

OBITUARIES

Economist Charles L. Schultze dies

BY EDWARD COWAN
THE WASHINGTON POST

Charles L. Schultze, an economist who served two Democratic presidents, advocated a tax increase to pay for the escalating Vietnam War and struggled to curb economic “stagflation” in the late 1970s, died Sept. 27 at an assisted-living center in Washington. He was 91.

He had dementia, but the immediate cause of death was complications from sepsis, said his daughter Mary Chris Weintrob.

Dr. Schultze (pronounced “Schultz”) served presidents Lyndon B. Johnson as director of the budget from 1965 to 1968 and Jimmy Carter as chairman of the President’s Council of Economic Advisers from 1977 to 1981.

Between and after his years of government service, Dr. Schultze was affiliated with the Brookings Institution public policy center, where most recently he was senior fellow emeritus. He also was a past president of the American Economic Association.

Better known among economists than to the public, Dr. Schultze saw government as able to ameliorate economic problems, but he took a more restrained view of what it could achieve than some Democrats do. He nudged the policymaking process in the direction of less heavy-handed regulation and toward using market prices to achieve the government’s goals.

He believed that the three-member Council of Economic Advisers had to choose its battles carefully as it sought to win over the president in policy debates that sometimes pitted it against Cabinet secretaries, powerful congressional Democrats or private-sector interests.

William D. Nordhaus, an economics professor at Yale University who served on the council with Dr. Schultze, summarized Dr. Schultze’s temperate approach: “One of the things you have to accept is that you’re not going to get the first best. You can shoot for the second best — and you can prevent the worst.”

As an economist, Dr. Schultze was more problem solver than theorist. Like other councils of economic advisers, the Schultze team’s effect was incremental, rarely dramatic.

He gained a reputation for being precise and meticulous about admitting what he didn’t know — and for being, occasionally, blunt and impolitic.

In October 1979, when inflation had climbed to 13 percent a year, Dr. Schultze, the Carter administration’s senior economist, appeared on NBC’s public affairs show “Meet the Press.” He was asked if the U.S. economy was experiencing a recession or a “moderate downturn.”

“Call it a recession,” he said without qualification.

Dr. Schultze developed early expertise on fiscal policy while serving as a staff economist at the Council of Economic Advisers in the 1950s. The work immersed him deeply in the interaction of the government’s budget — revenue and spending — with the national economy.

In 1962, he was named assistant director of the Bureau of the Budget, now the Office of Management and Budget. He became director in 1965, when he was 39 years old, the youngest person to hold that post.

Pentagon spending was increasing rapidly as the number of troops in Vietnam rose. Dr. Schultze and H. Gardner Ackley, the chairman of the Council of Economic Advisers, advised Johnson to raise taxes.

The president resisted for two years, fearing a tax increase would hamper his Great Society anti-poverty programs.

As Johnson gradually stepped up further involvement in Southeast Asia — and with federal deficit forecasts approaching tens of billions of dollars — the president proposed and Congress enacted in 1968 a two-year, 10-percent surtax on individual and corporate income taxes.

During the presidency of Richard M. Nixon, Dr. Schultze helped start a Brookings series of annual reports called “Setting National Priorities.” It came to be regarded during Republican administrations as an opposition budget.

A few years later, Dr. Schultze’s service as CEA chairman coincided with what came to be known as “stagflation,” the coincidence of rising price levels (inflation) and significant unemployment. It was

spurred in part by the run-up in the cost of oil and other supply “shocks.”

Dr. Schultze had taken an early academic and professional interest in this question of the government’s role in causing and combating inflation.

He was cool to raising the minimum wage because he saw wage pressures as driving inflation. This led to friction between him and the more liberal — and more political — members of the Carter administration, notably Vice President Walter Mondale, Labor Secretary Ray Marshall and Stuart E. Eizenstat, chief of the White House domestic staff.

At times, he was able to defeat what he regarded as profoundly bad policy. Dr. Schultze successfully fought proposed language in the Full Employment and Balanced Growth Act of 1978 to make the government an employer of last resort.

