

*Steve Silver:* We are talking with the Honorable Secretary George Shultz for the Bryce Harlow Oral History Project. Mr. Secretary, thank you again for doing this. It's an honor to meet you and hear your thoughts on Bryce Harlow. Why don't we start by having you tell us how you got to know Bryce Harlow?

*Secretary Shultz:* I met Bryce Harlow when I came to be Secretary of Labor and I was Secretary Designate in 1968 when I arrived in Washington. And then I served as Secretary of Labor, first Director of the Office of Management and Budget and Secretary of the Treasury. So Bryce was one of President Nixon's close advisors and I got to know him in that setting.

He was, I quickly realized, not only bright and gifted in expressing himself orally and in writing, but really wise and savvy. He had a kind of street smarts about how things work. Everyone consulted him, and I was privileged that he took me somewhat under his wing.

I remember an early meeting when we newcomers to Washington were being educated on the Congress. I came from Chicago, later from California to Washington, and what do you know about how this place works? Nothing.

So Bryce was going to educate us. And Bryce—I forget how tall he was – not very tall. And there was a man named—he was a senator from Kentucky; huge man, and I'll think of his name. But anyway, he was about six-six. And Bryce said, "Well, I'll tell you how it is in dealing with Congress. Thruston Morton" —that was his name—"would you please stand up?" So Morton unfurled himself. And Bryce said, "When I first came to Washington and started dealing with Congress, I was as tall as Thruston Morton." So that got great laughs, but it also made a point – you get beaten on by Congress and that's life.

We have a system of checks and balances and Congress has a lot of responsibility and a lot of authority and power. All the money comes from Congress and you can't do anything without Congress authorizing you, so whether you like it or not, you'd better get used to the fact that Congress is here, and Congress is important, and it behooves you to learn how to get along with the Congress.

And then he had ideas for how to do it. I remember something I've quoted many times that he said to me. He said, "Be very careful when you tell a member of Congress that you'll do something because it's critically important that you deliver on your promises.

So don't make a promise unless you're sure that you can deliver. And once you've made it, if it turns out to be more difficult than you thought, knock yourself out to be sure that you deliver. Because," as Bryce put it, "in this environment, trust is the coin of the realm. And if people feel that they can trust you, that you're good for your word, then you can get somewhere. If people feel you give your word casually, and then later you fudge, then they don't trust you anymore. So trust is the coin of the realm."

It was a very deep lesson that Bryce preached, and he lived by that himself. So I appreciated that tremendously along with times when I would have some difficulty with some member of Congress. Bryce would laugh and tell me stories about him and so on.

*Steve Silver:* What do you think made Bryce such an effective, trusted adviser to the presidents he served? Why did the presidents trust him so much, do you think?

*Secretary Shultz:* Because he was wise and he was candid. He had a way of saying something to you that you might not particularly like, but he said it in a way that would make you realize, "I'd better pay attention to him, because he's not trying to boost himself or something; he's giving candid advice based on a lot of knowledge." And I think a wise president realizes that he has to have a person like that involved.

Here's an incident that I also remember that shows Bryce's influence. When I became Director of the Office of Management and Budget in the middle or so of 1970, I discovered that there was a deal practically arranged to bail out the Penn Central. The Penn Central, by that time, was not a railroad. It was a big financial institution. The institution had been mismanaged and was headed for bankruptcy.

There was a lot of concern that bankruptcy for such a big financial concern would be upsetting to financial markets and cause lots of problems. And Arthur Burns, who was then the Chairman of the Federal Reserve, was the chief proponent of, "Watch out; this is bad news." He was also trusted by the president, justifiably, as a very smart, wise, gifted person. And there had been worked out somehow with a reluctant David Packard, who was Deputy Secretary of Defense at the time, some sort of a loan guarantee—just how it would work, I could never figure out—from the Pentagon, that would, in effect, bail out Penn Central and cause it not to go bankrupt.

And I heard about this as a new Director of the Office of Management and Budget. My background was not in the field of finance, so what did I know about financial markets? I was a labor economist in my profession, economics. But I thought this was a terrible idea to bail out somebody who was going to go bankrupt because they did dumb things. It's a bad signal to everybody; a bad signal to financial markets, and I thought it was wrong.

