

DD/S&T# 218-68

Executive Registry

68-1971

Briefing

16 January 1968

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support
D/DCI/NIPE

SUBJECT : Briefing Program for Charles J. Zwick of the
Bureau of the Budget

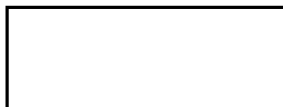
1. In accordance with our discussion yesterday regarding the briefing for Mr. Zwick, the timetable is given in the attached schedule. (As with all briefings of this kind, it may slip a little, but we would like to stay as close as possible to the schedule.)

2. You each know better than I the best way to present your subject in the very limited time available. May I suggest, however, that this is not a budget briefing and Mr. Zwick will not be interested in your detailed organization. We should concentrate on our programs rather than how we are organized to carry them out and what they cost. John Clarke will be present and we can look to him to answer any questions about the budget.

3. The following charts will be in the room for any use you may care to make of them:

- a. Agency mission according to National Security Act of 1947.
- b. NSC-USIB relationships.
- c. Abbreviated Agency organization with directorate functions.
- d. Detailed Agency organization showing all major components.

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L. K. White

Executive Director - Comptroller

cc: DCI
DDCI
D/PPB

Memorandum dtd 16 Jan 68, subject: Briefing Program for Charles J. Zwick of the Bureau of the Budget

Attachments (3)

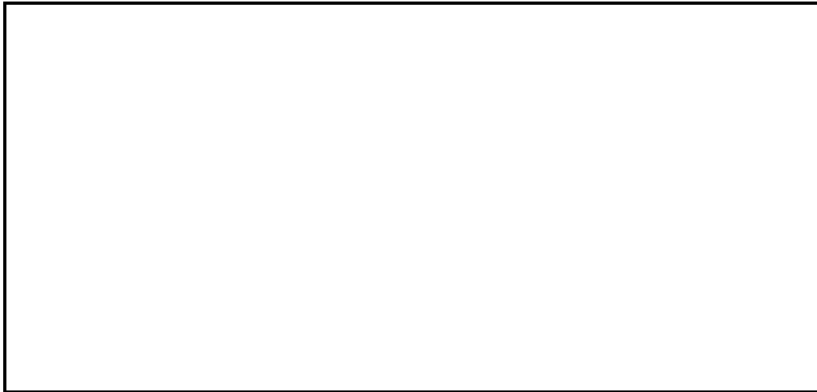
- Att. 1 - Briefing Schedule**
- Att. 2 - Biographic data on Mr. Zwick**
- Att. 3 - Luncheon Guest List**

BRIEFING SCHEDULE FOR CHARLES J. ZWICK

Wednesday, 17 January 1968

DCI Conference Room

10:00 - 10:30	Welcome - DCI, DDCI, and Executive Director Orientation briefing - Executive Director (Will include National Security Act of 1947, NSC-USIB relationships, and Agency organization, mission, and functions in very broad terms.)
10:30 - 10:55	Tom Karamessines - The Clandestine Services
10:55 - 11:20	Jack Smith - The Intelligence Directorate and production of national intelligence
11:20 - 11:45	Carl Duckett - The scientific and technical programs, including relationship with NRO, NSA, et al
11:45 - 12:05	Bob Bannerman - The Support Services
12:05 - 12:30	John Bross - The role of D/DCI/NIPE
12:30	Luncheon hosted by the Director



STAT

CHARLES JOHN ZWICK:

Residence:

Telephone:

Married:

Children:

Education:

1950 - BS, University of Connecticut

1951 - MS

1951-53 - Research Associate in Economics, Harvard University

1953-54 - Fellow, Harvard University

1954 - PhD in Economics, Harvard University

Work Experience:

1951 - Instructor in Economics, University of Connecticut

1954-56 - Member of Economics Faculty at Harvard University

1956 - Economist, Rand Corporation, Santa Monica, California

1958 - Head of Logistics Department, Rand Corporation.

Mr. Zwick conducted the first study in urban transportation for Rand under a Ford Foundation Grant. He also studied military logistics problems while at Rand.

1964-65 - Led a Rand Team studying economic assistance programs in Vietnam, Thailand and Laos.

1965 (Oct. 1) - Bureau of the Budget, Asst. to the Director, Policy Officer on taxes, balance of payment measures and over-all fiscal policy.

