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**Phillips Out,  
New OEO  
Head Named**

By Cathie Wolhowe

Washington Post Staff Writer

President Nixon yesterday named a new acting director of the Office of Economic Opportunity as his last appointee, Howard Phillips, announced his resignation in a defiant statement that restated the administration's intention to dismantle the agency.

Mr. Nixon named Alvin J. Arnett, 38, as "director-designate." The Western White House explained that his name will be sent to the Senate for confirmation as director and that until he is confirmed he will serve as acting director.

Presidential spokesman Gerald Warren indicated that the White House was giving up its efforts to break up OEO by executive action and would await congressional approval of Mr. Nixon's plan to transfer the agency's operations to other agencies.

Warren called the appointment "a clear signal we will await congressional action."

Last week, an appellate court agreed with a federal judge here that Phillips was serving illegally because his name had not been sent to the Senate. The court earlier had ordered Phillips to halt his dismemberment of OEO.

In his statement yesterday, however, Phillips said he expected Arnett to carry out "the actions we set in motion."

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**OEO, From A1**

These include the transfer of OEO programs to other departments, the overhaul of the legal services program and "the general discontinuation of OEO's operational activities."

Because of Phillips' intention to end most OEO programs, few have received funding for this fiscal year although OEO has the money. Now only three working days remain in the year for the money to be spent or revert to the Treasury.

Because OEO claimed it was unable to spend money without an authorized director, U.S. District Court Judge William Jones ordered the agency this week to produce the names of persons authorized to spend the money already committed to its programs — not including Phillips. The judge now has hundreds of



**HOWARD PHILLIPS**  
... defiant resignation



**ALVIN J. ARNETT**  
... "director-designate"

names under consideration.

The announcement of Phillips' resignation and Arnett's appointment came as a class action suit was filed in East

Orange, N.J., on behalf of all Community Action Programs, requesting an injunction against OEO to stop blocking the expenditure of Neighborhood Youth Corps funds.

Arnett has been at OEO since February, first as acting deputy director, and since May 29 as deputy director.

Before that, he was executive director of the Appalachian Regional Commission, after serving as executive assistant to Sen. J. Glenn Beall (R-Md.) for a year.

Several former staff members at the Appalachian Regional Commission, who declined to be identified, said six of the seven states participating in the commission had opposed his appointment to that agency. "He was named because of White House pres-

sure," one claimed.

It was no secret at the commission that Arnett did not get along with his boss, Donald Whitehead, who was reportedly instrumental in getting Arnett the OEO appointment. Whitehead, a close friend of former White House

aide Charles Colson, is said to have asked Colson to find another government slot for Arnett.

Whitehead could not be reached for comment last night.

When Arnett left for OEO, however, the Appalachian Regional Commission adopted a resolution of appreciation for his services, saying "few have approved, and none sur-

passed, Al Arnett in depth and sincerity of feeling for the people of Appalachia"

Arnett was born in Kentucky and raised in West Virginia.

Arnett's views of OEO appear to coincide with those of Phillips. Yesterday a spokesman for OEO quoted him as saying, "The poor won't miss a stroke or notice when OEO is gone."

The only solution he sees for low-income persons "is to directly supplement their income. In any social service program, it's the technicians who benefit, not the poor."

Phillips, who met Arnett about four years ago at a Ribbon Society meeting, praised Arnett's work and said he is "well qualified for his new role," which Phillips sees as "an historic turning point toward the disaggregation of unaccountable bureaucratic authority."

Phillips called his doctrine "revolutionary," and said, "The time has now come in America to reverse the flow of power and resources from the states and communities to Washington, and start power and resources flowing back to the people across America."

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