Late in 1979, Dr. Schultze did not oppose the Federal Reserve’s aggressive raising of interest rates under its new chairman, Paul Volcker, for two reasons: He believed that Volcker had the support of Carter, who had just appointed him, and he recognized that the government had no other effective way to roll back double-digit inflation. The administration’s exhortations to business and labor to practice restraint — the “jawboning” urged by the Schultze council — had been ineffective.

High interest rates threw the economy into recession in the early 1980s, unemployment shot up, inflation started to abate and the Fed began to ease up.

Dr. Schultze’s longest-lasting impact may have been on moving the government away from what he called “command-and-control” regulation, such as the old quotas on oil imports.

Dr. Schultze explained his approach in “The Public Use of Private Interest,” an essay derived from the Godkin Lectures that he delivered at Harvard University in 1976. He was particularly concerned with applying market pricing to energy policy and environmental protection, both new fields in the 1970s.

“Our political system almost always chooses the command-and-control response,” he wrote, “regardless of whether that response fits the problem.”

For example, Nordhaus recounted, some environmentalists wanted to impose absolute limits on the emissions from each of a firm’s smokestacks. The Schultze council favored a combined cap for all of them, which would let the firm elect to shut down its least efficient units.

Charles Louis Schultze was born in Alexandria, Va., on Dec. 12, 1924. He graduated in 1942 from Gonzaga College High School in the District.

After Army service in World War II, he enrolled at Georgetown University, where he received a bachelor’s degree in 1948 and a master’s degree in economics in 1950. He earned a doctorate in economics from the University of Maryland in 1960.

In 1947, he married Rita Hertzog. She died in 2014. Survivors include six children, Karen Hoffman of Raleigh, N.C., Kevin Schultze of Jackson, Wyo., Lynn Jones of Fort Lauderdale, Fla., Kathleen Schultze of Williamstown, Mass., Carol Kasunic of Darnestown, Md., and Mary Chris Weintrob of Bethesda, Md.; a brother, Bill Schultze of Alexandria; 16 grandchildren, and five great-grandchildren.

Dr. Schultze’s passion for precision was not confined to economics. It reached back to the wording of the citation that accompanied his Bronze Star Medal for combat in Germany (he also received the Purple Heart). The incident occurred on April 2, 1945, five weeks before the end of the war in Europe.

He was standing up behind a .50 caliber machine gun mounted on a Jeep during a reconnaissance patrol when enemy machine gun fire raked the area. “Instead of taking cover from the murderous fire, he manned his machine gun on his vehicle, being in an exposed position, until wounded,” it said.

In an interview for this obituary, he said the rest of the citation was “jazzed up” by superiors to make him look more heroic.

He had suffered a flesh wound to the right shoulder — “no bones broken, it wasn’t a big deal,” he recalled. Characteristically, he didn’t want to embroider the truth.

Feds modify Anthem-Cigna lawsuit

BY MARA LEE
THE HARTFORD COURANT

The Department of Justice has agreed to drop the plank of its antitrust case that alleges that the proposed \$48 billion purchase of Cigna by Anthem would hurt competition in the individual health insurance market on Obamacare’s exchanges.

The antitrust regulators sued in July to stop the deal and another in which Hartford-based Aetna would purchase Humana, arguing that limited health care competition would increase costs for consumers, doctors and hospitals.

The department, however, wrote in a letter dated at the end of August that it would no longer pursue the Obamacare complaint. The letter was filed in federal court in Washington, D.C., Tuesday afternoon.

The antitrust regulators “enter into this stipulation in an effort to narrow the issues for trial,” the document says. They “will continue to challenge the proposed merger between Anthem and Cigna on the grounds that it substantially lessens competition in the markets for the sale of commercial health insurance to national accounts, to large-group accounts in the 35 local markets listed in the complaint, and in the market for the purchase of healthcare services in those same 35 local markets.”

The government says large employers will have fewer choices if the two companies merge, and Cigna’s innovative options will be lost. It also says that Anthem will use its augmented market power to drive harder bar-

gains with doctors and hospitals — the market for the purchase of health care services mentioned in the letter.

