



JOHN WHITEHEAD (1922—2015)

Wall Street Titan, Cold Warrior, Friend to Thousands

By Gregory DL Morris

“AMERICA WAS FORTUNATE that John Whitehead walked so many roads for us,” said Henry A. Kissinger at the funeral of his friend in mid-February. “In view of the vastness of John’s interests and the scope of his accomplishments, one is tempted to think of a flamboyant individual operating by eloquence and force of will. The opposite would be true. For John, the call to serve was paired with a reluctance to impose.”

Whitehead was born in 1922 and grew up in Montclair, New Jersey. Despite being a mischievous lad, he earned the Eagle Scout award and entered Haverford College, a small Quaker liberal arts institution outside Philadelphia. He was working at the check-out desk of the school library when news came of the attack on Pearl Harbor. He was graduated under an accelerated program in January 1943 and joined the Navy.

Having shown aptitude in small vessels, Whitehead was given command of a small squadron of five landing craft for the Normandy assault on June 6, 1944, and he made one of the first major judgment decisions of his life. “Our orders were to crash straight ahead to the beach,” he wrote in his autobiography, *A Life in Leadership* (Basic Books, 2005). In the rough waves and dim light, Whitehead saw ahead obstacles that would have torn the bottoms out of his boats. He ordered the squadron to turn and run parallel to the beach for a hundred yards before finding a clear path. He made many such cool decisions under duress in his life.

With an MBA from Harvard in hand, Whitehead joined Goldman Sachs in 1947. Jammed with half a dozen others into an unventilated former squash court, he rose quickly on the strength of his diligent work, scrupulous ethics and dexterity with a slide rule. Concerned that the firm was almost entirely reliant on its legendary leader, Sidney Weinberg, for business, Whitehead circulated a plan for new



John Whitehead, pictured here at the 2009 Gala, was co-chair of the Museum’s Advisory Board.

Elsa Ruiz

business development. The idea simmered until 1976 when Whitehead was made co-chairman, along with John Weinberg, Sidney’s son.

The idea of soliciting business was almost radical in those days. Business executives had come to Sidney. It took a couple of years for the plan to gain traction, but it became a roaring success and was soon emulated by other firms. In time, Whitehead implemented a similar initiative for international business — his second invasion of Europe. There was no gunfire this time, but active resistance from other partners at Goldman and a chilly reception from London firms. But as in the domestic expansion, time and hard work won over the skeptics, and Whitehead proudly called Goldman the first *truly* international investment banking firm.

After a full career at Goldman Sachs, he was asked by President Reagan to be

Deputy Secretary of State. In that role, his effort to cultivate direct and individual relations with Eastern European countries was an important element in ending the Cold War.

“It was one of the great honors of my life to be admitted to John’s friendship,” said Kissinger in his eulogy. “I met John when, in the last days of the Ford administration, he tried to convince me to join Goldman Sachs as a partner. I told him that I did not know enough about investment banking. Persuaded of my incapacity to value opportunity, John settled on friendship.”

Kissinger said he agreed to teach Whitehead diplomacy, while Whitehead taught him economics. “This arrangement stood until John became Deputy Secretary of State under President Reagan — a job which he interpreted as an opportunity to fulfill his lifetime commitment to



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John Whitehead, founding chairman of the Lower Manhattan Development Corporation, watches as construction begins on the 9/11 Memorial, 2006.

the cause of freedom. John would make speeches about the imminent liberation of the satellite orbit, especially of Hungary—a prospect which conventional wisdom of the time considered premature, to say the least. But prophets are occasionally recognized in their lifetime. Eastern Europe became free in the timetable of John’s vision, not the analysis of traditional experts.”

Whitehead’s dedication to the cause of freedom continued after his government service with many years of philanthropy and leadership at national and global non-profit organizations that continued for the rest of his life. He lobbied US Presidents tirelessly for the country to pay its full United Nations dues, and he joined the International Rescue Committee. Initially he was an assistant treasurer, but not surprisingly he rose to chairman. Whitehead’s last great undertaking was as chairman of the Lower Manhattan Development Corporation (LMDC), the group responsible for remaking the Financial District after the terrorist attacks of September 11, 2001.

In her eulogy, journalist Lesley Stahl said that Whitehead became known

throughout the realm as: “Sir John Who Could Never Say No.”

