The Economic Club of New York

467th Meeting
110th Year

Jeffrey R. Immelt
Chairman and Chief Executive Officer
General Electric

June 22, 2017

New York City

Interviewers: Peter Henry
Vice Chairman, Economic Club of New York
Dean, New York University, Stern School of Business

Rana Foroohar
Associate Editor and Global Business Columnist
Financial Times

Introduction

Vice Chairman Peter Henry

Good evening, and welcome to the 467th meeting of the Economic Club of New York in our 110th year. I'm Peter Henry, Vice Chairman of the Economic Club of New York and Dean of the New York University Stern School of Business. (Applause) Apparently we have a few students in the house tonight. The Economic Club of New York is the nation's leading nonpartisan forum for speeches on economic, social, and political issues. More than 1,000 prominent guest speakers have appeared before the Club over the last century and have established a strong tradition of excellence.

Tonight, I would like to take a moment to recognize the now-248 members of the Centennial Society, each of whom has made a one-time donation of $10,000 or more, and some of them are seated at the Centennial tables in the front of the room. Could we please give all the Centennial members a round of applause please. (Applause) We also have joining us this evening members of the 2017 ECNY Fellows Program pilot class, which was funded through the support of the Centennial Society. Through this program, we hope to introduce the next generation of forward-thinking business leaders to the Club. I would also like to welcome to the tables, welcome the tables of students joining us today from Baruch College, the Lubin School of Business at Pace University, Rutgers Business School, CUNY Graduate School, and the New York University Stern School of Business, all underwritten by the Club and the generous support of a member.

And now, it is a great pleasure for me to introduce our guest speaker this evening, Jeff Immelt, Chairman and CEO of GE. As many of you know, Jeff has held several global leadership positions since coming to GE in 1982, including roles in GE's plastics, appliances, and healthcare businesses. In 1989, he became an officer of GE and joined the GE Capital Board in 1997. In 2000, Jeff was appointed President and Chief Executive Officer. He has been named one of the "World's Best CEOs" three times by *Barron's.* And since he began serving as Chief Executive Officer, GE has been named "America's Most Admired Company" in a poll conducted by *Fortune* magazine, and one of the "World's Most Respected Companies" in polls by *Barron's* and the *Financial Times.*

Jeff serves as a Director of NBC Universal Media, LLC and NBC Universal, Incorporated. He also serves as a Trustee of the Ronald Reagan Presidential Foundation, Incorporated, and is a Director of the Robin Hood organization. In addition, he serves as a member of the Executive Committee of the Business Roundtable, Jeff was the Chair of President Obama's Council on Jobs and Competitiveness, and is a member of the American Academy of Arts and Sciences. He earned an A.B. in Applied Mathematics from Dartmouth College in 1978, where he has been a Trustee since September 2008. He earned his MBA from Harvard University in 1982. He and his wife, Andrea, have one daughter. Jeff, we look forward to hearing from you. Our format today is a conversation, and Rana Foroohar, Associate Editor and Global Business Columnist for the *Financial Times*, will now join me for a three-way conversation with Jeff. Please come forward. (Applause)

Many thanks to those members of the audience who shared questions and topics for us to explore with Jeff through the Club's online portal, and I just want to remind you this conversation is on the record and we do have media on the balcony. So, Rana, Jeff, welcome. It's great to be in this conversation. So, Jeff, 125 years of GE, you've been CEO for 16-plus, so almost, a little bit over an eighth of GE's life, you've been the CEO. Tell us about the things you feel greatest about, that you've been able to accomplish with your team and your organization, and things that you wish had gone a little bit differently.

