

Life and Learning *after* **One Hundred Years**

Trust Is the Coin of the Realm

Reflections on Trust and Effective Relationships
across a New Hinge of History

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I just turned one hundred years young. And I have been ruminating, as encouraged by my wife, Charlotte, on the things that I learned over the course of them. Looking back, I'm struck that there is one lesson that I learned early and have relearned over and over for a century. Put simply: "Trust is the coin of the realm." When trust was in the room, whatever room that was—the family room, the schoolroom, the coach's room, the office room, the government room, or the military room—good things happened. When trust was not in the room, good things did not happen. Everything else is details.

I first saw this concept in action at home by observing how my parents treated one another and their friends and children. I was a lucky kid. One hundred years later, I still remember and know that my parents loved each other and loved me—every day of my life. And that is where you first learn the power and value of trust. My mother was an excellent cook and made our home comfortable and welcoming. My father took me on all sorts of jaunts. He brought me with him to Wall Street on Saturday mornings, treated me to BLTs at a sandwich shop near his office, and took me to Columbia University football games. When he was asked to help organize the stock exchange in San Francisco, he took me along. For a boy of eight years of age, the cross-country train trip was a thrill. I swam in the Great Salt Lake, I marveled at the Grand Canyon, and my father and I rode the cable cars and went to Kezar Stadium in San Francisco. The experiences of that trip in my early boyhood underlined the joy of family closeness and the powerful bonds of trust that creates.

Dov Seidman, the business and ethics philosopher who wrote the book *HOW: Why HOW We Do Anything Means Everything*, has a saying: "Trust is

the only legal performance-enhancing drug.” Boy, is that ever true. I saw that over and over.

I had wonderful K–12 teachers. Two who stand out in my memory are Mr. Beaumont, who taught math, and Mr. Metzger, who taught English and history. I remember turning in a paper one day to Mr. Metzger, who said, “I suppose you think that because you got a good grade on your paper, that’s good enough. Well, good is not good enough!” I learned from those teachers how important it is to have—and to maintain—high standards. If you don’t set high standards, you will never do the best you can do. You will be labeling yourself as someone who is satisfied with mediocrity. How many people trust mediocre leaders or want to emulate them?

When I was a graduate student at MIT, I worked with Joe Scanlon, who had been recruited from his job as research director for the United Steelworkers union. He would visit steel plants where costs were out of control and rearrange their practices by giving workers a chance to participate in the way their jobs were set up and, in most cases, get a share of the increased productivity as a bonus. Some plant managers weren’t happy, but plants usually had a 20 to 40 percent improvement in productivity and in many cases were saved from bankruptcy. The arrangement later became known as the Scanlon Plan.

I had the privilege of going along with Joe to some of the plants and observing as he listened to workers. I drew many lessons from my work with him and from watching him operate. The experience taught me how important it is for the people you work with to be involved in what is going on and to make contributions to, and share in, the success of the organization. Also, pay attention to the people working for you. They know things about the work that you may not know. If there is a bond of trust between you and your workers, they will often reveal important things to you that are never written down in any books.

The summer before my senior year at Princeton, I trained rigorously so that by the time I arrived at practice in the fall, I was in the best physical condition of my life. I thought to myself, “This will be my year on the football field.”

But in an early scrimmage, I was clipped and my left knee was badly injured. I was out for the season. Since I knew the system, I was asked to coach the backfield of the freshman team. That was my first teaching job, and I tried

to teach everything I knew. But then I realized that these freshmen were not getting it. I learned that no matter what I “taught,” the only thing that mattered was what they learned. So, I had to reorganize the way I approached my job and create an atmosphere in which they trusted me—trusted my expertise, trusted that I had their interests at heart—and then we were on our way. That lesson served me well throughout my career as I tried to manage people by inspiring them—once I had earned their trust.

At Marine Corps boot camp, my drill sergeant handed me my rifle and said to me, “Shultz, take good care of this rifle. It’s your best friend. And remember, never point this rifle at anybody unless you are willing to pull the trigger. No empty threats.” Put another way, be a person who does what he says he’s going to do. If you say that something is unacceptable but you are unwilling to impose consequences when it happens, your words lose their meaning and you will lose credibility. But if you are known to deliver on promises, then people will trust you and be willing to deal with you.

