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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

Boioli III

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

MAY-JUNE 1974

3S104 O

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON: 1974

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.

(III)
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.

(IV)
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.

July, 1974
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.

(IX)
STATEMENT OF INFORMATION

SUBMITTED ON BEHALF OF THE PRESIDENT

POLITICAL CONTRIBUTIONS BY MILK PRODUCERS COOPERATIVES:

THE 1971 MILK PRICE SUPPORT DECISION

(1)
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.

la Memorandum dated June 29, 1970
J. Phil Campbell to Bryce N. Harlow.............

lb Memorandum dated January 26, 1971,
from Secretary Hardin to H. R. Haldeman: .......


(3)  
Page 30

. 32

. 33

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.

2a Briefing paper for the President from Stephen Bull for the Open Hour September 9, 1970,

Page 36

2b Senate Select Committee Executive Session Testimony of David L. Parr, December 21, 1973. pp. 13, 14, 17. 40


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.

Page

3a Senate Select Committee Executive Session

Testimony of Harold S. Nelson, December 18, 1973, pp. 82, 83..............................

3b Senate Select Committee Executive Session

Testimony of David L. Parr, December 21, 1973, pp. 205, 206........................................56

(5)
4. On March 5, 1970, Secretary of Agriculture Hardin requested the President to
direct the Tariff Commission to investigate and report on the necessity for import controls
on four new dairy products which had been developed to evade import controls previously
established on recognized articles of commerce. **The Tariff** Commission by Report 338
found unanimously that imports of the four products were interfering with the dairy price
program and

recommended zero quotas for 3 of the items and an annual quota of

100,000 pounds for the fourth.
5. On 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.

5a. Memorandum, dated October 19, 1970, from Don Paarlberg to Paul W. McCracken with attachment. 70

5b. Hendrick S. Houthakker to Don Paarlberg..........

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 reselection 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.

6a. Routing memorandum from John Brown to

Page

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


pp. 37-42, 50-52.................

.................................96

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 "snooze in the face" by the dairy people.

7a. Proclamation 4026, December 31, 1970,

Page

Weekly Compilation of Presidential Documents, January 4,

7b. Memorandum dated October 13, 1970, from Dick Burress to John Whitaker

......................115

(9)
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.

Page

of Harold S. Nelson, December 18, 1973, pp. 117-120; 118

8a Senate Select Committee Executive Session Testimony

Letters and telegrams to the Secretary of Agriculture transmitted by the White House to the Judiciary Committee and noted at Paragraph 19.

(10)
9. Congressional leaders made their views known to Administration officials in several private conversations. Congressman Mills urged Clark MacGregor on at least six occasions in late February and early March to urge the President to raise the support price. Congressman Mills telephoned the Director of the Office of Management and Budget, George Shultz, with the same request. Mr. Shultz sent a memorandum to John Ehrlichman indicating the substance of Congressman Mills request for a rise in the support level.
10. Following Secretary 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. Burress reported to John Ehrlichman that the decision had been hit by partisan attacks and that legislation would be introduced which would require that the price support level for milk be raised to 85 percent of parity, that it would have the support of Speaker Carl Albert and Wilbur Mills and that it would likely pass.

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


(13)
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.

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

Page 138

(14)
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.

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,

13 b- President's log of contacts with Secretary Connally, March 1 to May 11, 1971...........................................142

(15)
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 subsequently 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.
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.
16. On the afternoon of March 23, 1971, the President held a meeting with seven Administration officials to discuss the dairy price support problem. The meeting opened with Secretary Connally, at the President's request, outlining the situation. He pointed out that politically the President was going to have to be strong in rural America and that the farmers had many problems and that this was one of the few which the President could do anything about; second, the major dairy groups represent some 100,000 dairymen who are being tapped, labor union style, to amass an enormous amount of money which they were going to use in various Congressional and Senatorial races all over the country to the President's political detriment. Secretary Connally also advised the President twice that he believed a support level increase to be economically sound.
17. The discussion then centered on the pending legislation which would require a support level increase. The President stated that he believed such a bill would pass. Secretary IIardin expressed the view that a bill forcing an increase was almost certain to probes and told the President that 150 nanles 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.
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.

Tape recording of meeting among

Tape Hardin, Secretary Connally, John H. Iclunan, George Shultz, John Whitaker, J. Phil Campbell and Donald Iticew, 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 Speal er, Carl All)ert, Congressman Wilbur Mills and others be contacted in order to obtain their support, in return, on other legislation. The problem was discussed of how to keep the dairymen from learning of the decision until Congressmen Albert and Mills could be approached but still obtain a promise from the dairymen not to push for an increase in 1972.
20. At the end of the meeting the President outlined who was to contact Speaker Albert and Congressman Mills and that he understood J. Phil Campbell would contact the dairymen about not seeking an increase in 1972.

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.

(22)
21. J. Phil Campbell called Harold Nelson after the meeting and asked him if the Administration did raise the support level would he and the other dairymen "get off our backs" and not ask for more increases, to which Mr. Nelson agreed. Campbell did not tell him of the meeting with the President; did not discuss anything else; and did not tell him not to boycott a Republican fund raising dinner.
22. Murray M. Chotiner stated in his deposition he did not know in advance of the decision to increase support levels, did not discuss campaign contributions in seeking a support level increase on behalf of the dairymen and did not talk to the dairymen in the context of contributions in return for favorable action.

22a
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.

23a Depositions of Herbert W. Kalmbach, taken December 13, 1973, in

55, 56, 110-112, ………………………….. 176


Page

181


24. Economic and traditional political considerations were the only basis *T 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,

24a Affidavit of Clifford M, Hardin, filed March 19, 1972,

Page


24b CCC Docket--MCP 98a, z9rnendmerlt 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.
STATEMENT OF INFORMATION

AND

SUPPORTING EVIDENCE

SUBMITTED ON BEHALF

OF THE PRESIDENT

POLITICAL CONTRIBUTIONS BY

MILK PRODUCERS COOPERATIVES:

THE 1971 MILK PRICE SUPPORT DECISION

(27)
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.

1a Memorandum dated June 29, 1970 from J. Phil Campbell to Bryce N. Harlow..........

lb Memorandum dated January 26, 1-971, Page 30

... from Secretary Hardin to H. R. Haldeman: 32


(29)
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.

J. PHIL CAMPBELL
Under Secretary

CC: Charles Colson
Special Counsel to the President
JPCampbell:chb 6/29/70
Q Okay. Can you tell us how the March 23rd, 197

with the President was set up?

