

Remarks at the memorial of Charles L. Schultze

The Brookings Institution

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Remarks by Ted Gayer

Vice President, Economic Studies at Brookings

Good afternoon, everyone. My name is Ted Gayer, I'm Vice President and Director of the Economic Studies program here at Brookings. I'd like to start by thanking Charlie's children—Chris, Carol, Lynn, Kathleen, Kevin, and Karen—for asking us to host his memorial service at Brookings. The Economics Studies program is a vibrant intellectual community, a community of experts who analyze, assess, opine, debate (and even at times, argue) about the most critical of economic questions.

Most days we are up on this stage discussing big, weighty, global problems. But we should not forget that this place is a **local** community—a community of colleagues and friends, of people kibitzing about sports and politics and books and music, of people caring for each other and for each others' families, and of people missing those of our community who are no longer with us. By allowing us to host this memorial service for Charlie, his family has recognized this place as the community that it is, a community of people who deeply respected and cared about Charlie.

While I knew of Charlie professionally for much of my adult life given his prominence in the field, I only met him and grew to know him personally about 7 years ago when I first came to Brookings. It's a heady thing to meet a legend in one's profession. Heady, but not intimidating, since Charlie was eminently approachable. He was kind, gracious, witty, irreverent, and wise.

Each day I come to work humbled by the position that I hold as director of the program, a position previously held by eminences in the field—the likes of Joe Pechman, Alice Rivlin, Belle Sawhill, Henry Aaron, Karen Dynan, Bob Litan, and Bill Gale. A position also once held by Charlie. Charlie was at Brookings for 45 years, nearly half of the institution's history.

Charlie's intellectual and professional values are part of the DNA of the program. His values of intellectual integrity, hard-nosed expertise and analysis, lucid exposition, civil and engaged debate, and a passion for improving the wellbeing of all of society—these values are part of this place, and, God-willing—and with the dedication and determination of everyone who is part of our community—will persist and be a continued legacy and a tribute to Charlie Schultze. Thank you.

I'd like to next welcome Kevin Schultze, Charlie's son, to the podium.

Remarks by Robert Litan

Former Vice President and Director, Economic Studies at Brookings

I want to begin by expressing my gratitude to Charlie's family for asking me to speak today, especially along with Alice and Henry, and two of Charlie's children. To the family, I want you know that I count your invitation as one of the great honors of my life.

Because, you see, Charlie was my "professional" father—like I know he was for many of the economists here.

We all know, of course, that Charlie was a great economist. Through his many books and articles, Charlie touched the lives of countless readers, including Congressmen, Senators and Presidents – and will continue to do so for a long, long time.

His *Memos to the President* is required reading for anyone seeking and sitting in the Oval Office, and certainly for their economic advisers.

When lawmakers finally get around to doing something about the long-term budget deficit, it will be getting rid of those "termites in the woodwork" that Charlie always kept reminding us of. His devastating critique of industrial policy still resonates. And environmentalists, whether they know it or not, can be thankful that Charlie wrote *Public Use of the Private Interest*, which explained so clearly the case for putting a price tag on pollution.

But these are not the reasons we are remembering and celebrating Charlie's incredible life. We're here because Charlie was a generous and wise, and very funny, person who touched each one of us in a very special way – commenting on a paper or giving advice on any kind of personal or professional matter, if you asked.

I know, because Charlie touched me on many important occasions in my life. Thank you, Charlie, for taking a chance on me right after graduate school and hiring me to be on the CEA staff, two of the best years of my professional life. Thank you, Charlie, for the many times you commented on something I wrote, for co-authoring a book with me, and for your frequent and wise counsel when I directed economic studies here.

We are only scratching the surface today of many of the stories that Charlie loved to tell. Indeed, the last time I saw him, shortly before I left Washington for Kansas in April 2014, Charlie spent two hours telling such stories, mostly from his LBJ years. Let me add one of those today, when Charlie was LBJ's budget director. I recently learned that this story was R rated, but I'll give you the G-rated version, as Charlie, the perfect gentlemen, would want.

Charlie came from the University of Maryland to OMB during the Kennedy Administration as an Assistant Director, working under former Brookings President Kermit Gordon. Charlie so impressed Gordon, that Kermit recommended later to President Johnson that Charlie replace him, which Johnson did.

Johnson, too, knew and full appreciated Charlie's talents, because one day toward the end of his Presidency, Charlie walked into LBJ's office and told him that because of

the high cost of raising his large family, Charlie had to leave government service to make more money. Johnson listened politely and then narrowed his eyes in only the way that Johnson, or Bryan Cranston, could and said this (and, please before I say it, cut me some slack, I'm from Kansas, not Texas and I don't have the accent quite down yet):

“Charlie. you can go right ahead and leave me now, but you should know that if you do. I will make sure that you never work in this town again.”

