

**NIXON PRESIDENTIAL MATERIALS STAFF****Tape Subject Log***(rev. 9/08)*

Part of a conversation among President Nixon, Clifford M. Hardin, J. Philip Campbell, George P. Shultz, John D. Ehrlichman, John C. Whitaker, Donald B. Rice, John B. Connally, and William Fitz-Patrick in the Oval Office between 5:05 pm and 5:35 pm on March 23, 1971

Conversation No. 472-21

President: Hi, Phil, how are you?

Campbell: Mr. President.

President: Sorry to keep you waiting.

Campbell: That's all right.

President: I suggest that we sit over here everybody. More room and, uh -- [coughing] Sit down.

Unknown: Yeah, this --

Unknown: But --

Unknown: Oh, that's all right.

Unknown: I had that Senator [James L.] Buckley in.

Unknown: Came in and got me nervous, uh, he --

Unknown: If he'll go with you, well, that's great.

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Unknown: Very clever.

Unknown: Phil, uh, [unintelligible].

President: They're counting on Hubert [H. Humphrey].

Unknown: Concentrate on Hubert.

President: Hubert is supposed to have told [George] Meany that I, uh --

Shultz: I don't know that you've met Don Rice, from the Office of Management and Budget.

President: Yes.

Shultz: Don Rice.

[Several voices]: [Unintelligible].

Rice: How are you?

Shultz: I talked with Meany this afternoon about the SST [Supersonic Transport].

President: What 'd he say?

Shultz: He said he was all out on it. If there was anything we wanted him to do, he wanted to do it. He'd be ready to do it. They --

President: Well, could you ask him to, could you ask him, could you phone him back after

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this meeting and ask him to call Hubert Humphrey, with the understanding he, uh

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Shultz: Yeah.

President: Hubert Humphrey has told everybody that he was going to be for it. And he understood -- only because Meany is for it.

Shultz: That's right.

President: Because Labor was for it. And, now that we understand he's wavering in it, he's breaking. And that Hubert Humphrey's vote may make the difference.

Shultz: All right. I'll call him. He said he -- he had been calling me and that he had quite a few disappointments, he said. But, anyway, I think we're working on it and we will continue to work on it.

President: And he, however, is apparently not doing much.

Shultz: That's right.

President: Uh, uh, uh, well, we ought to review this, this situation with regard to milk. Now, uh, John, would you express your views, uh, to us all -- you expressed them to me this morning. [Coughs] I had a [unintelligible] you fellows heard their story today.

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

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President: How about the politics? Can you --

Connally: Uh, I'm not trying to talk about it or discuss at any great length the, the economics of it, but as far as the politics are concerned -- looking to 1972, it, uh, it appears very clear to me that you're going to have to move, uh, strong in the Midwest. You're going to have to be strong in rural America, uh, and particularly that part of the country. Now, there are a lot of things that you can't do, uh, with respect to farmers. They're almost, uh, beyond help at this point. Uh, they feel like they are. They don't feel like anybody's trying to help them. Uh, every time they turn around, they hear somebody talking about, wanting to increase imports on beef from Australia to, to -- in behalf of the consumer. Hog prices are down what, uh, fif--seventeen dollars --

Hardin: [Unintelligible] dollars from twenty-nine.

Connally: They were, they were twenty-nine a year ago.

Hardin: It's because they grew so many.

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

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Hardin: Mid-American.

Connally: Mid-American group represents about forty thousand. The Southeastern group, uh, Dairymen Incorporated, whatever their name is, represents a lesser number, but probably in the range of twenty thousand members. They, uh, very frankly, they tap these fellows -- I believe it's one-third of one percent of their total sales or ninety-nine dollars a year whichever is --

President: Like a union.