“I first met him when he was Deputy Secretary of State, number two to George Shultz. It was 1986, during a particularly tough time for the administration, and the White House told Shultz that he had to appear on that Sunday’s *Face the Nation*, which I was moderating. George did not want to face the nation that week, so he did what men at the top do: he turned to his number two. ‘John, my man,’ he said. ‘What’re you doing this Sunday at 10 am?’ So ‘Sir John Who Never Said No’ came on the show and brilliantly practiced the fine art of cunning evasiveness. He answered 21 questions in 30 minutes, without producing one droplet of news. I thought it was a disaster; the White House thought it was a triumph!”

Another journalist, Tom Brokaw, detailed a telling moment from Whitehead’s Wall Street career. “Shortly after he made partner at Goldman he took what he thought would be a leisurely trip to Europe and met in Vienna a Hungarian friend who was deeply involved in the revolution against the Soviets. He appealed to John for supplies: radios, arms, ammunition

and food. John couldn’t resist, the old supply officer instincts kicking in.”

“He flew back to America,” Brokaw related, “persuaded Juan Trippe [president of Pan Am] to lend him a plane, loaded it up with war materiel and without licensing or landing permits flew with it to Europe and off loaded it to his friends. John chuckled when he told me the story, saying, ‘I still don’t know how we got away with it.’ John returned to Goldman and rose through the ranks, quickly earning a reputation as a champion of ethics and integrity on The Street.”

Not all of Whitehead’s exploits call to mind Han Solo, but they were no less daring. One, detailed in his book, relates his prescient pleas to Alan Greenspan for the chairman of the Federal Reserve to take steps to deflate the stock bubble of the late 1990s. Those were heroic but unsuccessful. The dot-com bust ensued.

The other, not related in his autobiography, shows that the calmness under fire and quick decision-making that first appeared off the beaches of Normandy continued to serve him and his country in the highest offices of power. In a 2006 conversation with economic



John Whitehead and New York Senator Hillary Rodham Clinton at an LMDC press conference in 2002.

historian Richard Sylla [now chairman of the Museum of American Finance], which was recorded as part of the Museum's oral history project, Whitehead detailed his momentary but critical role in limiting the damage from the Crash of 1987.

"The next day, after the Crash, was really a key decision-making day," said Whitehead. "John Phelan, who was the chairman of the [New York] Stock Exchange, called the President. 'Purely by coincidence I was having lunch with the President in the upstairs quarters of the White House that day. It was a meeting with the visiting president of Mali. In the middle of the luncheon a messenger came in and asked Reagan to leave the meeting. Soon the messenger came back and asked Howard Baker, Reagan's chief of staff, to leave. A couple of minutes later, Baker appeared at the door of the dining room and beckoned me.'

Whitehead continued, "This was very embarrassing, but I excused myself and went out. There was President Reagan on the phone with Phelan about whether or not he should close the stock exchange. Phelan had asked the President to announce he was closing the exchange."

Whitehead explained that it was already lunchtime, and Phelan's problem was that many of the big stocks had not yet opened.

"Therefore, there was no market at all. It was beginning to feel panicky, and nobody could get a quote because with no opening price, you couldn't say whether the market was down more or up more," he said. "Half the Dow Jones Industrial Average stocks hadn't opened, so there was no average to announce. And his efforts to get the specialists to open the stocks were unavailing because the specialists weren't very bold after losing all that money in their inventories the day before."

According to Whitehead, Phelan was giving an impassioned plea to the President to close the exchange, while Baker was trying to get the President back into the Mali meeting. "So Howard got the President off and said he'd take charge of it. I had been on the board of the stock exchange for a few months just before I went to Washington, and Phelan was a good friend. I was telling Howard what he should tell Phelan, which was to keep the market open. So when Phelan started arguing with Baker, Baker said to Phelan, 'I don't know anything about these things, but Whitehead is here,

and I'm going to put him on.' So I took the phone and told Phelan 'I don't know what you should do, [but] the President is not going to close the stock exchange. If any [President] ever did that, he would be blamed for the market trouble. I don't want it to be Reagan's crash.'"

Whitehead advised Phelan that his experience with the stock exchange told him that people would rather have some market than no market at all. He warned him that closing the exchange would worsen the sense of panic, so he urged him to keep the exchange open.

"He was disappointed, and a little angry at me for interfering with his phone call to the President," Whitehead said. "But lo and behold, within an hour after that call, all the stocks had opened; there was a big rally as you remember."

Sylla replied, "There was, I remember. There's some news in that because I'm not sure it was widely thought that the exchange would close."

Although that story is not widely known, the many people who knew Whitehead would agree it is typical. David Cowen, president and CEO of the Museum, said "The Whitehead » *continued on page 38*

comments were equally abusive. In one letter he told Madison: “Several merchants from Richmond were here [in Philadelphia] lately. I suspect it was to dabble in federal filth.”

