

The
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The Economic Club of New York

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Jamie Dimon
Chairman and Chief Executive Officer
JPMorgan Chase & Co.

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In-Person/Hybrid Event

Moderator: Marie-Josée Kravis
Chair, Museum of Modern Art
Chair Emerita, ECNY

Introduction

Chair John C. Williams

Alright, good afternoon and welcome to, what is the 756th meeting of The Economic Club of New York. I'm John Williams. I'm President and CEO of the Federal Reserve Bank of New York, and I'm Chair of the Club. Recognized as the premier nonpartisan forum in the nation, The Economic Club of New York stands as the leading platform for discussion of economic, social, and political matters. For more than a century, the Club has hosted over 1,000 preeminent guest speakers contributing to our tradition of excellence.

I'd like to extend a warm welcome to the students who are joining us virtually from Columbia Business School and NYU Stern School of Business as well as our largest-ever Class of 2024 Fellows – a select group of diverse, rising, next-gen business thought leaders. And we extend our gratitude to Andalusian Private Capital for generously sponsoring multiple tables for this group to attend today.

Now it's my honor to welcome back our guest and Club Member, Jamie Dimon. As you all know, Jamie is Chair and CEO of JPMorgan Chase & Co. And after a long career in the financial services industry, Jamie became CEO in 2006 and one year later was named Chair of the Board.

The format today will be a conversation with ECNY Chair, former Chair Marie-Josée Kravis. Marie-Josée is a noted economist and Chair of the Museum of Modern Art. And we're honored and very pleased to have her as our moderator today. So we'll end promptly at 1 pm. And as a reminder, this conversation is on the record, and we do have media on the line. So I know everyone is waiting for this event, so without further ado, let me welcome Jamie and Marie-Josée to the stage.

Conversation with Jamie Dimon

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, thank you, John. And thank you, Jamie, for being here. It's been five years since you've been to the Club. And as you can see, our members are really thrilled that you're back with us today. And speaking of anniversaries, I think that it's in July that you'll be marking the 20th anniversary of the JPMorgan Chase-Bank One merger. And at the time, it was the fourth largest bank in the world by market cap. It's now number one. So we'll get to discuss with you what's next.

But before we get to what's next, I really wanted to talk to you more about geopolitical issues because you really emphasized that in your shareholder letter. And I wanted your views on what you felt were the most important, most critical geopolitical issues that face our country, but also face the bank. And I guess you identified China as

number one. Why?

JAMIE DIMON: So, you know, first of all, welcome everybody. I'm thrilled to be here again. And, you know, the geopolitical situation is probably the most complicated and dangerous since World War II. If you look at kind of the nexus of the Ukraine War, you know, 300,000 Russian troops a day, a free democratic nation on the border of NATO, threatening nuclear blackmail. It's never happened in history. Educating the world that maybe if you have a nuclear weapon you can kind of take advantage of your neighbors. It's affected all global relationships. Then you had the terrorist activity in Israel, which is now, you know, a little bit of a powder keg in the Middle East.

We hope these things resolve, but a lot of wars that go on for a year or two can last for ten, and they can have somewhat unpredictable outcomes. But it's also affecting oil, gas, trade, all military-related things, and you can see it's strengthening some American military allies. And also our relationship with China, I think that relationship is very complicated. It's made more complicated because we're kind of on different sides when it comes to Ukraine. So this is a situation you have to be careful about. The world order after World War II, Bretton Woods, WTO, trade, U.N., etc. is kind of being challenged. And if this doesn't go the right way, you can easily see a world that kind of goes more into a little bit of chaos as people realign allies, relationships, etc.

I'm a little surprised that things haven't gone worse for oil and gas. You know, people flying drones and satellites and blowing up Nord Stream 1 and Nord Stream 2, it doesn't take a lot to send oil and gas prices back to \$120 or higher. If that happens, but that's the climate, you know, all the climate folks, because everyone turns back on their coal plants – poor nations and rich nations. But it's terrible for poor countries. As you know, a lot of these countries, they're kind of struggling a little bit already.

And so we have a dangerous situation here. And it's far more important than whether the economy does a little bit better or a little bit worse this year and next year. I don't even like talking about it in the same breath because one is about the future of the free world, one is about something we're all used to, the weather. You know, things get better and things get worse in the economy and most of us have dealt with that before.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: But speaking about the danger to the free world, there's increasing concern about the axis – Russia, China, Iran, North Korea. And you're dealing in that world, and you're dealing with companies that deal in that world. What are you telling them?

JAMIE DIMON: You know, I think, if Russia wins or in any way wins in Ukraine, you probably will have a splintering apart, and maybe they're testing NATO, and that's really dangerous. And so, obviously we have to navigate the risk. You know, we have some

risk still in Russia. We have obviously a lot of risk in China. But I think the best thing with China is that we should engage, tough, open mind, open-eyed.

You know, America should remember, it's in a very good position relative to China. We have all the food, water, and energy we need. We've got the most prosperous nation on the planet, \$80,000 per person GDP. They actually import 11 million barrels of oil a day, about half go through the Strait of Hormuz or through the Red Sea, past American warships, by the way. They don't have enough food or enough water. They still have 400 million people living in poverty, a GDP of \$15,000, not \$80,000. We still have more innovation. They're catching up and we shouldn't be against that. They have terrible demographics. Biden should fully engage with them.