JEFFREY R. IMMELT: So I would say, you know, one of the things GE has always believed in is tenure for the CEO. So for, you know, a big company, it just takes a while to drive change. So, I think in 16 years we've really led – I would say – five big changes. One is portfolio. You know, I just don't think any of us felt like the company in 2001 could stand the test of time. You know we were in media, jet engines, plastics. We did pet insurance. (Laughter) You know, we did a pretty broad variety of things, right? And we felt like the company needed to be, have a different look, and that's hard. So, we're probably one of the few management teams that bought $100 billion for the business and sold $100 billion worth of business in that time period. I think the second thing is we wanted our, let's say our competitive advantage, our competitive mode to be technology-based. So we really felt like the only thing sustainable for an industrial company over time is the ability to lead technically. And, you know, that works. This week we had the Paris Air Show. GE took $30 billion of orders in the Paris Air Show and our nearest competitor took three, and that's because of consistent investment in technology. The third thing we did is we globalized the company. So when I joined GE in 1982, we were 80% in the United States. When I became CEO, we were 70% inside the United States. And now we're almost 70% outside the United States. And we have high market share, so we play at scale in China, India, any place you want to go, we play at scale. The fourth thing is we basically made the determination in about 2010 that we had to participate in the digitization of industrial assets, that basically the intersection between digital technology and industrial technology was going to be, really in some ways, the seminal technology of the next generation, and we wanted to become basic in that. And then the last thing I would say, Peter, is you know I grew up in very much a centralized process-based company and we really simplified the place to be a more decentralized risk-based company. So, you know, that's seven minutes to describe 16 years of work because each one of those things is hard. Now, I think if you were a business executive in 1982 until 2001 you had never seen a terrorist event. You had never seen a terrorist event. And if you go from 2001 until 2017, terrorist events is all you've seen right? So you've had 911, you've had the global financial crisis, Fukushima nuclear plant, the BP oil spill, I could go down the list. And so I think people of my generation had to learn what I would call really enterprise risk management on the job. We didn't grow up that way. And I think that's the one thing that, if I could go back, I wish I had seen experience of that way. I always tell the story, like in 2008, you know, 2008, you know Bob's my buddy here, and other people who lived through, Terry, the 2008 financial crisis, you know, it was crazy. I wouldn't even be able to explain how, like the alarm clock would ring at 5 a.m. and I exercise in the morning, and I'd go downstairs and I'd say, okay, do I really have to turn on CNBC this morning? Or can I just pretend like I'm in some alternative universe. So it was crazy, you know, and I just wanted to talk to, one day I just wanted to talk to somebody, just because I was, you know, I just said, you know, I just need relief right now. So I called one of the old GE executives that had retired and I said, you know, I just need someone to talk to. He says, you know, yes, you know what you're going through now reminds me of the 1998 ruble devaluation. I said, no, that would be like recess. (Laughter) In other words, the best 15 minutes of any day would be that. So I just said, hey, great talking to you. I'll call you again. So, the guys in that generation, they'd just never seen what that one in a million thing looked like. And that's the one thing, Peter, I wish I'd had that before I became CEO of GE. But it was just, like if you were an American business person, the economy is growing at 4% a year, there's no inflation, there's no war, China didn't exist, your only competitors were Japan and Europe, you know, and the world today is just so much different.

RANA FOROOHAR: I'm going to jump in here, Jeff. There's so much to pick up on there – political risk, what it means for business. But I have been fascinated by the transformation that you've orchestrated over the time that you've been at GE. I mean selling capital, turning the company from being a "too big to fail bank" to going back to your roots in industrials. And in some ways, you were basically looking at the emerging markets and making this play of this is an opportunity for a multi-decade infrastructure build here. We're going to be part of this. That was the same play that in some ways made GE rich in the 50s, but it's a long-term play. And you've had to come up again and again, and in the last few weeks, against investor pressure, you know, for short-term earnings. This is something that a lot of CEOs are dealing with right now.

Tell us a little bit about that process and that those pressures and how you view them.