Humbled, if not shocked, Charlie quickly withdrew the idea, said thank you Mr. President, and stayed on to end of his Administration.

Of course, Charlie would never have to worry about work after President Johnson left office, because he came here, to Brookings. In the process, he built on his legacy as one of the Greatest Generation that fought and won World War II, by joining and helping to lead Brookings's Greatest Generation of economists. They included Arthur Okun and Joe Pechman, who gave me my professional start in life and introduced me to Charlie, and who are no longer with us. But thankfully the other members of this exclusive club, George Perry, Barry Bosworth, Bob Reischauer, Alice and Henry, are here today.

To all of Charlie's children, and their 16 kids and his 5 grand-children, and his Brother, Bill, I can only say: you had two fantastic parents, brother, grandfather and great-grandfather. But you also had to share Charlie with the world. I hope you will always take comfort from knowing that Charlie was so widely appreciated and loved for who he was as a person not just as a great economist.

Five years ago, my father left this world, and I think about him daily. And now Charlie, my second father who so closely resembled by biological one, has done the same. I love you Charlie. I, like everyone in this room, will never forget you and always be grateful you were with us.

Remarks by Henry Aaron

Senior Fellow, Economic Studies at Brookings

As you all know, Hillary Clinton wrote a book entitled *It Takes a Village*. Well, as I look around this room, it seems that Charlie and Rita Schultze *created* a village. Thank you for the chance to share in honoring your *pater familias*.

It is just over fifty years since I first set eyes on Charlie Schultze. Shortly after he died, I wrote that the image I formed fifty years ago became the model of who I aspired to be when I grew up and, in many ways he still is. Of course, it is more complicated than that.

Some background. Back in the mid-1960s, economics was on a hot streak. Economists had urged president Kennedy to call for tax cuts to stimulate economic growth, and he had done so. Congress enacted them. The economy boomed.

Then, for a number of reasons, President Johnson decided to apply economic principles government-wide to budgeting. Charlie was promoted in 1965 to head the Bureau of the Budget, the predecessor of today's Office of Management and Budget. The BoB was in charge of implementing the government-wide budget-reform job. Charlie was its leader.

In 1966 I took a job on the staff of the Council of Economic Advisors (CEA). CEA staff were supposed to attend budget review sessions at the Budget Bureau in areas about which each of us was supposed to know something. A chore, or so I thought, but not for long.

That was where I first saw the 41-year-old Charles Schultze. He and his team were applying the abstractions of the academy to the most practical of problems—how a limited budget should be divided among competing wants—which just happens to be the textbook definition of economics. Charlie led the sessions with wit and toughness. Wow, I thought. This is what economics can do. And Charlie was who I wanted to become.

A couple of years later I was at Brookings. And when the Johnson administration ended, Charlie came too. Together with then Brookings president Kermit Gordon, also a former Budget director, Charlie conceived the idea of an annual publication that would subject the president's budget to the same sort of tough and dispassionate analysis that he had demanded and applied when in government.

Setting National Priorities, or SNP, was born. Under Charlie's leadership and in collaboration with a succession of co-editors, what seemed like half of Brookings' in-house scholarly staff, numerous outsiders, and the publication division, the Brookings Institution engaged in annual frenzy of research, writing, and editing that produced a damn good 300-page book in about four months. It was fun. It was exhilarating. We thought we might just make a difference.

And so we did, but not because of our ephemeral individual contributions. The difference was Charlie's vision. That whole effort became a model of sorts for the Congressional Budget Office. And Alice Rivlin, who with Charlie had co-edited an early edition of SNP with Charlie, became CBO's first director. She and her key aide, Bob Reischauer, then turned that vision into an enduring and vital component of our government.

Charlie was a model, not just for me, but also for many others, because he was smart, he was practical, and he was wholly without pretension. He was the first person from whom I heard the deepest single truth about government economists: they earn their pay mostly not by coming up with hot new ideas, but by stopping the seemingly limitless flow of really bad ideas that well-intentioned officials come up with.

It was Charlie who, with clear eye and an ingrained immunity to illusion, coined the political version of the Hippocratic oath. For physicians, as you know, it is: *primum, no nocere*,= or first, do no harm. Charlie's political version—and I can't say it in Latin—is: first do no obvious harm, or, more simply, don't be seen to do harm.

I cannot recall a time when Charlie was intellectually ostentatious, when he put anyone down, or when he was other than constructive in his comments and criticism. He was the person to whom I would turn to tell me what was wrong with what I had written, to stop me from being intemperate—sometimes not an easy job—or to give me advice on what to do in a difficult situation. For me, he was gentle and generous—the wisest head in this Brookings house.

