastland (D-Miss) Bentsen (D-Tex)	To support the price of manufacturing milk at a level not more than 90% nor less than 85% of the parity price for the marketing year 1971-72, as the Secretary determines is necessary in order to assure adequate supply.
3/19/71	S.1294	Humphrey (D-Minn)	"

#



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 percent chance that an 85 percent of parity support bill will pass Congress and that the President should allow himself to be won over to an increase to 85 percent of parity.

12a

Memorandum, dated March 19, 1971, from John C. Whitaker to John D. Ehrlichman..... 138

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A

32

THE WHITE HOUSE
WASHINGTON

March 19, 1971

MEMORANDUM FOR JOHN D. EHRLICHMAN

FROM: John C. Whitaker

SUBJECT: Suggested Meeting with Secretary Hardin

I think we should have a prompt meeting with Secretary Hardin today. The prime issue is milk price supports. Contrary to what I reported in the 7:30 meeting this morning on a House count they did last night, Hardin is convinced there is a 90 percent chance that an 85 percent of parity price support for milk bill, sponsored by Carl Albert, will pass Congress. The issue is, if it passes, does the President veto it. Currently, we are playing a bluff game with the dairy people saying the President will have to veto a milk price increase and get credit on the consumer side, but Hardin doesn't think it will stop the bill from passing. He is now of the opinion that when the dairy meeting takes place with the President next Tuesday, the President should allow himself to be won over and go along with the argument of raising the price of milk to 85 percent of parity. This is the key issue and I think you, Shultz, Rice, Colson and I should discuss it with Secretary Hardin.

A secondary reason for the meeting is that Hardin is still hard on the idea that the extension service in some way should be held harmless in the rural revenue sharing bill. He is convinced we can never sell the bill without protecting the extension service, and that by protecting the extension service, we have enough votes to get those people working for us and pass the bill. He said he discussed it with the President, although only briefly in a reception line, and as predicted, the President said, "If you think that is what we ought to do, then we ought to go ahead." The Secretary recognizes that the game isn't played this way and wants an honest discussion with us about it.

cc: George Shultz
Don Rice
Chuck Colson

Add: Macdonald or Kinnison

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.

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13 a. Secretary Connally's log, March 23, 1971.....	140
Tape recording of President's statement during telephone conversation between the President and Secretary John Connally, March 23, 1971.....	141
12 b. President's log of contacts with Secretary Connally, March 11, 1971 to May 11, 1971	142

13a. TAPE RECORDING OF MARCH 23, 1971 MEETING

A portion of the supporting evidence for paragraph 13 consisted of tape recordings of the President's March 23, 1971 meeting with John Connally.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

13b. PRESIDENT NIXON LOG OF CONTACTS WITH SECRETARY CONNALLY, MARCH 11-
MAY 11, 1971

CONNALLY, JOHN B. SECRETARY OF TREASURY

3/11/71 cont. mtg *Butterfield*
p lo c / p lo nc but tlc w / Mrs.

3/16 mtg *Butterfield* CabMtg CabRm ANE

3/18 p lo c / r lo nc / r lo c
mtg OO

3/20 p ld nc / p ld c *2 minutes - 1 minute mtg / min 1:00*

3/22 r lo nc, RMW take / r lo c

3/23 p lo c *3 minutes*
mtg *5:05 - 5:38* OO 5:05 - 5:38

r ld nc AP Butterfield take
RepubLdrshpMtg CabRm

3/25 NSC mtg CabRM

-3/26 mtg *Butterfield* OO *Security*

Cabmtg CabRm ANC

3/31 dnr Rsdnce

CONNALLY, JOHN B. SECRETARY OF TREASURY

4/1/71 mtg *4:00 go /* mtg *3:00 minutes*

4/8 CIEP mtg CabRm

4/10 p ld nc / r ld c *3 minutes*

4/13 mtg *4:00* OO 4:05 - 6:00

4/14 Swr-in of Chrm SEC OO

4/15 p lo c *1 minute*

4/16 mtg *4:00 - 12:53 - 1:00*

4/17 Textile Mtg CabRm

4/18 p ld nc

4/20 p lo c *1 minute*
4/22 mtg OO
photograsph Rose Garden

r lo c *1 minute*
-4/27 mtg *Butterfield* OO

CabMtg CabRm

4/29 R lo nc ← R ld nc
P ld c

CONNALLY, John B.

Secy of the Treasury

5/4/71 Mtg / GOP ldrshp CabRm

5/4 Mtg *Quadrad* OvalOfce

5/4 r lo nc

5/4 p lo c *1 minute*

5/5 OPEN DOOR HOUR / Fed Civ. Serv. Awards

5/5 Mtg *4:00* OvalOfce

5/6 Mtg *4:00* *Butterfield* OvalOfce

5/7 p lo c *8 minutes*

5/8 WH Correspondent's Dnr SheratonPkHtl ANC

5/9 p lo c *1 minute*

5/10 Brkfst *4:00* *Fed, Chrdman, Fmly DngRm*

5/11 Mtg *10:00* OvalOfce

5/11 p lo c *1 minute*

5/11 r lo nc

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 September 4, 1970, and a ~~courtesy~~ meeting on September 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 January 26, 1971, with his recommendation that a meeting be scheduled. On February 25, 1971, Secretary Hardin was informed that the President had approved the meeting for 10:30 a.m., March 23, 1970.

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14a	Memorandum, dated January 26, 1971, from Secretary Hardin to H. R. Haldeman..... 144
14b	Deposition of David L. Parr taken December 12, 1972 in <u>Nader v. Butz</u> , (D. D. C. Civ. No. 418-72) pp. 51-54. 145
14c	Letter, dated February 25, 1971, from Dwight L. Chapin to Secretary Hardin..... 149

January 26, 1971

TO: H. R. Halderan
Assistant to the President
The White House

SUBJECT: Meeting with President and Leaders of Dairy Industry

On September 4, 1970, I addressed 25,000 members of Associated Milk Producers, Inc., in Chicago, Illinois. At that time, President Nixon talked by telephone with me and with Harold Nelson, President of AMPI, and extended an invitation to Mr. Nelson for the key leaders of that group to meet with him in the White House.

At my suggestion, Marion Harrison and Pat Hillings, as attorneys for AMPI, have submitted the enclosed list of names for such a meeting. I recommend the President invite them for a meeting at the earliest convenient time.

/s/ CLIFFORD M. HARDIN
Secretary

Enclosure

SEC:DEBrock:mk x2631 1-25-71

BROUGHT FORWARD

14b. DAVID PARR DEPOSITION, DECEMBER 12, 1972, NADER v. BUTZ, 51-54

Q I understand that.

Epecially with all those dairy farmers in town at the same time?

A I don't know about that.

Q Did you attend the meeting with the President at the White House on March 23, 1971?

A Yes.

MR. WILSON: You want to take a five-minute recess?

MR. DOBROVIR: Yes.

(Short recess.)

MR. DOBROVIR: On the record.

BY MR. DOBROVIR:

Q When we recessed, I had just asked you about a meeting at the White House with the President on March 23, 1971.

How was that meeting arranged?

A In 1970, ANPI was having an annual meeting in Chicago.

There were efforts to try to persuade the President to come to that meeting. He didn't come.

He did talk, as I understand it -- I wasn't at the meeting in Chicago -- he did talk, as I understand it, with Mr. Nelson in Chicago, and said the kind of thing that he

14b. DAVID PARR DEPOSITION, DECEMBER 12, 1972, NADER v. BUTZ, 51-54

23

was sorry he couldn't come.

I don't know what he said.

About three days later, well, over the weekend sometime, I got a call from Mr. Nelson.

Q You got a call from Mr. Nelson?

A I believe from Mr. Nelson, saying that -- maybe he told Mr. Nelson. I don't know how that ran.

Anyhow, they were to meet with the President about three days after the annual meeting. This must have been in September of '70.

At that time, the President -- a lot of people had urged him to come, and he had gotten the impression that it was a good meeting, a large, well attended meeting, and he wanted to know when our next one was and that he would make every effort to try to come to the next one.

When was it? And he would like to meet with other people in the dairy industry and to remind Secretary Hardin, just to keep in mind, that he wanted to meet in early 1971 with other people.

So, I don't know when it was set, Mr. Dobrovir, exactly, but that is the first mention I heard of it.

Q Were you told this by Mr. Nelson?

A No.

14b. DAVID PARR DEPOSITION, DECEMBER 12, 1972, NADER v. BUTZ, 51-54

I was told this by the President.

Q By the President.

You spoke to him personally?

A Mr. Nelson and I were there.

Q This was after the Chicago meeting?

A The 1970 annual meeting of AMPI.

Q You went to Washington?

A Came to Washington.

Q And expressly for the purpose of seeing the President?

A Yes.

Q And how did that occasion come about?

A I said I don't know. I don't know.

As I was saying, I wasn't in Chicago, so I don't know how the meeting got arranged.

He did talk, as I understand it, to Mr. Nelson from some place, wherever he was, while the meeting was going on.

Q So you and Mr. Nelson flew to Washington to meet with the President, and now when you met with the President at that time, did you discuss anything else besides the question of his setting up a meeting?

A I just remember he got his yellow pad and started

14b. DAVID PARR DEPOSITION, DECEMBER 12, 1972, NADER v. BUTZ, 51-54

saying, "When is that meeting?"

I was impressed with that.

Q How long did your meeting with him at that time last?

A I don't remember.

Q You don't remember what other subjects were discussed?

A The only thing that impressed me was that he was very complimentary of what he had heard about our annual meeting. That is what we had just had.