Obviously we should protect ourselves on anything around national security like semiconductors or rare earths, etc. But, you know, we should engage for the betterment of the world. There's no reason, other than Taiwan, that we have to have adversarial relations with them. I've also, I don't normally do this in my letter, the best thing to protect the United States is to have the strongest military. And if anyone thinks that the world is a safe place, I hope you now have lost that notion. It's not, it never will be. And we kind of forget, we got lulled into a false sense of security because we had an easy couple of years or something like that.

And then we've got to grow our economy. That's the best way to handle everything. Like our burgeoning deficit and to get more income to lower-income Americans and things like that to grow the economy. And so I talk a lot about having growth policies.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Would you talk about, you talk about the military and strengthening our military, but we're now at a point with our deficit that we're spending more on debt service than we are on defense. So do we have the American leadership to address these issues?

JAMIE DIMON: So Niall Ferguson, who is a great historian and economist wrote about, that whenever that's happened, that that country lost its leadership position. So I'm hoping there's a difference here. You know, obviously America is in a different position. The other thing that's very important because, you know, you travel the world, people look at American leadership and, you know, there's the thing, the Global South, and why America?

And so America, Bob Gates writes this great book called the *Exercise of Power*. The first chapter is called the Symphony of Power, you know, that America has overused, misused its military muscle, but nationally underused diplomacy, development finance, economic, getting American companies to do more overseas, education, information. Think of intelligence information. So there's no one else who can do it.

So America shouldn't be rude. It shouldn't be our way or the highway, which we tend to do. When we did this IRA Act, you know, it very much was in the, you know, it violated trade agreements, so it was very much in the face of allies who said, you know, that violated trade agreements. It says, buy America, build America, in America, of America. We'd better be a little more polite. But most of these nations were, you know, we have a lot of allies, and most of these nations would like America to take a leadership role if we do it respectfully and we help some of the developing world and things like that.

So that has to come from America. If it doesn't come from America, it's not going to come from anywhere else. And all these other nations, they have to find other people to ally with, militarily and economically. So I do think it's a complex situation. I mean, God bless Michael Johnson and Hakeem Jeffries for getting this thing done and this aid to Ukraine and Israel and Taiwan. I mean that may have been a focal point about what will happen. So I just think those things are critical, and we just have to continue to provide it.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And you're not worried about our polarized electorate?

JAMIE DIMON: Of course I am. You know, the electorate has been polarized before, if you read American history. We did have a civil war. You know, I was a kid growing up,

we had riots in the street. Somebody may forget there were students who were killed in Ohio State, oh, I think it was Kent State. I don't like it. I think we need to listen more to each other and understand. We shouldn't accuse people of why they're doing things. And we should all try to collaborate more and get rid of some of this negative stuff. But I don't like the polarized electorate.

I do think, and I wrote about this in my letter, there is, part of a reason for it, and I call it kind of the fraying of the American Dream. The lower 25% of our society has been left behind. Their income didn't go up for 20 years. And people don't realize, they make \$15 an hour or less for the most part. These numbers are a couple of years old. They're dying ten years younger. They're the ones who go home to these crime-ridden neighborhoods. Their schools are not doing great. Half the kids in a lot of the inner-city schools don't graduate. What have we done? You know, after years of all these policies, we still haven't gotten there.

So I may have a fix, I think we should double the earned income tax credit. I think we have to lift up those parts of society, and that will reduce polarization. If you travel around America and you go to rural parts or inner cities, they look at what's going on in D.C. They're not that happy with D.C. They look at that as, you know, one big thing where everyone gets what they want, but not them. And they have more of the drug problems, etc. And so we need to do more and better and that's why I talk about it. We

need to grow the economy. And that's the best way to help people to grow this economy, share the wealth a little bit, and lift up some of these disadvantaged communities.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: But your worst-case scenario, and you mention it repeatedly, is stagflation is, in fact, inflation but without growth.

JAMIE DIMON: Economically, the worst-case scenario is stagflation. The worst-case scenario is a fraying of the free and western world. I mean, that to me is the sine qua non, we can't take our eye off. In fact, we should be so focused on it, we should not be doing other things which could be a waste.

But the stagflation I speak about there is, this is just risk management. This is not guessing the future. You have to be prepared as a bank for 2% interest rates, 6, or 7, or 8. I have to be. I can't sit here and tell my shareholders, well, things happen that you don't expect, you're bankrupt, which happened to a couple of banks. And so you've got to be prepared for it.

But you also have to ask why? So if rates go up to 6%, but the economy is booming because there's a lot of demand for capital – inflation, in fact, has come down – that's not so bad. But stagflation has the negative effect of no growth, inflation. Obviously, no

growth or volume, and profits and consumers and jobs. And so, yes, I think there's a chance that could happen again.

I think there's a huge demand, I look at the future, so obviously inflation has come down a little bit, but if you look at the future, and again I'm not sure models pick this, the extent of the fiscal spending, it was \$6 trillion during Covid. It was \$4 trillion of QE. And now we have a deficit of almost \$2 trillion, 6% of GDP, the highest lifetime, the highest peacetime deficit ever.

And then the demand for capital down the road is enormous. It's the re-militarization of the world. It's the green economy, which we think will cost \$4 trillion. Unfortunately, some will be wasted. It's the restructuring of trade. We don't think it's going to go away, but the restructuring itself is inflationary. And unemployment is already very low. And the fiscal deficits.

It's not just America. So ours is far worse than everybody else, but everyone did it. Just about every developed nation, everyone did QE. We've never had, you know, if you look at the history of the world, we've never had QE before. So I'm not quite as comfortable with QT as other people. And so we'll see how it plays out. So I'm hoping for the best, but, you know, we would handle stagflation...

