

SHULTZ TO HEAD NEW BUDGET UNIT

Continued From Page 1, Co. 8
House staff after the expected confirmation of Elliot L. Richardson as his successor in the Cabinet post.

Mr. Shultz will share power with Mr. Ehrlichman, who until today exercised virtually unlimited policy-making authority in the domestic policy-making field. The White House said Mr. Ehrlichman and the Domestic Council would be primarily responsible for the creation of domestic programs, whereas Mr. Shultz and the Office of Management and Budget would be charged with monitoring existing programs and bringing efficiency to the operation of the Federal bureaucracy.

Powerful Role Seen

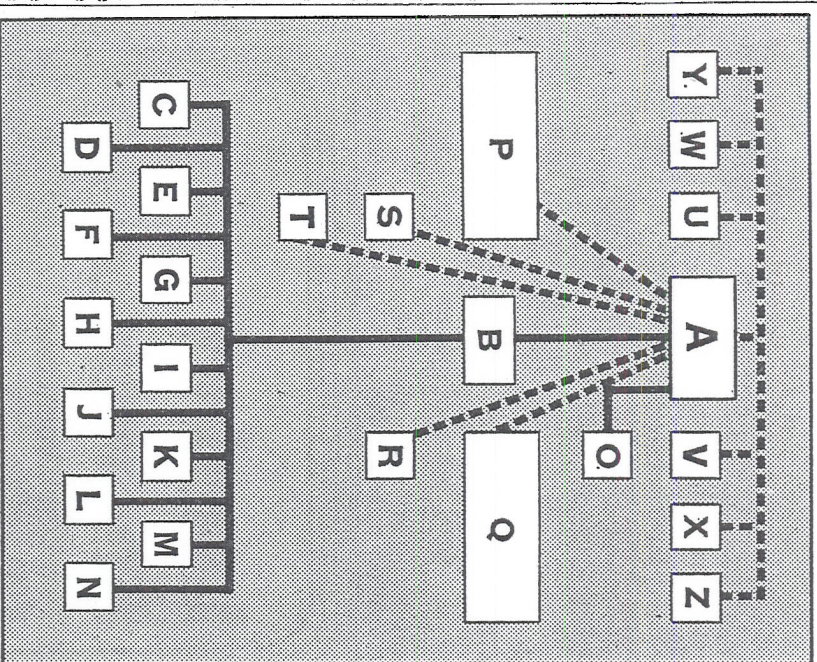
Few observers here doubted that Mr. Shultz would in time play a powerful role in the creation of policy.

Indeed, he has already done so on numerous occasions. He helped devise the Administration's welfare program, rescued the Philadelphia plan for hiring the hard-core unemployed from impending Congressional defeat and played a key role in the recent struggle to persuade the President to spend \$1.5-billion on school desegregation. As a result, he has achieved a reputation as a moderate and imaginative man in an otherwise fairly conservative Administration.

Mr. Finch and Mr. Shultz are expected to provide progressive voices in the deliberations within Mr. Nixon's official family.

Both the Office of Management and Budget and the Domestic Council were suggested

The New Lines of Authority Under White House Reorganization Plan



The New York Times

June 11, 1970

to Mr. Nixon by an Advisory Commission on Executive Organization, appointed in April, 1969, and headed by Roy L. Ash, president of Litton Industries. On March 12, Mr. Nixon sent a reorganization message to Congress recommending the new agencies in the interest of "a more responsive and effective Government," and asking Congressional approval.

Neither the House nor the Senate opposed the plan, and both offices will begin operations July 1. Mr. Nixon will technically be the chairman of Mr. Ehrlichman's Domestic Council, which

Under Administration changes, George P. Shultz, reassigned by the President from Secretary of Labor to director of the Office of Management and Budget, will direct a major share of day-to-day Government operations, as illustrated by solid lines, and participate in policy-making bodies, connected on chart by broken lines. Following is a key to the lettered blocks: A—President Nixon; B—Office of Management and Budget; C—Secretary of State; D—Secretary of Defense; E—Secretary of the Treasury; F—Attorney General; G—Postmaster General; H—Secretary of the Interior; I—Secretary of Agriculture; J—Secretary of Commerce; K—Secretary of Labor; L—Secretary of Health, Education and Welfare; M—Secretary of Housing and Urban Development; N—Secretary of Transportation; O—Vice President; P—Domestic Council; Q—John Ehrlichman, director, with following members: President Nixon, Mr. Agnew, Mr. Romney, Mr. Mitchell, Mr. Stans, Mr. Richardson, Mr. Romney, Mr. Hickel, Mr. Hodgson, Mr. Volpe, Mr. Kennedy, Mr. Shultz, Mr. O'Connell, National Security Council, Henry A. Kissinger, Assistant to the President for National Security Affairs, with following members: President Nixon, Mr. Agnew, Mr. Rogers, Mr. Laird, George A. Lincoln, director, Office of Emergency Preparedness; and following members by invitation: Mr. Mitchell, Richard Helms, director of Central Intelligence; Mr. Shultz; Adm. Thomas Moore, chairman, Joint Chiefs of Staff; R—White House Chief of Staff, H. R. Haldeman; S—Council of Economic Advisers, Paul W. McCracken, chairman; T—Council on Environmental Quality, Russell E. Train, chairman; U—Counselor to the President, Robert H. Finch; V—Counselor to the President, Bryce N. Harlow; W—Counselor to the President, Daniel P. Moynihan; X—Counselor to the President, Robert P. Mayo; Y—Mr. Helms; Z—Office of Economic Opportunity director, Donald Runsfeld.