So all of a sudden, I find myself arguing with Arthur Burns, who was my mentor in many ways. He was Chairman of the Council of Economic Advisors and I was on staff there in the Eisenhower administration. And I'm arguing that financial markets are stronger than you think they are, and this is a very bad message to give, and so on. Just how the president would have come out on it, I don't know. Probably he would have sided with Arthur Burns. I guess if I'd been him, I would have done the same. Anyway, at the critical moment, Bryce Harlow emerges.

And Bryce Harlow says to the president, "Mr. President, in its infinite wisdom, the Penn Central Company has just hired your old law firm to represent them in this matter. Under the circumstances, you can't touch this with a ten-foot pole." So that was the end of the loan guarantee. That was the end of the bail-out.

*Steve Silver:* The president listened to Bryce Harlow.

*Secretary Shultz:* The president listened to Bryce Harlow. And guess what happened? Penn Central went bankrupt. No dominos fell. There was a lot of agonizing, but there were also a lot of financial people saying, "Well, I guess you don't get bailed out, so maybe we'd better look after ourselves with particulars." So the president got what I thought was the right answer—I'm sure that was the right answer. And in his peculiar way, the answer was provided by Bryce for an entirely different reason. But anyway, it worked.

*Steve Silver:* That was a perfect lead-in to what I was going to ask you next or I was going to ask you to talk about what Bryce meant to President Nixon and what Nixon really meant to Bryce Harlow. Did they have a close working relationship? I guess, according to that, it sounds like he really relied on him a lot.

*Secretary Shultz:* I don't want to try to speculate on Bryce's motives and so on. There are people who were closer to him than I was who could do that. But he always seemed to me to be a sort of instinctive public servant, and he valued the presidency. He had worked with

President Eisenhower closely and with all the people around Eisenhower. I guess those were his formative years, and he had gotten to know President Nixon when President Nixon was vice president. So there was a long association, but Bryce was not only working for the individual in the office but also for the office and the constitutional principles, and so on.

Bryce was larger than life in that sense, and he left—I forget just when—and went back to his paying job, so to speak, at Procter & Gamble. Then when Nixon got into all his Watergate troubles, he persuaded Mel Laird, who had been Secretary of Defense—but all had left—Bryce and Mel to come back to the White House and work through problems. They were both very, very savvy people, and they loyally, patriotically did that for quite a while. And they worked through the process of Agnew's resignation.

Those were tough times. Lots of people would have said, "Why do I want to come back and get myself involved in such a mess?" But Bryce stepped up to the plate and he came back, and he was helpful. There was no way anything could rub off on Bryce. He was just too big for it.

*Steve Silver:*

Do you think that he was concerned about the damage that the Watergate episode was doing to the office of the presidency?

*Secretary Shultz:*

I think so. He was concerned about the fact that our politics were deteriorating. He didn't like to see that. He was a person of principle and with ideas.

I remember once when I was Secretary of Labor, we had a proposal on changing the unemployment insurance system. It wasn't a major thing but it was an improvement. And I knew quite a lot about the unemployment insurance system. In those days—maybe it's still true, I don't know—the Ways and Means Committee, which was the key committee of the Congress, would invite the Cabinet officer who was sponsoring the piece of legislation to sit in on the mark-up of the legislation, not the hearings, but the actual mark-up. You sit with the committee and they're making a bill. You could speak just like any other person in the room. You didn't have a vote but you could speak. And I told this to Bryce afterwards and he laughed and then he expanded on it.

But at any rate, I'm busy and things are coming up. I'm giving my opinions, and so on. Wilbur Mills was the chairman and he was sensational. He had a fall from grace, but in his heyday as

chairman of Ways and Means, he was really something. Smart; knew everything. He knew I'd come from the University of Chicago. He interrupted me and said, "Mr. Secretary, in your classroom you probably got your way. But around here, we compromise."