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, with QT draining, what, \$900 billion of liquidity a year? And then, of course, higher interest rates. Do you think companies are ready for longer, higher for longer?

JAMIE DIMON: So when we had the mini, I call it the mini bank crisis, you know, we knew First Republic was kind of the last domino that had that particular set of problems. Very concentrated deposits, too many securities in HTM, and basically an interest rate exposure staring them in the face. It should never have been allowed. I mean, I don't know how that type of stuff happens. And I blame the banks. I think the regulators should also blame themselves, but I blame the bank CEOs for the most part, management teams.

But I said it's over, provided rates don't go up and you don't have a recession. If rates go up, just think of the 10-year bond, it goes to 5 or 6%, and you have a recession, that will hurt leveraged companies, profits, jobs, wages. And obviously if you're a bank with interest rate exposure and you haven't protected yourself, you can be hurt in that. And obviously it will affect real estate. And so, yes, you can have these kind of double, triple whammy affecting some banks. So, yes, there's circumstances, which, it'll look more like the 70s and like what we've had for the last 20 years.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: It's really interesting, you just mentioned

that risk management isn't about guessing the future, but it's really about trying to determine how you can survive the worse possible situation. So if you had to describe the U.S. economy, how resilient is it?

JAMIE DIMON: It's unbelievable. Basically, it's booming. It's been booming for a while. Since Covid, and kind of before, there was slow growth. If you look at the economy before, it was very low growth for 20 years. And, you know, if I was a government, I'd be looking at that and saying why? And I think there are a lot of bad reasons for it. You know, like regulations and bureaucracy and stupidity and forward policies, and anti-growth taxation, and a whole bunch of different, other types of stuff.

But if you look at the economy since then, it's been booming. Unemployment hit an all-time low. It's been under 4% now for the better part of two or three years, something like that. The American consumer, even if we go into a recession, is much wealthier than before. Debt service ratios are very low. Yes, they're normalizing now and credit is, we say it's normalizing, it's not gotten worse. But it's still the lowest it's ever been, pretty much on record. Their home prices are up, their stock prices are up. Remember, 50% of people don't have, they don't owe money at all. And so, even if we go into a recession, the consumer is in good shape. But that doesn't mean you can fight off the effects of stagflation or something like that if it gets much worse.

And so, I worry that it looks more like the 70s than we've seen before. If you go back to the 70s, the deficits were half what they are today. The debt to GDP was 35%, not 100%. And so part of the reason I think we've had this strong growth is the fiscal spending. And why not spend another \$2 trillion? And if we did, what would happen? You'll have more money. People would invest more money. People would hire more people. And you'd have more growth. But it's also quite inflationary and so you've got to, you know, you have tradeoffs there. So far we're in pretty good shape and so far it looks like that soft landing type of scenario but put me on the cautious side of that one.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So let's talk about...

JAMIE DIMON: There's a great quote when I started working on Wall Street, I can't say it in its actual language, but it was something like, "The markets will do whatever they have to do to hurt the most people." (Laughter) And this may be one of those set-ups.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So let's shift maybe towards, well, maybe something more positive. It's also risky, but technology. And how much will banking be affected by technology, AI, machine learning?

JAMIE DIMON: A lot. I think the biggest risk that we all face is cyber, by the way, this war of cyber. First of all, the thing about technology, technology is the thing that

changes the world. If you just read any history, it's why we stopped being hunter/gatherers. People learned about agriculture, printing, disseminating knowledge.

And, of course, the steam engine, the internet, these things have made mankind far better off. We had 40 million people working on farms in the 1900s. Now it's one million. They worked six and a half days a week, 12 hours a day. Now it's five days a week. And it's why, you know, the kids of the people in this room are going to live to 100. They're not going to have cancer probably. So it is the best thing that ever happened to mankind. It gets abused. Airplanes crash. Pharmaceuticals get misused. Sometimes when we have new things, it takes a little time for it.

AI will be one of those big ones. I don't know at the pace it's going to happen, but we already have 400 use cases in AI today for risk, fraud, marketing, hedging, analysis, idea generation, agents who take care of problems, errors, when we have errors. You know a lot of us that take care of AI, it's both analyzing errors and starting to take actions on them. Once you figure out what the problem is, it can actually fix the problem. So it's real.

So we took a woman, we made her Head of AI and Data, and they're related. Put her on the management team reporting to me and the president of the company, Daniel Pinto. That's how important it is. And every business inside has a mirror, so you know, credit

card, consumer, trading all has it. It is unbelievable and it's just starting.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, you mentioned it in 2017 in your shareholder letter. You talked about AI.

JAMIE DIMON: We first started using it in 2012. And we started using it for some of these mortgage bonds you all knew about. And then I wanted to build our own, so we started building. We have 2,000 people doing it. We have 100, maybe even 200 people, in research today. You know, synthetic data, LNP. And there's going to be a million ways to use it. Big databases, small databases. You know, hedging equities, you can't run a large language model because there are 1,000 trades in a split second. So you have to do it much quicker than that, and also it costs money to run those things. Like, I've got the number, 4 cents or something to run, if you go to Bing and you ask it to summarize a book, it costs 4 cents. And so you're not paying yet, but they're going to charge you eventually.

So it's real. It's going to be used for everything. It's going to obviously affect jobs. Every job and every application can have kind of a co-pilot that helps you do your job so it'll make you far more effective, reductive. It will remove some jobs over time. But I like to be ahead of those things. You understand them. You can redeploy your people into other jobs. And there will be bad parts. Just like airplanes crash, we know AI is being

used by bad guys already. We have extensive cyber controls, but cyber will be used in politics, in misinformation. Social media, it's already being used extensively to manipulate human beings, which I think should be stopped if I were the government.