Policy:

Washington Evening Star article describes Mr. Zwick as believing in the new economics theory which holds that economic growth can be sustained by change in tax rates, Federal spending and money policy. According to this article, Mr. Zwick considers the new unified budget concept an important reform. The New York Times states that Mr. Zwick believes the Government's budget should not be balanced at all times -- but would like to see it balanced closer than it is. The New York Times article further states that Mr. Zwick is more interested in the Bureau of the Budget's seeing that the policy and programs are carried out after they become law and receive their appropriations than he is in the overall economic impact of the budget.

ZWICK, Charles John, academic, business; b. Conn., 1926; B.S., U. Conn., 1950, M.S., 1951; Ph.D., Harvard, 1954. Instr., U. Conn., 1951; mem. faculty, Harvard, 1954-56; economist, RAND Corp. since 1956, dept. head since 1958. FIELDS Iacd. 4ab, 13ad. DOC. DIS. The Demand for Meat, 1954. PUB. Economics of Competition in the Transportation Industries, 1959; "Demographic Variations: Its Impact on Consumer Behavior," Review Econ. and Statistics, Nov. 1957; Economic Advantage of Location in Marketing Live Poultry, 1952. RES. Mil. Logistics systems-econ. analysis urban transportation systems. MEM. An. Farm Econ. Assn., Econometric Soc. ADDRESS 540 Ocampo Dr., Pacific Palisades, Calif.

HEADLINE PERSONALITY

Zwick a Surtax Advocate

Charles J. Zwick is an outwardly calm and cool economist who was raised on a Connecticut farm and knows the problems of Southeast Asia firsthand.

But his assignment as Budget Bureau director will probably be the most demanding and complex he has ever tackled. It could mean presiding over the nation's first \$200 billion budget in the not too distant future.

Zwick, a disciple of the new economics who endorses strongly President Johnson's appeal for higher taxes, said his reaction to the appointment is sobering.

"The fellow I'm following has probably been the best budget director to date," Zwick said yesterday. "It's tough act to follow."

The Texas White House announced Monday night that Zwick will succeed Charles L. Schultze, who has been Budget Bureau director since June 1, 1965, after the budget for the fiscal year beginning July 1 has been completed.

\$190 Million Package

Spending in that budget is expected to reach into the \$190 billion range.

Schultze will help represent the administration when the House Ways and Means Committee again considers Johnson's 10 percent income tax surcharge proposal on Jan. 22, but the defense of the new budget before Congress could fall on Zwick's shoulders.

This, he said, has not yet been decided.

It was Schultze who first asked Zwick to join the bureau as assistant director, on Oct. 1, 1965.

Zwick, married and the father of Robert, 12, and Janet, 8, referred to the federal budget as an iceberg and said the big job ahead is for better execu-



FULL NAME—Charles J. Zwick
CLAIM TO FAME—Now Budget Bureau Director
HOME—Chevy Chase, Md.
BIRTHDATE—July 17, 1926
EDUCATION—University of Connecticut, Harvard University
JOBS—Economics teacher at Harvard; Rand Corp.
FAMILY—Son Robert, 12, daughter Janet, 8

tion of programs already on the books.

The structure and the legislation are there, he said, and what's needed now is to get the programs to work more effectively.

The 41-year-old Zwick, slightly graying and with a receding hairline, believes in the new economics theory which holds that economic growth can be sustained by changes in tax rates, federal spending and money policy.

Arthur M. Okun, and Secretary of the Treasury Henry H. Fowler are advocates of the same philosophy.

Zwick said the new economics goes back to the days of Alexander Hamilton and is really nothing new.

Zwick was born in Planters-

ville, Conn., on July 17, 1926, and reared on a farm. He was graduated from the University of Connecticut and received a doctorate in economics from Harvard University in 1954.

He was on the Harvard economics faculty from 1954 to 1956 when he joined the Rand Corp. in Santa Monica, Calif., as head of its logistics department. He conducted the first study in urban transportation for Rand under a Ford Foundation grant.

In 1964 and 1965, he led a team studying economic assistance programs in Vietnam, Thailand and Laos and since Oct. 1, 1965, has been the Budget Bureau's policy man on taxes, balance of payments measures and over-all fiscal policy.

As for the new unified budget concept which will be used for the first time this year, Zwick calls it an important reform and a step in the right direction but said it will take some getting used to.

He once had hobbies but said he's played golf only twice since coming to Washington and twice more in Florida where his father now lives.

He owns a mountain cabin near Lake Arrowhead in California but has had little chance to use it.

