

CONNALLY TO GET KENNEDY'S POST AT THE TREASURY

DEMOCRAT NAMED

Nixon to Keep Present Secretary in Cabinet as Envoy at Large

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WASHINGTON, Dec. 14 — President Nixon announced today that he would nominate former Gov. John B. Connally Jr. of Texas, a Democrat, to replace David M. Kennedy as Secretary of the Treasury.

The President said Mr. Kennedy would retain Cabinet rank as an Ambassador at Large dealing with international fiscal and monetary matters. Both appointments will take place Feb. 1 if approved, as expected, by the Senate.

In announcing the latest Cabinet changes at a White House news briefing, Mr. Nixon emphasized that his selection of Mr. Connally, an ally of former President Lyndon B. Johnson, reflected a desire to approach American problems "in a bi-partisan manner."

Mr. Nixon said Mr. Connally's experience as Governor gave him special qualifications to deal with the issue of sharing Federal revenue with states and localities, a key element of the President's domestic program.

Political Implications Seen

Nonetheless, there appeared to be political implications in the choice of Mr. Connally to be the first Democrat in command of a department in the Nixon Administration.

White House officials said Mr. Connally had lobbied successfully on Capitol Hill, as a member of the Presidential Advisory Council on Executive Organization, for reorganization plans proposed by the President.

They also said that Mr. Nixon was impressed by Mr. Connally's views on foreign affairs. It appeared likely that the President would call upon him to solicit support among Congressional Democrats for foreign and domestic legislation.

Mr. Connally's presence in the Administration was also regarded as a major political asset for Mr. Nixon in Texas—which has 26 electoral votes, the fourth-highest number—in the 1972 Presidential election.

"This assures that President Nixon is going to carry Donnell, the Republican Na

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tional Committee member from Texas. "And it means Senator [John G.] Tower will be re-elected."

Senator Tower, a Republican who was reported to have voiced private objections about President Nixon's increasingly cordial relationship with Mr. Connally, said today that he regarded the former Governor's appointment as a "wise step."

He added that he believed Mr. Nixon had chosen "a man who is philosophically attuned to his own ideas."

There were no clear signs as to whether or not the changes reflected any shifts in the Administration's economic policies.

Mr. Connally increased the Texas budget from \$1.3-billion to \$2.5-billion during his three terms as Governor from 1963 to 1969. But Texas Democrats generally regarded him as fiscal conservative, noting that the legislature was instrumental in raising budget outlays for such items as higher education.

Trade Viewed as Factor

Some officials in the Treasury Department, where Mr. Kennedy's departure came as a surprise, theorized that his new appointment coincided with the development of sentiment among businessmen for the elevation of international trade matters to a high priority.

These officials said that Mr. Kennedy might be assigned to seek to avert a trade war that some fear could result from import quota legislation being considered by Congress.

There has been speculation since the Nov. 3 Congressional elections that Secretary Kennedy would be replaced. Treasury Department sources confirmed today that Mr. Kennedy offered his resignation last month as a "scapegoat" for election reverses attributed to dissatisfaction with the state of the economy.

They said the President first rejected the offer, then accepted last week when Mr. Kennedy said that, at age 63, he did not wish to remain at his Treasury post for two more years.

It was reliably reported tonight that Charles E. Walker, Under Secretary of the Treasury, would submit his resignation before long. He was said to have been disappointed that he had not been elevated to the Cabinet position.

There is little in Mr. Connally's background to suggest expertise in economic policy. He is a lawyer who has a familiarity with Texas oil and gas interests and, since retiring

<p>from the governorship in 1969, has served on the boards of numerous banks and corporations. He served as President Kennedy's initial Secretary of the Navy, resigning in 1962 to run for Governor.</p> <p>Mr. Nixon acknowledged that Mr. Connally was not a banker but said that his experience as Governor gave him special qualifications to deal with Federal revenue sharing with states and localities.</p> <p>Mr. Connolly's primary interest has been in politics, first as a protégé of Mr. Johnson and eventually as the leader of Texas Democratic conservatives.</p> <p>Ronald L. Ziegler, the White House press secretary, said Mr. Nixon telephoned Mr. Johnson this morning to inform him of the appointment.</p> <p>"The former President was</p>	<p>very pleased," Mr. Ziegler said.</p> <p>Mr. Johnson could not be reached for comment this afternoon. An aide said he had "gone off on a hunting trip."</p> <p>Reaction here and in Texas to Mr. Connally's nomination was generally, although not universally, laudatory.</p> <p>Speaker of the House John W. McCormack called Mr. Connally a "fine man, outstanding and a great American."</p> <p>Robert Strauss, a Texan who is treasurer of the Democratic National Committee and a close friend of Mr. Connally, said Mr. Nixon "has needed this kind of leadership in the Cabinet, and it's interesting he had to turn to a life-long Democrat to get this kind of talent."</p> <p>Representative Wright Patman, Democrat of Texas, chairman of the House Banking and</p>	<p>Currency Committee, expressed surprise at Mr. Connally's willingness to serve in a Republican Administration. He said he hoped the appointment would signal a move toward lower interest rates and a more liberal monetary policy.</p> <p>Senator Ralph W. Yarborough, a Texas liberal who was defeated in the Democratic primary this year by Lloyd M. Bensten Jr., Mr. Connally's candidate, called it "another of this Administration's appointments which has been given to reward the party faithful."</p> <p>Mr. Yarborough said President Nixon had demonstrated by dismissing Walter J. Hickel as Secretary of the Interior that "he wants as members of his Cabinet only those who will do his biddink 100 per cent."</p> <p>"He must feel he will have</p>
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<p>this obeisance" from Mr. Connally, Senator Yarborough added.</p> <p>One Texan who is knowledgeable on the state's political situation suggested that President Nixon recognized he would not be able to establish a strong Republican party there so long as Mr. Connally was among opposition. Mr. Connally engineered Mr. Bensten's defeat of the Republican Senate candidate, Representative George Bush.</p> <p>Some Texas Democrats expressed private concern that Mr. Connally's presence in the Cabinet would hinder their chances of capturing Senator Tower's seat in 1972. But Lieut. Gov. Ben Barnes, a prospective Senate candidate on the Demo-</p>	<p>cratic side, said he was "proud" Mr. Connally had been selected.</p> <p>Mr. Connally's nomination had a parallel in the Eisenhower Administration. Robert B. Anderson, A Texas Democrat, served as Secretary of the Treasury.</p>
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