But you always have to keep in mind, bad guys are going to use it regardless. So you almost have to do it. And the other thing about AI, it's not really the technology you have to understand, you have to understand how you can use it. And once you understand that, the management teams are now, and we have reviews, they go through all their AI programs. What are they doing? What are they fixing? What are they reformatting? What do they have to get in the Cloud? To have, you know, to get the data accessible to AI, you've got to get into a Cloud-based type of structure, do that kind of pace of calculations, etc.

You're a...Memorial Sloan Kettering, it's going to conquer a lot of cancers. It's going to read all that radiology stuff, it's going to read it all. It's going to take data from all your blood tests from 50, 60 years in diseases and where you lived and your RNA and your DNA and all these things. It'll be predictive and what problems you might have and you can do something now. It's already inventing new molecules to fight cancers. So it's going to be unbelievable.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So are we going to have a ChatJPM?

JAMIE DIMON: It's already embedded in some of the stuff you do if you come in to do business with Chase. Like we move \$10 trillion a day around the world, it goes through AI systems to make sure people aren't sending it to the wrong place at the wrong time. It's looking for patterns and changes in patterns. It's already being used to hedge equity positions.

And sometimes when you deal with us, it's going through various AI. We recognize your voice when you call in. We know who you are. We know what you're doing. So, yes, it's already being...But the bad guy is using it too. They could take one second of your voice and replicate your voice. So we don't use your voice to authenticate it to move money. We do, like ten different things to do that. But one thing is to know who is calling in, it's always a good thing to know. We know the bad guys when they're calling in too. A lot of them don't realize yet that we have their voice on tape, and we have all the nexuses where they call from and who they're hooked up with and what they're trying to do.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So you've mentioned two things. You said, if I were in government. Is that a possibility?

JAMIE DIMON: I've always said I'd love to be president, but you'd have to anoint me, folks. (Laughter) I would like to see more collaboration between government and business and regulators. I think we're missing a lot of opportunities to help educate kids,

and get jobs, and lift up parts of society. And I'd like to get more, you know, if you look at government in America, less and less you have practitioners at the table. That's true for regulators. It's true for cabinet members. It's true for people inside the government. I think we'd be better off if you had practitioners at the table a lot of times because the real world, there's a great quote "In theory, practice and theory are the same. In practice, they're not." The real world is a much messier, more complex place than some academics think sometimes. So you have to know both.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, I can't help then, then ask you about Basel III. Talk about regulators, what is it, the Capital Requirement Review document is 80,000 pages?

JAMIE DIMON: CCR, it's addressed to...

CHAIR EMERITA MARIE-JOSÉE KRAVIS: The Recovery and Resolution document is another 80,000 pages. How can you establish a more effective relationship with regulators?

JAMIE DIMON: I would love to have a more productive relationship with regulators, and I think it takes conversation. I think we're kind of through the looking glass at this point. And, you know, 80,000 pages of a stress test, 80,000 pages, a model to the nth degree

and stuff like that. Models which we already know are flawed. And stress tests kind of lull some people into a false sense of security. They pass the stress test. Well, we do 100 a week. If you think I'm worried about that one test, absolutely not. We're worried about oil at \$150 and recessions and depressions and wars and cyber and tabletop exercises about major systems going down. It may not be ours. It may be telecom systems or water systems or energy-type systems, etc.

And so my view is it's time to step back and revamp it. And I think, and I've been quite blunt, I wrote about it in my Chairman's Letter, you know, we're doing all these things here that have nothing to do with the real world. And we could be fixing problems, getting mortgages more accessible, helping minority communities, getting education, getting schools to actually teach kids skills that they get out and even at 17 or 18 have a job making \$55,000, which is possible. I mean, it's not possible, it's likely you can do that with just a little bit of cyber training or compliance training or data scientists or just programming. And so we're missing opportunities to make the country better, safer, make markets better, more transparent, as we're bogged down in this.

And it's not just banks. You know, Basel III would have increased our capital by 30%, and I look at it, the CCR has us losing \$20 billion on day one trading. We've never lost money like that. Not in the worst quarter at Lehman, not after we bought Bear Stearns. I mean it's just not even remotely, something that's remotely possible. So I just think

rationality, you know, and if there are legitimate things to fix, let's fix them.

Also I think the other thing, which bothers me a little bit, I think there should be more forethought of what are you trying to accomplish? If regulators want mortgages outside of the banking system, they should just do it. And it's 80% outside already. But it also has greatly diminished mortgages for low-income households, which is the best way to build net worth. And we give them very specific examples. You change these things, this is what could happen. So we're missing huge opportunities.

You know, a lot of leverage lending is moving out of banks. A lot of movement, money is moving out of banks. A lot of, you know, Apple competes with, you know, Apple moves money, holds money, lends money, that's a bank. But they don't have our social requirements or FDIC requirements or liquidity requirements, our capital requirements, our transparency requirements, our market-making requirements. If that's what they want, so be it, but I don't think people really thought about it. And so I'm hoping that we get to a more rational place.