JEFFREY R. IMMELT: I think – not just GE but every company – you know, look you've got different constituencies. You know my name is not above the door – investors own the company. I feel an incredible amount of loyalty to them. I feel an incredible amount of duty to them. And it's a changing base really, you know, if you think about the world of investing, it's a changing base. There is, customers who are extremely valuable, you know, and if you're running an investment company, really customers determine your success. There's just no way about it. And then I think, Rana, the thing people don't understand is I feel a tremendous amount of responsibility for the 300,000 people that work for GE, you know, a tremendous amount for the communities they live in, developing their future, and all three of those constituencies is incredibly important. I think the only mitigant to what you described about is transparency. And again, if I look at, there's a thousand things that changed between 2001 and 2017 – transparency is one of them. When we would do earnings in 2001, we would fax a one-page press release and say, hey, don't bother asking too many questions, I don't want to be bothered. Now, you know, the annual report is that thick. So, the only chance you have, Rana, is you've got to say this is what we're doing. And if you want to be part of this company, here's the investable themes about GE. And we still need to be accountable for all the things we say, but I think that's the best you can do. 911 happens, I had been CEO for two or three days, stock markets closed for a week, and we had been the insurance business, reinsurance business, right? We took a billion dollar charge on World Trade Center 7. We announced it on a Thursday. The stock opens up Monday morning, we're down, I don't know, we're down $7, $8, right? And our largest shareholder owned about 400 million shares. They flushed half. And I called him up and said, hey, dude, just slow down a little bit, you know, you're going to wear us out. People are scared. And he said, look, I didn't realize you guys were that big in the insurance business. Now, if somebody owns 300 or 400 million shares and they don't really know what you're doing, that's a missed __, right? That's an missed ___. Now we owned part of that, right? We owned part of that, and they owned part of that. And I think what I've learned the hard way, so I haven't always been perfect at this, is the importance of just absolute transparency. Here's what we're doing. Here's what we're investing in. You should either be on this ride or not. And then we need to be accountable for that, and that's the key.

RANA FOROOHAR: Peter, feel free to jump in, but I'm going to keep going on. I'm really fascinated by how you guys have been in the middle of this debate over U.S. manufacturing in the last few years, and I'd like to get your sense of where that debate is now. When I was at *Time* a few years ago I did a big cover story on GE. I actually spent a lot of time at your factory in Schenectady. And it was fascinating because there was an entire local ecosystem that was built around this operation and there was a lot of SMEs that were local and there were community colleges that were feeding you guys, and there were great jobs, really high end jobs. On the other hand, a lot fewer than there might have been ten, fifteen years ago. How does that play out? How far can localization and the sort of things you guys have been doing, not just in the U.S. but all over the world, go? And does that actually fix the problem that has created the kind of polarized politics that we might talk about at some point?

JEFFREY R. IMMELT: So, really, it's a great question. It's a multi-tiered question. And I'm not sure that I have all the right answers, but I would say in the products we make today, we look, we kind of invent the product and the manufacturing process at the same time. So manufacturing is a huge competitive advantage for us. So, we look at manufacturing today as a big advantage and the labor content of most GE products is only maybe 10 or 15%. So our whole business is about material, strategy, technology, how do you get down the learning curve. And therefore, we've tried to design the company, Rana, to be one where we can make whatever we want wherever we want to. So, that's point number one. Point number two, we're quite a big exporter from the United States. We're a $20 billion-plus exporter. Really, our products are as competitive here in the U.S. as almost any place else in the world because we've got innovative manufacturing, innovative workforce. We can do a lot of things here. Look, in 1980, or the 1980s, globalization for GE was shutting down factories in the U.S. and moving them to Mexico for purely the purpose of wage arbitrage. Those days are over. You know fundamentally, you know, you've got two hours of labor on a refrigerator at $4 an hour in Mexico, $17 in the U.S., you can't tell the difference today. You just can't tell the difference. So when we globalize today, we globalize to get access to markets. We globalize to get access to China, to get access to Europe, to get access to Africa. It's not anymore about, you know, kind of cheap labor. Now, your point is how many jobs can come back and why? You know we've gone from let's say 20% of jobs in manufacturing to 9%, let's say over the past 20 or 30 years, Germany's at 24%. So, what I would say is it's not going to go back from 9 to 20%, but if we're at 9% and Germany's at 24%, there's no reason why it shouldn't be higher than 9. And why is Germany so good? Because all they think about is exports. You know they basically have a great well-developed SME community. When Angela Merkel gets off a plane, 25 German CEOs get off right behind her. They have a highly aggressive Ex-Im bank, maybe the most aggressive Ex-Im bank in the world. Their banks are horrible so the Landesbanks..and the reason why they're horrible is because the government says, look, the purpose of banks isn't to make money, it's to give money to the __. It's really to give money to the __, right? That's why you exist. It's not to earn money. So the whole play they run, you know, it's like a football team. It's like Vince Lombardi running the power sweep, you know, they're running a play that's all about exports, seven days a week, 24 hours a day. Now, that's never going to be possible in the U.S., but I think in many ways we've made – not overtly – we've made the country less about manufacturing each and every year – regulation, training, skills, our tax policy favors importers more than exporters. And so I think if we really want to capture the promise that President Trump had and that other people had, we've got to change a lot, and we've got to make exports important as time goes on. Now, again, Rana, it's going to create some jobs, but it's not going to restore. And I think one of the false narratives that's out there today, look, we should all want to create highly value, middle class jobs. Every business person should want to do that. But we shouldn't be talking about creating the job they had in the 1980s. In other words, we spent a lot of time talking about how do we create the job people had in the 1980s versus what job are they going to get in 2018. How is it going to be different? How is it going to be the same? And that's where I think a lot of work needs to be.