He worked out this compromise that was really a work of art. He got what he wanted, but he did it in such a way that all the constituencies understood. I told this to Bryce and he said, "Well, remember that. That was a good lesson." The idea is to stay with the principles of what you want, but figure out how to make it work, because you've gotta make it work. You go away leaving the members of the Congress feeling that they've achieved something that is good for them. After all, they run for election.

I have another if you're looking for Bryce Harlow stories.

*Steve Silver:* Please.

*Secretary Shultz:* I have another one that indicates Bryce's wisdom. He was basically a southerner. I was still Secretary of Labor in the late winter or spring of 1970. President Nixon decided that he would take steps to see that schools in the south were desegregated. This was long after *Brown vs. Board of Education*. Seven states in the south were still segregated schools. It was against the law. It's amazing – to have a segregated school in 1970.

*Steve Silver:* Hard to believe.

*Secretary Shultz:* President Nixon had been struggling with bussing problems, so he decided it was time to bite the bullet on that and he made that decision. And he appointed a cabinet committee to manage the process. Vice President Agnew was made the chairman of the committee and I was the vice chairman.

Vice President Agnew said, "I don't want to have anything to do with the issue. It's too explosive. It's a mistake. You're going to have blood all over the streets of the south." So I became, in effect, the chairman. We had a process – Pat Moynihan working with me, a man named Len Garment working with me, and some others. Don Rumsfeld was then head of the Office of Economic Opportunity. He was involved. But mainly it was Moynihan and Len Garment and a fellow named Morgan, a lawyer, who worked with me. With Bryce nursing us along, we developed a process of appointing biracial committees in each of the states. We sought what we called "real people," not people who were known for

getting along with each other and supporting desegregation of the schools, but people who represented the constituencies and were people of stature. We put together a very good committee.

So we invited them up to Washington. The first group came from Mississippi, and we had our meetings in the Roosevelt Room. I chaired these meetings. John Mitchell was the Attorney General. We started the meeting and, of course, everybody was in disagreement. The Afro-Americans were arguing that this was something that was important and must happen. Mostly the whites were arguing that it was a terrible idea.

So I let this argument run for an hour, an hour and a half. And then I had a deal with John Mitchell, the Attorney General, to come in on a signal. He was looked upon by most of the southern white politicians and people as their champion. I said, "John, when the schools open this fall, what are you going to do?" He said, "I'm going to enforce the law (the law being what Nixon had declared)." I said, "Thank you very much. Good-bye." Then I said, "Well, you heard the Attorney General. This is an interesting argument we've been having and I appreciate the sincerity of it and so on, but it's irrelevant. The fact is, it's going to happen. And the real problem that we have and that you have in your state is how is it going to happen? Is it going to happen decently or not? What are going to be the repercussions on the educational system in your communities that you depend on and that you depend on for your business establishments and so on?" There were some business people there. "So let's start talking about those things, because that's what matters."

Then people started talking about the problems. And then they started talking about what might be done about the problems, and we had a whole series of things. By the time they got through, the whole thing had shifted its gears. Then, with Bryce's advice, we said, "The president is ready to see you." The Roosevelt Room was right across the hall from the Oval Office so we invited them into the Oval Office just like that and said, "Well, here's the president."

President Nixon made a wonderful little talk. He greeted everybody cordially and sat them down. Then he said, "Well, here we are in the Oval Office of the White House. And think of the decisions that have been made here that have affected our country's security, and economy, and social fabric. And here we're coming up to this big moment in the educational system in your state. I've made my decision, but in this country, we have a

system whereby lots of people have to make decisions in order for something to work. I can decide something, that's my decision, but there are a lot of decisions that are yours to make and that you have to make. If you make the right decisions, and I make the right decisions, and we interact together appropriately, then maybe we'll get somewhere."

It was very inspiring. People went out on cloud nine. And we had a little pot of money that we managed to set up in such a way that I could tell them, "If you need a little money to do something or other, to fix up some schools or do something, we have a fast track here. I can get the money to you in a week's time." So that helped us.