Next Budget Director

Charles John Zwick

Special to The New York Times

WASHINGTON, Jan. 9—On the table reside Charles John Zwick's desk in the old Executive Offices Building next door to the White House, there is an old-fashioned balance scale, both pans of which are filled with what look from a distance like gold coins but are actually foil-wrapped

chocolate. One side of the scale is labeled "inflow" and the other "outflow." The

scale, which was given to him as a joke by some of his subordinates, is in perfect balance now, but Mr. Zwick confides that he tipped it recently and had to make some adjustments. "That's good chocolate," he said, "and I get pretty hungry around here some nights."

Mr. Zwick, who was named director of the Bureau of the Budget by President Johnson yesterday, makes clear that the scale is intended to portray balance in the United States' international payments—not in its domestic budget.

Backs Tax Increase

Like all recent occupants of the office of Budget Director, he believes that the Government's budget should not be balanced at all times. Like others in the Administration, however, he would like to see it closer to balance than it is at present; he thinks the tax increase President Johnson proposed last summer for this and other purposes ought to be enacted.

The Budget Bureau is, in fact, a central policy clearing house for the President. It has an important say in the formulation of every Government policy and program that involves spending money—which is essentially all of them. And it plays a major role in seeing that the policies and programs are carried out as intended.

This aspect of the operations of the Budget Bureau—what actually happens to programs after they become law and receive their appropriations—interests Mr. Zwick more than the over-all economic impact of the budget, which was the chief concern of his last several predecessors.



Associated Press

He has no time for anything but work.

This interest of Mr. Zwick's reflects both his personal history and his professional background, which has involved him more in analyses of specific areas of the economy than in analyses of the economy as a whole.

He was born 41 years ago on a truck farm in Plantsville, Conn., a farm that he says is now raising "the final crop for all farms in Connecticut—a housing project." His farm boyhood led him to an interest in agricultural eco-

nomics, which he both studied and taught at Harvard University.

His interest in agricultural economics led him into another field—transportation—and he directed what is generally considered the first comprehensive study of American transportation projects while at the Rand Corporation, in the late nineteen-fifties.

He also studied military logistics problems while at Rand and then, in 1964 and 1965, he led a team studying economic assistance programs in Vietnam, Thailand and Laos.

Recruited by Schultze

Mr. Zwick was recruited for the Budget Bureau in 1965 by the man he will replace, Charles L. Schultze, although the two men knew each other only by reputation. He came to the bureau as an assistant director, the job he still holds.

Like most men in top-level Government jobs, Mr. Zwick almost scoffs when asked about any hobbies or other outside interests he currently pursues. There isn't time.

He does manage to leave the office by 7 o'clock most nights, when there isn't some kind of crisis or urgent deadline at the bureau, and get home to his wife, the former Joan Cameron, and his son, Robert, 12, and daughter, Janet, 8.

But he reports that he has played golf only four times since coming to Washington, two of them while visiting his father in Florida.

He reports the "sad story" that he and his wife built a cottage near Lake Arrowhead, Calif., which was finished in May, 1964, but have practically never used it.

Schultze Resigns as Director Of Budget, Aide Gets Post

By GARNETT D. HORNER
Star Staff Writer

SAN ANTONIO, Tex.—President Johnson faced more budget decisions today after accepting the resignation of Charles L. Schultze as director of the Bureau of the Budget.

Charles Zwick, an assistant director since Oct. 1 who has served as Schultze' principal aide and adviser on economic policy matters, will replace him as director of the bureau when Schultze leaves after the Presi-

dent submits the 1969 fiscal year budget to Congress.

In announcing Schultze's resignation and Zwick's appointment last night, Tom Johnson, assistant White House press secretary, said the President described Schultze "as one of the finest men he has ever known."

The disclosure that Schultze is resigning came a week after the announcement that Gardner Ackley has resigned as chairman of the President's Council of Economic Advisers

and will become ambassador to Italy.

The departure of Schultze and Ackley means that Johnson will go into an election year with at least two new top advisers on economic policy. However, both Zwick and Ackley's successor, Arthur M. Okun, are considered close to their predecessors.

The President moved today to protect himself against "credibility gap" charges in connection with widespread speculation that the new so-called "unified" budget for fiscal 1969 will be about \$180 billion, or more.

Obviously at the President's direction, White House Press Secretary George Christian emphasized at a press briefing that "I don't have any idea where the figure that I have seen in several stories of a \$180 billion budget comes from—I don't want to get stuck with that figure down the road."