PETER HENRY: I just want to jump in to connect your answer to Rana's question to work that you've done on the Competitiveness Council. So, as you pointed out, the central narrative has got to be we want to be a high wage country. And you talk about Germany, Germany is a high wage, low-cost country because they're really productive. And in the competitiveness report that you put out, I guess it was seven-plus years ago now, you pointed out that it's not that there aren't enough jobs in the U.S. for U.S. workers, it's that the jobs that exist for U.S. workers, the U.S. workers aren't qualified to fill. How do we bridge that gap? And help us understand the connection between doing that and what needs to happen for small and medium-sized enterprises. And on the spectrum of, you know, Germany's sort of, you know, far out here on state capital and we're over here, where do we need to be to sort of make that happen?

JEFFREY R. IMMELT: So, I think there's two things here, Peter, so, two issues we have. One is we have to continue to upgrade the skills of the workforce. So, you know, big companies like GE, we can afford to have apprenticeship programs, train people, things like that. But the fundamental training that a, let's say somebody that's going to be taking a manufacturing job or a trade job or a service job, whether it's high school or a community college, isn't where it needs to be. So that's number one. The second thing is, guys, let's face it, we've been in an investment recession in this country for 15, 20 years, so the systems are old, the structures are old, the infrastructure is old. And so if you put together meager education and bad investment, you get no productivity, that's where we are right now. So, fundamentally, you know, we are in this stage of zero productivity as a country. Zero percent productivity leads to 1 ½% GDP growth and stagnant wages. So that's what we have. Now, we get into all this narrative about the dangers of technology. Everybody's, you know, if we come back to this room in 15 years, there's all going to be robots...(Laughter), and nobody works any more. You know, I think it's such BS fundamentally. Whereas, you know, to me, productivity is today there is a field service engineer for GE working on a gas turbine in Texas, right, that person today can get 100 years of history, all of the drawings, all of the fleet maintenance records, the digital twin, all of the analytics, through virtual reality right in the field – if we can get 5G technology and so on, right? So that worker becomes worth $100,000 a year instead of $60,000 a year because we can fix everything right the first time. So our vision is one of a digitized workforce that's actually more valuable, not of replacing a million people with robots. And so I think, Peter, whether it's on the Jobs Council or today, I think we're advocating for things that are going to make the U.S. more productive again because that really does support higher wages and it really does support. And then, you know, when you and I were together at the last, at the shareowners meeting in Asheville, North Carolina, right, I spent the day before in a high school in North Carolina where we hire people to go to work in a factory we have there. So, let's say we hire twelve, we're going to train them and they're going to walk in and over the course of let's say the next decade, they're going to have a good job that earns $25, $30 an hour, and they're in a graduating class of let's say 200. So those twelve are going to have an amazing life. It's how do you get more of that in there? Because they're going to get the training, the career that they can develop. And so training, but as important is infrastructure and productivity. That way productivity has flat-lined. If we can get U.S. productivity back up to 2 or 3%, that's higher wages and that's economic growth. And that really is the story of, it's why so many people are into tax reform which is our economy is growing as fast as it can when the consumer is the only person pulling the wagon, right? So if the consumer is the only person pulling the wagon, that's a 1 ½% GDP growth. If you can start getting caps back in the system, that's a 3% GDP growth. The theory is tax reform might bring that.