I believe it was set up by — the direct answer to your

question is TIZOJ I cant." I! you want me to glove you

an opinion to the best or Dv recollection—

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

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

He telephoned me just as the meeting was being convened. What was the substance of that telephone --

sle mesas expressing his regret at being unable to attend, expressing; his awareness of the importance of agriculture to the economy of the United States and to the health and well-being and that sort of thing. You know reassuring me that -- and asking One to tell the conorention that he was concerned about the well-being of agriculture producers, and telling me also that he wanted to meet with US -- no specific time was set -- and that he would discuss such a meeting with Secretary Hardin, I believe he said. And as I recall, secretary Hardin was
And he asked me to tell the convention — I

don’t know; maybe I shouldn’t say he asked me to. "He

authorized me to" may be better. I don’t want to put it

in the context Or the President — if it asking me to do that.

But to express to them his regrets at being unable to

attend and the sentiments that I’ve just described.

And then I think Mr. Parr’s testimony continues. He

received a call, he believes, from you saying that you

were to fly to Washington — end this was just a few days

after that meeting and telephone call — you were to fly

to Washington to meet with the President. Is that

correct?

Well, I don’t remember. We did go to meet the President.

It seems to me that it was relatively soon after that

convention, but I can’t tell you that date. And I don’t

recall who it was who called me to notify me that, you

know, the President would see us.

You don’t remember whether a call came from someone on the

President to Starr?

Well, nos I don’t. I assume that it did, though. Any

time you’re going to see the President you usually get a
2. Harold S. Nelson and his special assistant, David L. Parr, 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 Sir. Parr described as a "very light-veined" discussion of their organization and activities. There is no evidence that campaign contributions were discussed.

2a Briefing DaDer for the President from Stephen Bull for Sage

2b Senate Select Committee Executive Sess on Testunony of David L. Parr, December 21, 1973. pp. 13, 14, 17. 40

2c Deposition of David L. Parr taken December 1Z, 1972, in Nader v. Lutz, (D. D. C. Cir. No. 418-72) pp. 51-54. 43

to

2a. STEPHEN BULL BRIEFING PAPER J SEPT ~9 ~

THE V. H. HIT: F10US

OD: tto's

Wednesday, Scime, 15!:0
IZ:CO ~on

The President's Office

e t! _PRESIDENT:

Event No. 1

12:00 p.m. Dr. Kevin McCann
t0
12:10 p.m.

Dr. Ievein McCann, who is an old friend of yours, will be brought to your office for a brief visit with you. He will want to discuss t! th

Event No. 2

2:10 p.m. Admiral E. P. Holmes, USN

Supreme Allied Commander (NATO)

12:10 p.m. and

Commander in Chief, Atlantic (US)
Gen-eral James D. Huoches

General Huoches will escort Admiral Holmes into your office for a brief visit with you. The purpose of the Admiral's visit with you is t-vy

a-re--xell cell since h.e is retiring in September.

Gift: Presidential Tie Clasp

(36)
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 Presi-

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 Dean to tell you the
discussion?

Mr. Reitz. Yes. Who said what?

Mr. Parr. Well, Mr. Nixon said -- the first thing we did

was get 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.

(40)
that you tried every way in the world to get
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 Demo-
crat.

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

So, we were sort of joshing with him then.

Mr. Ueitz. In fact, you hoped he would come to your '71

convention, did you not?

Mr. Parr. Well -

Mr. Ueitz. You would have taken him any time, would you

Mrs. Parr. Certainly. Oh, certainly.

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

Mr. Ueitz. 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,
David Parr testimony, SSC

Executive Session.

December 21, 1973, 13-A, 17

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. Ueitz. 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 she had been informed as to 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.

Retyped from indistinct original

(42)
Q  I understand that.

Especially with all those dairy farmers in town at

t:ne 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?

US  Yes.

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

m. DOBROER: Yes.

(Shor. recess .)

MR. DOBROVIR: On the record.

BY FR. DOBROVIR:

Q  When we recessed, I had just asked you about a

meeting at the White House with the President on March 23,

1971.

no^t--W-as that meeting arranged?

it

Chicago.

There were efforts to try to persuade the President
to come to that meeting. The didn’t come.

meeting in Chicago -- he did talk, as I understand it, with

~r. ~7esca irk C!licaqo, and said the kind of thing that he

(43)
s-Z3 was sorry he couldn't come.

52

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 he at -- maybe he told Mr. Nelson. I don't know what he said.

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

tat 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 at only like to meet with other people in the dairy industry and to remind Secretary Carding just to keep in mind, that he wanted to meet in carry 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? .

(44)
I was told this by the President.

Q By the President.

A You spoke to him personally?

Q This was after the Chicago meeting?

A The 1970 annual meeting of MPI.

Q You went to Washington?

A I called Washington.

Q And why did you go there 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 set up.

So did this, as I understand it, to get Nelson from wherever he was, while the meeting was going on.

Q So you and Mr. Nelson went to Washington to meet with the President, and if so, when did you meet with the President at that time, did you discuss anything else besides the question of how setting up a meeting?

A I just remember he quoted, something, and started...
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 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 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.
Okay. Can you tell us how the March 23rd, 1971 meeting with the President was set up?

I believe it was set up by — the direct answer to your question is "I'm not sure." If you want me to share my opinion to the best of my recollection —

Let me describe a little bit of what testimony already given —

I think this time by Mr. Parr — indicates. Mr. Parr testified that to his recollection you had invited President Izr Con to address the 1970 annual meeting. —

That's correct.

— Or AMPI, and that if you were holding — He could
not attend, but that he telephoned you on the course or that 2meeting.

He telephoned me just as the meeting was being convened.

Q What was the substance of that telephone ~

A He was expressing his regret at being unable to attend, expressing his awareness of the importance of agriculture to the economy of the United States and to the health and well-being and that sort of thing. You know,

reassuring me that and asking me to tell the conorention that he was concerned about the well-being of agriculture producers, and telling me also that he wanted to meet with us -- no specific time was set -- and that he would discuss such a meeting with Secretary Harden.

I believe he said. And as I recall, Secretary . .

(47)
And he asked me to tell the convention — I
don't know; maybe I shouldn't say he asked me to. The
authorized me to" may be better. I don't want to put it
in the context of the President was asking me to do that.
But to express to them his regrets at being unable to
attend and the sentiments that I've just described.
And then I think Mr. Parr's testimony continues. He
received a call, he believes, from you saying that you
were to fly to Washington — and this was just a few days
after that meeting and telephone call — you were to fly
to Washington to meet with the President. Is that
Well, I don't remember. We did go to meet the President.

It seems to me that it was very soon after that convention, but I can't tell you what date. And I don't recall who it was who called to notify me that, you know, the President would see us.

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

I Well, no, I don't. I assume that it didn't though. Any time you're down to see the President you usually get a call and -- But I don't -- it's usually from someone you don't know.

And you did go and see the President?
We did.

And who attended the meeting at that time?

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

And who was --

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

Was there anyone from the President's staff there?

I'm sure there was, but I don't recall who. And there may not have been, but —
And what happened at that meeting?

He once again talked about how he regretted that he couldn't attend the meeting. We talked to him about and invited him to address the next meeting — the next annual meeting, which he did.