Beyond the unacceptability of empty threats, as taught by my drill sergeant in boot camp, I learned a great deal more about trust in the Marine Corps. Early on during my service in the South Pacific, I was on an island swarming with Marines with our boats gathered in the harbor. We were going to undertake a major operation, which turned out to be on Tarawa. One afternoon, I was tapped on the shoulder and told: “You’re going to take your platoon, get on that destroyer, go to Nanumea, which we’re going to turn into a medivac location. You’ll land before dawn, surprise the Japanese, and take the island.”

So we boarded the destroyer and arrived at the island in darkness. As it happened, the tide was out, so we had to wade in carefully over coral reefs. By the time we reached shore, it was daylight. I saw a native on the beach in a white robe who looked like a leader, so I went up to him and, in my best Polynesian, said “Talofa sole.” He responded in precise English, “Good morning, Lieutenant. We have been expecting you. The Japanese left yesterday.”

But the Japanese soon returned, bombing and strafing. There was one substantial structure on the island, which was a church. Someone yelled, “Head for the church!” I shouted, “Disperse!” The Marines dispersed, and the Japanese dropped a bomb in the dead center of the church. I learned two

lessons from this episode: one, never underestimate your adversary; and two, don't do what your adversary expects you to do.

One memory of combat particularly sticks with me. There was a sergeant named Palat in my outfit who was a wonderful human being. I had tremendous respect and admiration for him. One day during an action, I ran over to where I thought Palat would be and yelled, "Where the hell is Palat?" After a brief pause came the answer: "Palat's dead, sir." The reality of war hit me hard. Wonderful people get injured and killed. I often thought about Palat when I was in a position to advise President Reagan on the use of force. Be careful. Be sure the mission is a good one. Be sure your forces are equipped and staffed to win.

These were all important lessons to take with me when I went into government and rose through the ranks to assume different cabinet posts. I am reminded of first coming to Washington, when the brilliant congressional strategist Bryce Harlow told me, "Never agree to do something unless you know that you can do it. If you give your word, then you'd better deliver. That way people will deal with you because they know they can trust you." And that concept of trust has resonated throughout my life as I have dealt with friends, family, and colleagues in the workplace.



As I reflect on the turmoil we've seen across the country in this, my hundredth year, I am reminded of how these principles of trust, and the relationships it enables, have served us through tough times in the past.

In the early 1960s, I served as cochair of the Armour Automation Committee with Clark Kerr, then president of the University of California and a good friend of mine. The meatpacking industry at that time was undergoing a transformation. The large, traditional meatpacking plants to which animals would be driven a long way were being replaced by smaller plants closer to the ranges, thereby having animals arrive for slaughter with more weight as a result of less travel. The Armour Automation Committee was to investigate and report on changes in the industry, including plant closings and layoffs. Most important, it ended up helping the workers and management solve problems they experienced.

Through this experience, I learned about the power of the moral high ground. Law and morality are not the same. Morality reaches beyond the strictly legal. Today's problem is that a contest has turned into a war in which contending moralists vie to display themselves as "more moral than thou" by asserting the moral wrongdoing of others, usually in some marginal expression deemed politically incorrect. But in the 1960s my experiences working in the field of labor economics had a major impact on my attitude toward racial discrimination and in thinking through and coming to realize how to deal with that subject. I knew racial discrimination was a serious problem, but I witnessed it firsthand when our team went to Fort Worth to see what we could do to help the workers who had been displaced by the closing of the Armour plant there.

Our team of four flew to Fort Worth, and before we went to the plant we stopped to check in at the hotel. I registered along with my friend Arnie Weber, and the clerk said, "We have a nice suite for each of you." Then the management representative registered without a problem.

The union member of our team, who was Black, then approached the counter. The clerk said, "I'm sorry. We don't have any rooms." The union man pulled out of his pocket a reservation confirmation, something the rest of us did not have and hadn't been asked for. So the clerk took the confirmation slip to the back room, returned, and said, "We don't have any rooms."

