

Connally Rumored Resigning

By Lou Cannon

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Former Democrat John Connally, who joined the Nixon administration with great fanfare less than a month ago, is ready to quit unless he gets a definite assignment from President Nixon, The Washington Post was told yesterday.

What's more, Business Week magazine reported, Treasury Secretary George P. Shultz is also disgruntled and may join Connally in the exodus.

Connally spent last evening with the President, cruising the Potomac aboard the presidential yacht Sequoia. He was described as being upset at the failure of Mr. Nixon to focus on economic issues, which Connally considers as of key importance to the administration.

Both Connally and Shultz

were said to be upset over their lack of close communication with Mr. Nixon. Business Week, in today's number, said the two men presented their economic ideas to the President and he just "looked out the window," and that Shultz' conversations with Mr. Nixon on his recent trip to Iceland were limited to "hello and goodbye."

The magazine quoted a high administration source as saying that Mr. Nixon was unwilling to make the television appearance a major Phase IV announcement would require, as Connally and Shultz recommended, and "instead of dramatic action, he opted for ordering a selective toughening of Phase III wage and price regulations."

Another source, close to the former Texas governor, said Connally did not intend to make a dramatic resigna-

tion, but rather "slip away" and go back quietly.

The same source said Connally walked into the economic meeting at the White House Tuesday and wondered to himself: "What am I doing here?"

One high administration source said what Connally is doing there is that he wants a definite assignment, preferably as Secretary of State. This is unlikely, the source said, because of potential conflicts with Henry Kissinger, the national security affairs adviser.

The same source continued that Connally, if he stays, would wind up as a special adviser with responsibility for economic and energy issues. This could raise questions of conflict, since Connally's law firm represented several prominent oil companies.

When Connally joined the

administration May 10 as an unpaid consultant, White House press secretary Ronald L. Ziegler said he was certain that the President would not consult him on oil issues.

Connally was Treasury Secretary in the first Nixon administration, and headed the "Democrats for Nixon" drive in last year's campaign. He joined the Republican Party May 2, a move welcomed by many GOP officials since it came at a time that administration fortunes were at low ebb because of the Watergate scandal.

The same scandal, Business Week will say today, has the President so "preoccupied" that he will not act on the measures presented by Shultz and Connally to prevent "run-away inflation" and restore confidence in the dollar abroad.