RANA FOROOHAR: I want to follow up on a question that I think kind of knits together some of those things. You told an interesting story to me about a new factory in West Lafayette, which happens to be where my parents live, West Lafayette, Indiana. And you said you chose it in part because, not just Purdue is there and that's a great engineering school, but it has great high schools, it has a great ecosystem around it, and that the state also supported your coming there with a lot of knock-on investment. I'm wondering if you can tell us, at a federal level, what dots still need to be connected? And what are you seeing from the administration that you like? And where do you see disconnect in terms of creating that kind of ecosystem?

JEFFREY R. IMMELT: So, I think, you know, in my GE career I worked in what was called parks, right, Appliance Park, things like that. So Appliance Park, I worked in the late 80s, let's say peak employment was maybe 30,000 people, something like that, incredible. Schenectady, same way, I could go down the list. Our new factories are like 500 people because they're all self-directed, they're high-tech. There's one manager in the whole factory. And we tend to put them in college towns. To Rana's point, what we do is, not because we're going to have all Purdue grads working the line, but because the high schools are better, the access to training is better. You get, you know, you just get this rub-off effect between, so Auburn, Alabama, West Lafayette, Ann Arbor, we go to more college towns for that now. And then one of the things that happened in Indiana was, you know, in all these factories, so for every GE job, there's eight in the supply chain and Mitch Daniels was governor, and what he wanted to do was build an industrial park in West Lafayette that would bring suppliers there that are doing parts supply, parts design, added manufacturing, logistics, you know you go down the list. And he created incentives, both investment incentives, training incentives, tax incentives, not necessarily for GE but for the SMEs. So they would bring a fully-formed ecosystem into that state, and he was extremely hands-on. The state designed it themselves. And that is a workable model. So I think in a lot of ways, Rana, this is less what the federal government can do, this is more in the purview of states and cities and things like that. I think it's something that President Obama used to talk about, that President Trump is going to talk about, but for you, you know, I would always say to reporters, look, we had, all of the election in 2016 was all about how do you create a $30 an hour manufacturing job. That's what Secretary Clinton was talking about, that's what President Trump talked about. But neither one of them had ever been in a factory. (Laughter) You know, it's like, I always tell people, look, I always agree with, like the first five minutes of a Bernie Sanders speech, I agree with. It's the last 50 minutes...(Laughter). We have a wage discrepancy. We're not creating enough middle class jobs. He's right about all that. But the solution isn't to crush business people, right, and therefore, we should have more regulation, higher taxes. So I think nobody yet – and it's not written about that much – if this is what it's all about, what's the formula? You know how do we think about it? What incentives? What's the play you have to run? I said Germany's done a pretty good job of that. You know, China does, just by the sheer force of what they do. And, you know, I was at the White House and we were talking about 5G, which, you know, I learned a lot today because it's just a seminal technology and we don't really, we don't hang around with the telecom guys that much, so I really learned a lot and you understand how important it is. But the thing we don't understand as Americans is there's an opportunity cost to doing nothing. Because China and Germany, you know, we have, we used to have, you know again, I'm retiring so...

RANA FOROOHAR: I doubt it...

JEFFREY R. IMMELT: Look, we just didn't have any competitors before, really. I mean the distance between the U.S. and the rest of the world was mammoth in the 1980s and 90s. Now there's, you know, China's really, you know, I listen to commentators sometimes on TV say, ah, you know, the Chinese, they're just like Japan in the 80s. We thought Japan was going to kill us and look at what we did to them and now the Chinese are the same. If you take nothing else away from tonight's dinner, China is different than Japan. Write that down. They are very different. Germany is really good. The companies are really good. The country is really smart. The leader is really good. So, as a country now we have bona fide competitors, big competitors, and every day we spend just kind of screwing around, you know, if they're doing something, you know, we kind of fall behind. So, I think that's a big difference now.

RANA FOROOHAR: You gave an interesting speech recently on globalization which I thought was great, and you mentioned a couple of paradigm shifts in terms of why globalization has come under such criticism and what really changed. And you said China changed, they figured out how to make state capitalism work. That changed the rules of the game. But you also made a point which, frankly, not a lot of CEOs have publicly articulated, which was that the elites themselves lost touch with what globalization was all about. How do you see that playing out going forward? And how, you know, are there, in the politics right now, do you see things reconnecting? I mean do you see the election, for example, of Macron in France as, okay, maybe we're over this populism thing and we're headed in a good direction? Or no, are these seismic kind of economic trends still pushing us...