And, one more thing. If you are old enough, you may remember Richard Nixon's enemies list! To his honor, Charlie was on it. Pity he was 45th. He deserved to be higher.

Remarks by Alice M. Rivlin

Senior Fellow, Economic Studies at Brookings

The first time I remember talking with Charlie Schultze was toward the end of the Johnson Administration in his office at Bureau of the Budget—the big high-ceilinged director’s office that made me feel small when I inherited it nearly three decades later. I was there with Wilbur Cohen, my boss at the Department of Health, Education, and Welfare, to plead our case in some budget matter that we thought could be resolved in our favor if only we could explain our case directly to the Budget Director.

I don’t remember what the problem was or whether we convinced Charlie. I do remember his sparkle and enthusiasm for talking through a public policy dilemma. He listened, he asked probing questions, and we went back to our department feeling that we had been heard and that government was functioning as governments should.

A couple of years later I found myself back at the Brookings Institution, to which Kermit Gordon and Joe Pechman had had the good sense to recruit Charlie. Charlie was in the process of making Brookings the go-to place for budget analysis. At that time, it was the only place to find consistently high-quality analysis of the impact of the federal budget on the economy and the consequences of major policy choices embedded in budget decisions. Charlie and a colleague named Ed Hamilton produced a cogent little volume they called, *Setting National Priorities: The 1971 Budget*. It got a lot of attention, and Charlie turned it into an annual exercise. He recruited Ed Fried, Nancy Teeters and myself to help him produce the next three versions. It was the perfect moment to do this. Richard Nixon was president, the Vietnam War was raging, and the Administration’s priorities, both domestic and international, were extremely controversial, in the country and in Congress. There was a lot to write about—from macro-economic policy to the military budget to health care and welfare reform. And there was a great appetite for independent policy analysis accessible to Congress, the press, and the public.

Charlie created an excitement around *Setting National Priorities* that was different from much of what Brookings did at the time. It was a team effort involving multiple scholars in different disciplines, and it was a crash project on which the team worked unbelievably hard for a few months each year. Charlie kept us above the political fray, insisted on thorough analysis and clear writing, and inspired all of us to get the book out in time to be useful in real budget deliberations on the Hill. He wasn’t writing this book to be admired by his academic peers, although it sold well in campus bookstores. He pictured it being used by real policy-makers to help frame policy decisions. Charlie wasn’t naïve about politics, but he believed good information and analysis mattered to

decisions. In the early 1970s I think he was trying to create at Brookings the kind of intellectual repository that he wished he had been able to draw on when he was Budget Director—and he did.

Working with Charlie was mind-stretching and a lot of fun. He respected his colleagues' views, reviewed manuscripts quickly and supplied insightful comments that made the draft better. His enthusiasm for policy issues was infectious. For me, working with him on the early years of the Setting National Priorities project was a fabulous learning experience that shaped the way I thought about budget and policy analysis and influenced what I believed was possible for the CBO to achieve when I faced that challenge in 1975.

Everybody liked Charlie, including political leaders. Politicians appreciated Charlie because he was not a stuck-up intellectual who tried to impress them with language they couldn't make head or tail of. Lyndon Johnson in particular had no use for pretentious Ivy Leaguers. Charlie's modest German Catholic upbringing, his enlisted service, and his University of Maryland degree probably made the flamboyant, but insecure Texan feel comfortable. In any case, the comfort was mutual. Charlie Schultze and Lyndon Johnson could hardly have been more different, but they hit it off. Charlie loved to tell Lyndon Johnson stories. One that stuck in his mind even as his memory was fading was about a time he was at Johnson's Texas ranch when LBJ was putting in a new sidewalk. LBJ encouraged his guests to write their names in the wet concrete. Charlie misjudged the space and had to leave the final E off Schultze. Johnson called everyone over and said, "Look at what I've got for a Budget Director! The SOB can't even spell his own name!" It said something good about Charlie that he cherished that story.

Charlie worked hard at making his thoughts clear, especially in testimony. His metaphors have been absorbed into common budget parlance. It was Charlie who said the rising national debt was not the wolf at the door; it was the termites in the wood work. It was Charlie who said that a balanced budget amendment required making such complex exceptions to an apparently simple rule that pretty soon you were writing algebra into the Constitution.

Mostly, I think, politicians liked Charlie because he had faith in them. He believed democracy worked pretty well most of the time and his job was to make it work better by studying policy choices and explaining their consequences to people voters had elected to make decisions. That was his chosen role—whether he was in the government or at the Brookings Institution—and he played it extraordinarily well. He exemplified the best of what Brookings aspires to be. I share with many others at Brookings and elsewhere a sense of great good fortune that Charlie Schultze was for so many years my colleague and my friend.