And that was the entire —

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

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

I don't have an independent recollection but I would say...
it would be unusual or we didn't seize that opportunity

to tell him that we'd like at his convenience to have

some dairy leaders in to talk with him.

Now, when did you first learn that this March meeting was

going to take place?

You mean the one -- which March meeting?

The March 23rd meeting at the White House.

It seems to me it was just very shortly before the meeting,

maybe -- I don't really know. I can't recall how I heard

or -- it seems to me maybe it was just twenty-four hours

or forty-eight hours before the meeting. It may have

been longer, but not a whole lot or notice, as I recall.

Now, I could be wrong about that.

Had anything about such a meeting been in the wind beforehand

that?

Oh, there was always something about such a meeting in the

wind before thaws and let me tell you why. You know that

those who are opposing your views have access to the

President and are pressing their sluws on the-President.

You always want an opportunity to be heard because if

you're convinced or the correctness of your position,

see, you have confidence that or you can be heard that

you can refute, especially to those who are of opposing

views are present. I was always confident that if we

could get the opposing views exposed in our presence, we

(50)
ROSS-EXAMINATION

By Mr. Goldloom:

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 or the Department or 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 handling or 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?

Absolutely not.

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 or effect
on such a determination?

No, they did not.

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

No, absolutely not.

MR. GOLDBLoom: I have no further questions.
I’d Just like to say this: I take it that what you’re asking me -- the essence of what you were asking me was there a quid pro quo.

Exactly.

There’s never been a quid pro quo in my total evidence.

ROSS-EXAMINATIONS

By Mr. Barrera:

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Just by way of clarifying the people that may have been present at the meeting which you've already given Bone names, both as to those that may have been with the President's staff and those that ~eh~ farm groups in number would you hazard a guess as to how many people may have been there all told? As I recall, the meeting was in the Cabinet Room and the Cabinet table was full — the seats at the Cabinet table and chairs were arranged in back of the President with people occupying ~eh~. So I would say ~ that's very hard to figure. I would say or you started counting, though, a total of thirty-five to forty people in there. I'd say probably nearer thirty-five. I could be wrong on that, too, I'm sure they know how many were in there, but it was a goodly number of people. The $8500.00 loan to Illid-Arr. erica, do I recall your having said that you did or did now recall the possibility of ~k n 1 non?
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.

Page

3a Senate Select Committee Executive Session
Testimony of Harold S. Nelson, December 18,
1973, pp. 82, 83..............................

3b Senate Select committee Executive Session
Testimony of David L. Parr, December 21.

54
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. Par.

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. Par mentioned those amounts?

Retyped from indistinct original

(54)
Mr. Weitz. Mr. Colson. Was it at this meeting in 1970?

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, sure. We sure did.

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

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(55)
Mr. Sanders. Yes, but as I recall your previous testimony, you put it in the context of discussion of this, and really the 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 effect.

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?
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. Sanders. 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 packages. Q. [16553] ½ a word 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
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 38 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.

4a. Letter dated March 5, 1970, from Secretary Hardin to the President.

Dear Mr. President:

March 5, 1970

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 cog chocolate crott 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 recoTTendations 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 internation 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

(60)
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.
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.

One most recent Section 22 action, Proclamation 3884 of January 6, 1951, was intended to limit annual imports to 1.3 billion pounds, whole milk equivalent, an amount the Department considered to be consonant with program. Now, however, we are again faced with an increase in imports beyond this level and which again threatens to effect 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. One 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 1959.

Imports of this putative ice cream during January-November 1959 exceeded 14.5 million pounds, representing—roughly 29 million pounds of genuine ice cream or 86 million pounds milk equivalent. The Bureau or Census data show the price per gallon from 72.7 to 83.6 cents. The same product made at support level prices with domestic butterfat, nonfat 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) inert
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 Drod ded for in item 156.30 of Dart 10 and articles contain in D ch. o^olate Provided for in item 182.95 of Dart 15, Schedule 1 of the ToUS, con;2irig 5.5 Percent or less by ^t of butter at (except articles for conszzwion at retail

Proclamation 3C-4 of January set a limit on import of milk chocolate crumb as "Chocolate provided for in item 155.30, 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)." One 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 ToUS. 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 Pastas for dried whole milks dried butterniX And whey, or dried skimmed milk's, all of which have been subject to Section 22 restriction since July 1, 1953.
Imports of such animal feeds commenced in January 190'8, follow rag a Bureau of Customs decision in August o, 1967 that such product was classifiable as an animal feed and free of quota as long as that class or find 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 1909. 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 Silk solids, whether suen seeding takes the form of whole milk fed directly; fluid skim milks buttermilk or whey returned front creameries and cheese factories; dry feeds containing milk solids; or nonfat dry nick purchased for feeding purposes. The landed, duty-paid cost of the imported feeds is from 12-15 cents per pound; the mini7ml3 (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 tnat the imported feeds unless checked, will gain wide and grossing acceptance.

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

t. Cheese, and substitutes for cheese, contaSning 0.5 Percent or less by weight o- butterfat, as Brooded for in items 117.75 end 117.85 of subpart C, cart 4 of Schedule 1 of tee TSU-o, except articles (at^_n the scope of otner import Quotes Provided for in P?xz 3 on toe Ancen-~x to the TSUS, if shipped otherwise than in Pursuance to a curcrose, or if

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.
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
end 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.
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, 4.X., 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 CE A 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

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 (69) 74
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. HARDIS
MEMORANDUM FOR DON PAARLBerg

Director, Agricultural Economics

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.

And

Hendrik S. Houthakker

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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 reselection 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 safe and Colson criticized Hillings for sending such a letter. Hillings had not intended or expected that the President saw it and does not believe that the President did see it. There is no evidence that the President ever saw it.

6a. Routing memorandum from John Brown to

Page

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 . 7E


6c. Memorandum of Senate Select Committee interview with Murray Chotiner on December 7, 1973, and verifying affidavit.---------- -- -- - - 107
December 1 {1, 1'} { O

TO:

FROAd:

H. R. HALDE;*2LAN

ROGER JOHNSON

SUBJECT: Letter to the President from Pat Hillinas.

Pat Hillings handed one the attached letter-2nd asked that it be directed to the President. It concerns a matter with which ootn Peter Flanigan a4d Chuck Colson are faulLil iar and on which-they are wor}cinJ3.
This letter discusses a matter of great delicacy and of significant political impact.

Since January 1 I had a Nineteen sixty-eight Virginia Co-Chair, and I have represented Associated Milk Producers, Inc. ("AMPI"). At the Nineteen sixty-eight convention in Richmond, I attended AMPI's annual convention, in Chicago Labor Day weekend. You met Harold Nelson and Dave Parton by telephone and met each other at the Nineteen sixty-nine annual convention in Kansas City on Labor Day weekend. You told Harold of your intent personally.

AMPI has followed our advice explicitly and will do so in the future. AMPI contributed about five hundred thousand dollars to Republican candidates in the Nineteen seventy election. We are now working with Tom Evans and Elizabeth Macias in setting up channels for AMPI to contribute five million dollars for re-election. AMPI is also funding a special project.