And also it's very anti-, this is anti-competitive for America. So people often say to me, well, you know, JPMorgan is doing so great, what are you complaining about? It's got nothing to do with JPMorgan. It's got to do with what kind of financial system you want. And do you want to hamper, you know, if I make a loan here, and I have to always put

up 30% more capital than a European bank in America, is that right? Is that what we intended to do? You know, wasn't there supposed to be some kind of international standards here? So, yes, there are a lot of problems with it. I'm done with regulations. It ruins my day.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: No, but I won't let you off the hook so easily. It's one thing for JP Morgan to have to deal with regulation and regulators, but the smaller community banks don't have the same means as you have. And so they're hit a lot harder in a way.

JAMIE DIMON: It's unfair. I think they should be allowed to merge, but they're stopping that too. And I think that they should be allowed to, you know, it's not in my interest, but I think they should be allowed to compete. And there are always these unintended consequences. There will be banks who cannot deal with it. And they will have to merge, sell, close, or they're going to have to get out of certain products. And so I don't think regulators thought about this either. So if you want to compete with JPMorgan in global FX, you need a lot of overhead to do that. We spend \$2 billion a year just on trading technology. And so people are going to say I can't compete in FX and then get out, so you're going to have less people who can do that for you, which means that asset spreads will widen out.

And then people have to find ways to compete, and it may actually advantage us because we might, and I'm not for this, but it might be that I'll say to someone, you're my clients, I'll call you up and I'll say, you know, that product doesn't make sense anymore for us. So we'll do it for you, but you've got to give us more of that stuff or more of this. So it may actually consolidate business onto the bigger banks who have a broader product set. That may not be fair, but that may very well be one of the outcomes. And so, yes, I think we need to fix these things and soon.

And I'm not against private credit. I wrote about it too. And obviously you have a lot of friends here who do it. I think some of you guys are brilliant. I mean, private, they're brilliant. You guys are stepping in. But not all of them are brilliant. (Laughter) And the problem with financial markets isn't the brilliant people. If there are problems with some of the private credit, remember, people are not used to credit spreads gapping out. And there's less transparency, there's no market-making.

And like I told the regulators, when that hits the fan, which it might, these little, old ladies aren't going to be calling me up. They're going to be calling you up. Why did you allow this to happen? Did you know that this lack of transparency? Did you know they weren't mark to market the way a bank might mark to market some of its credit positions, etc.? And people should be a little more thoughtful about some of these things. And so you want active competition.

The other thing, and this is, I'm saying it because I think it hurts the regulators, we created such a balkanized system. So Dodd-Frank created a lot of good things and fixed a lot of problems. I think Lehman wouldn't happen again in the same way because of the capital liquidity reporting and the ability of the FDIC to take over a Lehman Brothers and manage it, but it balkanized. You know, the reason we can't fix mortgages is it's seven people. We can't fix securitization. It takes four regulators. We can't fix certain things. There's five regulators all supposedly independent. So often they don't agree with each other. So the FDIC is debating with the OCC is debating with the CFPB is debating with the CFTC is debating with the Fed. And there's all this academic debate. Meanwhile, we're leaving mortgages unfixed.

And that's what's happened to, this is happening broadly. In my letter, you know, I have an Op-Ed that was written by George McGovern in 1992, the most liberal guy who ever ran for president. Got shellacked. And he wrote in there, some of the reporters wrote it, they got it completely backwards, they said, oh, it's supporting regulations and this type of thing.

He wrote that he brought it in, like after he ran for president. He always wanted to run it. And then he goes on to say that a legislator's dream is a businessman's nightmare. They didn't realize that all this legislation they passed with good intent, all the bad things it caused. You can't hire people. You can't fix your driveway. You can't do this, you

can't, you know, OSHA and taxes and audits. And he just pointed out the bureaucracy. And we've done that to our country.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Aren't we doing that again with IRA?

JAMIE DIMON: We're doing it broadly. I'm not talking about banks now. It's FAA. It's VA. We can't get permits. So even in the green economy, you know, we're cancelling offshore wind and onshore solar wind all the time because it takes ten years to get permits. Think of the person putting a billion dollars of capital in the ground, what do you look at when it's going to take ten years as opposed to two? And that's what we're doing. We can't build pipelines. We can't build the grid. If you want to get connected to the grid – so you talk about all these data centers we need – just to get connected to the grid takes five to seven years. We're thinking about building our own power plants now because the country is just getting bogged down.

And I think this is one of the reasons why we've had such low growth for 20 years. And so I think whether you're a Democrat or a Republican, we should say, what does it take to grow a better country? How do you fix these things? Because we haven't fixed them, and I have a long list of what's unfixed. And they are becoming, in my view, crippling. Kind of like Europe, folks. If that's the way we want to go, so be it. But that's where we're headed.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, speaking of the energy transition, you're a believer in a much slower transition.

JAMIE DIMON: Not slower. I think we were so misguided years ago and now we're getting smarter. You were talking about, and we have a Sustainability Summit, so we're in favor of fixing CO2. It's a problem. But remember, you've got grids, you've got agriculture, you've got buildings, you've got heating, you got coal. You have \$25 trillion already invested in the global energy infrastructure. There's no R&D that can replace it yet. You're going to be using oil and gas for 20 to 30 years, folks, so people have to be smart.

When oil and gas went to \$120, okay, what happened to CO2? Because a lot of the naive climate people, oh, it's great for climate. No. What happened is poorer nations, Indonesia, Vietnam, Philippines, etc., turned back on their coal plants. So did the green guys, the Netherlands, Germany, France. They can't afford \$120 oil and gas. Coal is local and it's cheap and it's secure. You're not getting it from ships or LNG or foreign nations, etc. So we need very rational, thoughtful policy. And we didn't have that. We kind of have it.