Nixon himself raised the question of whether or not the Office of Management and Budget would become "just another layer of Government on top of too many layers already."

He then voiced the hope that Mr. Shultz would reorganize and "streamline" Government, "bringing real business management into Government at the very highest level."

When proposed in March, the reorganization plan was described by both Mr. Nixon and his creator, Mr. Ash, as an effort to allow the delegation of greater authority to Cabinet members.

"A President whose programs are carefully coordinated, whose information system keeps him adequately informed, and whose organizational assignments are plainly set out, can delegate

recommended a reordering of agencies dealing with anti-pollution efforts, and its study groups are now examining possible reorganizations in the regulatory agencies and in Government programs dealing with crime, international trade, social programs, and drug abuse. Mr. Shultz will replace Mr. Mayo on the so-called "quadrant" of top-level economic advisers. The other members are Paul W. McCracken, chairman of the Council of Economic Advisers; David M. Kennedy, Secretary of the Treasury, and Arthur F. Burns, chairman of the Federal Reserve Board.

Pay Cuts For Two

As is true of Mr. Finch, Mr. Shultz's new duties will cost him money. He will retain Cabinet rank, as will Mr. Finch, but will accept a pay cut from \$60,000 to \$42,500 annually.

Mr. Mayo's salary will remain the same — \$42,500. He will advise the President on economic and other matters, but there were some hints that he would not long remain in Washington.

Mr. Nixon told newsmen that Mr. Mayo had originally promised to remain only through two "budget cycles," which would suggest a departure date of sometime early next year, after budget for the fiscal 1972 is published.

Mr. Weinberger's present salary of \$40,000 will be continued. He is a former Director of Finance for the State of California.

Mr. Hodgson, who is reported to have won the endorsement of both business and labor, will go from \$42,500 annually to \$60,000, assuming that Congress approves his nomination. He is the only one of the four requiring Senate confirmation. No replacement has yet been found for Mr. Weinberger.

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11 JUN 70

SHULTZ HEADS NEW AGENCY REPLACING BUDGET BUREAU; FINCH DISMISSES DR. ALLEN



The New York Times (by Mike Lien)

George P. Shultz with the President at White House ceremony at which Mr. Nixon told of new posts for Mr. Shultz and other officials in presence of members of their families.

2D CABINET SHIFT

Hodgson Gets Labor Job—Ehrlichman in Key Domestic Post

JUN 11 1970

By ROBERT B. SEMPLE Jr.
Special to The New York Times

WASHINGTON, June 10—President Nixon today named George P. Shultz, the Secretary of Labor, as director of the new and powerful Office of Management and Budget. It was the second major cabinet change in less than a week.

The move could make Mr. Shultz one of the three or four most influential figures in the Government. He has won the President's respect in a series of internal struggles and legislative battles.

The new Office of Management and Budget will replace the Bureau of the Budget, taking over responsibility for preparing the annual budget.

Management Role

The new agency will also assume extensive management responsibilities, including monitoring the performance of Cabinet officials, their departments and their programs. These functions would give Mr. Shultz—and, by extension, the President—substantial operating authority over the individual Cabinet departments.

Mr. Shultz will move into his new job July 1. The position does not require Senate confirmation.

As the face of Mr. Nixon's Administration continued to change, the White House announced these other moves:

¶James D. Hodgson, Under Secretary of Labor, was nominated to succeed Mr. Shultz as Secretary.

¶John D. Ehrlichman, Assistant to the President for Domestic Affairs, will become the executive director of the new Domestic Council, which will set policy in the domestic field.

¶Caspar W. Weinberger, chairman of the Federal Trade Commission, will join Mr. Shultz at the Office of Management and budget as deputy director with primary responsibility for the budget.

¶Robert P. Mayo, who has been director of the Budget Bureau, will join the White House staff as Counselor to the President.

Finch Shifted

Last Saturday, in the earlier major Cabinet shift, Mr. Nixon named Robert H. Finch, the Secretary of Health, Education and Welfare, to a post with the same title as Mr. Mayo's.

Today, Mr. Finch, who has not yet changed jobs, dismissed Dr. James E. Allen, the Commissioner of Education. This was not unexpected, although some observers were surprised that Dr. Allen, an outspoken critic of the Cambodian incursion, had not tendered his resignation before Mr. Finch felt compelled to ask for it.

Mr. Finch will join the White House staff as Counselor to the President.

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