Cigna plans to sell Obamacare plans for 2017 in Boulder, Colorado Springs and Denver, Colorado; Chicago; St. Louis and Kansas City, Missouri.; Raleigh, North Carolina; Nashville, Memphis and Bristol, Tennessee; northern Virginia and Richmond, Virginia; and in Maryland.

Anthem sells on the exchange in Connecticut, California, Colorado, Georgia, In-

diana, Kentucky, Maine, Missouri, Nevada, New York, New Hampshire, Ohio, Virginia and Wisconsin.

The Department of Justice said it was not waiving its right to pursue allegations about the effect of the merger on Obamacare — officially known as the Affordable Care Act — markets in any other litigation or administrative proceeding outside of this case.

This trial is scheduled to begin in late November.

Anthem and Cigna declined to comment.

In Memoriam

In Loving Memory Of
SHARON MARIE BARROWS
Dec 27, 1949 - Sep 29, 2014



i carry your heart with me (i carry it in my heart) i am never without it (anywhere i go you go, my dear; and whatever is done by only me is your doing, my darling)..... here is the deepest secret nobody knows (here is the root of the root and the bud of the bud and the sky of the sky of a tree called life; which grows higher than soul can hope or mind can hide) and this is the wonder that's keeping the stars apart i carry your heart (i carry it in my heart) ee cummings

To my beloved Mom, It has been two years since you lovingly looked into my eyes and took your last breath. Conventional wisdom suggests that the pain of loss will lessen, but experience tells me it does not lessen, but rather one works every day to have a meaningful life despite the ache in one's heart, which is what I try to do. I am endlessly proud of the grace, courage, generosity, and genuine love you showed throughout your life and I hope that each day I do something small that makes you proud. You are my greatest gift, deepest inspiration, and the love of my life. I just hope I showed all of this to you before your physical time with me ended.

(For those of you that are reading this and knew my beloved Mom, I invite you to join me tonight around 8:30pm to honor my Mom's last moments with us by lighting her a candle, arranging her some flowers, saying a prayer, or any other personal way you would like to honor my Mom. Then I ask you to go and tell one person just how much you love them, which will hopefully make them feel as loved as my Mom always made me feel, then together we will each carry her heart in our own hearts. You never know when your words and love will make a little girl believe she can do anything, which is what my Mom did (and still does) for me.)

Your deeply loving daughter, Patti

In Memoriam

In Loving Memory Of
MATTHEW GILMAN



1953-2013
missing you...
with love,
from your family

Prosecutors probe police shooting of black motorist

REUTERS

Minnesota on Wednesday handed over to prosecutors a probe into the fatal police shooting of a black motorist, officials said, as the county attorney weighed possible charges in a case that gained widespread attention through social media.

Philando Castile, 32, was shot on July 6 in Falcon Heights, a St. Paul suburb, during a traffic stop. The shooting, along with that of a black man by police in Baton Rouge, Louisiana, the day before, fueled public outrage in the United States over the use of excessive force by police.

Castile's girlfriend, Diamond Reynolds, live-streamed images of him after he was shot, and some of them went viral on social media. Reynolds said after the shooting that Castile had told police he had a firearm

carry permit and that he was armed.

She said they had been stopped for a broken tail light and that Castile was reaching for his license and registration when he was shot.

The state's Bureau of Criminal Apprehension, a division of Minnesota's public safety department, gave its findings into Castile's death to the Ramsey County Attorney on Wednesday. The information is not public because of the ongoing investigation.

Ramsey County Attorney John Choi said in a statement that his office would conduct a review of the Bureau of Criminal Apprehension's investigation "to determine what justice requires in this case."

Choi said in a public letter earlier this month that he was weighing possible charges against Officer Jeronimo Yanez, who killed Castile.



Sat. & Sun., Oct. 1st & 2nd, 2016

Look for it in the classifieds on Sept. 30th and Oct. 1st



Our “A Day of Remembrance” special section is just around the corner and we would like to include your personal military story, or have you share that of a loved one.

Email mdwyer@bangordailynews.com with your story, photos and questions.

Submissions may be selected for use in our printed special section set to publish in the BDN on Friday, Nov. 11.