On September twenty-first, the Tariff Commission reported to you, after it did a study you requested in May, four specific quotas for our specific dairy products. These recommendations are well documented and are well known in the dairy and related industries. No residential program has been issued.

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

COMPARISONS - MILK PRODUCT IMPORTS

Products

<table>
<thead>
<tr>
<th></th>
<th>Actual Imports</th>
<th>Staff Proposal Ratio</th>
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<tbody>
<tr>
<td>Ice Cream/</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chocolate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certain animal feeds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pertain lowfat cheeses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Calendar 1969

Staff Proposal           | Ratio
------------------------|------
2,588,000                | 638,500 | 25%
477,000                  | 5,000,000 | 10 times greater
9,693,000                | 17,000,000 | Twice greater
3,000,000                | 9,000,000 | 3 times greater

Gallons. Other figures in pounds.
<table>
<thead>
<tr>
<th>Product</th>
<th>Staff Proposal</th>
<th>Milk Equivalent</th>
<th>To USDA</th>
<th>To Dairy Farms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Cream</td>
<td>5,000,000</td>
<td>9,000,000 - SNF</td>
<td>205,000.00 - SNF</td>
<td>$ 476,000.00</td>
</tr>
<tr>
<td></td>
<td>25,000,000 - fat</td>
<td>936,000.00 - fat</td>
<td>$ 1,335,000.00</td>
<td></td>
</tr>
<tr>
<td>Chocolate</td>
<td>5,000,000</td>
<td>19,000,000 - SNF</td>
<td>433,000.00 - SNF</td>
<td>364,000.00</td>
</tr>
<tr>
<td></td>
<td>6,875,000 - fat</td>
<td>256,000.00 - fat</td>
<td>589,000.00</td>
<td></td>
</tr>
<tr>
<td>Animal Foods</td>
<td>17,000,000</td>
<td>170,000,000 - SNF</td>
<td>3,876,000.00 - SNF</td>
<td>2,381,000.00</td>
</tr>
<tr>
<td></td>
<td>No fat</td>
<td>3,876,000.00</td>
<td>3,876,000.00</td>
<td></td>
</tr>
<tr>
<td>Lowfat Cheese</td>
<td>9,000,000</td>
<td>101,000,000 - SNF</td>
<td>2,303,000.00 - SNF</td>
<td>1,428,000.00</td>
</tr>
<tr>
<td></td>
<td>1,125,000 - fat</td>
<td>42,000.00 - fat</td>
<td>2,345,000.00</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>299,000,000</td>
<td>33,000,000 - SNF</td>
<td>6,817,000.00 - SNF</td>
<td>$ 4,649,000.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,228,000.00 - fat</td>
<td>$ 8,045,000.00</td>
<td></td>
</tr>
</tbody>
</table>

USDA cost to remove an equivalent volume of product in the form of butter and nonfat dry milk based on cost of $17,200.00 for each million of fat equivalent and $22,000.00 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/

Product
Ice Cream
Chocolate
Animal Feeds
LOWFAT Cheese
Totals

Fat Measurement

25,000,000 = 76%
6'875,000 = 21%
1,125,000 = 3%
33,000,000 = 100%
Pounds or % of milk equivalent.

Solids Not Fat Measurement

9,000,000 = 3%
19,000,000 = 6.96%

170,000,000 = 57.2%
101,000,000 = 33.5%
299,000,000 = 100%
### TABLE V

TOTAL U.S. VALUE OF $22 DAIRY PRODUCTS

<table>
<thead>
<tr>
<th>Product</th>
<th>Imports Prior to Calendar 1969</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Cream</td>
<td></td>
</tr>
<tr>
<td>+Chocolate</td>
<td></td>
</tr>
<tr>
<td>Animal Feeds</td>
<td></td>
</tr>
<tr>
<td>Lowfat Cheese</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$ 20,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staff Proposal Cost</th>
<th>Imported Value</th>
<th>Unfair</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,300,000.00</td>
<td>$ 1,400,000.00</td>
<td></td>
</tr>
<tr>
<td>3,900,000.00</td>
<td>700,000.00</td>
<td></td>
</tr>
<tr>
<td>$ 9,300,000.00</td>
<td>$ 500,000.00</td>
<td>$ 810,000.00</td>
</tr>
<tr>
<td>1,050,000.00</td>
<td>350,000.00</td>
<td></td>
</tr>
<tr>
<td>2,440,000.00</td>
<td>1,800,000.00</td>
<td>900,000.00</td>
</tr>
<tr>
<td>$ 5,790,000.00</td>
<td>$ 3,510,000.00</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL U.S. VALUE OF $22 DAIRY**
TABLE VI

LOSSES TO TAXPAYERS on FARMERS - STAFF PROPOSAL

<table>
<thead>
<tr>
<th>Product</th>
<th>Cost (Loss) to USDA (Taxpayers)</th>
<th>Loss to Dairy Farmer</th>
<th>Unfair Cost Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Cream</td>
<td>$1,135,000.00</td>
<td>$476,000.00</td>
<td>$800,000.00</td>
</tr>
<tr>
<td>Chocolate</td>
<td>689,000.00</td>
<td>364,000.00</td>
<td>350,000.00</td>
</tr>
<tr>
<td>Animal Feeds</td>
<td>3,876,000.00</td>
<td>2,381,000.00</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>Lowfat Cheese</td>
<td>2,345,000.00</td>
<td>1,428,000.00</td>
<td>900,000.00</td>
</tr>
</tbody>
</table>

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 J. Dean and copies also had been furnished to the Watergate Special Prosecution Force.

this deposition.

REPORTING CO. AG.

(96)

I would like to have this marked as Exhibit 1 to (Exhibit No. 1 marked for identification)
BY SIR. DOBROVIR:

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

MR. CHOTINER Which letter?


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 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?

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.

Se 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 to 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 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.

(98)
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 money if they got the support or anything like that. What we wanted to do was to get their attention.
figure was just pulled out of the air.

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

A

Q

A

the President.

Because I got called in by Colson and chewed out.

I see.

Finally got Colson. We never intended it to reach

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.

Who did you expect this to get to?

Colson.

Did you send a copy to Colson?

No.

How were you sure it would get to him?

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 what- | ever the reason, we couldn't get through.

Q Did you and Marion Harrison prepare this letter together?

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.

Incidently, 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 and Colson on whether this should go in and if 80 in what form

don't want you to speculate, Hr. Hillings, that is not fair to you. I would like to ask you though it 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. Was that on the phone or personal meeting? No, he asked me to come back and see him. You went back to see him? Yes. When you say went back to see him -Came from California to Washington. Be called you in California? His secretary did. -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 went 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 Commissions 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 'chat 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 yea 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
for idistinct original

To:

From:

Date:

SEMORANDUM

File

Donald G.
Sanders

December 7,
1973

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 19,0 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 19/0 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 $1,00,005 or $2,00,000 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 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.
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 23: the re typed December, 1973 memorandum from Alan Weitz to the File re: Second Chotiner interview.