We went through all the different states that way. And all went more or less the same as the first one. So by the time we got to the last state, which was Louisiana, I felt more confident than I should have that we could bring this off. We had the idea, Moynihan, Garment, and I – I don't know whether we consulted Bryce or not, but we probably did – we had the idea that we should have the Louisiana meeting in New Orleans. And then, after we did that in the morning, we could have all of the people in the different states – the cochairmen, one black, one white – come and we would have a meeting of all of the states with our key people. That would be the kickoff to our school season, which was going to start soon thereafter.

So Pat and Len and I went down the night before our Louisiana meeting. Of course it suddenly dawned on me – it's one thing to bring people to Washington and have that meeting in the White House. There's an atmosphere that's different from a hotel room in New Orleans. And I was having a hard time in the meeting; we were getting there, but it was not like the earlier meetings. Beforehand, there had been a meeting in the White House about whether meeting in New Orleans was a good idea. The vice president kicked off the meeting, and the president asked him what he thought. And he said, "Mr. President, this is a terrible idea. You shouldn't go to New Orleans. When these schools open, blood is going to be running through the streets of the south, and by going and doing this, it's going to be on your hands. Don't go. Let it be on the liberals' hands who want to do this."

So the president looked at me – I'm the non-politician there – and I said, "Well, Mr. President, you're the president of the country and whatever happens in the country, you're the president. You've met these people who have come up here and you've seen what strong

people they are and they're all working at this. Maybe the vice president is right. I can't say. But I think we've got to do everything we can to make it work better. That's what this is about." I don't think he was looking to me. He'd decided way before he'd had the meeting. But he had the meeting so he went ahead.

Back to New Orleans, the vice president said, "The president's coming; the president's landing; the president's ten minutes out." So I adjourned the meeting and I went out and said, "Mr. President, these people have come a long way but they're not quite there yet. Always in the past, it was all teed up. But you're going to have to tee it up yourself, I'm sorry to say. I'm worried. Maybe the vice president was right."

The president came in and he did a terrific job. He got the Louisiana delegates all on board, and then their cochairmen, whom they elected, came to the meeting. The meeting went very well.

I remember Agnew had said in the White House meeting, "Mr. president, where you're going to be, half the people in the room are black, half the people in the room are white, and that's going to be your picture. It'll be devastating."

So here we were in the room and it was just like the vice president had said, except the atmosphere was terrific and people were all saying, "We're working at this, we're going to make it work. We've done this, we've done that." They exchanged information and it was a very good meeting and we felt good about it.

So we all get on Air Force One, we're riding back to Washington. And the way the plane's configured, the president has a cabin and there's another area. We're all sitting around and talking about it, feeling pretty good, and the president comes back and joins us. Bryce is there, of course. And the president looks at all of us, and then he turns to Bryce and he says, "Well, Bryce, what do you think is going to happen?" And Bryce says to him, "Well, Mr. President, it's going to work out in the south, and the reason is that in the south we live together. We're close to each other. I think the vernacular there was in the south, they hate the Negro as a race, but they love the Negro as a human being.' We're very close to them as human beings, so in the end, it'll work out because we're friends. We know each other. We love each other. We're accustomed to each other."

“In the north, it’s the reverse. They love the Negro as an abstraction, but they have no experience in human contact, human touch, and you’re not going to have trouble in these seven states, Mr. President. But you’re going to have trouble when you go to New York or Boston or Chicago or Los Angeles. That’s where you’re going to have the trouble.” And he turned out to be absolutely right.

*Steve Silver:* Wow.

*Secretary Shultz:* Bryce was so wise. And it was because of this wisdom that you always wanted to have him around, not only to get his view on something, but if you could involve him in the process and he was there in real time, you might say, “We’ll have good guidance.” So you can see I really loved Bryce, and I feel I have a great debt of gratitude to him because he helped me so much in understanding difficult situations and working through them, trying to get my balance in a new place for me – Washington, D.C. – with all its pulling and hauling and congressional and press things, and so on. Bryce understood. And if you listened to him – not only listened to him but watched him, watched him write something, and read the things he wrote – you would see he produced masterpieces.

I don’t think he wrote a lot, but he wrote quite a bit. If we said something, Bryce would weigh in and make a few changes, and those changes were very thoughtful.

I don’t know that I have any more to say. I’ve told you all my stories.