And he expressed an interest in meeting some of our people, which we thought was good, and it sounded like he wanted to come to our next meeting, which he ultimately did.

Q Was that the only thing that you talked with the President about at that time?

A I am sure we talked to him about the plight of the dairy farmer because we never missed an opportunity to talk to anybody about that, but I don't remember anything specifically.

Q Do you meet with the President often?

A No.

I don't know of anybody that meets with the President often.

THE WHITE HOUSE
WASHINGTON

February 25, 1971

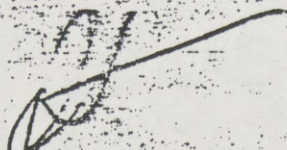
Dear Mr. Secretary:

The President has approved your suggestion that he meet with leaders of the dairy industry and we have set aside thirty minutes at 10:30 a.m. on Tuesday, March 23, for a meeting in the Cabinet Room.

By a copy of this letter, I am asking Mr. John Whitaker to handle the details of the appointment with your office. Also, I would appreciate knowing when you have confirmed this date and time with the dairy leaders.

With best wishes,

Sincerely,

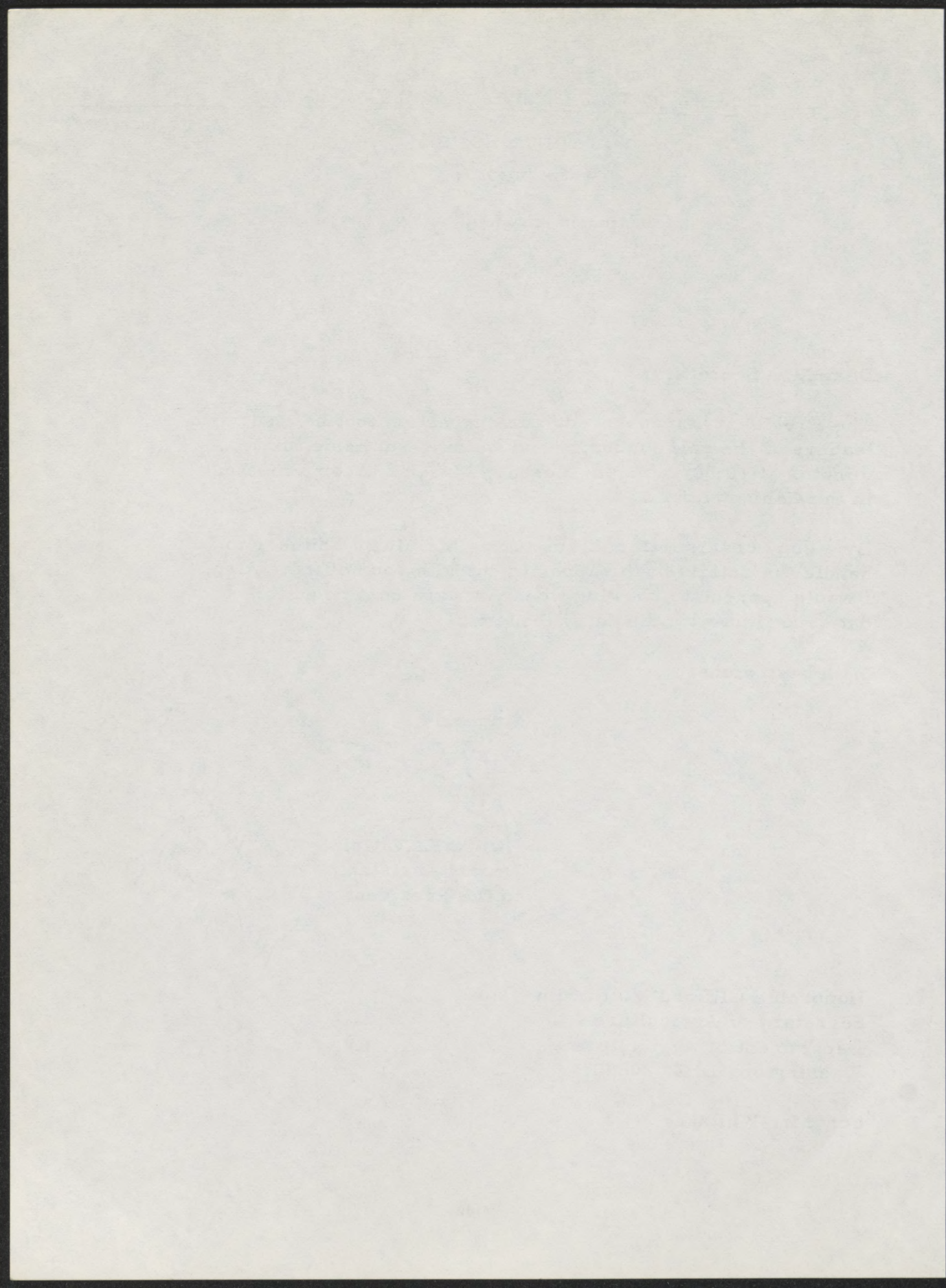


Dwight L. Chapin
Deputy Assistant
to the President

Honorable Clifford M. Hardin
Secretary of Agriculture
Department of Agriculture
Washington, D. C. 20250

cc: Mr. Whitaker

*confirmed w/ 3/2/71
Mason Harrison
11:00 AM
AB*



15. The President opened the meeting by thanking the dairy leaders for their non-partisan 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 the 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.

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Tape recording of meeting among the President and dairy representatives, March 23, 1971,.....	152

15a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

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.

Page

Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice, March 23, 1971.... 154

16a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

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.

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Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice	
March 23, 1971,	156

17a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

18. Vetoing such a bill was then discussed. Connally said the dairymen were arguing on Capital 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.

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- Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice, March 23, 1971,.....	158

NOTE: OBJECTION HAS BEEN RAISED BY CONGRESSMAN SEIBERLING THAT THE SECOND PARAGRAPH IS A CONCLUSION RATHER THAN A STATEMENT OF INFORMATION WITHIN THE RULES OF PROCEDURE OF THE COMMITTEE.

18a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

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.

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Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, J. Phil Campbell and Donald Rice, March 23, 1971.....	160

19a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

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.

Page

Tape recording of meeting among the President,
Secretary Hardin, Secretary Connally, John
Ehrlichman, George Shultz, John Whitaker,
J. Phil Campbell and Donald Rice, .
March 23, 1971,..... 162

NOTE: OBJECTION HAS BEEN RAISED BY CONGRESSMAN SEIBERLING
THAT THE ENTIRE PARAGRAPH IS A CONCLUSION RATHER
THAN A STATEMENT OF INFORMATION WITHIN THE RULES
OF PROCEDURE OF THE COMMITTEE.

20a. TAPE RECORDING OF MARCH 23, 1971 MEETING

The supporting evidence for paragraphs 15 - 20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with Administration officials and dairy cooperative representatives.

The Committee on the Judiciary heard the tape recording and examined transcripts prepared by the Inquiry staff during the initial presentation regarding dairy matters on June 5, 1974.

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.

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21a Senate Select Committee Executive Session Testimony of J. Phil Campbell, May 31, 1974, pp. 60, 61, 64	164

1 time which would be five fifty Eastern Standard Time which
2 would be the time in Washington on March 23 of 71, there is a
3 record of a phone call from Mr. Phil Campbell to Mr. Nelson
4 with the message to return the call to your home. Is your
5 number Area Code [REDACTED] ?

6 Mr. Campbell. Yes. So --

7 [REDACTED] Mr. Weitz. That would indicate then that at 5:30 in the
8 afternoon which would have been shortly after the 4:45 meeting
9 you placed a call that did not reach Mr. Nelson.

10 Mr. Campbell. Maybe I didn't. All I know is I placed the
11 call and talked to him. I can't give you the details. I mean
12 you have the records and I will have to accept when it was on
13 there.

14 Mr. Weitz. Do you recall him returning the call at your
15 home that evening?

16 Mr. Campbell. I recall I talked to him. I don't recall
17 under what circumstances.

18 Mr. Weitz. Did you talk to him after dinner?

19 Mr. Campbell. I thought I talked to him at the office.
20 My memory may be wrong on that.

21 Mr. Weitz. You see the records show he was still in Wash-
22 ington that day.

23 Mr. Campbell. I see. I don't know where I talked to him
24 but I placed the call and talked to him but I can't tell you
25 exactly when.

1 Mr. Weitz. Did you have your secretary place the call?

Mr. Campbell. I don't remember how it was done.

3 Mr. Weitz. But it is likely that the only number you
4 would have had in your records would have been his office in
5 San Antonio?

6 Mr. Campbell. That is correct. Yes. Possibly his home.
7 I don't know.

8 Mr. Weitz. But not his hotel room in Washington?

9 Mr. Campbell. No, I recall I had the call placed, I did
10 talk to him but I don't know how or when the call was completed.

11 Mr. Weitz. Could you tell us what you told him on the
12 telephone?

13 Mr. Campbell. Yes. I asked him to -- well I said, now
14 Harold if we do change our mind and do raise the price, will
15 you and the other dairymen stop asking us for prices increases
16 -- well, not price increases but price support increases --
17 because I don't think it is good for the dairymen. Will you
18 get off our backs? And he agreed and said he would.

19 Mr. Weitz. You recall using that language, "get off our
20 backs?"

21 Mr. Campbell. Yes, I asked him to get off our backs and
22 he agreed that if we did raise the price support that he would.

23 Mr. Weitz. Did you indicate that you had met with the
24 President?

25 Mr. Campbell. No.

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1 him that it had been made.

