



Thoughts from Linda:

The Yellow Pad
*Making Better Decisions
In an Uncertain World*

Robert E. Rubin
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100%!

That is a popular phrase today, especially among teenagers who exclaim this when they readily agree with you. At least, that is my experience with my teenage grandsons. While they will most likely not read this book (at least not in their teenage years), they would benefit from it greatly.

The book's title refers to a process that Robert Rubin describes as 'using a yellow pad' to exert a particular type of intellectual rigor in examining issues and arriving at decisions with the highest probability of success, with the clarity that nothing is '100 percent certain.' Rubin notes in the *Introduction* that his most useful and significant class during his first year at Harvard was 'Introductory Philosophy' taught by the Alford Professor of Natural Religion, Moral Philosophy, and Civil Polity, Professor Raphael Demos. It was here that he first focused on how to think about thinking itself. It was here where he came to realize that "nothing can be proven in an absolute sense...and that everything is uncertain." He credits Professor Demos with helping his students understand "that by thinking critically, we could make our way in a challenging world while fully embracing its complexity."

In this book, he explains how he uses a yellow pad (now an iPad) to evaluate situations and understand root causes and options by breaking the issues into elements to which he can attach probabilities of success in numeric terms. He tells fascinating stories of his use of this approach as a key executive on Wall Street and in the U.S. Government, where he played a significant role as a person who was often 'in the room' when major decisions were taken in the Clinton Administration and others.

Robert Rubin is known for his financial acumen, vast experience at the highest levels of government, and his successes in business, the world of non-profits, and international relations. I remember first learning about him during the Clinton administration when he helped solve a challenging situation with the solvency of the Mexican peso. He walks the reader through the conversation during this crisis when he was Director of the National Economic Council and Mexico was facing a sovereign debt crisis. He uses this example to point out a few things about decision-making in general.

Rubin cautions against reaction and favors responding, a distinction he explains thoroughly. In a wise passage, he notes a key to sound decision-making "is not to resist having strong feelings about an issue. It is human nature to have emotions. The question is: Do you get swallowed up by your emotions? Or do you have an emotional reaction, recognize it, and then manage to postpone your initial impulse long enough to make a considered choice? Responding takes discipline; reacting does not."

In the Mexican fiscal crisis, he responded after careful consultation with others (another key decision-making approach he favors) and conducting robust discussions where people could seek disagreement rather than gravitate toward easy consensus. He gives major credit to President Clinton's ability to and the practice of seeking a wide range of thoughts and opinions. And, if he heard none, would push the issue forward by asking, "Okay, what's the other point of view?" Rubin says that "Clinton would not just tolerate taking different viewpoints, he embraced them as essential to understanding. And his psyche never seemed to feel threatened if someone who disagreed with him, was better informed, or seemed to be thinking differently about an issue than he was." The Mexican situation was resolved when the U.S. loaned Mexico money and then saw it pay the country back with interest. This decision was critical and illustrated the power of his approach to rigorous thinking. In this case, the smart action was critical and saved the Mexican economy and the disastrous implications that their dilemma could have had on the U.S. and global economy.

The book has numerous stories of tricky conversations, and there is much to learn from his approach and counsel. I particularly appreciated his stories of Al Gore and his early warnings of global warming as an existential threat, the examples provided about Vernon Jordan as a strong metrics-oriented thinker, and learnings from Tim Geithner, the Secretary of the Treasury during the Global Financial Crisis. He introduces you to his granddaughter, Eliza, with a most interesting story of her quandary as a student at Harvard about how to deal with a group there that wanted to invite a white supremacist to speak on campus. He ended up discussing this topic with the President of Harvard, Drew Faust. He began to understand from her just how complicated the issue of 'free

speech' is in the university environment. There are many other vignettes throughout this book that illustrate opportunities for rigorous thinking and the 'yellow pad' approach in action.