Connally: Oh, it's a check-off. No question about it. And they're meeting, and they're having meetings. They have them a Sabreliner airplane, and they just travel from one part of the country to another part of the country to get these fellows in and they sign them up and it's a pure check-off deal. And they, they're amassing an enormous amount of money that they're going to put into political activities, very frankly. And, uh, uh, I think, in the first place -- I think they've got, uh, a legitimate cause. I wouldn't, I wouldn't recommend that you do, you ta--, anything that didn't have any merit to it. They're asking for, for an increase in the cost, uh, in the price of a hundredweight up to four -- \$4.92. They originally started out a \$5.05. And, uh, uh, I am sure that these fellows can all argue more convincingly than I can that on the basis of the merits, they ought not to get it, or that milk production will go up or something else, but the truth of the matter is, the price of milk is now pegged at \$4.92. You're not going to raise the price of milk. Uh, they're supporting the price of milk themselves with their own money by buying cheese. Right today. Now, if they, if you don't support the price, if Cliff doesn't support it at \$4.92, they're going to have to drop it because their, their resources are not such that, that they can continue to pay the difference between, what, \$4.66 and the, and the \$4.92. So they'll drop the price.

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

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

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

Unknown: I'll, I'll --

Connally: They just raised and paid twenty thousand dollars for a meeting in Brownsville not too long ago. And this means they've got security. And, uh, they're doing some things that I think are a little strong-armed tactics, perhaps, in, uh, the organizing, uh. But, uh, I don't criticize that unless we are prepared to take on business and labor and all at the same time. There's no point in denying the farmer what's the practice for labor. And, uh, so I'm not, I wouldn't judge it on a moral basis. I judge it on the basis of, uh --

Hardin: You've heard all the rest of it --

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Connally: I'm addressing myself to the narrow aspects, to the political aspects of it. I don't think there's a better organization in the United States. If you can get it, uh, you can get more help from, that, uh, will be, uh, be more loyal to you. And, uh, and I think they've got a worthy case to begin with. And, uh, that being true, I just think you ought to stretch the point. I wouldn't wait 'til next year, so that -- I know that there's been some advice given to you, to wait 'til next year. Uh, that's -- I will differ with that, simply because they're going to make their association and their alliances this year and they're going to spend a lot of money this year in various Congressional and Senatorial races all over this United States. And, you don't want to be in a position -- as you well know better than I -- you got no questions when people think they forced you into doing something for them. And they're not now in that position. If, if you do something for them this year, they think you've done it because they got a good case and because you're their friend. If you wait 'til next year, I don't care what you do for them. They're going to say, "Well, we put enough pressure on them this election year, they had to do it." And you, you get no credit for it. So it's still going to cost you an enormous amount of money next year, and you get no political advantage out of it. And, I just think that, uh, that unless you just, uh -- the economics of it are just beyond reach, or beyond question that, uh, if you ought to really seriously think about doing it this year.

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

Connally: What you are going to do on that?

Unknown: [Unintelligible]

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

Connally: I think if you don't do it --

President: If they do, --

Connally: -- they're going to pass it.

President: I think they do.

Hardin: I think it's --

President: We have a damn near insoluble problem.

Hardin: I think it's, as it stands today, it's almost certain to pass.

Connally: Uh, I think that's right.

Ehrlichman: Is that what [Page] Belcher told you?

Hardin: Yes, yes, I think they got a hundred and fifty names on the bill.

Unknown: You sure?

Hardin: And, uh, --

Unknown: What is it?

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Hardin: -- and, uh, the Speaker's all out for it.

Connally: Absolutely. Wilbur [D. Mills]'s all out for it.

Unknown: Yeah.

Connally: Well, they're going to pass it through the House. Beyond any question in the world.

Hardin: And, uh, and, uh, they'll pull the liberals on this one, uh, because they're, they'll say they're going to embarrass the President.

President: That's right.

Hardin: Uh, the liberals might attract the consumers in any other situation. But they won't do it now.

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

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

Unknown: [Unintelligible].

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

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

President: Well, all right.

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

President: Probably.

Connally: That's where you are.

Hardin: I think so.

President: What's the cost?

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

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President: You would?

Hardin: Now if they could get, if they need to -- we had a little talk after you left and --

Unknown: Right.

Hardin: -- uh, about whether they really could influence production. And they could, if they went all out to do it. And what they would do, a year from now, would be end up with a hundred and twenty million -- billion pounds of milk produced. Uh, they'd be a mature enough organization that they could, uh, recognize that they had made a mistake and could go out and tell their members they had to survive. Uh, well, they're -- maybe we won't talk about that. Uh, it's a fact of life. Uh --

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

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

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

Unknown: Yeah.

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

Unknown: Yeah.