2 Mr. Weitz. Did you discuss anything else in the conversation?

3 Mr. Campbell. No, that was a very short conversation.

4 Mr. Weitz. Did you ask him not to boycott the Republican
5 fund raising dinner the next night?

6 Mr. Campbell. No, sir, I don't recall even talking to
7 him about that. I don't recall any conversations with him in
8 regard to that fund raising.

9 Mr. Weitz. Did you attend that dinner?

10 Mr. Campbell. No, sir.

11 Mr. Weitz. Were you aware on the 23rd the dinner was
12 going to be held the next evening?

13 Mr. Campbell. I was aware because I got a letter soliciting
14 me to buy a \$1,000 ticket, which I was not financially able to
15 do. I get these letters each year and I have never bought a
16 ticket because I am not financially able to.

17 Mr. Weitz. Were you aware that the dairy co-ops were
18 planning to attend the dinner representatives of the co-op were
19 planning to attend the dinner?

20 Mr. Campbell. I don't know when I knew. I heard after-
21 wards that they were there and I don't know how many tickets
22 they bought or anything about it, but I had nothing to do with
23 then purchasing the tickets.

24 Mr. Weitz. Were you aware that after the March 12 decision
25 they had started to change their minds about attending the

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.

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a proper way.

Q A proper way.

What would a proper way have been?

A What, I do not know, but my assumption is that the Secretary of Agriculture would make the announcement at what point the price support would be paid.

Q Did you have any activities in connection with the price support decision for 1972?

A No, sir.

Q After they --

A Pardon me.

Other than what I said to people in 1971, if that is a carry-over for 1972, to that extent, yes.

Q After March 28th, when the Secretary of Agriculture announced that he was increasing the price support level, you didn't have anything further to do with this question?

A No, sir.

Q Did you learn at any time prior to the Secretary's March 28th announcement that the earlier position might be changed?

A Yes, but did I know it was going to be changed?

Q Not to ask you that.

Did you know it was going to be changed?

A No, sir.

I was urging it be changed.

Q Did the change come as a surprise to you?

A Nothing comes to me as a surprise in Government.

Q Did there come a time when you became apprised of the intention or desire of the dairy farm political trusts TAPE, SPACE and ADEPT to make campaign contributions to the Presidential campaign of Mr. Nixon?

A Yes.

Q When was that?

A My recollection is it was in March of 1971.

Q From whom did you learn this?

A Mr. Harrison.

Q What did Mr. Harrison say to you?

MR. HARRISON: Mr. Dobrovir, I think you are starting to get into the attorney-client privilege.

MR. DOBROVIR: Are you making an objection?

MR. HARRISON: Therefore, I make an objection.

BY MR. DOBROVIR:

Q Mr. Chotiner, what, if anything, did you have to do with contributions from the dairy farm political trusts, TAPE, SPACE and ADEPT, to the Presidential election campaign of Mr. Nixon?

Dairymen, Inc., or SPACE or TAPE or Mid-America or any particular groups.

Q In any of these conversations was mention made of some totals that the dairy people were planning to contribute?

A No, sir.

MR. DOBROVIR: I have no further questions.

MR. GOLDBLOOM: I have a few.

EXAMINATION BY COUNSEL FOR THE DEFENDANTS

BY MR. GOLDBLOOM:

Q Mr. --

THE WITNESS: Mr. Dobrovir, when I say no, that is my best recollection. I do not think any total amount was mentioned.

MR. DOBROVIR: Yes.

BY MR. GOLDBLOOM:

Q In connection with your efforts to seek a favorable result on the dairy price support level on behalf of your clients, you spoke to Mr. Whittaker and Mr. Colson and Mr. Cashin and Mr. Ehrlichman on the White House Staff.

In the course of any of those conversations, was the subject of political contributions by the dairy industry figure in your conversations?

A No, sir.

Q Did you at any time during those conversations suggest the possibility that political contributions might be made by the dairy industry?

A No, sir.

We talked about support and help for the farmers and not support or help for the campaign by way of contributions.

Q So, therefore, political contributions of that sort did not figure in any of the discussions in any way?

A I won't go that far.

I would say any time you do something for someone, it reacts favorably at the ballot box.

Of course, I had in mind at the time the question of support for the Administration in the coming election and the farm states, and if you don't help the farmer, you don't get their support.

Traditionally, the farmers have supported Republican Administrations except at such time when they felt their economic well-being was not being looked after to their satisfaction.

Q Was there any discussions about cash contributions or funds?

A No, definitely not.

MR. GOLDBLOOM: No further questions.

MR. DOBROVIR: Let me follow up.

FURTHER EXAMINATION BY COUNSEL FOR THE PLAINTIFFS

BY MR. DOBROVIR:

Q In your conversations with Messrs. Ehrlichman, Colson, Whittaker and/or Cashin, was the question of political support in terms of votes in the election from farmers discussed?

A Oh, I undoubtedly must have made a remark as to the effect that if you hurt the farmers, you can't expect to get their support, whereas if you help the farmers, you probably have a good chance of getting their support.

As I said, the farm states normally support Republican Administrations.

It may follow if you -- that you don't kick a person in the shins and expect him to say thank you.

Q In your conversations with the dairy people with respect to campaign contributions, was there any discussion of the fact that caused this decision to come out favorably after all that the dairy farmers should support with contributions to the Nixon campaign?

A I don't understand your question.

If I understand it correctly, I resent the question.

Under no circumstances, under no conditions would I talk to any dairy person or anyone else along the lines of their making a campaign contribution in return for any favorable action that may have been extended toward that individual or group.

The answer is unequivocally no.

Q You testified the first time you talked to anybody from the dairy groups about political campaign contributions was March 24th with Mr. Nelson.

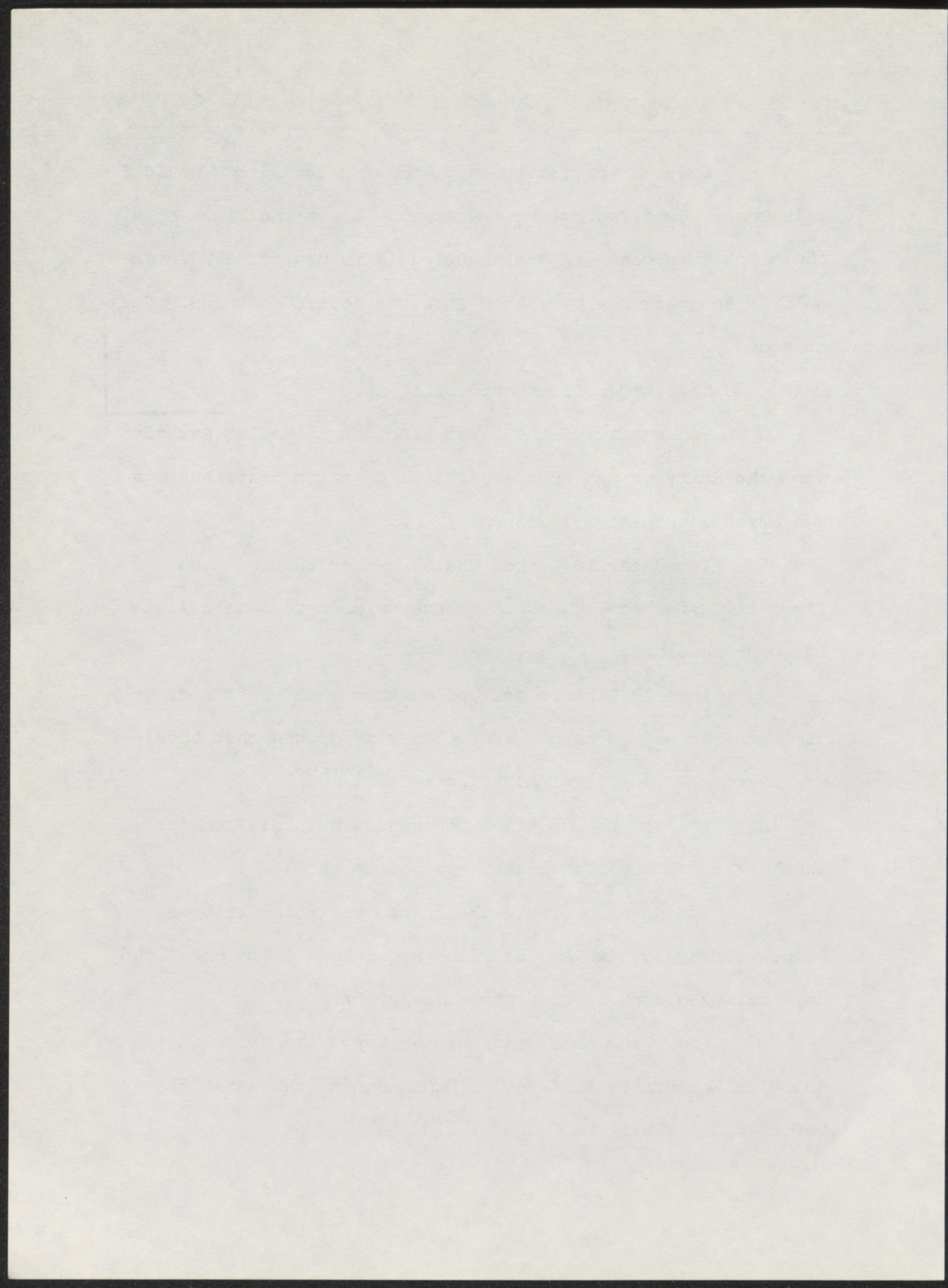
I had earlier asked whether -- or what was the first time you heard the dairy groups wished to make political contributions.

I would like to ask you whether that was the first time you heard from anyone from the dairy groups that they wanted to make political contributions?

