

Shultz Leaving Treasury; Simon May Be Successor

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WASHINGTON, March 14—The White House announced today the resignation of Treasury Secretary George P. Shultz, effective in early May.

Mr. Shultz, the last remaining member of the Cabinet with which President Nixon began his first term in 1969, had amassed powers ranging far beyond the usual duties of a Treasury Secretary. Many in Washington considered the 53-year-old economist to be almost as powerful as Secretary of State Kissinger.

Speaking at a news conference, Mr. Shultz said that he was leaving because there was "a tendency to stay too

long" in government service. Watergate was not a factor, he said in response to a question, although he did speak of the scandals as a "distressing episode."

He also noted that the current economic stabilization program would expire April 30 and that new international monetary negotiations would begin in the spring. He said that this would therefore be a good time for an orderly transition. His resignation had been expected for some time.

No successor was named, but Gerald L. Warren, the deputy

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Presidential press secretary, said that an announcement could be expected soon. According to other White House sources, the most likely choice is William E. Simon, who heads the Federal Energy Office and serves as Under Secretary of the Treasury.

Mr. Simon might feel freer to leave his energy post, an associate said, if the Arab oil embargo is ended and the energy shortage alleviated.

Other sources reported that David Rockefeller, chairman of the Chase Manhattan Bank, had been sounded out about the job by Gen. Alexander M. Haig Jr., Mr. Nixon's chief of staff.

Mr. Rockefeller declined, these sources said, for a complex of reasons—his family's close identification with the oil industry, the problems engendered by the Watergate scandals and Mr. Rockefeller's feeling that "they want him not for

his ability but for his prestige," as one friend put it.

If Mr. Simon were to leave the energy office, he might be succeeded by John T. Dunlop, director of the Cost of Living Council, Presidential aides suggested. At his weekly news briefing today, Mr. Dunlop declined to put such speculation to rest or to express any personal feelings about remaining in Washington.

A Professional Economist

Mr. Shultz served initially as Secretary of Labor, then took over as Director of the Office of Management and Budget on July 21, 1970, and then shifted to the Treasury on June 12, 1972.

A professional economist—the first ever to serve as Treasury Secretary—Mr. Shultz was dean of the Business School at the University of Chicago when Mr. Nixon summoned him to Washington. He had told some friends that he would like to return to academic life, probably at Chicago, when his period of Federal service ended.

In announcing the resignation, Mr. Warren said that Mr. Shultz would take on some special assignments for the President after he left the Treasury. Between now and early May, he will attend meetings of the Inter-American Development Bank in Chile and the Asian Development Bank in Malaysia.

The press spokesman, using phrases that he said he and Mr. Nixon had worked out, described Mr. Shultz as "a pillar of this Administration and this Government" for five years. He expressed the President's "enormous respect and affection" for Mr. Shultz. Members of both parties in the Congress echoed Mr. Nixon's words.

Mr. Shultz generally assumed a role that experts regarded as unique in the evolution of economic policy. In one short period, he briefed the press on such disparate subjects as unemployment compensation, trade legislation, devaluation, energy, the budget and minimum wage policy. This illustrated the breadth of his responsibility.

His Philosophy Outlined

Mr. Shultz's underlying philosophy about the Government and the economy never deviated during his more than five years of service. That philosophy, in essence, was that the least possible interference by the Government with the working of the free market would lead to the best results.

This applied to price and wage controls, collective bargaining, the fixing of exchange rates between the dollar and other currencies, regulation in such areas as transportation and energy matters.

Mr. Shultz also became increasingly skeptical of the ability of the Government to solve social problems.

He feels that his worst fears about price and wage controls have been borne out, although he showed no sign of disloyalty in enforcing the program when chairman of the Cost of Living Council. The decision for which he has been most criticized was the shift in January, 1973, from Phase 2 to the more permissive Phase 3 of controls.

Mr. Simon could be expected, if he succeeded Mr. Shultz, to



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George P. Shultz after announcing he would resign

pursue similar policies.

It was unclear whether Mr. Shultz's successor at the Treasury would also succeed him as assistant to the President.

Meanwhile, Mr. Nixon nominated David R. MacDonald, a 43-year-old Chicago lawyer, as Assistant Secretary of the Treasury for enforcement, tariff and trade affairs and operations.

He succeeds Edward L. Morgan, who resigned on Jan. 31 because of his involvement in the controversy over President Nixon's gift of Vice-Presidential papers to the National Archives for which Mr. Nixon claimed a tax deduction.