JEFFREY R. IMMELT: I think we're in a very different position today, Rana. I think, first of all, I would say having President Macron in France, that's great for France. It's great for Europe. I think it's great for the world. Look, from the 1940s until recently, right, it was a very tops-down globalization. It was Bretton Woods. It was WTO. It was big trade deals. And that was a play that worked for 70 years and that ran out of steam. China plays a different game. I'd say really, you know, globalization today is really extremely local, extremely local. And we think about connected localization in the, if you want to win in China, you know we have 23,000 people in

China, right, we see Africa from the ground up. Globalization used to be tops-down. Now it's bottoms-up. So, you know, if you get a bunch of fat cats like me congregating in Davos, all you're talking about is tops-down globalization, you're part of the problem. You're not part of the solution anymore. And so, I would say you had China come on the scene. Globalization became, think about it, we allowed globalization to become synonymous with out-sourcing. It's crazy. It became synonymous with labor arbitrage and cheap labor. We lost that one. So we lost that one. We looked tops-down. We thought trade deals would solve everything. The Chinese play a tougher game. And it's no, you know, it's no doubt that people sit back and say, you know, globalization doesn't work for us. So, I would say ten years ago we basically embraced, we took, let's say the second most powerful person at GE, we sent him to Hong Kong. We took people that used to be running businesses, they became geographic leaders. And we allowed the company to become broadly decentralized in regions around the world. And we know the difference between Indonesia and Vietnam, right? We know the difference between Tengen and Guangzhou. We have people on the ground. And I think it was really one of the smartest things we did. It's because we're just a part of every economy. If I was going to take you to go see the President of Nigeria, I would walk in with a dozen Nigerians who had a GE business card. So that's globalization today. Now, the last thing I would say is really look, President Trump saying America First makes him the 107th president of countries that are saying the same thing. Right? I mean the Europeans, look, when we announced the acquisition of Alstom in 2014, the government of France stopped us at first because they were a national champion. So, every country in the world is saying build it here. We looked odd by not saying build it here. So I think in some ways his focus on, hey, we need jobs too. Let's have a level playing field. Let's have a level playing field. Because, look, GE can't buy a Chinese company today. We can't do M&A with a Chinese industrial company. So let's get, let's get everything out there in the open, and let's not ask for anything other than just a completely level playing field. And that, I think, is right now, look, things like, we shouldn't rip up NAFTA. That's crazy, right? What's one great thing the U.S. has? We have great neighbors. Nobody's launching a nuclear, you know, the Canadians are not launching nuclear missiles over our head. We don't have to worry about things, you know, like the Japanese have to worry about or the Chinese have to worry about, or if you're in Europe, right, you've got worry about. We have good neighbors. We're crazy not to, but NAFTA is not going to be re-authorized if the only basis to have an association with Mexico is because they have cheap labor. That maybe worked in 1992. That's not going to work in 2017. So, I find the one thing, look, I can pick up an article in the FT, I can buy a business book on strategy, companies, CEO profiles, whatever, the one thing that I never sit back and say, gosh, why didn't I think about that, is on globalization. I just think the world is mainly playing, running an old play in a time when only new plays work and globalization is really one of those areas.

PETER HENRY: Can I push you a little hard on the new play, Jeff, that looks like...so West Lafayette, Lagos – U.S. is basically less than five percent of the world's population. We produce almost a quarter of the world's GDP. There's no way that happens without globalization, without trade.

JEFFREY R. IMMELT: Completely.

PETER HENRY: And what you're saying is, you know, the beginning of the speech is the same for everybody, but then the last 50 minutes is different for everybody and no one is getting it right. Because the folks in West Lafayette or Oklahoma or wherever they may be, they need Lagos.

JEFFREY R. IMMELT: Ninety percent of what they make is going to be exported.

PETER HENRY: Exactly. How do we tell that story?

