

The Economic Club of New York

499th Meeting
112th Year

Jamie Dimon
Chairman of the Board
Chief Executive Officer
JP Morgan Chase & Co.

January 16, 2019
New York City

Interviewer: Marie-Josée Kravis
Senior Fellow, Hudson Institute
Chairman, Economic Club of New York

Introduction

Chairman Marie-Josée Kravis

I just want to wish everyone, first of all, a Happy New Year, and thank everyone for being here.

This is the 499th meeting of the Economic Club. It's our 112th year. (Applause) Thank you. And

I'm Marie-Josée Kravis, the Chairman of the Economic Club and a Senior Fellow at the Hudson Institute. The Economic Club of New York is really the nation's leading nonpartisan platform for discussions of economic, social, and political issues. And we've had more than 1,000 prominent guest speakers come before the Club and of course set very high standards in terms of our discussions of public policy.

I'd like to take a moment to recognize the members of the Centennial Society. Some of them are on the dais and in the front of the room. And it's through your support that we've been able to ensure the Club's financial stability, and I thank you very much for your support and for helping us in establishing this wonderful programming that we've come to be known for throughout the years.

We're also very fortunate today to have students from, undergraduate students from New York University Stern School and also from Hunter College. So welcome, and I hope that we have some future members in the room. (Applause)

It's really a special pleasure for me to welcome our guest speaker today who is probably one of the most important figures in the world of banking and financial markets and also a Club member – Jamie Dimon, the Chairman and CEO of JP Morgan Chase – which is one of the world's most powerful companies, a global financial services firm with assets of \$2.5 trillion. Jamie is a native of New York City. He graduated summa cum laude from Tufts and was a Baker Scholar at Harvard Business School where he obtained his MBA. He began his career at American Express. He later became President and CEO of Travelers. He moved on to help build Citigroup where he was named President and later moved on to become Chairman and CEO of Bank One. And following the merger with JP Morgan, he became President and Chief Operating Office of the merged entity. He became CEO of JP Morgan Chase in 2006 and a year later, in 2007, added the title of Chairman to his official title.

He is the Chairman of the Business Roundtable. He's also on the Executive Committee of the Business Council and the Partnership for New York City. And in addition to the Economic Club, he's a member of the Financial Services Forum, the Financial Services Roundtable, and the Council on Foreign Relations.

Jamie, both through JP Morgan Chase and his own private family foundation, is very engaged in a multitude of philanthropic activities, most of them focusing on the underprivileged, the needy, workforce development, and job development. He's agreed to join me in a conversation where he said that no topics are off limits so that should be interesting. And in addition to questions that

I've prepared, I will also be drawing on questions that have been submitted by our members through our online Club website. So, I should point out that this meeting is on the record. There are many journalists in the room. And if you please join me in welcoming Jamie Dimon, we will begin our conversation. (Applause)

Conversation with Jamie Dimon

CHAIRMAN MARIE-JOSEE KRAVIS: So, Jamie, thank you for doing this. The week is only, we're only midweek and you've already had quite a week. You announced your earnings yesterday. And, of course, you announced a profit rise of 67% in spite of cost increases and trading volume decline. And you announced a return on equity of 12% versus 4% last year. But, nevertheless, you didn't meet the Street's expectations for the first time in what, 15 or 16 quarters. I wonder if you'd comment.

JAMIE DIMON: Thank you very much for the introduction. I'm thrilled to be here. And I will answer any questions as honest as I can. You know, first of all, Wall Street estimates are what 20 people think are estimates. They're smart people, they're not smart people. I call them the smart-dumb-average. I really don't care what their estimates are. They don't update them. They're not sure. People go on vacation the last part of December. So, you know, I look at the, and then of course there's too much focus on the short term. I mean I look at, you know what's important to me? Market share. Number of clients. Products and services. New branches. Not NIM, and you

know, whether expenses are a little higher or lower in that quarter. And we can't forecast trading any more than anyone else in this room can. So I tell them let's just stop asking. It'll be what it is. It's episodic. It's volatile. I have a great trading business.

CHAIRMAN MARIE-JOSEE KRAVIS: But it was interesting that you took a larger loan loss provision. And I'm wondering what message you're sending to the market, what you think...

JAMIE DIMON: Yes, well, that's because when the loan book grows, we put up loan loss reserves. So it's really because of growth and mostly relating to consumer stuff. But if you look at actual credit, actual losses in middle market, large loans, small business, mortgage, auto, credit card, it is very good. If you look at it historically, it's in really the best 10% it's ever been. And therefore, it has to get worse. And part of that is because, you know, we've been through all these tough times and so over time eventually it will normalize. We actually show our shareholders what normal would be, and normal is quite a bit higher than it is today. So it's really good. The consumer is in very good shape. The balance sheet is in very good shape. More people coming back to the workforce. Wages are going up. Consumer confidence, you know, it was down here and, you know, it's off the high, but it's still at quite a high number. Business confidence is still at quite a high number. Small business confidence is still at quite a high number. So the actual underlying stuff is much better than the noise you read about when you read the paper every day.

CHAIRMAN MARIE-JOSEE KRAVIS: So what does worry you? Is it fin-tech? Is it competition? Is it geopolitics? What is it?