By this time, my blood was boiling. I said, "You do have a room. You gave me a suite. Put a cot in it and register him." The clerk was so startled that he did it. It was the first time a Black person had been a guest at that hotel.

So, if you are on moral high ground, stay there. If you speak firmly and with authority, sometimes people will do what they should even if they are not authorized to do so.

This period also taught me the goodness of the American people and their personal relations when given the chance to work together, as individuals, to solve a problem.

Later on, Armour decided to build a plant in the little town of Worthington, Minnesota. As it turned out, there were no Black people at that time in Worthington. The plant was taking shape when suddenly the company closed its plant in Kansas City in 1965. Most of the employees at the Kansas City

plant were Black. We realized they had bumping rights—the right of senior workers to displace those less senior—into this new plant in Worthington. So we went to Worthington and started talking to the town fathers. The governor of Minnesota sent his human rights expert to ask Clark and me to stop the process, but we decided that the Kansas City workers had contractual rights and we should help them if we could.

The Black families started making scouting trips to Worthington to see what it was like. In those days, there were so-called race riots all over the country, but in this little town, the leaders took a different point of view. They said, “In these big cities, people don’t know how to get along with people. We’re a little town. We know how to do it, so we’re going to try.”

One local response was, “Well, we’re building this new development in town. They can all live there.” But the town fathers insisted, “No, we’re not going to create a Black ghetto. We want them to live all around the town.” And when the Black families came up, it appeared that many of them had traditionally tithed to their churches, so the churches in Worthington began to compete for them. When I heard this, I said to Clark, “We just turned a corner.” In the end, quite a few Black families moved in and the transfer worked.

A. H. Raskin, a *New York Times* journalist, went to Worthington and wrote a glowing front-page story on what he observed. He revealed that something was working in the midst of the mayhem that was so evident in much of the country. Television people picked up the story and wanted to make a documentary about the success in Worthington. Documentary makers are usually looking for controversy, but the people of Worthington would have none of it. They did not want publicity, and they did not want television reporters trying to stir divisions where there were none, so the documentary makers left without a story.

Later, as secretary of labor, I worried about discrimination in the workplace. Against the background of my experiences with the Armour Automation Committee, I worked hard to prevent this discrimination. In Philadelphia, we found that discrimination was rampant in the skilled building trades. Despite the existence of well-qualified Black workers, there were none in the hiring halls of the skilled construction unions. I set out to change this situation by insisting that unions set an objective for hiring more Black workers and create a timetable for attaining that objective.

This effort came to be called the Philadelphia Plan, and it immediately became controversial. It took the form of a bill for which hearings were held and a vote taken in the Senate. During those hearings, I was verbally assaulted for trying to establish a quota system. “No,” I replied, “I am trying to obliterate one. There has been a quota system in place for a long time; the number is zero.”

Eventually the issue went to the Senate floor. After the vote, Senator Hugh Scott of Pennsylvania, the Republican leader in the Senate, gave me his tally sheet. It showed we had won by a margin of ten. It was another example of standing up for what was right and succeeding.



There is more to this power of human relationships in gradually building the trust that you need to work through difficult problems.

In 1970, President Nixon saw that schools in seven Southern states were still segregated. This was more than a century after the Civil War ended and sixteen years after the Supreme Court declared school desegregation unconstitutional in *Brown v. Board of Education of Topeka*.

Nixon formed a cabinet committee to tackle the problem, making Vice President Agnew its chair and naming me vice chair. Agnew wanted no part of this effort and declined to participate, so I wound up as the de facto chair. Our problem was to manage the transition to desegregated schools in the seven affected states.

I had strong help in this effort from Presidential Counselor Pat Moynihan, Special Counsel Len Garment, and Ed Morgan, a savvy former advance man for the president. We formed biracial committees in each of the seven states. We determined, with the president’s agreement, that politics should have nothing to do with the selection of the people for these committees. We wanted people, in equal numbers of Black and White, who were truly representative of their constituencies.