*Steve Silver:* No, that’s great. Maybe you could just quickly talk about how he was with high-level meetings. Some of your stories illustrated that. But did he sit back and wait and give his opinion or was he trying to chime in a lot? Did he try to compete with the different personalities?

*Secretary Shultz:* Bryce was not competitive in the sense that when you’re in a meeting, there are lots of obvious things to say, and people will say them. Bryce never said the obvious things. They became obvious once Bryce said them, but they were not the things that other people thought of. He had this angle of view, and people respected him. They expected him to say something and welcomed it when he said something. But he didn’t have to fight for the floor because everybody wanted to hear what he had to say.

*Steve Silver:* As a final thought, then, do you think with all of the polarization and everything that's written about the way Washington is today, that there is still room for a Bryce Harlow who was all about the compromise and was not as partisan as, say, other people? Do you think he's a dying breed in that sense or do you think that there's always a need for somebody like him?

*Secretary Shultz:* Oh, there's certainly a need for the Bryce Harlows of this world, although Bryce, for my money, is the best there is. You say, "Who is exactly like Bryce Harlow?" I couldn't tell you, although I know a lot of people who are very, very good at that, but Bryce was special. Certainly there's a desperate need for people who have a sense of putting the problem or the issue first, not how it affects Republicans or how it affects Democrats.

It seems as though we've gotten to the point of saying every issue is judged by what its political fallout will be instead of being judged at least in part by what effect it will have on the country. Will it be good? How do we do this so it's best? And so on. And there are a lot of people who think that way, but a lot of the people like John Danforth and Bill Bradley who you wish were still around aren't there. They get tired of the senate life. They say, Who needs this? I've got a life to lead and this is a rancid atmosphere. I'm getting out. I have lots of friends on both the Democratic side and the Republican side. I'm sorry to say most of the people whom I regarded as giants in the Senate aren't there any more.

*Steve Silver:* And do you think a lot of them are in the Bryce Harlow mode?

*Secretary Shultz:* Well, they were people who learned how to work things out. Take, for instance, the 1986 Tax Act. That was a gigantic piece of legislation. It eliminated a large number of preferences and took the revenue that was saved by that and reduced the marginal rate of taxation by 28 percent. It's since gone back up quite a bit. But anyway, as that worked its way through the Senate, it was a bipartisan bill. Bill Bradley had the laboring oar in the Senate. Even Al Gore voted for it. Can you imagine a tax bill of that magnitude in this atmosphere we have going through on a bipartisan basis?

So partly it was the atmosphere, partly it was that Reagan was good at that kind of thing. Reagan had the magic that Bryce had. That is, you could disagree with him, but you couldn't get angry with him. He was a good guy. You enjoyed him. You could argue with Bryce, you could disagree with him sometimes, but

usually if you did, you'd say, "Wait a minute, if I'm disagreeing with Bryce Harlow, I'd better think again." At any rate, you didn't go away mad because he was just that kind of a personality. So we need people like that.

*Steve Silver:* Just to finish it up then, one final question. What do you think are the biggest lessons that future generations who work in government should really learn from Bryce Harlow?

*Secretary Shultz:* One characteristic that hasn't been mentioned so far is that Bryce worked hard. And Bryce understood the issues. You don't understand these issues unless you work because they're usually rather complicated, and you have to work your way through them and somehow have the ability to understand the complexities but see what the main point is. The main point is usually simple but it isn't simple to find it, and you have to work to do that. Bryce understood that and he would work at it, and he would come to pieces of legislation that he really wasn't particularly familiar with, but by the time he got through with it, he was familiar with them. So that's one lesson: work. Really understand something.

And then you have to recognize that there are all sorts of points of view. You fight for your point of view and your set of principles. And I think Bryce had certain fundamental things that he wouldn't compromise on. He tried to find a way to work it so that the basic idea that he thought was important survived but yet he would compromise around the edges and figure out how to do that. I don't know how to say it, but there are lots of very gifted people in Washington who can do this, but Bryce was the best.

*Steve Silver:* Well, it's been great. Thank you, Mr. Secretary, for talking about Bryce.

*Secretary Shultz:* Okay.

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