Like I said, if you did the IRA Act, it should have come with twins: permitting and less social engineering. So it was just very simple tax credits and stuff like that. You know,

that can get things done, R&D done. I think we're getting smarter. I think a lot of it, the things that are going to fix climate are going to come from the big guys – oil, gas, utilities, people who build big buildings.

And, you know, they're testing huge amounts of carbon capture today. Methane, I think a lot of these big companies have told me they've got their methane down 80%, just by trying. So we're getting smarter, but we're not smart yet. The public wants it, they say the public wants it. Yes, the public wants it, but they're not willing to pay a carbon tax. So how much do they want it? And that would be the easiest way to do it because then you'd be making very rational decisions. It's not going to happen, so I'm not asking for it.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: But what about nuclear?

JAMIE DIMON: And nuclear, you know those small nuclear reactors, all going to be tested. Fission, fusion. At our Sustainability Summit, we have everyone there – the auto, utility, oil, gas, fission, fusion, solar, wind, the agricultural folks, the tree folk, the carbon capture folks, and nuclear, that whole thing. We will conquer this. There will be stuff we find that will finally fix this problem. You read it every day, but we haven't found the fix yet. And I just don't know if nuclear will be ever acceptable in this country again.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And there's one issue you haven't

mentioned, crypto, your favorite word.

JAMIE DIMON: You know, blockchain is real. We use it. We've been talking about it for ten years and not much has come of it. So I love it when, I always make fun of, Becky Quick and those folks talk, like crypto, crypto, crypto. These are what the regulators should do with crypto, okay. Make a list of, and I'm not going to say anything about them, I'm just going to tell you something. Make a list of three people who use crypto. I'm talking about crypto currencies that do nothing, so bitcoin or something like that, what I call a pet rock...(Laughter) \$20 billion or \$30 billion we know of is misuse of it, a year. So actually the total amount outstanding is \$1.1 trillion, \$1.5 trillion or something like that. And that's what we know. There's anti-money laundering, there's sex trafficking. And there is a legitimate, there is real demand for it from Venezuela, Cuba, criminals, rapists, tax avoiders. But it's real demand. So it actually will keep the price of some sort. And that's one part.

And then there are the people in the middle making a lot of money on it. Miners, traders, lenders, I call that the decentralized Ponzi scheme. And then there's the poor retail person who buys and sells it, and all those other people skimming maybe \$100 billion a year off of it. I don't know, look, it just seems very weird to me that that's allowed to exist. But I defend your right to buy it. (Laughter)

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Let's talk about community because that's so important for JPMorgan. And you made a deliberate effort to try to rebuild, or to help in rebuilding Detroit. I think you're about to announce some important investments here in New York, in the Bronx and in Brooklyn.

JAMIE DIMON: So this is, I think this is important for society. So we outreached all of you. We have parties and things and we reach out to 80 million Americans and 60,000 middle market companies and 6,000 corporations. We bank cities, schools, states, we do all of that, and we're quite good at it. And we also reach out to communities, which we're unabashed about.

And so think of, and Detroit was a great testing ground where instead of JPMorgan, like it's a little philanthropy, a little affordable housing, a little bit of work skills. We actually took one top person, Peter Scher, and said go, this mayor is unbelievable, this guy has done an unbelievable job. And we said, go ask what we can do to help. Don't tell him what we do. We went as one company. Like, what are we going to do? It was a \$200 million effort over ten years. Detroit has turned. Go downtown. Now we were just part of it, but the mayor will tell you we were a big part of it.

They had 40,000 abandoned homes. And we helped them build a little thing where your phone can take a picture, locate it, and then the mayor took the homes back and put

them up for auction. Every day, he's still auctioning two or three homes for \$30,000, \$40,000 and stuff like that.

But the outreach is, we do it to the LGBT community, the Black community, the Hispanic community. We do it in work skills, for financial education. We do it for veterans. We've hired 15,000 veterans. We do it for disabled. We now have, and I've met with some of the parents of these disabled veterans and disabled kids who now have jobs. And the parents are crying that these kids could take a job and they feel proud of themselves, the dignity. Lifting up society is a wonderful thing. It's good for everybody. If Detroit does better, it's good for all the United States of America. And if we don't fix some of these problems, you're going to have more polarization. Like I said, it's gotten worse for certain parts of society.

We have the Second Chance Initiative. So, you know, there's 70 million ex-felons in the United States. Now, a lot are misdemeanors, but a lot of them can't get jobs, and we get them jobs. And we have 30 big companies now joining in the Second Chance Initiative to get kids jobs. I went to visit some, they can't get driver's licenses. They can't get jobs. They can't get housing. And they don't want to go back. They committed a crime when they were 18 and 19 years old. And so we should be thoughtfully doing these things and lifting up parts of our society.

I would double the earned income tax credit. You know, basically we show that, and I'd get rid of all these benefit cliffs we have. Because I just think this, it's just a very good thing for us to do. You know, if we don't do it, we're going to have a real problem. So I think we have to do all these things for our country. Not one thing, but all of these things.

I think the other thing, which we get involved in too is the public policy side. So it's one thing for us to, we have the Jobs Initiative. I don't know if Kiersten Barnet is here. We have the Jobs Initiative here. A lot of companies are joining. We have 250,000 kids in CUNY. Half the kids don't graduate. It takes six years. A lot of them don't have a job when they get out. They go back to stocking shelves or something like that. So we're trying to get education, both in high schools, counselors, jobs for coding, cyber, advanced manufacturing where literally it's six months of training. It can get you a job making \$65,000, \$75,000 a year. And these programs work.