A The way the question was worded before, I don't think that was the answer that applied to that.

I had known before that there was going to be a dinner coming up, and Mr. Harrison had talked to me about the possibility of tables that would be purchased.

Now, from that standpoint, if you are referring to political contributions, yes, I had heard of the possibility before the night of the dinner.



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.

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1 Q Was it your impression that they had forgotten
2 about it?

3 A Well, I don't know. I just don't have that
4 impression. I don't remember that anyone ever did.

5 Q Is that unusual in the field of political fund-
6 raising for someone never to mention that he had made a big
7 gift a year or two before?

8 A Well, in any experience, and, of course, my
9 experience has been largely almost exclusively with individuals
10 and most of them, when they make a gift, they aren't reminding
11 people all the time that they made a gift.

12 If it comes up and somebody questions them or
13 something, they will say it; but I didn't have the feeling and
14 have never had the feeling that someone is always reminding
15 people of it.

16 Usually people make a gift and they are glad to
17 make the gift and that is it.

18 Q On March 25th, that lunch with Mr. Ehrlichman, if
19 you can recall, did he happen to mention anything about dairy
20 farmers? Did he mention, for example, that there had been a
21 big meeting with a whole lot of dairy farmers the day before
22 with the President?

23 A I remember nothing of that sort.

24 Q So, it is your testimony that at that time you
25 were totally unaware of the pendency of any price support
26 matter as related to your fund-raising activities?

27 A I was unaware, and I remember -- I have no memory
28 at all, Mr. Debrovin. I being aware of pending price support,

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1 increases, or whatever.

2 Q Now, you read a little earlier this Exhibit
3 number 34-26 in Book 3 of the Senate Watergate Committee
4 Hearings, and on pages 1228 and 1229 this memorandum quotes
5 Dean as saying, "Evans, Nunn and Sloan have raised the surplus
6 funds;" and then Haldeman is quoted as saying, "forget this.
7 No. The surplus funds are not to go into 1701. There is no
8 need for cash in the 1701."

9 Do you know what refers to?

10 A Yes.

11 Q Could you explain that, please?

12 A The surplus funds were the funds that I held in
13 trust, surplus from the 1968 campaign. Bob Haldeman had the
14 absolute direction as to those funds, and he is saying there
15 what he said to me several times; and that is that these funds
16 are to be disbursed only on his direction or on the direction of
17 the people staying in his stead; that these funds were not to
18 be disbursed by me in support of the 1701 Re-election Campaign
19 Program, other than as personally authorized by him. And he
20 simply is stating what I've just said.

21 Q Why doesn't he want it to go into 1701? What is
22 that?

23 A 1701, Mr. Dobrovir, was the Committee for the Re-
24 election of the President. It was the campaign organization
25 at 1701 Pennsylvania Avenue.

26 It's my memory that he wanted the campaign organiz-
27 ation to raise funds and support its activities through finance
28 efforts; and without use with the surplus funds that had been

1 MR. DOBROVIR: I have no more questions.

3 EXAMINATION

4 BY MR. O'CONNOR:

5 Q Mr. Kalmbach, after being shown several documents
6 by Mr. Dobrovir today, you indicated that you had discussed
7 the question of dairy contributions with Mr. Haldeman; is that
8 right?

9 A Yes.

10 Q Now, referring to your deposition taken April 30,
11 that was the first time Mr. Dobrovir took your deposition --

12 A Yes.

13 Q -- on page 34, you were asked the question "did
14 you ever discuss this question of dairy contributions with
15 Mr. Haldeman at any time?" A. I don't recall that I did."

16 A Well, those recent memoranda and the like have
17 refreshed my recollection, Mr. O'Connor, and now with my memory
18 refreshed I do recall I did discuss these contributions with
19 Mr. Haldeman.

20 MR. O'CONNOR: Go ahead.

22 EXAMINATION

23 BY MR. GOLDBLOOM:

24 Q Mr. Kalmbach, I realize that either you have stated
25 some of these matters about which I intend to question you
26 either directly or by indication by some of your answers to
27 Mr. Dobrovir, but for the sake of the record, I would like to
28 clarify and make sure there is no question about them.

1 You have testified at length about your substantial
2 involvement in campaign contributions, and contact concerning
3 campaign contributions with representatives of the dairy
4 industry, and whether they are officers of dairy farmer
5 producers organizations and/or their attorneys, and you've
6 also testified to numerous contacts and activity with various
7 members of the White House staff, as well as members of the
8 political campaign organizations supporting the Re-election of
9 President Nixon.

10 I want to ask you whether during the course of any
11 of these contacts and discussions about campaign contributions,
12 specifically by the dairy industry that we've talked about; was
13 there ever a suggestion made, either by members of the dairy
14 industry or their representatives, or by representatives of
15 the White House staff, or by members of the campaign organizations,
16 that the making of campaign contributions, or the failure to
17 make such campaign contributions, would have a specific result
18 with respect to particular governmental actions which might
19 have an impact on the dairy industry?

20 A No, I do not recall ever remembering any such
21 statements.

22 Q Was there anything by indirect suggestion by
23 members of any of these groups to that effect?

24 A And again I cannot recall ever any indirect
25 suggestions of such.

26 Q Did you ever have particular discussions about
27 the decisions reached by the Government, whether it be by the
28 President, or by Department of Agriculture, with respect to

1 import quotas or the Dairy Price Support Program?

2 A I have no memory of any such statement or
3 discussions.

4 Q And do you recall any members of the dairy
5 industries or their representatives urging upon you to make
6 contact with members of the Administration with respect to
7 specific requests for governmental actions?

8 A I have no memory of ever being urged by any
9 representative of the dairy industry or any of their attorneys
10 ever urging that on me.

11 MR. GOLDBLOOM: I have no further questions.

12 MR. DOBROVIR: Off the record.

13 (Whereupon a discussion ensued off the record).

14 MR. DOBROVIR: Back on the record.

15
16 FURTHER EXAMINATION

17 BY MR. DOBROVIR:

18 Q Mr. Kalmbach, you have read the letter from
19 Patrick J. Hillings to President Nixon in December of 1970,
20 have you not?

21 A Yes, sir, I have.

22 Q If you would like to look at it again while I
23 ask this question, if you don't recall it specifically enough
24 I have no objection to your reading it again.

25 If you were sitting in the President's chair,
26 had received such a letter, would you have interpreted that
27 letter as something more than an indirect suggestion that
28 two million dollars would be flowing into your campaign, is

Incorporated?

A I can't recall that I knew that.

Q And do you know that SPACE is a political committee for trust connected with a dairy cooperative called Dairymen, Incorporated?

A I may have been advised of this but again I can't recall it with precision.

Q Now can you recall when you first heard of any of these three trusts, TAPE, SPACE, or ADEPT?

A Well, it seems to me that in 1971, I was talked to along the lines that one or more of these dairy cooperatives were interested in making a contribution towards the forthcoming 1972 campaign. That's my recollection of first hearing this.

Q And with whom was that conversation?

A I don't recall, Mr. Dobrovir, where the first person that spoke to me about that—it was perhaps someone in the White House, but I can't recall exactly who that person was.

Q Do you recall when the conversation took place?

A No, other than it seemed to me that it was sometime in mid-1971, but again I can't be specific on dates.

Q Someone in the White House? Perhaps I might try to refresh your recollection if I just reel off a bunch of names.

Murray Chotiner?

A I may have spoken to Mr. Chotiner about this, from time to time.

Q How long have you known Mr. Chotiner?

A I have known him--oh, I think I first met him in the late 1950's.

Q Has your contact with him been frequent since that time?

A No, infrequent.

Q So you would not call him a close associate of yours in political work?

A No, I know Mr. Chotiner and have known him casually over the years.

Q And are you acquainted with Marion Harrison?

A Yes.

Q Do you know him well?

A No.

Q Now, would this conversation with Mr. Chotiner, if it was Mr. Chotiner--did this take place shortly after you assumed your responsibilities as fund raiser for the campaign, say before March 1, 1971?

A No, any conversation I might have had with Mr. Chotiner in this area, and again I don't know if he was the one that

initially talked to me--that conversation would have taken place on this subject sometime, as I say, in mid-1971.

Q Now, this conversation--

A That is as I recall it.

Q Yes. Now this conversation in mid-1971, whomever it was with, was that the first time you became aware of the existence of TAPE, SPACE and ADEPT?

A Again it seems to me this is the first time that I was briefed on the ADEPT-SPACE terminology.

Q Now, did you know that Murray Chotiner had ceased to be a member of the White House staff on or about March 9, 1971?

A Well, I knew he had left the White House staff but I don't remember when that was. Again, I feel that any conversation that I had with him was subsequent to that change.

Q But you did mention earlier that you learned about this interest of the dairy groups in making political contributions from someone in the White House?

A I did indicate I was first contacted, again as I recall it, by someone and it could well have been Mr. Chotiner but again it could have been someone in the White House who spoke to me.

Q Was it Mr. Haldeman?

A No, I don't recall that it was.

Q Was it Mr. Ehrlichman?

A No.

Q Mr. Colson?

A I don't believe it was Mr. Colson; it may have been.

Q Would it have been Mr. Dean?

A No.

Q Do you know Henry Cashin?

A Yes, I do.

Q Would it have been Henry Cashin?

A It may have but I don't recall it was.

Q Does Harry Dent refresh your recollection?

A It may have been Harry Dent.

Q John Whittaker?

A I don't remember whether John Whittaker--I don't remember whether I spoke to John Whittaker or not.

Q You were involved in fund raising in 1968 also, were you not?

A Yes, I was.

Q And did you engage in fund raising in other campaigns of Mr. Nixon, 1962, in California?