In another letter to Jefferson, Madison feared “the stockjobbers will become the praetorian band of the government, at once its tool and its tyrant.” (In ancient Rome, the Praetorian Guard was the emperor’s private army, which could and sometimes did threaten both the unruly populace and the ruler.) Madison was convinced that the stockjobbers could be bribed by Congress’s “largesses” or could overawe it “with clamours and combinations.” He gloomily concluded that his imagination

would not “attempt to set bounds to the daring depravity of the times.”

The enthusiasm of these first investors was unquestionably extreme and merited some concern. But the apocalyptic reaction of Jefferson and Madison was even more extreme. It revealed a profound hostility to the very idea of public finance. Hamilton’s successful intervention in the scrippomania bubble enabled President Washington to remain enthusiastic about the new financial system. He told one correspondent that the eagerness to buy shares in the Bank of United States was “unexampled proof of the resources of our countrymen and their confidence in [the] public measures” of the new federal government.

A war had begun—a struggle for the public mind—the political soul—of George Washington’s America. At stake was the future of the experiment in independence to which he had devoted his life. **\$**

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rule was to leave things better than you found them. John was full of wisdom. I liked the way he solved problems. He never got upset, and he was a phenomenal listener.”

Whitehead himself stressed the importance of listening many times in his book. A frequent expression was “you can never learn anything when you are talking.” That listening was hardly passive, though. Cowen said Whitehead was an archetype of *shibumi*—a Japanese word meaning literally “effortless perfection” but taken in business to mean “authority without domination.”

Whitehead was co-chair of the Museum’s Advisory Board, and Cowen noted that “he loved being co-chair of our Advisory Board, just as he was co-chairman at Goldman.” Elaborating on the *shibumi* theme, he added, “John treated everyone with respect, regardless of their position in life. He was very generous with his time, but he always kept the big picture in his mind. That is leadership. And there was also always a touch of elegance with him.”

William Donaldson, chairman of the Advisory Board at Perella Weinberg Partners and co-chair of the Museum’s Advisory Board with John Whitehead, said Whitehead was a leader in everything he undertook.

“That ran from World War II to leading Goldman Sachs through growth and a reputation for integrity. After his long career on Wall Street he led a life of continuing contribution to numerous causes, especially the Lower Manhattan Development Corp.,”

Donaldson said. “John was a dear friend and a shining light in all things. But that light was brightest around his integrity.”

Many of Whitehead’s friends refer to his sense of humor, but none so fondly as his daughter Anne. “He had a great sense of humor, a zany, fun sense of humor. He loved the operettas of Gilbert & Sullivan, and would sing along to all the songs. He was passionate about music. He was also an avid sailor. We used to race sunfish on Nantucket, and would charter sailboats—always sailboats—up to 60-footers.”

Not surprisingly, Whitehead was a mentor to succeeding generations, just as he had been fostered by some of the giants of Wall Street. In particular, Anne recalls a time when Janet Hanson joined the Whiteheads on a family vacation. Hanson was the first woman promoted to management at Goldman Sachs. She founded 85 Broads, an important organization of women executives named after Goldman’s address at 85 Broad Street. It has since been renamed Ellevest. “Dad was a mentor of Janet’s and a long-time friend,” said Anne. She remembers fondly how her father feigned great indignation when Hanson beat him at bridge.

Another fond memory blends Anne’s affection for her father with admiration for his holding high standards for himself and everyone.

“I was in fourth grade or so, and when Dad was home for dinner we would dress for dinner. Mom was hell-bent on my

brother Gregory and me being brilliant conversationalists. So during dinner Dad turned to me and asked, ‘So, Anne, what did you think of the Kosygin-Gromyko Pact?’ I was in fourth grade! But Dad said we should know the headlines in the paper every day.”

Anne Whitehead became a successful corporate attorney specializing in mergers and acquisitions, but she still keeps up on world and national news. “It became a strong bond between Dad and me. When my ex would see me rifling the newspapers he would ask, ‘Oh, are we meeting with your father today?’”

Duncan Niederauer, former CEO of the New York Stock Exchange and recipient of the Museum’s 2014 Whitehead Award for Distinguished Public Service and Financial Leadership, said Whitehead left a lasting impression on everyone he encountered.

“His principles of putting the client first, leaving every situation better than you found it and fulfilling one’s obligation to pay it forward are among those that will stay with me throughout my life,” Niederauer said. “He was a man among men, a leader among leaders, a hero among heroes and, most importantly, a citizen among citizens.” **\$**

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