But we also fight these things, not fight, but get involved with government. Because it's one thing for all of us to do it, it's another thing to go directly at the school system. And get the federal government to do a better job in our education, around schools. I think they should take education, and that every school – I don't know if we can do this legally – I actually asked someone yesterday. I want to know what the law is. Can the federal government, who gives a lot of money to all these education systems, demand that

every school report how many kids, not how many graduate, how many kids get jobs and what the income levels are?

That one thing will help lift up, and jobs create dignity. Jobs create household formation. Jobs are known to reduce crime, depression. What a great thing it would be and yet half the kids don't graduate inner city schools, and they're not prepared for jobs. A lot of them will graduate and are not prepared for a job. And that's kind of inter-generational now. And they're Black, Hispanic, Asian, White, this is a whole class. And we're doing the wrong thing.

And so, like I always say those things, like why can't everyone involved in the school system get up on stage here and say we have a problem. It doesn't matter whether you're the teacher, the union, the student, the parent, the head of the DOE, the Department of Education. We have a problem. What are we going to do about it? And it's jobs. So there are solutions that could be made to work that can make our society better.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, your very popular with the unions at JPMorgan. I think you have 40 of them. Have you dealt with the teacher's union?

JAMIE DIMON: Look, I deal with every union. I'm not afraid to see the union heads. I'm

not afraid to talk to teachers. I want a better outcome for my fellow citizens. And people fight for themselves, but I would tell the unions too that it's okay to fight for yourself, your income and your jobs and stuff like that, but in some cases it's not okay to create a highly inefficient system.

Like our ports, remember we had Covid and they kept on putting on TV that port in Long Beach, California. It's one of the most inefficient ports in the world. It's number, like 369 out of 460. It was five days a week, 12 hours a day, or six days a week. It's not automated like Singapore. And those ports are 24/7 automated and efficient. And we do this to ourselves. So, you know, protect people, but God forbid, don't stop progress and efficiency. And those kinds of things are demoralizing and hard and lead to supply chain problems and all that. So we should deal with everybody to get this right.

I want the next president, whoever it is, to put the other party in their cabinet. That's what I'd like to see. So if it's Biden, then he puts some Republicans in his cabinet. If it's Trump, he puts some Democrats in his cabinet. I would like to see practitioners go back to government. Like all of us, like not me, but you. You know, to go help, and serve.

You know, people like Singapore, and we learn from around the world. A lot of the stuff we learn, we learn just by going around the world and seeing what works. Like work skills, apprenticeship programs and stuff in Switzerland and Germany, unemployment in

youth, 3%. In France, 20%. Well, one system works and one system doesn't. The one in France was done to help people, which is you can't fire people. But that did the obvious thing, which is you don't hire people, or you do it on a contract basis. And so we need to logically fix these things. And most of these fixes are not Democrat and Republican. They're just kind of rational policy.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, you're not timid and you go around the world and you meet with world leaders and you discuss these issues. Why aren't they listening?

JAMIE DIMON: Well, I shouldn't say they aren't. So to give you more hope, Switzerland had a huge problem years ago. They are a pretty cold-blooded free market system. They have more billionaires per person than America. But more of their assets are owned by private people than the government. People don't know that. They've got a great safety net that works better than ours. People are happy there. But they have a great system, and their education system and their tax system. Australia's got a great pension system whereas ours, like why do we allow all these pensions not to be fully funded? I don't know. Like, who came up with that idea? And I could go on and on.

But Ireland, Ireland was a basket case, if you remember correctly. You know, Blair and Clinton, they fixed it. And you go to Ireland today, you go to those very docks they used

to have riots on, you know, we've got 1,000 people in a building there, and Google, and Apple and Amazon and technology. It's unbelievable. It's a melting pot. People from all over the world, all over Europe move there. So you go there and you see, my God, it's a rainbow room now. It's not White Protestant and White Catholic men.

And Greece, Prime Minister Mitsotakis, what an unbelievable job he's done. Greece, I'm Greek. My grandparents were Greek immigrants, by the way, who didn't go to high school, didn't finish high school. And then there are these great cases around the world. Ireland, Sweden, Greece, where people have done a great job. And then the other cases, which, you know, you try to teach the younger people, if they like socialism so much, let them go to Cuba, Russia, or Venezuela or Argentina or all these other places, and let them learn the hard way what it's like.

So we can learn a lot from the rest of the world. We should also look at ourselves. Like, I'm not afraid of China. I'm afraid that we don't get our own act together. That's what I look at, that's us. And as a company, we spend a lot of time looking at what did we do wrong. You know, the military's got this great thing, the After-Action Report. After every, literally every action they analyze what we did, what we did right, what we did wrong, what would we do better next time. And we should do the same thing, all the time, about how we could be better and stuff like that.

So I don't know how to fix the polarized system, but there are some great examples out there. Modi has done an unbelievable job in India. I mean literally, and I know, you know, the liberal press here, they beat the hell out of him. He has taken 400 million people out of poverty. When we go lecture Modi about, they want trade with us, you know, but we lecture literally, and I go to these countries soon after a lot of our government officials are there, it's like we're talking, we're fantasizing about climate and labor and how we think they should be running their country. He has 400 million people without toilets. Really? And we're lecturing him on how to do things.