A Yes, I did.

Q 1960 for the Presidency?

A Well, I was active in 1960, but not in the campaign.

Q And before that, in the Vice Presidential campaigns 1956, 1952?

A Not formally.

Q How long have you worked politically with Mr. Nixon?

A Relating it to various campaigns, I helped formally and informally for--back before 1960.

Q Do you consider that your relationship with President Nixon is a close one?

A Yes, I do.

Q In connection with your political activities, was it generally your custom to keep him advised of your activities?

A No.

Q It is not?

A It is not. That is to my political activities.

Q On his behalf?

A Yes, that's right.

Q Why is that? Why do you not think it appropriate to keep him advised of your activities?

A Well, I don't regard myself as reporting to the President in political activities. I feel that it is somewhat inappropriate for me to regard myself as reporting to the President in this area.

Q Now, when did you first become aware that these three dairy groups, ADEPT, TAPE and SPACE had made or were going to make contributions? I believe you testified that the first time you heard of them was in mid-1971?

A That is my recollection.

Q And was that also the first time you heard that they had made or were going to make contributions?

A Again that is as I remember it, Mr. Dobrovir.

Q Now were you told that they had made contributions?

A No, it was a very casual conversation, and I was simply asked to talk to a few people to see whether or not certain procedures were being set up, including committees, and that the administration was being had. I had no knowledge of any amount, and I had no knowledge of the conversations that had gone on beforehand, if any.

Q Whom were you asked to speak to?

A About that time I think I was asked to talk to Mr. Bennett. He was one of the people that I was asked to speak to.

Q Did you talk to Mr. Bennett?

A Yes, I did.

Q When was that?

A Again perhaps in mid-1971 and again I cannot state

Q Were you ever shown any lists of names and chairmen and addresses of chairmen of the Bennett committees?

A I don't recall any lists. I may have been shown lists. I may have been shown a list of the hundred committee names, but --

Q Let me show you a list which was produced by Mr. Bennett in his deposition, which we took, and ignoring the pencilled, inked writing which is ours, will you take a look at it and tell us if you have ever seen that list?

A I have not.

Q Now did you ever have any personal contact with people from these dairy committees?

A Yes, I did have.

Q And can you describe those contacts?

A I may have met one or more of them in 1951--

Q 1951?

A I'm sorry. In 1971. But I recall that I did with particularity, that I did meet with certain of the people in 1972, early in 1972.

Q Going back to 1971, can you recall if you met with Harold Nelson at that time?

A That name is familiar and I may well have.

Q Do you recall where that meeting took place?

A No, I do not.

Q Do you recall what happened at that meeting?

A No.

Q Would it refresh your recollection if I said to you that Mr. Nelson testified? I think it best that I read his testimony so the record is entirely accurate. Reading from page 28 of the deposition given by Mr. Nelson in February of this year, and Mr. Nelson had first discussed the 1972 meeting that you referred to, and then:

"QUESTION: When you say either you or Mr. Jacobson, did you yourself know Mr. Kalmbach before that meeting?

"ANSWER: I have met Mr. Kalmbach before that meeting.

"QUESTION: In what connection?

"ANSWER: In a connection with seeking direction as to how we could make the contributions we wanted to make.

"QUESTION: Could you describe those contacts: when you met him, where you met him.

"ANSWER: I don't recall. I believe it was either in Washington or in his office in California.

"QUESTION: Do you recall when?

"ANSWER: No.

"QUESTION: And who initiated the contact?

"ANSWER: As I recall, I can't tell you. It might

have been Marion Harrison. I assume that it was, but I can't tell you it was.

"QUESTION: This was before the February meeting however?

"ANSWER: As I recall, it was before the February meeting, yes."

THE WITNESS: Pardon me, Mr. Dobrovir. February of what year?

MR. DOBROVIR: 1972.

THE WITNESS: Thank you.

MR. DOBROVIR: I am sorry.

"QUESTION: Do you recall how long before?

"ANSWER: Now this is just pure speculation. I would say maybe 30 days or 60 days."

BY MR. DOBROVIR:

Q That is pretty much his testimony. Now does that refresh your recollection about that 1971 meeting?

A No, that is consistent with my recollection which is that I may have met him in 1971; again the purpose of that meeting would have been to talk to him about any procedures that they had in mind as to how to effect contributions to the campaign in a proper and regular manner.

Q His reference to 30 days or 60 days before the

February meeting, does that refresh your recollection as to when that 1971 meeting took place?

A No, it does not. My memory is that if I met him at all in 1971, I can't be specific as to when.

Q Was that meeting initiated by Marion Harrison?

A It might have been. I knew Mr. Harrison to be the attorney for one or more of these milk associations.

Q What contacts did you have with Mr. Harrison in 1971 in connection with these dairy organizations?

A Again, he talked to me to get my counsel as to the proper way to effect these contributions that I had understood might be forthcoming from the dairy cooperatives, which I understood were clients of his.

Q And what kind of counsel was he seeking?

A Just counsel as to procedures.

Q And do you recall when those contacts took place?

A Again, I do not. I go back to mid-1971 and it could have been later that year, but I would just be hesitant giving any precise date.

Q Now let's go on to the 1972 meeting. Can you tell us how that meeting came about?

A Well, it seems to me that early in 1972 and this could have been in perhaps January or February, I was contacted by

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this matter.

Q Now we discussed earlier that you had been asked to speak to various people about these dairy contributions by this person in the White House whose name you cannot remember, and you indicated then that one of the people you were asked to speak to was Mr. Bennett and Mr. Sloan. Was there anyone else you were asked to speak to?

A Well, I think Mr. Harrison was one of the people I was asked to speak to, and I remember that we had some casual conversation, and I advised him at that time that in my view the mechanics that were being established were sufficient and would be sufficient to accomplish the purpose of Mr. Sloan in receiving contributions from the dairy trusts.

Q Now you also indicated that you talked to Murray Chotiner about this. Was he one of the people you were asked to talk to?

A It may have been but Murray Chotiner I think that time was counsel to Reeves and Harrison and it was altogether to be expected that Murray Chotiner might have been one of the people I spoke to but I can't again state it as a fact.

Q Now, going back to a decision you made that was reflected in this--I guess the Madison Hotel--

A Yes, that second meeting.

CROSS-EXAMINATION

2 By Mr. Goldbloom:

3 Q I have a couple of questions, Mr. Nelson. During the
4 course of your various discussions with members of
5 Congress or Congressional staff members or the President
6 or members of the White House staff or with whomever you
7 may have come in contact or officials of the Department
8 of Agriculture in connection with your efforts to obtain
9 a satisfactory -- that is, satisfactory to your interests
10 -- result concerning the price support level were there
11 discussions to the effect that the making of political
12 contributions by the agricultural trust would have an
13 effect or an impact upon the decisions to be reached by
14 the Government as to the price support level?

15 A Absolutely not.

16 Q Did anyone intimate to you that the making of political
17 contributions, or for that matter, the failure to make
18 political contributions, would have any kind of effect
19 on such a determination?

20 A No, they did not.

21 Q And in the course of your discussions did you or others
22 representing your interests suggest that the making of
23 political contributions might have a beneficial result?

24 A No, absolutely not.

25 MR. GOLDBLOOM: I have no further questions.

1 A I'd just like to say this: I take it that what you're
2 asking me -- the essence of what you were asking me is,
3 was there a quid pro quo.

4 Q Exactly.

5 A There's never been a quid pro quo in my total experience.

6 CROSS-EXAMINATION

7 By Mr. Barrera:

8 Q Just by way of clarifying the people that may have been
9 present at the meeting, which you've already given some
10 names, both as to those that may have been with the
11 President's staff and those that may have been with the
12 farm group, in number, would you hazard a guess as to how
13 many people may have been there all told?

14 A As I recall, the meeting was in the Cabinet Room and the
15 Cabinet table was full -- the seats at the Cabinet table
16 -- and chairs were arranged in back of the President with
17 people occupying them. So I would say -- that's very hard
18 to figure. I would say if you started counting, though,
19 a total of thirty-five to fifty people in there. I'd
20 say probably nearer thirty-five. I could be wrong on
21 that, too. I'm sure they know how many were in there,
22 but it was a goodly number of people.

23 Q The \$8500.00 loan to Mid-America, do I recall your having
24 said that you did or did not recall the possibility of
25 such a loan?

MR. DOBROVIR: I have no more questions.

MR. GOLDBLOOM: I have a few questions, Mr. Parr.

EXAMINATION BY COUNSEL ON BEHALF OF DEFENDANTS

BY MR. GOLDBLOOM:

Q In connection with the efforts that you testified about in which you participated to obtain a change in the Secretary's March 12 decision to maintain the price support level at \$4.66 a hundredweight, which is what it had been the previous year, did you either believe, or say to anyone, that the making of political contributions by TAPE to any committee or group supporting either the President of the United States or Republican Congressional candidates could achieve a change in the price support determination?

A No.

Q Did anyone ever say to you, either directly or by implication, or by inference that if political contributions were made by TAPE to committees which were Republican in nature, that the making of those political contributions would help to effectuate a change in the price support determination of the Secretary of March 12, 1971?

A No.

Q Do you believe that the making of political contributions by TAPE, or by any other political trust associated

with a dairy farmer organization caused the change in the price support determination of the Secretary of Agriculture of March 25, 1971?

A No.

MR. GOLDELOOM: I have no further questions.

MR. STEELE: I have no questions.

We are not going to waive signature, but please send the original to Mr. Wilson, and he will handle it quicker.

(Whereupon, at 5:00 o'clock, p.m., the taking of the deposition was concluded.)