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Shultz: You have to make a judgment on the import business.

Unknown: Yeah.

President: Uh, I see your --

Shultz: See that high price here throughout the --

President: Uh, uh --

[Several voices]: [Unintelligible].

Unknown: Yeah. Uh.

Unknown: [Unintelligible].

President: -- like high interest rates.

Unknown: That's right.

Unknown: [Unintelligible]. Yeah.

President: Well, it's one of those things where with all you experts sitting around where you have to make a political judgment. My political judgment is that the Congress is going to pass it. I could not veto it. Not because they're milk producers, but because they're farmers. And it would be just turning down the whole damn middle America. Uh, where, uh, we, uh, where we, uh, need support. And under the circumstances, I think the best thing to do is to just, uh, relax and enjoy it.

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Unknown: The legal --

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

President: With these people?

Connally: Yes, sir.

President: Well, --

Connally: Yes, sir.

President: -- can that be done? I, uh, that's what I, uh --

Connally: Yes, sir.

President: That would be great.

Connally: Yes, sir.

Ehrlichman: If you could make a deal for the two years --

Connally: Yes, sir. It can be done.

Hardin: They will do that.

Unknown: You bet.

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Connally: Won't they Phil?

Campbell: Yes.

Unknown: Yeah, I would --

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

President: Yes, that's correct.

Unknown: Yeah.

Hardin: The other thing Mr. President, so they're not asking --

Unknown: And, uh --

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

Campbell: Well I think we can settle for a --

Unknown: We've got this other consid-

President: All right, make the best deal you can.

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Unknown: Yeah.

President: Do it for two years and, uh, we, uh, we, uh, we know that, uh, and as I say, I appreciate the, the very fine judgment to the contrary which, which you can't do as, uh --

Hardin: Now, we must do one other thing, uh --

Unknown: [Unintelligible].

President: Let's let them know what we're doing. That, uh --

Ehrlichman: Let's get credit.

Unknown: Oh, God, if we're going to do this --

Connally: Mr. President --

President: Let's --

Connally: Please, may I interject a suggestion?

President: Uh, uh --

Unknown: [Sighs]

Connally: Uh --

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President: Anything you like.

Connally: Well, let's don't, let's don't trade the, uh, uh, through Agriculture, uh, on the merits --

President: Yeah.

Connally: -- until, uh, some other conversations are had.

President: Yeah. Yeah.

Connally: Uh --

Hardin: [Unintelligible] we've got a little work to do. We've got to let Page, that, uh --

Unknown: What?

Hardin: I mean -- Bob [Robert J.] Dole.

Connally: All I'm saying is you --

Ehrlichman: No. Later, because they're --

Connally: -- you're in this thing for everything, you, you can get out of it. [Unintelligible].

Unknown: [Unintelligible].

Unknown: Yeah.

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Ehrlichman: Now you could hold your position now 'til you get the green light, couldn't you?

Connally: Oh, sure.

President: What?

Ehrlichman: Yeah, as I say, then Agriculture doesn't need to do anything right away.

Unknown: He --

President: You, you're now thinking of the political offer?

Ehrlichman: In a day or so.

[Several voices]: [Unintelligible].

Shultz: The sooner you do it, the better off you're going to be, aren't you?

Hardin: Uh, yeah. Possibly, uh -- Page, --

Shultz: In a day or so.

Hardin: Now, Page knows Dole. I wish he hadn't done it quite this way, but one of his little talks to the Speaker, and Wilbur -- He got them to agree to hold the bill until he could talk to the White House.

President: Well --

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Connally: He, he could make, Mr. President, I suggest to you that somebody could make a little capital with the Speaker and with Wilbur. Now if you'll do this. Now somebody can do it. Now, they'll, they'll say, well, you, you know, they'll say, well, "You did it because --

President: Yeah.

Connally: -- we've introduced a bill."

President: All right.

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

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

Hardin: Wilbur, uh --

Unknown: Shouldn't happen [unintelligible].

Shultz: As an aside on this: Wilbur passed the message to me via Bill [William L.] Gifford to thank you very much. Apparently his family was --

Unknown: Yeah, he got around to the White House.

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Shultz: And, uh, he spoke with -- and the grand --, and he said the grandchildren loved it. Wilbur says it's the nicest thing that's happened to him in years.