They put in this unbelievable, every citizen by hand or by eyeball or by finger is recognized. They opened bank accounts for 700 million people. The transfer of payments are going through. They've got an unbelievable education system, unbelievable infrastructure. They're lifting up that whole country because this one man is just, and he's tough. But I think you have to be tough to break that down. And he's breaking down some of the bureaucracy. They have, I think it's 29 states or something like that, but they all had completely different, it's almost like Europe, they have completely different tax systems, which leads to enormous corruption. He's breaking all that stuff down. And so, yes, there are examples of people who have just turned these things around. We need a little bit more of that here.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Well, I'm going to bring you back to New

York. And if you had to do two or three things to reinvigorate New York, what would be your priorities?

JAMIE DIMON: No one has the right, in my view, to think they have a divine right to success. And, you know, I've seen this with companies, and you've seen big, failed companies all around the world. You know, generation after generation. You've seen it with cities. You've seen it with governments. You've seen it with countries. People go the wrong way. And people should be asking, what creates that kind of success?

So New York obviously is the financial center of the world. But one of the things we learned in Covid, and we sent all these people home, we were still trading \$2 trillion a day of securities from home, securely, intelligently. You know, technology can be based anywhere. When I grew up as a kid, when I first starting working, most cities were not that attractive places to work. Dallas didn't have anything like what it has today. Hong Kong was a mess. London didn't have the restaurants and the infrastructure it has today. Now, every place is competitive – Nashville, Austin, Hong Kong, London, Singapore. So people should think, my God, I have to compete too.

Therefore, New York, which already has the brain power and the talent to keep it, they have to be very careful in taxes. You know they're driving a lot of people out. Crime, people don't like living in crime. The crime situation has gotten better, so I think we

should acknowledge that. Affordable housing, a lot of that's local laws. You know, banks are perfectly willing to lend to affordable housing. It's the local zoning laws and requirements and things like that. So every city should make a list of what's important that they want to stay and compete. And understand they are competing now with Miami and Nashville and Austin and Plano.

And I get calls from governors and mayors saying what could we do to get you here? What could we do to get you here?

CHAIR EMERITA MARIE-JOSÉE KRAVIS: And...

JAMIE DIMON: It's amazing how well they treated, the only place I get treated like crap is Washington, D.C. (Laughter), who somehow has become anti-business. Like how did that happen? America is, you know, like the anti-business kind of headquarters now. So when I started at JPMorgan, I think these numbers are accurate, we had something like 35,000 people in New York. And now it's 27,000 or 29,000 or something like that. And we had 11,000 in Texas and now it's 33,000.

So they built roads for us. We put a thing in Plano, it's a technology center, 10,000 people. I think taxes are virtually zero there. You know, you call up the mayor, you need a bus route to be changed, you need security somewhere, they all take care of it. And,

of course, it's great for them. They got a lot of jobs, a lot of well-paying jobs. So they're not doing it, you know, just to benefit a JPMorgan. They're doing it to benefit their communities and their schools and all the things like that. So all these things are fixable. Everything's fixable if people kind of roll up their sleeves and do it collaboratively. I think we spend too much time fighting here now. The amount of collaboration is so much less than it used to be, it's staggering to me.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: So you said once, the best way to forecast the future is to create it. So what's on your bucket list?

JAMIE DIMON: On my bucket list. You know, we are building this new building. It's unbelievable. Everyone, walk by it. There's going to be an open park on Park, which you're used to because you have the Seagram building. There's going to be one on Madison. It's also built to take, you know, literally ten trucks of C-4. It's got the oxygen circulating through. It's going to be three times as much. It's going to be the highest occupied floor in the city. So we're going to have you all up for cocktails up there.

You're going to be able to walk around 360 degrees and see the whole city from the highest occupied floor. You can see it now in the skyline. It's also, we're also going to be lighting up, I'm very patriotic, we're going to light up the top 300 feet, which you're going to be able to see from quite a distance. We can put your faces on it. We can put

the American flag on it. So we're going to celebrate various things on that.

And people always thought I was too cheap, but I made them spend the \$50 or \$75 million to light it up. Because I said that's going to be worth \$100 million a year in advertising. I mean that's going to be something special for the city and obviously for us. And so, look, I'm very excited about the future. I want to leave behind just a great company. Great people, great real estate, great culture, and I want to help my country. Those are the two things on my mind. Obviously, my family is number one before all that, but that's what I want to do.

CHAIR EMERITA MARIE-JOSÉE KRAVIS: Wonderful. Well, thank you for being with us, and we will see you at the Park Avenue party.

JAMIE DIMON: Thank you for having me here. I appreciate it.

CHAIR JOHN C. WILLIAMS: Well, thank you to both of you for this incredibly insightful and stimulating conversation. It was such an honor to host you both today. So my job now before we start lunch is to really remind everybody that we have many great speakers coming up on the Club's spring calendar. So on April 30th, we have Jared Bernstein, Chair of the Council of Economic Advisers, and we have Mark Zandi, Chief Economist at Moody's. Then we have Julieanna Richardson for a webinar on May 2nd.

Garry Kasparov on May 6th. Ed Yardeni on May 21st. And I will be speaking to the Club on May 30th.

And also looking forward in June, we have Larry Summers and Glenn Hubbard on June 4th. And Strauss Zelnick of Take-Two Interactive on June 17th. And Lisa Cook of the Federal Reserve on June 25th. All events are currently listed on the website, so please be sure to review those dates and add them to your calendar.

I'd like to recognize the 374 members of the Centennial Society who are joining us today as their contributions continue to be the financial backbone of support for the Club. So thank you to all who are attending today. We look forward to seeing you soon again. And those of you in the room, please enjoy your lunch. Thank you.