- - -

dairy groups, that this particular committee of which Mr. Hunt was Chairman, was not so used?

A I was not aware and I am not now aware.

MR. CHOTINER: Okay. I haven't any more questions.

MR. GOLDBLOOM: I have a few.

EXAMINATION BY COUNSEL FOR DEFENDANTS

BY MR. GOLDBLOOM:

Q Mr. Harrison, you testified with respect to various activities in terms of representing the interests of your clients in connection with the dairy price support level and the determination of that level during 1971, in particular, meetings that you had with various officials of the Department of Agriculture and representations which you made in connection with meetings, to various personnel on the White House staff. Now, barring, that is keeping aside any privileged communication which you may have had with your clients, did you at any time during the presentations that you made to officials of the Department of Agriculture or personnel on the White House staff or for that matter, anyone else, discuss the matter of political contributions that were made or were going to be made or the possibility of their being made in connection with your efforts to obtain a satisfactory result for your clients' interests on the dairy price support level?

A No.

Q Did you ever at any time in the course of your activities to obtain a satisfactory result for your clients' interests, suggest or intimate or say that political contributions might be made and that this would be a way of achieving a satisfactory result for that determination?

A No.

Q Did anyone ever suggest to you from the personnel of the Department of Agriculture, personnel on the White House staff or anywhere else for that matter, that if political contributions were made by your clients, that this would help to achieve a satisfactory result for your clients' interest?

A Certainly not.

MR. GOLDBLOOM: I have no further questions.

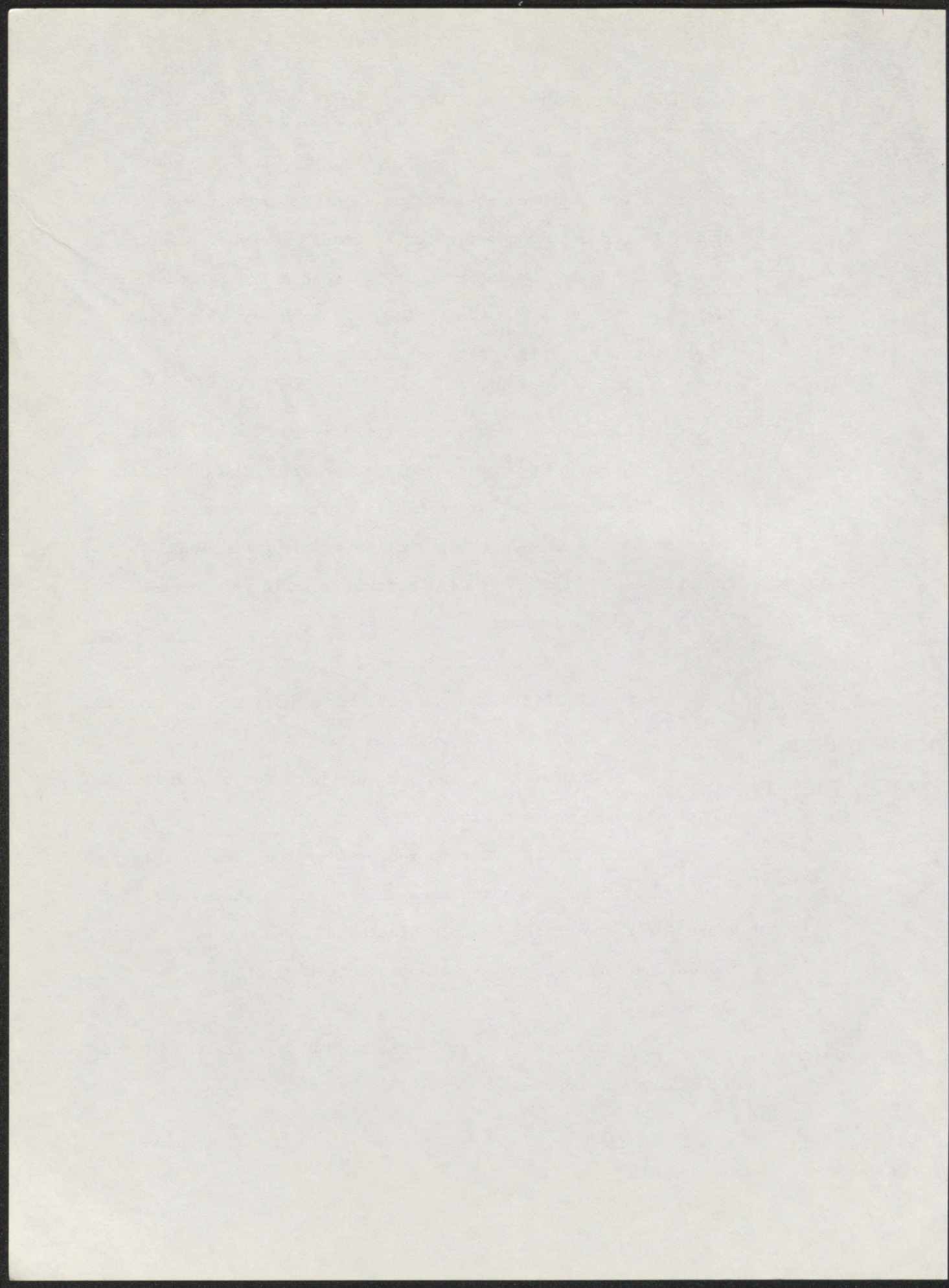
MR. DOBROVIR: Do you have any questions, Mr. Chotiner?

MR. CHOTINER: I never ask them.

MR. DOBROVIR: Thank you very much for coming by. I guess we'll see you tomorrow.

THE WITNESS: Let me indicate on the records I am here in response to a subpoena of the United States District Court for the District of Columbia issued by a Deputy Clerk thereof on motion of Mr. William A. Dobrovir, attorney for plaintiffs in this case.

(Whereupon, at 3:40 o'clock, p.m., the taking of the deposition was concluded.)



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% and possibly as high as 90%, 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.

	Page
24a Affidavit of Clifford M. Hardin, filed March 19, 1972, in <u>Nader v. Butz</u> , (D. D. C. Civ. No. 148-72).....	200
24b *GCC Docket MCP 98a, Amendment 1 and attachments...	208

NOTE: OBJECTION HAS BEEN RAISED BY CONGRESSMAN SEIBERLING
THAT THE ENTIRE PARAGRAPH IS A CONCLUSION RATHER
THAN A STATEMENT OF INFORMATION WITHIN THE RULES
OF PROCEDURE OF THE COMMITTEE.

Clifford Hardin.
affidavit, Nader v. Butz,
March 7, 1972, 3 - 4

Retyped from indistinct original

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

RALPH NADER, et al.,

Plaintiffs,

v.

EARL L. BUTZ, et. al.,

Defendants.

Civil Action No. 148-72

AFFIDAVIT

STATE OF MISSOURI

CITY OF ST. LOUIS

ss.

FILED

Mar 18 1972

JAMES F. DAVEY, Clerk

I, Clifford M. Hardin, being duly sworn, hereby depose and say
as follows:

1. I am a Vice-Chairman of the Board of Ralston Purina Company,
St. Louis, Missouri. From January 21, 1969 until November 17, 1971,
I was the Secretary of Agriculture of the United States. As such, I
had ultimate responsibility for the determination of dairy price support
-levels for the marketing year 1971-1972 under the applicable statutes.

2. Section 201 of the Agricultural Act of 1949, as amended
(7 U.S.C. 1446), authorizes and directs the Secretary of Agriculture to
make available price support to producers of milk "at such level not in
excess of 90 per centum nor less than 75 per centum of the parity price
therefor as the Secretary determines necessary in order to assure an
adequate supply." Section 406 of the Agricultural Act of 1949, as
amended, requires the Secretary "insofar as practicable" to announce
the level of support for milk "in advance of the marketing year or season"
(7 U.S.C. 1426). The level of support so announced may not be reduced.
In addition, the purposes of Section 204(a) of the Agricultural Act of
1954 include, among other things, to assure adequate supplies of milk
and dairy products; encourage development of efficient production units

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as well as "stabilize the economy of dairy farmers at a level which will provide a fair return for their labor and investment when compared with the cost of things that farmers buy." (7U.S.C. 1446b).

3. On March 12, 1971, an announcement was issued at my direction advising the public of my determination to support the price of milk at \$4.66 per cwt. for the year April 1, 1971 to March 31, 1972. This was the same level as was in effect for the previous year. The complex economic factors which enter into a decision such as this are, of course, not subject to any one interpretation. Indeed, based on the information and advice that I was receiving, a number of determinations, including one to raise the support level to \$4.93 per cwt., would have been justified at this time. The initial determination of the level of price support for milk as announced on March 12, 1971 was the subject of major controversy even before it was made. Nevertheless, on balance I determined for the reasons stated in C.C.C. Docket MCP 98a to set the support level at \$4.66 per cwt.

4. At the time of the March 12, 1971 announcement of the price support level, I was aware of substantial Congressional sentiment in favor of a higher figure. Subsequent to the announcement of the \$4.66 per cwt. price support on March 12, 1971, such sentiment increased notably. A number of bills were introduced in both the Senate and the House which would have increased the support level on a mandatory basis to as much as \$5.00 per cwt. In addition, certain representatives of the dairy industry strongly urged that the price support determination be revised, pointing to increase in dairy production costs during the preceding 12 months. For example, at a meeting with the President on March 23, 1971, various representatives of the industry urged an increase in the price support level citing again the factor of increased costs to farmers.