JEFFREY R. IMMELT: Let's say a third of their output, a third of their output is going to go to China. I mean the Chinese civil aviation market is going to be bigger than the U.S. someday. And we have, let's say roughly 70% market share in China of jet engines. So we're going to export all those engines. Now, why are they successful in China? Because we have 23,000 people in China, because we're putting the engine on the C919 with Comac, because in China, even though those products are coming from the U.S. we're local. We're local. You know, even when I was CEO, look, I would go visit the ambassador in Beijing, the first thing, I would check into the hotel and then I'd go see the U.S. ambassador and say can you help me do 17 things. I really don't even know who the U.S. ambassador is to China. I haven't been in the embassy in probably five or six years. I respect them. I'm glad they're there, but we've kind of gone beyond the fact of needing them. So when I think about, look, if President Trump, if we can get tax reform, infrastructure, regulatory reform, and he just says, look, outside the U.S. you're on your own, I'd be okay with that. I'd say okay, if you could do those three, I'll take that deal. Let's do that deal. So I think we just have to be local in those places. That's the only way it works.

RANA FOROOHAR: Let me ask maybe one more question and then, Peter, I'll turn it over to you and we'll wrap up so you call can have your dinner. In this new world that you've just sketched, you have to be local yet global, you have to deal with a lot of political risk. Volatility, you don't know where it's coming from. Talk about the kind of leaders that you think are necessary. I mean I'm fascinated by how CEOs have evolved, you know, we had the celebrity CEO and then for a while after 2008, everybody kind of put their head below the parapet. What kind of person is needed right now?

JEFFREY R. IMMELT: Look, I would give you, maybe an unsophisticated answer, because I think in some ways the way you ask the question is, it's really one of the most amazingly important questions right now because I think the disruption, just the pure disruption in even old industries is breathtaking. It's breathtaking. So you have, you talked before, investor disruption. You've got all kinds of technology disruption, you know, Amazon buying Whole Foods. I guarantee if you were running Kroger last Thursday night, right before you went to bed, in your realm of possibilities, that wasn't there. So, you've got technology. You've got infrastructure.

You've got business models. You've got people that are saying, you know, there's more asset service models versus selling product. You've got geopolitical risk. You know one of the enterprise risk factors you have as a company is what happens between governments and government policy. And so I think it just says that the seminal trait of a leader today is just resiliency. It is the complete package of, I ask good questions, I listen. I don't panic. I pivot. I take heat. And just I think, Rana, I think leadership today is resiliency. It's resiliency. Because none of this is going to get any easier – it's going to get harder – and you've got to be able to kind of think on your feet, pivot, change, take a punch. You know, I always quote the great philosopher, Mike Tyson, right, who says, "everybody has a strategy until they get punched in the nose." It's one of the great lines of all time. And it's just this ability to kind of scenario plan, and then know what you stand for. You know for us, look, we say, look, we're going to win in the in industry. We're going to win in manufacturing. These are immensely disruptive ideas. We want to invest. We need to find the right ways to fund it and things like that, but you've got to pick those spots. But I just think, you know, the one thing I've learned over 16 years is the one thing you can't control is the environment. And so what you'd better be able to control inside your own company is this kind of ability to play and pivot. You know, for us, look, having oil at $50 or $40, that stinks. It's better for GE if oil was $60 or $70. But instead of crying about it, we used this one opportunity to acquire an oil field service company that we would have never been able to do if oil was $70, right? So you ebb and flow your strategy based on, you know, kind of how it goes. And I just think that's what it's all about today.

PETER HENRY: I think resilience is a good note on which to end. I want to thank Jeff and Rana for a really insightful conversation. Jeff, I really hope that you enjoyed being here as much as we enjoyed having you here. And let me say this also, Jeff, as the dean of a school that teaches thousands of students that business can and must be a force for good in the world, I want to thank you for your courageous, authentic, and transformative leadership. You've been a great example for thousands of students. So please give Jeff a round of applause. (Applause) And some minor housekeeping notes, the next meeting of the Club will be a breakfast on June 29 when we will host Bruno Le Maire, the new Minister of Economy and Finance for France, followed by our closing event for the season featuring SEC Chair Jay Clayton for a lunch at the Plaza Hotel on July 12. So many thanks again for joining us this evening, and please, everybody now enjoy your dinner. Thanks very much. (Applause)