The first group came to the White House from Mississippi, and we took them to the Roosevelt Room, directly across from the Oval Office. The discussion was civil, but deep divisions were evident. The Blacks argued that desegregation of the schools would be good for education and that it was

essential. The Whites resisted. Both sides were tough, and we let them argue and get it out of their systems.

Then I felt it was time to shift gears. By arrangement, Attorney General John Mitchell was standing by. He was known throughout the South as a tough guy and on the whole was regarded by Whites as “their” man. I asked Mitchell what he planned to do as far as the schools were concerned. “I am the attorney general and I will enforce the law,” he growled in his gruff, pipe-smoking voice. Then he left. No nonsense. Both Blacks and Whites were impressed.

This message from the attorney general changed the playing field. It allowed us to move our discussion forward from “whether” to “how”—to managerial and administration topics. It was another illustration of how people who dig in their heels over principles can make progress if they convert their argument into one about problems. In fact, desegregation was going to happen. The only questions for these outstanding community leaders were: How would it work? How would it affect their local school systems and local economies?

We took the group from Mississippi to the diplomatic reception rooms at the State Department, where we were surrounded by artifacts of colonial America, including the desk designed by Thomas Jefferson on which he wrote portions of the Declaration of Independence, “dedicated to the proposition that all men are created equal.” I told the two men whom I wanted to cochair the Mississippi advisory committee of their invitation and argued that the committee would have great credibility with both Blacks and Whites if they accepted. I saw I was making headway, so I left them alone to talk. After lunch, these two respected leaders shook hands and agreed to cochair the committee.

After returning to the White House, the whole group came around and people started to make suggestions about how to handle potential problems. Again by prearrangement, I let President Nixon know the group was ready for him. We walked into the Oval Office, where the president met each member of the group. He said, “Here we are in the Oval Office. Think of the decisions that have been made here that have affected the health and security of our country. But remember, too, that we live in a great democracy where authority and responsibility are shared. Just as decisions are made here in this office,

decisions are made throughout the states and communities in our country. You are leaders in those communities, and this is a time when we all have to step up to our responsibilities. I have made my decisions, and I count on you to make yours. Together, we can make this work.”

By the time they left, the group was enthusiastic about making the school openings go forward as smoothly and constructively as possible. We met with delegations from other states before the school year was to start and those meetings went well, too.

The last state to meet with was Louisiana. By then we were confident we could bring about a constructive result. I suggested to the president that we hold the meeting in New Orleans—in the South, where the action would take place. I would do my part in the morning and the president would do his part at the end of the morning meeting. Then we would invite the cochairs of each of the seven states to join the president and me for an overall discussion of the school openings. These gatherings were like revival meetings, with everyone exchanging ideas about problems and solutions.

Planning for this meeting, there was a discussion in the Oval Office during which Vice President Agnew warned the president not to go to New Orleans. He said, “There you will be in that room. Half the people will be Black, half will be White. The schools will soon be opening. There will be blood running throughout the streets of the South, and if you go, there will be blood on your hands.”

President Nixon asked me what I thought. I said, “Mr. President, I can’t predict what will happen, but whatever happens is on your watch. You are the president of all the people, and you and I have seen some very strong and reasonable people come up here. They have been working hard, and we should do everything we can to see that the schools open and operate peacefully and well.”

The president decided to go ahead with our plan, and we all went to New Orleans, with the exception of the vice president.

Pat Moynihan, Len Garment, and I started the meeting with the biracial Louisiana group in the morning. The going was much tougher than with the other states. President Nixon was due to arrive at noon to put on the final touch. As noon approached, we had made progress but had not achieved the

degree of agreement I had usually secured by the time the president met with the group. We took a recess and I told the president, “I’m sorry to tell you that I haven’t got this group to the point you usually find when you meet with them. This time you’re going to have to finish the job yourself.”

Nixon came in, listened, and talked. He raised everyone’s sights, and he stepped up to the problem. He brought the whole committee on board.

That afternoon, Nixon talked eloquently with the group about the importance of what was going to happen when the schools opened and the stake everyone had in seeing it go smoothly.

As the schools opened, we worried about how the news would be covered on television. Len Garment went around to the leading networks and urged them to report the facts. He said, “Suppose a hundred schools open, and there’s violence at one of them. What is the story? I think the story is that the schools opened peacefully.”