5. The existence of such sentiment on the part of many members of Congress and wide segments of the dairy industry led me to inquire as to

whether sufficient weight had been given to those factors which we had been aware of at the time of the March 12, 1971 announcement and which would have supported a decision to establish the price support at a higher level.

6. The meeting between representatives of the dairy industry and the President, referred to in paragraph 4 above, resulted from an invitation extended by the President in September, 1970, at a time when I addressed a meeting of some 25,000 members of a milk producers organization in Chicago. The arrangements which I made for key leaders of the dairy industry to meet with the President were made in January, 1971, and the March 23, 1971 date was fixed by the White House on February 25, 1971. At the meeting, to the best of my recollection, the President made certain brief remarks to the group and a spokesman for the group made a presentation urging an increase in the price support level.

7. In light of the considerations noted in paragraphs 4 and 5 above. I reevaluated the price support level announced on March 12, 1971 on the basis of the requirements of 7 U.S.C. 1446, with an increased focus on the factors described in C.C.C. Docket MCP 98a, Amendment 1. Among other things, feed costs had shown a noticeable rise throughout the year. In addition, there was some indication that the producers were considering action, based on recent legislation, which would have had the effect of reducing the overall supply of milk. One other factor to which our attention was directed was the fact that an increased supply of cheese was needed to meet obligations under other programs and a higher support price would tend to insure an adequate supply for these purposes. Such a reevaluation was not novel. Price support determinations for particular marketing years had been increased in the past.

8. During the course of reevaluating the evidence, I had discussions

and advise from members of my staff, including Under Secretary Campbell, Assistant Secretary Lyng, and Assistant Secretary Palmby.

9. On March 25, 1971, this reevaluation of evidence pertinent to the dairy situation, on the basis of the criteria in 7 U.S.C. 1446, culminated in an announcement, issued at my direction, that the price support level for the marketing year 1971-1972 would be established at \$4.93 per cwt.

10. The decision to set the price support level at \$4.93 per cwt. was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

11. Neither the decision to reevaluate the \$4.66 per cwt. support price level nor the ultimate decision to establish the price support level at \$4.93 per cwt. was based on any consideration other than those outlined in this affidavit. Specifically, at no time did any person or organization promise or lead me to believe that funds of any kind or anything of value would be paid to me or any other person or organization in return for a reevaluation of, or increase in, the price support level.

12. Being cognizant of the views of Congress, as well as the views of the dairy industry and other industries affected by our programs, with respect to the administration of statutes relating to Agriculture, is, of course, a fundamental part of the Secretary's role.

/s/ Clifford M. Hardin
Clifford M. Hardin

Subscribed and sworn to before me this 7th day of March, 1972

/s/
Notary Public

State of Missouri

City of St. Louis

Act performed in the City of St. Louis,
which adjoins the County of St. Louis,
My commission expires: My Commission expires January 2, 1973.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

RALPH NADER, et al.,
Plaintiffs,
v.
EARL L. BUTZ, et. al.,
Defendants.

Civil Action No. 148-72

AFFIDAVIT

STATE OF MISSOURI)
CITY OF ST. LOUIS) ss.

FILED
MAR 19 1972
JAMES F. DAVIS, Clerk

I, Clifford M. Hardin, being duly sworn, hereby depose and say
as follows:

1. I am a Vice-Chairman of the Board of Ralston Purina Company,
St. Louis, Missouri. From January 21, 1969 until November 17, 1971,
I was the Secretary of Agriculture of the United States. As such, I
had ultimate responsibility for the determination of dairy price support
levels for the marketing year 1971-1972 under the applicable statutes.

2. Section 201 of the Agricultural Act of 1949, as amended
(7 U.S.C. 1446), authorizes and directs the Secretary of Agriculture to
make available price support to producers of milk "at such level not in-
excess of 90 per centum nor less than 75 per centum of the parity price
therefor as the Secretary determines necessary in order to assure an
adequate supply." Section 406 of the Agricultural Act of 1949, as
amended, requires the Secretary "insofar as practicable" to announce
the level of support for milk "in advance of the marketing year or season"
(7 U.S.C. 1476). The level of support so announced may not be reduced.
In addition, the purposes of Section 204(a) of the Agricultural Act of
1954 include, among other things, to assure adequate supplies of milk
and dairy products; encourage development of efficient production units

as well as "stabilize the economy of dairy farmers at a level which will provide a fair return for their labor and investment when compared with the cost of things that farmers buy." (7U.S.C. 1446b).

3. On March 12, 1971, an announcement was issued at my direction advising the public of my determination to support the price of milk at \$4.66 per cwt. for the year April 1, 1971 to March 31, 1972. This was the same level as was in effect for the previous year. The complex economic factors which enter into a decision such as this are, of course, not subject to any one interpretation. Indeed, based on the information and advice that I was receiving, a number of determinations, including one to raise the support level to \$4.93 per cwt., would have been justified at this time. The initial determination of the level of price support for milk as announced on March 12, 1971 was the subject of major controversy even before it was made. Nevertheless, on balance I determined for the reasons stated in C.C.C. Docket MCP 98a to set the support level at \$4.66 per cwt.

4. At the time of the March 12, 1971 announcement of the price support level, I was aware of substantial Congressional sentiment in favor of a higher figure. Subsequent to the announcement of the \$4.66 per cwt. price support on March 12, 1971, such sentiment increased notably. A number of bills were introduced in both the Senate and the House which would have increased the support level on a mandatory basis to as much as \$5.00 per cwt. In addition, certain representatives of the dairy industry strongly urged that the price support determination be revised, pointing to increase in dairy production costs during the preceding 12 months. For example, at a meeting with the President on March 23, 1971, various representatives of the industry urged an increase in the price support level citing again the factor of increased costs to farmers.

5. The existence of such sentiment on the part of many members of Congress and wide segments of the dairy industry led me to inquire as to

... I had given to the dairy industry at the time of the March 12, 1971 announcement and which would have required a decision to establish the price support at a higher level.

6. The meeting between representatives of the dairy industry and the President, referred to in paragraph 4 above, resulted from an invitation extended by the President in September, 1971, at a time when I addressed a meeting of some 25,000 members of a milk producers organization in Chicago. The arrangements which I made for key leaders of the dairy industry to meet with the President were made in January, 1972, and the March 23, 1972 date was fixed by the White House on February 25, 1972. At the meeting, to the best of my recollection, the President made certain brief remarks to the group and a spokesman for the group made a presentation urging an increase in the price support level.

7. In light of the considerations noted in paragraphs 4 and 5 above, I reevaluated the price support level announced on March 12, 1971 on the basis of the requirements of 7 U.S.C. 1446, with an increased focus on the factors described in C.C.C. Docket MCP 98a, Amendment 1. Among other things, feed costs had shown a noticeable rise throughout the year. In addition, there was some indication that the producers were considering action, based on recent legislation, which would have had the effect of reducing the overall supply of milk. One other factor to which our attention was directed was the fact that an increased supply of cheese was needed to meet obligations under other programs and a higher support price would tend to insure an adequate supply for these purposes. Such a reevaluation was not novel. Price support determinations for particular marketing years had been increased in the past.

8. During the course of reevaluating the evidence, I had discussions

and advice from members of my staff, including Under Secretary Campbell, Assistant Secretary Lyng, and Assistant Secretary Fairby.

9. On March 25, 1971, this reevaluation of evidence pertinent to the dairy situation, on the basis of the criteria in 7 U.S.C. 1446, culminated in an announcement, issued at my direction, that the price support level for the marketing year 1971-1972 would be established at \$4.93 per cwt.

10. The decision to set the price support level at \$4.93 per cwt. was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

11. Neither the decision to reevaluate the \$4.86 per cwt. support price level nor the ultimate decision to establish the price support level at \$4.93 per cwt. was based on any consideration other than those outlined in this affidavit. Specifically, at no time did any person or organization promise or lead me to believe that funds of any kind or anything of value would be paid to me or any other person or organization in return for a reevaluation of, or increase in, the price support level.

12. Being cognizant of the views of Congress, as well as the views of the dairy industry and other industries affected by our programs, with respect to the administration of statutes relating to Agriculture, is, of course, a fundamental part of the Secretary's role.

Clifford M. Hardin
Clifford M. Hardin

Subscribed and sworn to before me this 7th day of March, 1972

Notary Public

State of Missouri

City of St. Louis

My commission expires: _____

"For Official Use Only" and "Secure Storage Required" Provisions
Expired on May 25, 1971.

CCC Docket MCP 98a,
Amendment 1

Milk Price Support Program, 1971-72
(Increases the support price)

Approval by Board: May 12, 1971

Approval by Clifford M. Hardin,
Secretary of Agriculture: May 25, 1971

Press Release No. 969-71 was issued on March 25, 1971.

Press Release No. 981-71 was issued on March 26, 1971.

Regulations: Date of Publication in Federal Register May 1, 1971.

Page No. 8237

Federal Register Citation 36 F. R. 8237

General Counsel's opinion
is attached to this copy.

UNITED STATES DEPARTMENT OF AGRICULTURE

McDavid 388-4026

Washington, March 25, 1971

Support Price for Manufacturing Milk Increased

Secretary of Agriculture Clifford M. Hardin today announced an upward adjustment of support price for manufacturing milk to \$4.93 from the \$4.66 support price announced by him on March 12 which was a continuance at that time of support at the same level as for 1970.

In announcing the new higher support level, Secretary Hardin stated such announcements are minimums which cannot be lowered during that marketing season after once being announced, but which can be raised. Support levels can be lowered only at the beginning of the milk marketing year each April 1st.

Secretary Hardin stated that there is a constant analysis of the milk production situation, and that farmer costs have escalated sharply particularly in concentrate feed which has gone up \$10 to \$20 per ton. Farmers have no way to cut other costs to compensate for those which have risen.