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

Notary (c)
The President, on December 31, 1970, by Proclamation Number 4020 established quotas totaling in excess of 25,000,000 pounds for three of the products and in excess of 40,000,000 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.


PROCLAMATION AMENDING AND CORRECTING PART 3 OF THE APPENDIX TO THE TARIFF SCHEDULES OF THE UNITED STATES WITH RESPECT TO DRIED AND FRESH AND URBAN MILK AND DRIED AND FRESH AND URBAN DAIRY PRODUCTS

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 109(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. 3594 of November 26, 1964; section 5 of the Tariff Schedules Technical Amendments Act of 1965 (79 Stat. 950); Proclamation No. 3609 of March 31, 1966; Proclamation No. 3759 of June 30, 1967; Proclamation No. 3822 of December 16, 1967; Proclamation No. 3856 of June 10, 1968; Proclamation No. 3780 of September 26, 1968 and Proclamation No. 3884 of January 6, 1959; and

WHEREAS, pursuant to said section, the secretary of Agriculture advised me there was reason to believe that if the quantities of imports of dried and fresh and urban milk and dairy products conducted into the United States from domestic sources and imported under such conditions as to render necessary or to reduce substantially the market price of products produced in the United States, the Department of Agriculture had not conducted such investigations as to ascertain the extent to which such imports interfered with the price support program of the Secretary of Agriculture and to reduce substantially the market price of products produced in the United States, the Secretary of Agriculture had not conducted such investigations as to ascertain the extent to which such imports interfered with the price support program of the Secretary of Agriculture and to reduce substantially the market price of products produced in the United States,
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 restrictions hereinafter proclaimed are hereby imposed in the United States under such conditions and in such quantities as to render or tend to render ineffective or material interferes with the price support program as conducted by the Department of Agriculture for milk and butterfat; and

WHEREAS I find and declare that the purpose of the first proviso of section 22(b) of the Agricultural Adjustment Act, as amended by the Senate Committee of 1949, is the calendar year 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 material interfere with the price support program as 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 purpose of the second proviso of section 22(b) of the Agricultural Adjustment Act, as amended by the Senate Committee of 1949, 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 material interfere with the price support program as 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 it has been determined as is clear to carry out the intent of the import restrictions hereinafter proclaimed among the countries of origin in substantial quantities of such articles shipped from such countries during the two months July 1969 through June 1970, in due account of an special factors which have materially interfered with the trade in the articles concerned; and

WHEREAS the United States Secretary of Commerce has determined that, due to a significant error in the evaluation of the amount of imports during the calendar year 1967, the quantities entered for consumption of such articles in the following countries shall be authorized to adjust their quantities entered for consumption of such articles

In the calendar year 1968, the quantities entered for consumption of such articles in the following countries shall be authorized to adjust their quantities entered for consumption of such articles
MEMORANDUM

MEMORANDUM TO:

FROM:

SUBJECT:

7b. DICK BURRESS MEMORANDUM, OCTOBER 13, 1970

WASHING WHITE HOUSE

WASHINGTON

October 13, 1970

JOHN WHITAKER

DI CK BURRE S SS

f S>PAS~~

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 recommendation 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 recommendation 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 it 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 good idea to give the Congressman some advance notice of the final action whatever that may be, prior to its general release.

(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 mill 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
Page
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.

(117)
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. Sir. 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.
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 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.
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 80 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
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.)

Retyped from indistinct original

(121)
Congressional leaders made their positions 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. Congresswoman 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 Congresswoman Mills request for a rise in the support level.

9a Memorandum, dated March 5, 1971, from Clark MacGregor to John Ehrlichman and George Shultz.
9b Memorandum, dated March 5 from Clark MacGregor to John Ehrlichman.
CLARK MacGREGOR

MEMORANDUM

TO: THE WHITE HOUSE

FROM: CLARK MacGREGOR

SUBJECT: Discussion on Dairy Problems

March 5, 1971

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. 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-recommendation package] would satisfy Wilbur Mills." This is not correct. Wilbur Mills has urged me more than half 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
March 4, 1971

MEMORANDUM JOHN ERLICHMAN
RE: TELEPHONE CALL FROM WILBUR MILLS THIS AFTERNOON RE PRICE SUPPORTS L!$ ON MIL!

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

George P. Shultz

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

IOa Memorandum dated March 16, 1971, from Richard T. Burress to John Ehrlichman with routing memorandum, dated March 18, 1971, from John Ehrlichman to John...
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.
The following bills are:

<table>
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<tr>
<th>Date</th>
<th>Bill</th>
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<tbody>
<tr>
<td>3/16/71</td>
<td>H. R. 6188</td>
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<tr>
<td>3/17/71</td>
<td>H.R.6248</td>
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<td>3/17/71</td>
<td>H.R.6249</td>
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<td>3/17/71</td>
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Sponsor(s):
- Edmondson (D-Iowa)
- Hungate (D-Mo)
- Jones (D-Tenn)
- Teague (D-Ind)
- Steiger (R-Wis)
- Burton (D-Calif)
- Hamil (D-Mo)
- Burleson (D-Tex)
- Roush (D-Ind)
- Hungate (D-Mo)
- Roush (D-Ind)
- Steiger (R-Wis)
- Jones (D-Tenn)
- Teague (D-Ind)
- Hungate (D-Mo)
- Smith (D-Calif)
- Hamil (D-Mo)
- Burleson (D-Tex)
- Roush (D-Ind)
- Hungate (D-Mo)
- Roush (D-Ind)
- Steiger (R-Wis)
- Burton (D-Calif)
- Hamil (D-Mo)
- Burleson (D-Tex)
- Roush (D-Ind)
- Steiger (R-Wis)
- Smith (D-Calif)
- Hamil (D-Mo)
- Burleson (D-Tex)
- Roush (D-Ind)

Bills are substantially identical.

Purpose:
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.
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<tr>
<th>Date</th>
<th>Bill</th>
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<tr>
<td>3/17/71</td>
<td>H.R.6289</td>
<td>O’Konski (R-Wis)</td>
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<td>3/23/71</td>
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<td>3/23/71</td>
<td>H.R.6647</td>
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<tr>
<td>3/23/71</td>
<td>H.R.6650</td>
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</tbody>
</table>

Zwach (R-Minn)
Harvey (R-Mich)
Smith (D-Iowa)
Abernethy (D-Miss)
Stubblefield (D-Ky)
Purcell (D-Tex)
Matsunaga (D-Hawaii)
Vigorto (DPa)
Denholm (D-S Dak)
Martin (R-Neb)
Robert s ( D-Tex )
Halpern ( R-N . Y . )
Zablocki (D-Wis)
McFall (D-Calif)
Montgomery (D-Miss)
Johnson (D-Calif)
Schenkel (R-Iowa)
Anderson (D-Tenn)
Wat t s ( D-Ky )
Morekins (D-Ky)
Riegel (R-Mich)
Whitehurst (R-Va)

Hull (D-Mo)
Natcher (D-Ky)
Quillen (R-Tenn)
Foss (R-Joa)
Schorle (R-Iowa)
King ( R-N . Y . )
Hal s ( R-L-N . Y . )
Jones (D-N.C.)
Preyer (D-N.C.)
Henderson (D-I.C.)
Taylor (D-N.C.)