The story of how President Clinton and Trent Lott built an agreement on the 1997 Budget is illustrative of just "what it takes for democracy to work," as it shows a commitment to effective governance and how to work with those who do not share your views. He spends time in the book with the current issues facing our country, noting how we have deteriorated in our ability to self-govern as our leaders seem unable to find ways to collaborate for the common good in today's environment. He asks the fundamental question: "How do we restore functionality to our political process before it is too late?"

He offers much advice and lays out many descriptors of his approach to life and business developed over his 60 years in most senior positions. You'll learn about "energetic curiosity," "unfettered discussion," and "constructive skepticism." I found him to reflect an honest humility about his successes and missteps, recognizing his privilege and calling out his good luck. He provided several key examples where he had changed his mind and position on certain issues over time, for instance, with the seriousness of climate change and the significance of the wide distribution of wealth in America.

One aspect of the book I enjoyed was reading about something that today seems almost impossible to contemplate: a balanced federal budget and the government surplus created during the Clinton administration when he served as Secretary of the Treasury. He has a good treatment of particular economic theories and issues throughout the book, zeroing in on his beliefs about the value of paying down our debt as an effective strategy which was a position he held during his entire life in public service.

Robert Rubin has had a unique window into many important inflection moments in recent history. He does an excellent job of taking those lessons to heart, explaining his approach, and expressing how his values have driven his life's trajectory. There is much to learn from his story.

He was born in New York but soon moved to Miami, where he lived in his early years. He graduated from Miami Beach High School and Harvard with an A.B. summa cum laude in economics. He then attended Harvard Law and the London School of Economics, ultimately earning his LL.B. from Yale School of Law. He briefly served as a private attorney for a firm in NYC and then joined Goldman Sachs in 1966 as an

associate in the risk arbitrage department. He became a senior partner of the firm and served in numerous leadership roles there. His business experience is significant, as he also served on the Board of Directors of the NY Stock Exchange, the U.S. Securities and Exchange Commission Market Oversight and Financial Services Advisory Committee, and later as a key executive at Citi Corp.

His political experience includes serving as the N.Y. finance chairman for the Mondale presidential campaign in 1984 and as the leader of the host committee for the 1992 Democratic National Convention held in NYC. He served in the Clinton administration as the 70th U.S. Secretary of the Treasury and is credited as a force behind Clinton-era economic prosperity, including the 1993 Deficit Reduction Act and the Balanced Budget Act of 1997.

The book is divided into twelve chapters, with titles such as *Reacting Versus Responding*, *Risk as Range*, *Mrs. Collins' Question*, *Applied Existentialism*, *How Do We Learn from What Goes Wrong*, *Not Everything is the Alamo*, and *The Case for Engagement*.

Two of his last chapters are quite compelling as he reveals more of his values and assessments of our current situation today in America. In the chapter, *Foundational Questions*, he addresses many questions about our country that we may have had in the past, assumed to have been answered, including the big one: "Is democracy always, under all circumstances, the best possible form of government?" He shares his belief: "I believe in democracy because I believe it provides the best possible chance of government serving the public interest and because it best allows for a set of basic freedoms I would not want to relinquish. But (he carefully notes) my opinion that democracy is better than other systems, however firmly held and however well supported on moral and practical grounds, remains an opinion rather than an unquestionable fact."

He discusses conditions that make it more likely for an effective, stable democracy to emerge. In his final chapter, *The Case for Engagement*, he posits that it is critical for people to engage with the world. As his 'yellow pad' is all about probabilities, his counsel ends with an admonition "that if more people devote themselves in some way toward overcoming the major threats to our democracy—of we refuse to treat the challenges facing our world as other people's problems, and abandon the hope that other people will solve them without our deep and thoughtful involvement—it will be a tremendous boon to society."

As he says, "None of us can save the world, but we can each try to alter the odds in its favor."

If you select this book for your bookshelf, you will probably be glad you did.