President: Hah.

Shultz: And I just wanted you to know [unintelligible] he apprecia--, he really had a fiery pleasant evening.

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

Ehrlichman: You know him?

Connally: Yes, sir.

Campbell: You that close to him?

Connally: That's correct.

Campbell: And he knows this bill intimately.

Connally: That's correct.

Campbell: And he can explain it to you better than the dairymen.

Connally: That's correct.

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President: Yeah. Yeah.

Connally: He sure can.

President: I noticed they had a strong man from Arkansas in there, didn't they?

Ehrlichman: Well, uh, let me ask this. Uh, who's the guy that told? Uh--

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

Hardin: Uh hm. Sure.

President: On Wilbur.

Hardin: Sure.

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

Connally: No. I think somebody other than me, sir.

President: Yeah.

Connally: I think George, or --

President: Yeah.

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Connally: -- whoever --

President: You see my point?

Shultz: Yeah, maybe John and I.

President: Maybe John Ehrlichman and George.

Connally: And don't overlook the Speaker, Mr. President.

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

Unknown: True. Right.

Unknown: [Unintelligible].

President: You have that point, now.

Unknown: Yes, sir.

President: Fine.

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

President: Uh huh.

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Connally: And I think Jerry [Gerald R. Ford] called him about this.

Hardin: Did he call you about it?

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

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

President: All right. Fine. Well, all right.

Ehrlichman: There is --

President: I think that, I think that, I think what our ploy should be here is basically, uh, uh, I think maybe it's, uh, George and John -- What do you think? John Ehrlichman.

Ehrlichman: I think that would be great.

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

Unknown: Heh, heh.

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

Hardin: Now look there, there are a few of those, fellows -- Let's take them home with us.

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[Several voices]: Oh, yeah.

Hardin: There are only a few. And, uh, I think we got to give them a chance to holler back.

Ehrlichman: I'll agree.

Unknown: Now -- I'll agree.

President: That's right. That's right.

Hardin: We may need them again.

President: Yes, sir. They've been wonderful.

Unknown: Wonderful.

Hardin: We're going to let you time the announcement and see what we can [unintelligible].

Unknown: We may need some hands.

Unknown: [Unintelligible].

President: What would you like to do with the timing, Cliff? I mean -- What are you suggesting?

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- Hardin: Well, I think it depends on George. Uh, you know, uh, uh, we've got to accommodate -- I think we ought to go this week.
- President: Good, I think the sooner the better, --
- Hardin: And, uh --
- President: -- because, uh, let's don't have, let's don't do it under pressure.
- Hardin: And, uh, uh, uh, I think that if you can get Wilbur and, uh, uh, the Speaker quickly, --
- Unknown: Yeah.
- Hardin: -- uh, then, uh, uh, you get a hold of Page and these other fellows, uh, also, but, as soon as they know what we are thinking about, uh, it will leak out pretty fast.
- Shultz: Well, I don't think that there's any problems about the thing and, uh --
- President: But be sure you get to Page Belcher.
- Unknown: [Unintelligible].
- President: He could get Wilbur.
- Unknown: But you're going to have to [unintelligible].
- Unknown: Yeah.

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Unknown: [Unintelligible].

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

Unknown: All right.

Campbell: It, it, it -- it's going to have to almost be done simultaneously because just as soon as they've talked, it's so important, everybody is going to know it. The first one that knows is going to get on the phone and call the dairymen, --

Unknown: You, uh --

Campbell: -- and soon as one of the dairymen knows, all of them will.

President: I'll say.

Shultz: Uh, but aren't you and somebody going to want to talk to the dairymen about it so you can set up a --

Ehrlichman: Make a two-year deal.

Unknown: A two-year deal.

Shultz: -- two-year deal.

President: I think first you have got to -- Well, then and they're going to know - They're, they're --

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

Unknown: Um huh.

Campbell: But I can tell you --

Unknown: [Unintelligible].

Unknown: [Unintelligible].

Connally: May I suggest?

Unknown: And I know --

Campbell: I suggest just as quick I can get them on the telephone.

President: All right.

Connally: May I also suggest --

President: Make sure you got the deal to present to me. And, uh --

Unknown: [Unintelligible].