The schools opened and all went peacefully. The community leaders had done a fine job. They stood up to their responsibilities.

From this episode, I learned that if you are to give legitimacy to an effort, involve people who truly represent their constituencies. Another major lesson has to do with the development of human relationships among those involved. Deep hatreds do exist, but personal rapport and respect may still be nurtured. In our desegregation effort, we had succeeded by using the Worthington principles: deep consultation and common sense. Most important is leadership from the top, but always there is the necessity to build trust. That is the coin of the realm. President Nixon stepped up to a tough decision. Recognizing the importance of managing the implementation process well, he set the process in motion and took part himself at critical moments.



I remember the day when, as secretary of state, I brought a draft foreign policy speech to the Oval Office for President Reagan to review. Reagan read through the speech and said, “That’s fine.” Then he picked it up again and began marking it up in places. At one spot, he wrote “story” in the margin. I asked what he meant, and he said, “That’s the most important point. Your speech is good, but to engage your listeners, it always helps to tell a relevant

story they can relate to. That way, you'll appeal not only to their minds but to their emotions." Reagan understood that you could make a point or you could tell a story. Always tell a story to make your point whenever you can. It penetrates in a way no abstract point can—and it therefore forges an emotional bond, and emotional bonds build trust.

Genuine empathy like this helps to create sound relationships across countries, even when cultures seem far apart and when times are tough. Our country will face fresh challenges in an emerging new world: new pandemics, new technologies, new weapons, environmental change, demographic change, and the ever-renewing charge to effectively govern over diversity. A shared understanding, and a human connection, will help us navigate these unsettled waters.

I went to the Soviet Union for the first time in 1973. During my visit, Nikolai Patolichev, the Soviet minister of foreign trade, insisted that I accompany him to Leningrad. He made it clear that the first official event there would be a visit to the Leningrad cemetery. We entered and looked down upon a long path between huge mounds where tens of thousands of Soviet citizens who died in the Siege of Leningrad were buried. I carried a wreath and we walked slowly down the path toward a memorial as funereal music played. As we walked, Patolichev described the fighting and the numbers of people who were killed. "Every Russian family has some member who fought, died, or suffered as a result of the Siege of Leningrad," he told me. As he spoke, I noticed that the Soviet interpreter was openly sobbing and this tough old guy, Patolichev, had tears streaming down his cheeks. When we were about to leave the cemetery, I said to him, "I, too, fought in World War II and had friends killed beside me." Then I went to the middle of the terrace above the cemetery, raised my hand in a long salute, dropped it smartly, as an old marine, turned about-face, and left. Patolichev said to me, "Thank you, George. That shows respect."

This idea carried over into Cold War adversarial relations. I found that when you give credit where credit is due, as with that sign of respect in Leningrad, then your criticisms end up carrying more weight; you are seen as someone who is fair, someone who can be dealt with. President Reagan and General Secretary Gorbachev similarly developed a feeling of trust that ultimately

helped to eliminate intermediate-range nuclear weapons. The agreement was: trust, but fortify that trust with verification. So verification led to trust, and trust promoted verification.



“In God we trust.” Yes, and when we are at our best, also in one another. Trust is fundamental, reciprocal, and pervasive. If it is present, anything is possible. If it is absent, nothing is possible. Most of everything we know comes to us from someone else; we either believe it or not. As a leader, teacher, commander, coach, or boss, others must believe that what you say can be trusted—or else all is lost. Reagan was a great communicator, first and foremost, because people trusted him. They did not just hear his words, they absorbed them. If, as a leader, you want people to be trustworthy, then let them know that you trust them. The best leaders trust their followers with the truth, and do you know what happens then? Their followers trust them back. And next? With that bond between them, they can do big, hard things together. And doing big, hard things together is how you change the world for the better. But it doesn’t happen without that foundational cement of trust.

So, that’s the big lesson that I learned these first one hundred years. I can’t wait to see what the big lesson will be from my next one hundred. We are on a hinge of history, and the future will not be like the past. But I know that trust will be part of it. It’s the coin of the realm.