Lennon (D-N.C.)
Long (D-La)
McIntillian (D-S . C .)
Sebe lius (R-Kan)
Strattoll (D-N.Y.)

more

(133)

Purpose
To support the price Or manufacturing
milk at a level not more than 90% nor
less than 85% of the parity price for the
marketing year 197172, as the Secretary
determines is necessary in order to assure
adequate supply.

-
11a. THE MILK SUPPORT PRICE DECISION WHITE PAPER

Date | Bill | Sponsor(s)
--- | --- | ---
3/23/71 | | 
3/24/71 | H.R. 6683 | 
3/24/71 | H.R. 6691 | 
3/24/71 | H.R. 6701 | 
3/24/71 | | 
3/25/71 | | 
3/25/71 | | 
3/25/71 | | 
3/25/71 | H.R. 6785 | 
H.R. 6657 Young (D-Tex)
D. Evans (D-Colo)
Aquinall (D-Colo)
H.R. 6712
H.R. 6727
H.R. 6746
Hastings (R-N.Y)
Landrum (D-Ga)
Stephens (D-Ga) Brinkley (D-Ga)
Stuckey (D-Ga)
Thompson (R-Ga) Mathis (D-Ga)
Thompson (D-N.J)
Nichols (D-Ala)
Andrews (D-Ala)
H.R. 6753 Duncan (R-Tenn)
Pryor (D-Ark)
Bingham (D-N.Y)
Leggett (D-Calif)
Macon (D-Tex)
Melcher (D-Iowa)
Baker (R-Tenn)
Duncan (R-Tenn)
Myers (R-Ind)
Hillis (R-Ind)
Hanley (D-N.Y)
Gunzifman (D-N)
Brasco (D-Ill)
Collins (D-III)
Alexander (D-Ark)
Kee (D-Ind)
Gallagher (D-H.I)
Gonzalez (D-Tex)
Begich (D-Alaska)
Kyres (D-Maine)
The following bills are identical:
3/18/71 H.R.6357 Abbit (D-Va)
3/22/71 H.R.6502 Tho., son (R-Jis)

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Purpose

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.
To support the parity price through purchases of milk and milk products.
SENATE

Date       Bill

Introduced NUMBER

3/16/71     S .1277
3/19/71     S .1294

Sponsor(s)

Nelson (D-Vis )
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-C21i r )
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)
Al len ( D-Ala )
Long (D-La )
Inouye (D-Hawai)  
Hollings (D-S. C. )
Fullbright (D-Arli )
Sparkman (D-Ala)
Eastland (D-I1iss )
Bentsen (D-Tex )

Humphrey (D-Minn)

Purpose

To support the price Or
manufacturing milk at a leve l
not more than 90% nor less than
85% Or the parity price for the
marketing year 197172, as the
Secretary determines is
necessary in order to assure
adequate supply .
12. On March 19, 1971, John Whitaker reported to John Ehrlichman

that contrary to a vote count on 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
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, Colson
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.
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.

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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 cutlery 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.

14a Memorandum dated January 26, 1971, from Secretary Hardin to H. R. Haldeman.


14c Letter, dated February 25, 1971, from Dwight L. Chapin to Secretary Hardin.
Q I understand that.

Especially with those dry little rollers in every mail.

A I don't know about that.

Q Did you attend an evening at the White House on March 23, 1971?

A Yes.

m. IsULSON: You want to take a five-minute recess?

DSA. DOBROER: Yes.

tShorz recess .)

m. DODROER: On the record.

BY SE. DOBROVIR:

Q Ten xJ2 recessed, I had Dust asked you about a

meeting at the White House on the President on March 23,

A In 1970, SSI was having its annual meeting in Chicago.

There were efforts to persuade the President to attend.

to correct tC tr.at meeting. He didn't come.