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

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President: No, no, no, no, no. [Unintelligible].

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

President: Uh huh.

Campbell: No, no problem.

Ehrlichman: Still hypothetical.

President: Yeah, yeah. Then that way the decision is still open. And then, boom!

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

Unknown: You handle it.

Connally: You should hear that out and we'll talk about it.

Whitaker: I just want to raise one point. The thing that got that started is the concern of overproduction. If you don't think down the line with me it will be more trouble in the end.

Campbell: This -- if, if we do it'll be two years off and not next year.

Unknown: That's it.

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President: And John, what other problems does that involve? Uh, uh [unintelligible].

[Several voices]: [Unintelligible].

Hardin: [Unintelligible] you may have overproduction next year. And we may blame it on this. But it will be for other reasons.

President: Yeah.

Ehrlichman: Actually it takes more -takes longer than that.

President: There's one thing about this, it's one thing about this industry that is, uh, quite interesting. It's that, uh, it's, uh, it's a big business. From the standpoint -- you know, they go into this business, you know, and people say -- It -- As a matter of fact, I get the impression, Cliff, and I'm not too much of an expert on the farmer, but I get the impression that -- For example, with regard, uh, uh, regarding, regarding the price of hogs. People who go into that business, from what I gather -- it's pretty easy, isn't it?

Hardin: Changing the par--when compared

President: The dairy business, on the other hand, requires an enormous net invest--, investment. You know, you can raise more pigs, right?

Hardin: Yes. And the, and the times get --

President: Fast. Fast. And that's why the pig, po--, the corn-hog ratio, uh -- that business goes up and down almost like an escalator, doesn't it?

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Conv. No. 472-21 (cont.)

Unknown: Right.

Connally: Mr. President, two litters per year and the average now is running better than seven pigs per litter, isn't it?

Campbell: Mr. President, there has been some studies run on this and the cost is approximately, it approaches two thousand dollars per cow. So you just multiply fifty cows, a hundred cows, a hundred-fifty cows by two, two thousand dollars. You've got a pretty good investment.

President: Well, you have an enormous -- so somebody is going to go into that business.

Unknown: Yeah.

President: I mean, uh, there are added things; it's, it's a big, uh --

Campbell: Big chunk of cash. Can't go less than fifty cows, --

President: I know. Yeah.

Campbell: -- seventy or eighty.

President: Yeah. Yeah.

Hardin: But, uh, we had, what, a million dairy farmers, uh, ten years ago and down four hundred thousand from what you were.

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Conv. No. 472-21 (cont.)

Shultz: We have a, uh, we have a problem to, to, uh, think about here on the antitrust side of this thing, uh, they're going to wind up in trouble.

Hardin: Yes, they may have --

Shultz: If they try to control production, --

Hardin: Yeah, they, they --

Shultz: -- they're over -- they're, very eager.

Unknown: [Unintelligible].

Hardin: -- may have already done it. But, uh, uh --

Connally: The significant thing is they have legal counsel and they're following their advice.

Hardin: Well --

President: Good.

Shultz: They do have a good legal counsel.

Ehrlichman: They have a good one.

President: They've got them all over the country.

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Conv. No. 472-21 (cont.)

Connally: Uh, there are many folks [unintelligible] but I don't know Cliff what you're talking about.

Hardin: Uh, well, they're, they're sure, they're sure awfully close to the line. They are not the first group in the economy, that's done that.

Unknown: Oh, I'll say. [Laughing]

President: Well, we won't prosecute the farmers.

Hardin: Could I bring up just one other thing?

President: Sure.

Hardin: It's a somewhat related subject, Mr. President.

President: Sure.

Hardin: It doesn't have anything to do with this matter; but, uh, --

President: Britain?

Hardin: No.

President: No.

Hardin: Uh? Meat, meat imports. Uh --

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President: Oh, that. I thought we decided that.

Hardin: We did.

President: We are going to import aren't we?

Hardin: Uh, a little, uh, as little as possible. But Mr. [Hendrik S.] Houthakker called me yester-- He's convening a meeting now, and, uh, he thinks we ought to force the price of beef down. And let in more imports. And he's, he wants a interdepartmental meeting. I think it's next Tue--Monday or Tuesday. And this is just going to, uh, raise havoc with the cattlemen all over again. When we just got them all quieted down. They've all written articles; they're just bleeding about what the President did.

