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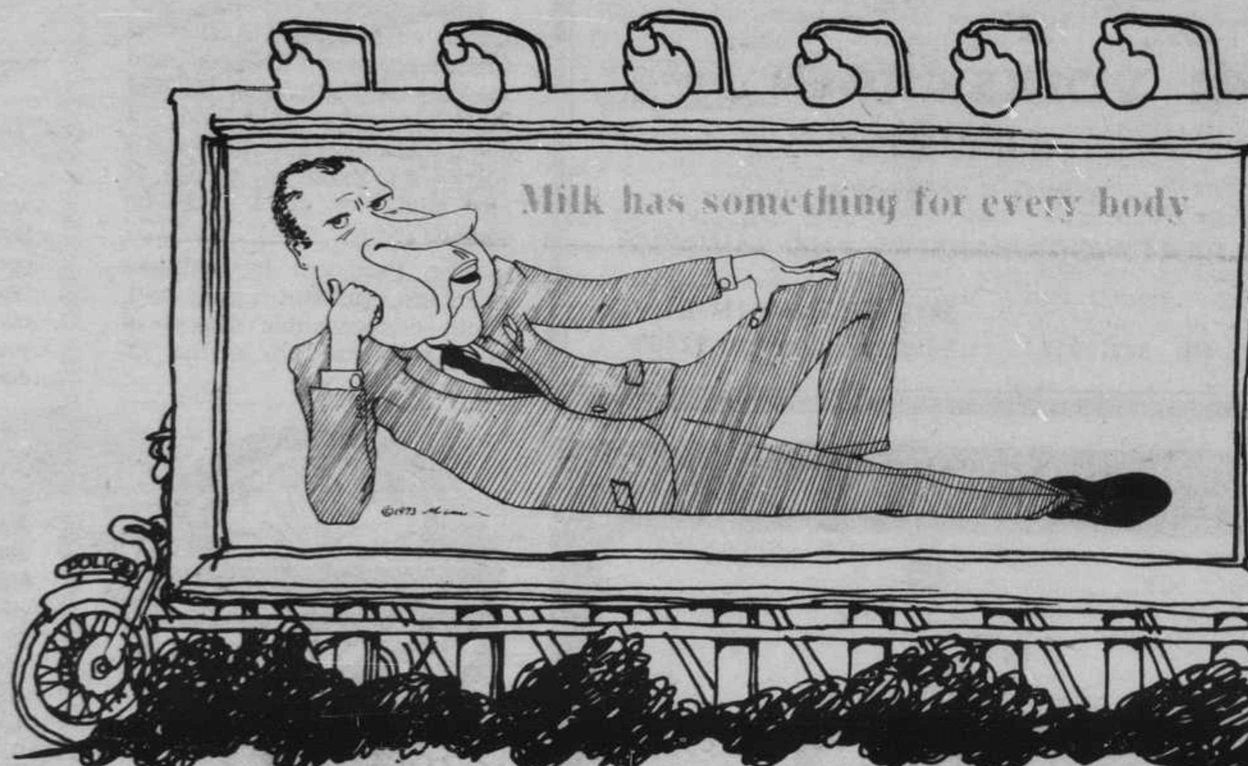
Supplement

Nixon campaign expected $2 million from dairymen



By GEORGE LARDNER JR.
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WASHINGTON—The White House expected—and apparently had been promised—$2 million in campaign contributions from the milk producers whom the Nixon administration favored in 1971 with a controversial increase in milk support prices.

According to a long-secret White House memo, the dairy farm industry made an original "commitment" of $2 million for the President's re-election effort.

The memo also shows that top white house aides and fund-raisers were still hoping to collect $1 million from dairy co-op representatives even after the filing of a lawsuit charging that a political payoff had been made.

Dated Feb. 1, 1972, the memo was written by former White House aide Gordon Strachan to then-White House chief of staff H.R. Haldeman.

By then, the three dairy co-ops that won the increase in price supports the previous spring had given total of $332,500 for Nixon's campaign, most of it to dummy committees secretly organized on Nixon's behalf.

As a result of those contributions, Ralph Nader and several consumer groups filed suit in federal court here on Jan. 24, 1972, demanding a rollback of the government's milk price supports.

They charged that the support price had been raised in return for donations to the President's campaign.

The growing publicity about the milk money evidently bothered Herbert Kalmbach, then the president's personal lawyer and secretly one of his chief fund-raisers. "Kalmbach is very concerned about his involvement in the milk producers situation," Strachan reported to Haldeman in the Feb. 1 memo.

Strachan then alluded to Harold Nelson, who was then in the process of bowing out as general manager of Associated Milk Producers Inc., (AMPI), the biggest dairy co-op involved, and Jake Jacobsen, a onetime White House aide in the Johnson administration who was then an attorney for AMPI.

"He (Kalmbach) believes that Jacobsen and Nelson will deliver though they have cut the original 2,000 commitment back to 1,000," Strachan wrote. Strachan's lawyer said the figures undoubtedly represented 2 million and 1 million dollars. Strachan himself told the Senate Watergate Committee last July 23: "On almost all of the memoranda that I wrote to Mr. Haldeman, I would leave off the last three zeroes, because usually the figures that we were dealing with were very, very large."

At the times Strachan's memo was written AMPI, a mushrooming "super co-op" with more than 40,000 member farms in 20 states, had given $202,500 to Nixon's campaign through its political arm, the Trust for Agricultural and Political Education (TAPE).

Two other co-ops, Mid-America Dairymen Inc., and Dairymen Inc., had contributed $65,000 each through their political arms.

The first donations started with $10,000 from TAPE on March 22, 1971, the day before Nixon met at the White House with more than a dozen representatives of the three co-ops who were then lobbying intensively for higher price supports.

Secretary of Agriculture Clifford Hardin had ruled on March 12 that no increase was justified. He reversed himself on March 25, two days after the White House meeting, and announced a price support increase of 27 cents a hundred weight.

Dairy co-op leaders have said the decision added roughly 500 to 700 million dollars to the income of dairy farmers.

In his memo to Haldeman some 10 months later, Strachan reported that "Kalmbach's concern" about further involvement centered around press disclosures of an earlier, secret White House funding operation from the basement of a Washington townhouse for 1970 GOP Senate candidates.

Kalmbach, in any event, continued the fund-raising effort at a meeting in Los Angeles two days later, on Feb. 3, 1972. Others at the session were several members of Kalmbach's California law firm, along with Nelson, Jacobsen, and George Mehren, a former assistant secretary of agriculture in the Johnson administration who was just taking over as AMPI's new general manager.

"He wanted a certain amount in February, a certain amount in March, a certain amount before April 7 (the effective date of a stiff new federal campaign financing disclosure law), and a certain amount to show on the record after that," Mehren said.

According to Mehren, Kalmbach also proposed setting up "50 real committees, state committees, to receive the money.

"I said no, I wouldn't do it," Mehren said. As new general manager of AMPI and, as he puts it, "a known Democrat," he said he had had enough of such devices. But he said he did not flatly rule out any campaign contributions at all.

The two other co-ops, Dairymen Inc. and Mid-American Dairymen Inc., eventually gave $95,000 more in recorded contributions for the President's campaign. AMPI, however, gave nothing. Kalmbach withdrew the request, Mehren said, at a second meeting in Washington. Mehren said Kalmbach offered no reasons and he didn't ask for any.

"He said they were no longer interested in any contributions from TAPE," Mehren said. "I was happy."

Mehren and another AMPI spokesman disclaimed any knowledge of a $2 million commitment by the co-ops or by AMPI alone before they took over. "But I'm not saying there wasn't one," Mehren added.

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