meeting in Caicacyo -- ne did. aiRF, as I understood it, Tz t 1

rjltr. tC?ISCN in C:ltecaao, znd san'd thC .;ind of thing that ;e

(145)
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 Nelson, saying that —— maybe he
told Mr. Nelson. I don't know how that ran.

~~~ how, 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 an
every effort to try to come to the next one.

T:~~~r-n x FAN if? 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 whether it was set, Mr. Dobrovir,
exactly, but that is the first mention I heard of it.

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I heard of 1
I was told 'his 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 A2[Pt.

Q You went to Washington?

A Came to Washington.

Q And expressly for the purpose of seeing the President?

A Yes.

Q And 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 someplace wherever he was, while the meeting was going on.

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.

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

A 0 --The only thing that impressed me was that he was very, compli-ent 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 li-ke he v-2n-ed come to our next meeting, which he ultimately did.

0 C) Was that the only thing that you talked with the President about at that time?

we talked to him about the p(is)Ghs of the da-Sz farmer because we never missed an opportunity to tal-c t? anybody about' that, but I don't remembe- anything specifically.

n Do you meet with the President often?

A~~~ No

I don't know;~~~ of any~~~0d~~~ that meets wi'
dent often.

A I am sure th the Praci-
THE WHITE HOUSE

February 25, 1971

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, for a meeting in the Cabinet Room.

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

With best wishes,

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

cc: Mr. Whitaker

Sincerely,

Dwight Chapin
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.
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.
On the afternoon HE March Z3, 1571, the President held a meeting with 'l seven adminjis'Lrat-i.on 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 Presidents political detriment. Secretary Connally also advised the President twice that he believed a support level increase to be economically sound.

Tape recording of meeting among the President, Secretary Hardin, Secretary Connally, John Ehrlichman, George Shultz, John Whitaker, a. Phil Campbell and Donald Rice, March 23, 1971
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 supply jam 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 ball 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.
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 Capitol Hill such a veto would cost the President Missouri, Wisconsin, South Dakota, Ohio, Kentucky and Iowa in the 1972 election. Hardin said the President would not have any choice but to sign it.

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

March 23, 1971

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.
The supporting evidence for paragraphs 15-20 consisted of tape recordings of the President's March 23, 1971 conversations and meetings with administrative 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.
Secretary Hardin then raised the question of the Administration getting credit for the increase. Secretary Connally suggested 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 Congressman Albert and Mills could be approached but still obtain a promise from the dairymen not to push for an increase in 1972.
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...zot Speaker) Albert and Congressman Mills and that
he understood J. Phil Campbell]] s.---ou[l contact the dairymen
about not' seeking an increase ill 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,

Mar ch 23, 1971 162

NOTE:

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

(161)
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.

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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 in 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.
record of a phone call from Mr. Phil Campbell to Mr. Nelson with the message to return the call to your home. Is your number Area Code 703-360-5739?

Mr. Campbell. Yes. So —

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

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

Mr. Weitz. Do you recall him returning the call at your
Mr. Weitz. Did you have your secretary place the call?

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

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

Mr. Campbell. That is correct. Yes. Possibly his office.

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

Mr. Campbell. Yes, I asked him to—well I said, now I don't know.

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

Mr. Campbell. Yes. I asked him to—well I said, now I don't know.

Harold i've do change our mind and do raise the price will you and the other dairymen stop asking us 'or prices increases
-- well not i?rice increases but price support increases -

because T don't think it is good for the dairy. en. Will >!~~ou

got off our backs! a? And he agreed and said he would d.

Mr. t...t. You recall using that language, "set off our

--

i-- C. - Shell Ye... I as!off him. to get off our bac's, d'd

he agreed that if we did raise the price supp'rt that he would i.
24' X: Pr.-- § ?

A.~no29- Campbell l: * No->

1

( 165 )

Mr. Weitz, did you indicate that you had met with Mr.
Mr. Weitz. Did you discuss anything else in the conversation?

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

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

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

Mr. Weitz. Did you attend that dinner?

Mr. Campbell. No, sir.

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

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

Mr. Weitz. Were you aware that the dairy co-ops were planning to attend the dinner?

...
wards's that they were the-e and I don't. ^^-nose he f many tickets
they bo;::ght or anything abo it it, but T had. nothing to do with

Mr. ^^-nix. were ye you ? "^" ex.tl! Be' 2—or th/'lands 12 "^nix:

they had started to change a their minds about attending the
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.

A proper way.

Q A proper way.

A Lo, sir.

Q After they ---

A Pardon me.

Other than what:

in a carry-over for 1973:

Q After March 25th, will the Secretary of Agriculture remember that he was increased the price support level, you didn't have anything further to do with this question.

A Yes, sir.

Q Did you have any other notice to the Secretary's desk other than to make sure that the earlier writing might be

the subject of a letter to the

not to rest the case.

for you there at any

by cable or wire.
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.


T 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--t in the

Has your contact with him been frequent since then?

A: No, infrequently.

Q: So you would not really have a close association with him in political work?
A: No, I know Mr. Chotiner and have met him casually over the years.

Q: And are you acquainted with Marion Harrison?
A: Yes.

Q: Do you know him?
A: No.

Q: Now, would this conversation with Mr. Chotiner--if it was with Mr. Chotiner--did this take place shortly after you assumed your responsibilities as fundraiser for the campaign, say before March 1, 1971?
A: No, I might have had a conversation with Mr. Chotiller in this area, and again I don't know if he was the one that

(182)
No, I do not.

Do you recall what hype Add at that meeting?

No.

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 treat you referred to, and then:

"QF: When you said it, did you or Mr. Jacobson, Mr. Ralabach before that meeting?

"UR: I have not Mr. Kalmbach before that meeting.

"AS: In what connection?

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

"QUESTION: Could you describe those contacts, then?

"YOU met him where you met him?

"MS: I don't recall. I believe it was either

I in Washington or in his office in California.

"nNaES-L5N: Do you recall when?

nANS-HER: No.

"QUESTION: And who initiated the contact?

MANS|ER: As I recall, I can't tell you. It might
CROSS-EXAMINATION BY

Mr. Coldbloot?

Q. I have a couple of questions Or. Nelson-- During the course of your various discussions with members of Congress or Congressional staffs 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 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. 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 determinate on?

No's they did not. And in the course of your discussions did you or others representing your
Interests suggest that the making of political contributions right have a beneficial result? Not absolutely not.

MR. GOLDBLOO.,~~ I have no further questions

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

Q Exactly.

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

Q Mr. Barrera.

CROSS-EXAMINATION:

HI

Q Just by staying or clearing the people that may have been present at the meeting which you've already given names as to those that may have been with the President's staff and those that may have been with the farm groups in number, would you hazard a guess as to how many people may have been there all told?

A:

A:

'~~~ A As I recall, the meeting was in the Cabinet Bloom and the Cabinet table was full -- the seats at the Cabinet table

Q.

Q.

Q.
-- and chairs were arranged in back of the
presiderit with people occupying them. So I would say
-- thaws very hard to figures I would say ifs you
started counting, though a a total of thirty-five to
plfty people in there. Ifd say probably nearer
thirty-five. I could be wrong on that's too. Ion sure
they know how many were an there, but it was a
goodly number of people.

Q: The $8,000,000 loan to ld-Ar. erica, do I recall your
having said that you did or dffld not recall the
possibility of slough a loan?
DoBrkovIn: I have no more questions.