President: What would I do, if, if -- and didn't -- I imported not too much, and meanwhile hold that middle, middle options?

Hardin: Yes. And, uh, they're, and uh, so I called Ed and I said, "Now, I want to see you bleed in your publications. I want you to post all the -- and support the President." He went all out with me on this. "Well," he said, "we [unintelligible] just a little." And I said, "If I see one word [unintelligible] not one damned one of you is ever going to get in my office again. Do I make myself clear?" And they did say it in their publications. They did go all out.

President: Um huh.

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Conv. No. 472-21 (cont.)

Hardin: Uh, so, uh, uh, to open this up again now, it just would be terrible. There's no -- In fact it'll change a bit. It's just a -- George, can you, can you collar that guy? And, uh --

Shultz: No, I, I --

Hardin: He's, he's the one that's given the Nixon Administration the reputations for being for low farm prices. He just -- Every once in a while he comes out with something.

President: Sure never gets reflected in the CPI [Consumer Price Index]. Except, uh --

Hardin: No.

President: Not this last month.

Unknown: Oh.

President: It was for six months before that though.

Unknown: Oh.

President: So we've got to get credit for that.

Shultz: The last few months the wholesale price index has skyrocketed.

President: Yeah. That's what I mean -- food.

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Conv. No. 472-21 (cont.)

Shultz: Well, and the Consumer Price Index would have actually been, uh, left no change, if it hadn't been for the big increase in food prices, --

President: Yeah.

Shultz: -- and I'm saying that that -- Food is going to follow wholesale prices. Business. But, uh, the meat, the meat area is going to be a problem for us. If we're going to get into that, uh --

Hardin: Well, from the consumer's side, it'll be great; it'll be, uh --

President: You, you --

Hardin: You've got to get them [unintelligible]. But the poor customer then [unintelligible].

Shultz: Uh, uh, the, I think the --

Unknown: [Unintelligible].

Shultz: Well, I understand we're heading into some real problems there, but I --

President: You mean --

Shultz: -- not that I've studied it, yes.

Connally: Yeah. Go on.

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Conv. No. 472-21 (cont.)

President: I would too.

Shultz: Yeah, of course, we're going to import less than we did last year.

Hardin: Possibly.

Shultz: Profit rising.

Unknown: Yeah.

Hardin: But, I think I'll probably import within ten million pounds of this thing. Isn't that something?

Shultz: But all, all of these things. It's just that, uh, it's the same, it's the same thing when we discuss steel imports or, uh, bunch of these other things -- shoes or what have you, and meat. And on the one hand, there is the, the groups that is pushing it; on the other hand there's the consumer. It, uh -- as much as --

Hardin: Everybody have one of these dairy departmental committees studying something you can favor.

Shultz: Well that's, well, Houthakker is particularly good at getting it, uh ---

Hardin: Yes.

Shultz: [Laughter] These and, uh, I agree with making a speech or something.

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Conv. No. 472-21 (cont.)

Hardin: I don't care if he studies it if he can keep his trap shut. But, uh, if he passes us by, okay.

President: Let's have nothing said about it. Is that fair enough? That is if we're going to have to do it.

Shultz: He has to call up and put his hand on that.

President: Will you tell him all about the increase?

Shultz: Study it and, uh, follow up on that.

Hardin: You can't, you can't convene an interdepartmental committee in this government and not -- and then keep it out of the papers.

Ehrlichman: Oh, sure you can.

Unknown: Um?

Ehrlichman: Sure you can. Yeah. Threaten them a lot.

[Laughter]

Unknown: The cattlemen have been pretty good friends for us, too.

Connally: Well, cattle prices are down. How much are they down uh, in the past --

Unknown: Not too much.

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Conv. No. 472-21 (cont.)

Connally: -- few months?

Hardin: They're going back up again, John, a little bit.

Unknown: But, uh --

Hardin: They're not so high, and so forth.

Connally: No, they're not their highest.

Shultz: Same statement.

Hardin: There is kind of --

Connally: Oh, if they're falling some, George, my [unintelligible] two or three
[unintelligible] do a study Agriculture [unintelligible] study [unintelligible]

[Several voices]: [Unintelligible].