Christian said he has no idea what the new budget will be and wants to make clear that the \$180 billion figure "is not ours."

The speculation is based on calculation that the current "ad-

ministrative budget" is running about \$136 billion and that combining this with trust fund and other accounts previously handled separately the new approach would bring the figure for this year up to more than \$175 billion, and expected increases could bring it to \$180 billion.

Some Washington sources, however, have said this week that the budget could reach \$190 billion.

Christian's statement indicated the fiscal budget may be lower or higher than \$180 billion.

'65 Budget Cited

Those accusing Johnson of a "credibility gap" often say it began soon after he assumed office in November 1963 and began talking about the difficulty of keeping the budget he was preparing for the 1965 fiscal year below \$100 billion but came up with a figure well under that. Most commentators expected that budget to be above \$100 billion and blamed Johnson for misleading them.

He insists he was merely trying to keep them informed as his budget work went along, recalling that every time he mentioned figures running above \$100 billion he stressed he was striving to reduce them.

Christian said today the new budget is not yet "wrapped up" and the President still has decisions to make on it. He added, however, that "the President is pleased with progress on it, and I think he is pleased with the budget as such this far."

Johnson returned to "normal" desk work at his LBJ Ranch today, Christian reported, after a 24-hour visit from Israeli Prime Minister Levi Eshkol. Christian said he knew of no official visitors at the ranch today.

Christian said he had "no information to pass along" regard-



CHARLES L. SCHULTZE



CHARLES J. ZWICK

Zwick Served at Rand

Before becoming assistant budget director, Zwick was with the Rand Corp. in Santa Monica, Calif., for several years. At Rand, he worked on military logistic problems and Rand's urban transportation project.

During 1964 and part of 1965, he led a Rand team studying economic assistant programs in Vietnam, Thailand and Laos.

Zwick, 41, a native of Plantsville, Conn., is a graduate of the University of Connecticut and has a Ph.D. in economic from Harvard University. In 1954-56, he taught economics courses at Harvard and also at the University of Connecticut.

The White House said Zwick has been the Budget Bureau's key staff man in policy discussions concerning taxes, balance of payments measures and overall fiscal policy formulation.

Schultze assured the President that he remains firm in his belief that Johnson's tax increase proposals pending in Congress can sustain "in the period ahead" the uninterrupted economic prosperity the country has experienced the last 83 months.

Schultz is expected to testify in favor of the tax bill at House and Senate committee hearings this year.

ing a report that the President is considering setting up a board to evaluate increases in prices and wages and bring the pressure of public opinion to bear in an effort to reverse those considered out of line.

Schultze will become a senior fellow at the Brookings Institution and also plans to join the University of Maryland faculty as a part-time professor of economics, the announcement said.

Once before Schultze left the Budget Bureau for similar jobs—in reverse.

He was an associate professor of economics at the University of Maryland in 1961 and 1962. He became an assistant budget director in September, 1962, and left in February, 1965, to return to Maryland as full professor and become a part-time senior staff member at the Brookings Institution.

A few months later, President Johnson called him back into government service as director of the Budget Bureau, a job he assumed on June 1, 1965.

Schultze, 43, is a native of Alexandria and a graduate of Georgetown University with a Ph.D. degree.

In his letter of resignation he reminded the President that he had discussed with him early last summer his desire to return to teaching and research but at the President's request agreed to stay on until the 1969 fiscal year budget was completed.

Schultze plans to leave at about the time the budget goes to Congress late this month or early in February.

Attachment 3

LUNCHEON GUEST LIST

Wednesday, 17 January 1968

The Director - Host

Admiral Taylor

Colonel White

John Bross

John Clarke

Bureau of the Budget guests:

Charles J. Zwick

James W. Clark

Others

Briefing of General Holloway
Friday, 12 January 1968

Briefing

- 12:30 - 1:30 Luncheon in Director's Dining Room
- 1:30 - 1:40 DCI Conference Room (Room 7 D 64)
DDCI - General orientation on CIA



25X

- 2:55 - 3:10 Tour of CIA Operations Center (7 F 33)
- 3:15 - 3:35 DCI Conference Room (7 D 64)
Mr. Proctor - Selected Intelligence Directorate
collection and analysis activities

25X

3:35 - 4:25



25X1

[Redacted] - CIA coordination of military
intelligence collection involving human
sources

Mr. Karamessines - General assessment of
CIA collection capabilities

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