MR. GOLDBLCO"I: I have a few questions, Sir. Parr.

EYS2lIt-i.ATION BY CCUI-X2EL ON KEYS F OF DEFEND'S
BY M1SL. G0m03X00tI: _

In connection with the efforts that you testified about in which you participated to obtain a change in the Secretary's March 12, 1971 decision to maintain the price support level at $4.66 per

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 or the United States a

Dcl,~b'~h^ar Con.=_estional candidates could achieve a change in the price support determinations

A No. QDin anyone ever say to you, either directly or by implication, that if political contributions were made by TAzz to committees which were Republican in nature, that those political contributions would be's to effectuate a change in the price support determination of the Secretary of March 12, 1971?

A Co.

Q Do you believe that the making of political contrib-

but~~.ons by Tii?~~, or by any other political trust associated
wh th a dzir y farr...er orgcenv zation caused the chznge in the p2*ice support deterr.;tir.ation of the Secre',ary of Rgriculture of 04arch :25, 1971?

A No.

EiR, GOLDBLCO+8s: I have no ifureher au@._.^;v~-

r2 CTEELr: I have no questxons.

W.e are not going to walve signature, buf please

send the origin21 to t1re EJills;1, and he wi.ll handle it quicke-.

(Whexeucony at 5:CO o'clock, p.m., the taking of the depositicn
:vas concluded, )
dairy groups, that this particular committee of which Mr. Hump was Chair, was not so used?

A T was not aware and I am not now amazed.

MR. (DOLOOM:LOO.S: I have a fell

EMAIL:II2:.---In)tN DX COtiNS:ERL FQR DEEENDaiNTs

BY]4Rs GOhD2L2ODI:

Q Isr. Harrisfun, yell te>3elified activities inal terms ox repress Sting the interests of your clients in connection with the determination of that level during 1971, in particular, meetings thee you hatS tfitFs various officials of the Department of Agriculture and representations ssfimh you Lade in con---nszcb ic: with meetirjgs, to various personnel on the staff.

No., barring, that is keeping aside any privileged commvaicatic:

which you may have had with your clients, did you at any time during the presentations that you made to officials of the Department Or 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 Dade or the possibility of their being Dade in connection with--our 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 ought that this would help an achievement of a satisfactory result for that litigation?

A Now

Q Did anyone ever suggest to you from the personnel of the Reclamation Service, personnel on the White House staff or elsewhere for that matter, that if political contributions were made by you, this would help your clients, that this would help to achieve a satisfactory result for your clients' interests?

Zt Certainly not.

FIR. GOLI5RLOOM: I have no further questions.

MR. DOBROVIR: Do you have any questions, I'll Chotille.

MR. CROTI'Su.: I never ask them.

MR. DOBROVIR: Thank you very much for coming by. I guess we'll see you tomorrow.

TIE: HITN'-SS: 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 Err William A. Dolarovir, attorney for plaintiffs in this case.

[17hereupon, at 3:40 o'clock p.m., time taking of the deposition was concluded.]
2Xi. 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 supplier and the need for an increased supply of cheese were factors which caused Secretary Hardin to change his earlier decision.
as well as "stabilize the econonbr 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 Arch 12, 1971, an announcement was issued at by direction advising the public Of ry detcrsanation to support the price of milk at $4.65 per cwt. for the year April 1, 1971 to larch 31, 1972. this eras the same level as was in effect for the previous year. The complex economc factors which enter into a decision such as this are, of course, not subject to away one interpretation. Indeed based on the information Band advice that I was receiving, a number of determinations, including one to raise the support level to $4.93 per cwt. would have been justified at this time. The initial determination of the level of price support for Tidy as announced on March 12} 1971 A$ the subject of Zor controversy even before it was made. Nevertheless, on balance I determined for the reasons stated in C.C.C. Docket h'CP 93a to set the support level at $4.66 per cat.

4. At the time of the l':Lrch 12, 1971 announcement Of the price support level, I was as-are of substantial Congressional sentiment in favor of a higher figure. Subsequent to the announcement Of the $4.66 per cat. Trice support on larch 12, 1971, such sentiment increased notably. A number of bills vere 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 cot. In addition, certain representatives of the dairy industry strongly urged that the price support determination be revised, pineintg to increase in dairy production costs during the preceding 12 nths. For cxr~.plc, e.t a reetinS smith the President on lw‘irch 23, 1971, various representatives Of the industry urE~.cd an increase in the price support level citing . rain the factor of increased costs to farmers.

5. 'Nc existc-.cc of such sentiivacnt on the part of army members of Xs^.rcss a nd wide segments Of the dairy industry led arc to inquire as to

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)ct~~y.c;3 from inc‘i.w:1.~~ or. ina1

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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 pectins 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 25,003 members of a state 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 Greetings to the best of my recollection, the President gave certain brief reassurances to the group sold a spokesperson 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. Doc. 1-7, EP 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 setting, based on recent legislation, which would have had the effect of reducing the overage supply of milk. One other factor to which our attention was directed as 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 milk ye:s had been increased in the past.

8. During the course of reevaluating the evidences I had discussions
and advise from members of RV staff, including Under Secretary Campbell, Assistant Secretary Ljmz, and assistant Secretary Palsr.

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. 1416 culminated in an announcement, issued at my direction, that the price support level for the marketing Fear 1971-1972 would be established at $4.93 per cat.

10. The decision to set the price support level at $4.93 per cat. was based entirely on a reconsideration of the evidence on the basis of the statutory criteria.

11. Neither the decision to reevaluate the $6.67 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 on the dairy industry and other industries affected by our progress, with respect to the administration of statutes relating to Agriculture, is, of course, a fundamental part of the Secretary's role.

/s/ Clifford Hardis

Subscribed and sworn to before me this 7th day of Lynch, 1972

State of Missouri

City of St. Louis Act performed in the City of St. Louis, which adjoins the County of St. Louis, Hay commission expires: July 2, 1973.
CLIFFORD H. HARDIN AFFIDAVIT, MARCH 19, 1972, RADER V. BUTZ

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

RAL?; i *S, DER, et al.,

Plaintiffs,


Defendants.


SInsTS OF ISSUo M1 )

) as.

CITY OF ST. LOUIS.

Civil Action No. 14a-72

AFFIDAVIT

1. Clifford li. Fardin, 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 1971-72 under the applicable statutes.

2. Section 201 of the Agriculture Act of 1949, as amended (7 U.S.C. 1446), authorizes the Secretary of Agriculture to make available price support to producers of milk at such levels as he determines necessary to assure an adequate supply. Section 102 of the Agricultural Act of 1954 includes a proviso to the effect that the Secretary of Agriculture shall do nothing to depress the price of crops. In addition, the Agricultural Act of 1954 provides that the Secretary of Agriculture shall not do anything to depress the price of crops.

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o_ well u_ ⋅+<bilize th. econor v of dairy f->rmers at a level uhich w.ll provide a r.lir return 'or their labor and investr.;er.t when eor;loered uith the eost of thin:^s that
farn1ler_ buy." (7U.S.C. 1446b).

3. On '-arch 12, 1971, an announcen.ent was issued at Djr dire-ticn advising the
publie of ry deterrination to su??ort the price of r;ilk at $4.66 per cLt~~. for the year A?:. il
1, 1971 to March 31, 1972. This was the same level as was in effect for the previous year.
The com?qlex econo:~~ie fectors whieh enter into a decision such as thi-s are, of course, not
subject to 2ny one interpretation. Indeed, based on the info~~...ation and advice t:nat I
W2S receiving, a nu.-jer of deter.-'nations, inelud-`ng one to raise the su?port level to
$4.3 per c---rt., would have been justified at this tim.e. The initial deterr,ination
of the level of pr ce support for n 1:e as anr.onn-ed on 33arch i2, 1971 wes the sub-ect of
ra jor controversy even before it /25 rade. lievertheless, on bei2nce I
deter2:lined fer the reasons stated in ▲.C. Docket `'.C? cEa to set -he

**SuppGrt level** at $4.<66 per cwt.

4. At the tiGe of the Elnrch 12, 1971 announceement of the pr-'ce

5. awere of substant.ial Coneressional sent-nent in favor of a hiCher

figure. Subseuennt to the 2nnouncer.ent of the $4.66 per cwt. price su?port on llarch 1),
1971, suc'n sent -.ent increased rotaD'~~ A nurber of bills vere introduced in bo-h the
Senate and the ioouse whic'. would have increased the sU?pport level oa a r.anda-y basis to
as nUGS as S5.00 re~ cwt. In addition, certa'n reDresentatives of the dairv industry st-o., iy
u oed tha; the p-.ce su?por, H.eter:nasion be rev sed pointing to inc-eese in eairy
roduction costs dur_ng the rwcce'd'. 12 roonths. Fo- eAe*,?ie, at a oeein v .h the ^~es-
8ene on x--ch 23, '971, vario-u5 reD.esen-atives o' ;he indus;-y u-gec an in--ease i- *he r--
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