Connally: Um hm, cattle prices. It'll shock you. And just remember when you talk about food prices, now, and, and bleed for the consumer, that today, food prices in the United States are cheaper than they've ever been in the history of this nation. In terms of what it takes for, well, uh, hours of work to feed a family. Sixteen percent. That's the lowest in the history of the world. And --

Shultz: So that --

Unknown: He's my favorite secretary [unintelligible].

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[Laughter]

[Several voices]: [Unintelligible].

Shultz: You might study the [unintelligible] crises awhile. [Unintelligible] of all the things
that --

Unknown: Where are they?

Unknown: [Unintelligible].

President: Well, we'll try to keep the cattlemen from getting on our necks for the moment.

Rice: We've got a, one loose end left on the, uh, --

President: Yeah.

Rice: -- the rate, --

President: Uh huh.

Rice: -- and it seems to be one other thing we are going to have to do is coordinate the
timing of the announcement -- which we have to make, uh, very closely with
these contacts. And --

Ehrlichman: Yeah. Well, right after this --

Rice: So that someone who is contacted doesn't --

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Ehrlichman: We'll coordinate that, Don. Uh, I think we'll have to get the group together. Uh, we'll have to get [Charles W.] Colson and Bob Dole in this, too. And, uh, so --

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

Unknown: That's right.

Campbell: And you are going to do the same thing, George, with the Speaker.

Shultz: Yeah.

President: All right.

Shultz: What we're going to, is --

Unknown: We're going to pressure this thing.

Shultz: -- eighty-five percent of parity.

Unknown: Pardon?

Unknown: Is that right?

President: It's eighty-five.

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Conv. No. 472-21 (cont.)

Shultz: We're not suddenly going for 505, and I would guess 498.

Connally: No, we're going for 492.

Shultz: 492. That's 85% of parity that's right.

President: Fair enough.

Unknown: All right.

Ehrlichman: Better go get a glass of milk.

[Laughter]

Ehrlichman: Drink it while it's cheap.

Unknown: But you how --

Unknown: That's really --

Unknown: [Unintelligible] might work.

President: [Unintelligible] Yeah, I told them. I said, milk is a sedative. Milk is a sedative.

Hardin: Say, I told the President this morning that on that TV show last night -- Uh, uh, that, that few times when he looked right into the lens --

Unknown: Great.

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Hardin: Uh, that one...just magnetic.

Connally: May I have, may I have two minutes with you on another matter?

President: Sure, sure, sure. Sit down. [Unintelligible] Absolutely. [Unintelligible].

Connally: Uh, I think --

President: I didn't know what you were saying --

Unknown: Excuse me, sir

Connally: Uh, take it. It's on my honor, uh, to make sure that, that, there, there's a very substantial allocation of oil in Texas that you, that that will be at your, at your discretion.

President: Fine.

Connally: Unless you, unless you --

President: Fine.

Connally: Unless you want somebody else to do it. Somebody --

President: No.

Connally: Somebody --

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Conv. No. 472-21 (cont.)

President: You can do it --

Connally: Somebody, somebody --

President: -- much better. You know it ought to be done too.

Connally: Yes, sir.

President: This is a, this is a cold --

Connally: Oh --

President: -- political deal. They're very --

Connally: [Unintelligible].

President: -- tough political operators.

Connally: And they've, they've got it --

President: They've got it.

Connally: [Unintelligible] signing off on it.

President: Uh, huh. They'll be giving it to, uh --

Connally: That's right, trying to make Wilbur --

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President: But we don't want them just to, yeah, I couldn't agree more, I couldn't agree more.

Connally: I'm going to, I'm just going to say now --

President: Great.

Connally: If this is done, I'm going to expect to call on you for one [unintelligible].

President: [Laughs] okay, I'll catch up, thank you, thank you.

Connally: Absolutely, I, Mr. President I really think you made the right decision.

President: Yeah, oh I understand.

Unknown: [Unintelligible].

President: We meet uh --

Connally: Sorry to bug you about it, but I really --

President: I'm glad you did. When do we meet, uh, weren't we meeting, having a meeting of the, uh --

Unknown: No.

Unknown: No, sir.