5523

USDA 969-71

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SECURE STORAGE REQUIRED

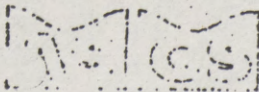
SUMMARY

Milk Price Support Program, 1971-72, MCP 98a, Amendment 1

Authorizes increase of (1) support price for manufacturing milk from \$4.66 to \$4.93 per hundredweight, (2) purchase price of Cheddar cheese from 52.0 to 54.75 cents per pound, and (3) purchase price of nonfat dry milk from 28.4 to 31.7 cents per pound.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE • WASHINGTON D.C. 20250

April 9, 1971

To : Board of Directors, Commodity Credit Corporation
From : Director, Livestock and Dairy Division
Subject: Milk Price Support Program, 1971-72, MCP 98a, Amendment 1

This amendment increases the support price for manufacturing milk from \$4.66 per hundredweight to \$4.93 per hundredweight. Also, the amendment increases the purchase price for Cheddar cheese from 52.0 to 54.75 cents per pound, and the purchase price for nonfat dry milk from 28.4 to 31.7 cents per pound.

Press release No. 969-71 was issued on March 25, 1971, and press release No. 981-71 on March 26, 1971.

Recommended: _____

Robert R. Jones
Director
Livestock and Dairy Division

Approved for submission to
the Board of Directors,
Commodity Credit Corporation

Concurred: APR 9 1971

Carroll A. Smith
Deputy Administrator,
Commodity Operations

Carroll A. Smith
Deputy Executive Vice President,
Commodity Credit Corporation

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Milk Price Support Program, 1971-72, MCP 93a,
Amendment 1

A. INTRODUCTION

I. Purpose

This docket amends Docket MCP 98a (approved by the Board of Directors, CCC, on March 3, 1971, and by the Secretary of Agriculture on March 22, 1971) by increasing the support price for manufacturing milk to producers during the marketing year beginning April 1, 1971, from \$4.66 per hundredweight to \$4.93 per hundredweight.

II. Justification

Based on a reevaluation of the dairy situation, giving full recognition to increasing labor, waste disposal, and other costs on dairy farms and to increasing demand for cheese, it is determined that a support price of \$4.93 per hundredweight for manufacturing milk is necessary in order to assure an adequate supply.

B. AUTHORIZATION

I. Provisions of Program

Subsection B I A, Level of Support, is amended by increasing the support price from \$4.66 per hundredweight to \$4.93 per hundredweight.

II. Subsection B I C, 1 Purchase Prices, is amended to read as follows:

C. Purchase Prices.

1. Bulk Containers. Purchase prices for bulk butter in 60 to 60 pound containers, nonfat dry milk in 50 pound bags, and natural Cheddar cheese shall be those indicated below:

Purchased and produced before April 1, 1971	Purchased on or after April 1, 1971
-----	-----
Cents per lb.	Cents per lb.

Butter, U. S. Grade A or higher:

New York, N. Y., and Jersey City
and Newark, N. J.

70.75

68.75

California, Alaska, and Hawaii
Washington and Oregon

70.00

67.75

67.75

Arizona, New Mexico, Texas, Louisiana,
Mississippi, Alabama, Georgia, Florida,
and South Carolina

68.75

68.75

2 Cents per pound less
than for U. S. Grade A

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, March 26, 1971

USDA Announces Dairy Purchase Prices for 1971-72:

The U.S. Department of Agriculture today announced the prices it will pay for butter, nonfat dry milk, and cheese to carry out the 1971-72 support price of \$4.93 per hundredweight for milk which was announced March 25 (Press Release USDA 969-71). The product purchase prices are those which are calculated to enable processors to pay producers, on the average, the support price of \$4.93 per hundredweight for milk.

As announced March 12 (USDA release 243-71), the purchase price for butter is being lowered 2 cents per pound. This reduction in the price of butter was made possible by a provision in the Agricultural Act of 1970 which suspended the mandatory requirement for supporting butterfat in farm separated cream.

The new support price for milk, and the new product purchase prices shown below become effective April 1, 1971, the beginning of the marketing year.

	Purchased and produced before <u>April 1, 1971</u>	Purchased on or after <u>April 1, 1971</u>
	----- cents per lb. -----	-----
Butter, U.S. Grade A or higher:		
New York, N.Y., and Jersey City and Newark, N.J.	70.75	68.75
California, Alaska, and Hawaii	70.00	67.75
Washington and Oregon	<u>1/</u>	67.75
Arizona, New Mexico, Texas, Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina	69.75	67.75

U.S. Grade B: 2 cents per pound less than for U.S. Grade A

The price of butter located at any other point will be the price at a designated market, either New York, Seattle, or San Francisco, less 80 percent of the lowest published domestic railroad freight rate per pound gross weight for a 60,000 pound carlot, in effect at the beginning of this marketing year, from such other point to the designated market named by the seller.

	Produced before <u>April 1, 1971</u>	Produced on/or after <u>April 1, 1971</u>
	----- cents per lb. -----	-----
<u>Cheddar cheese, U.S. Grade A or</u> <u>higher, standard moisture basis</u>	52.0	54.75

Nonfat dry milk (butterfat U.S. Extra
Grade) less 10 percent
discount:

Produced before April 1, 1971

57.1

Produced on or after April 1, 1971

	Produced before April 1, 1971	Produced on/or after April 1, 1971
	-----	-----
	cents per lb.	cents per lb.
<u>Cheddar cheese, U.S. Grade A or higher, standard moisture basis</u>	52.0	54.75
<u>Nonfat dry milk (spray) U.S. Extra grade (but not more than 3.5 percent moisture)</u>	27.2	31.7

1/ Calculated by use of freight rates.

The butter purchase price at any other point shall be determined by subtracting from the price at a designated market named by the seller 80 percent of the lowest published freight rate in effect at the beginning of the marketing year from such other point to such designated market. The designated markets are New York, N.Y., San Francisco, California, and Seattle, Washington.

III. For Official Use Only Designation

The "For Official Use Only" designation of this docket will terminate on date of approval by the Secretary of Agriculture.

Approved by CCC Board of Directors
at meeting held on May 12 1971

J. S. McVee
Acting Secretary
Commodity Credit Corporation

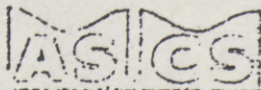
Approved: _____

Charles D. Salas
President, Commodity Credit Corporation
and
Assistant Secretary for International
Affairs and Commodity Programs

May 25 1971

Robert D. Hargrave
Secretary of Agriculture
OFFICE OF AGRICULTURE

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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE • WASHINGTON, D.C. 20250

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SECURE STORAGE REQUIRED

DATE: APR 5 1971

TO: Board of Directors, Commodity Credit Corporation

SUBJECT: Availability of Funds Statement - Milk Price Support Program, 1971-72,
MCP 98a, Amendment 1

Gross obligations under this authorization are currently estimated at \$510.4 million during fiscal year 1972 (consisting of purchases of \$224.4 million of butter; \$82.5 million of cheese, and \$203.4 million of nonfat dry milk). This amount represents an increase of \$124.7 million over the \$385.7 million reflected in the 1972 Budget Estimates.

Net expenditures for price support and related program during fiscal year 1972 are expected to increase by \$125.2 million over the 1972 Budget Estimates; from \$296.0 million to \$422.2 million.

It is estimated that Commodity Credit Corporation funds will be available for this purpose.

A handwritten signature in cursive script, reading 'A. H. Lawrence Jr.', is written over the typed name.

Director, Budget Division

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20250

APR 15 1971

SUBJECT: Milk Price Support Program,
1971-72, MCP 98a, Amendment 1

TO: Board of Directors, Commodity Credit Corporation

We have examined and approve for legal sufficiency the authorization contained in the attached docket "Milk Price Support Program, 1971-72, MCP 98a, Amendment 1," which increases the support price to milk producers and purchase prices for dairy products authorized in Docket MCP 98a.

On March 25, 1971, the Secretary announced the upward adjustment of the support price which is provided for in the attached authorization. Docket MCP 98a contained information and statistics relating to milk production, market prices for dairy products, utilization of milk, and purchases and dispositions of dairy products by CCC, together with other relevant information. It is pointed out in the attached docket that the dairy situation has been reevaluated, giving full recognition to increasing labor, waste disposal, and other costs on dairy farms and to increasing demand for cheese. On the basis of this reevaluation, it has been determined that the proposed support price is necessary in order to assure an adequate supply.

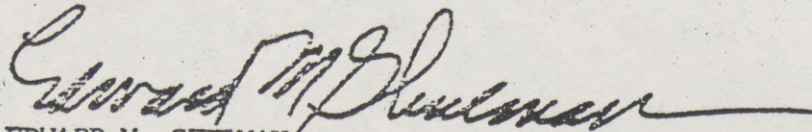
The Agricultural Act of 1970 amended section 201(c) of the Agricultural Act of 1949, effective with respect to the period from April 1, 1971, through March 31, 1974, to read as follows:

The price of milk shall be supported at such level not in excess of 90 per centum nor less than 75 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply. Such price support shall be provided through purchases of milk and the products of milk.

Since the Act does not define "adequate supply," the determination of what constitutes an adequate supply and the determination of the

level necessary to assure an adequate supply are solely within the judgment of the Secretary and are final and conclusive.

An appropriate form of resolution is attached.

A handwritten signature in dark ink, appearing to read "Edward M. Sheilman", with a long horizontal flourish extending to the right.

EDWARD M. SHEILMAN
General Counsel

Attachments