JAMIE DIMON: We analyze things, we do business in over 100 countries around the world so we have to be very, very careful. And it's not, I tell people it's not that you take risks, you mitigate risk while serving your client. So we have to serve clients and then make sure we manage the risk. So the job is always to serve those clients. We do it around the world. And geopolitical risk is always there. It may be a little heightened today because of Iran and North Korea, you know, multiple wars in the Middle East, etc. Brexit, trade policy, China. So those, obviously you should worry about those things, but we don't actually make a lot of business decisions around that. The thing, and obviously I know you had the Fed governors here and coming here soon, and Fed policy obviously has a little bit of consternation out there. But what I worry about most today is bad policy, you know, just bad policy that we don't get things done that this country desperately needs like immigration reform. I think we need to get a good trade deal. I think there are legitimate complaints about China. And, you know, we got, Japan and Europe are kind of with us in that, that we should fix it. I think China wants to fix it. I'm a little hopeful we get that kinda done. We've got to get kids back to jobs. We've got to get, you know we have, the community college, I know Jennifer Robb is here, but you know we have, in these community colleges, I think there's 500,000 kids that go to CUNY, you know between the community school, and 16 or 20% graduate. Okay, I look at that and say we've got these huge institutions that aren't doing enough for the outcome which is kids with good paying jobs. And it

can all be fixed. So I worry mostly about our own public policy. And the government shutdown I'd put in the same category. It's just, it's kind of another self-inflicted wound. I'm not blaming Democrats or Republicans. It just isn't the way to run a ____.

CHAIRMAN MARIE-JOSEE KRAVIS: So, what would be your recommendation? Just get back to work or...I mean the shutdown is an immediate problem.

JAMIE DIMON: When you look around the world and you look at governments and businesses that are successful, they usually collaborate. They understand that you need business, business generates jobs and capital investments, and productivity. Businesses should be civic-minded and community-minded. But, you know, it's not going to work if you're fighting all the time. It's true for Democrats and Republicans. You know when the democracy was formed, that meant you compromise. That's what a democracy is. You can't have a democracy where you refuse to compromise. That's when you go someplace and you sort out your differences and you figure out where you're going to build the railroad track, where you're going to build the school, and how you're going to take care of your citizens. So one point, we've got to get back to regular government.

CHAIRMAN MARIE-JOSEE KRAVIS: You mentioned yesterday, I think, that if the shutdown were to last much longer, it could portend zero growth for the first quarter. How long, how much longer does a shutdown have to continue for growth to really suffer?

JAMIE DIMON: What I was referring to was an economist who said if it lasts for the whole quarter, it could reverse the growth of the quarter which might have been 2 to 2 ½. It could be zero. And I don't know that. It's really hard to figure out what the shutdown does to the economy. And also there will be little bit of a bounce-back after that. That's just the effect in the quarter. Remember, a lot of these people that are not being paid are going to be paid. They're just going to be paid kind of late and painfully. But it is a negative. You know sentiment does matter in business. And, you know, so the more we create negative sentiment, the worse it is. And I hope there's a deal to be done. You know, give the President money for border security. I don't care whether you call it a wall or a fence or whatever and then do something in DACA or merit-based immigration which we need anyway and almost every citizen is for.

CHAIRMAN MARIE-JOSEE KRAVIS: So let's go back to JP Morgan, and speaking of being in touch with your customers and so on. You do a bus tour and you really do keep your ear to the ground. What is it that you're hearing? I mean you talk about the confidence, business sentiment and so on. But there are issues that are out there.

JAMIE DIMON: Yes, so mostly, you know these bus trips are great. These are just road trips. And we do it in jeans and polo shirts and we to operating centers and call centers. We have lunches like this in Cincinnati. We do lunches for small businesses and for our own people. And on the bus, in between some of the stops, we have tellers and branch managers. We give them

beer and immunity. Tell us whatever you want. And we want, that's the only way you learn – both from customers and your employees – what you can do better. That's the point. You know, to be self-critical and to have a little fun at it. But if you go city by city, a lot of these cities are doing much better. And even Detroit where we've put a tremendous amount of effort is doing much better because it has a wonderful mayor. The big lesson, when the mayor doesn't want to do anything other than be mayor, and he's working with civic societies – think of schools and hospitals and not-for-profits – working with business, they can turn a city. And you've seen that in Idaho. You've seen it in Cincinnati. You've seen it all around the country. And that's what we should be focusing on. The mayor of Detroit, when he talks about, when he got elected, – he's a White man. It was a write-in vote and a White man in this town that was 75% Black – he didn't talk about Democrats and Republicans. He talked about I've got to turn the street lights on. We need more security. The ambulances have to show up faster. My schools have to do a better job of getting kids jobs. I need more jobs. I need affordable housing. I need some infrastructure between Wayne State University. And when we heard all that, we were all in with him. That's what we think government should be doing. How do you solve the issues to make these cities better for everybody? And you learn a lot. But if you travel around America, confidence is quite high. I remind people there are 160 million people who work. There are 325 million Americans. You know only so many watch CNBC, CNN, read the Wall Street Journal, look at FT. And I'm not saying that's bad. It's just not their main concern. They're not focused on all of that. They're focused on their wages, on their jobs, on their confidence. Are the kids being taken care of? And those things are actually okay.

CHAIRMAN MARIE-JOSEE KRAVIS: And what about small business lending?

JAMIE DIMON: But you said the problems, we had an uncompetitive tax system for 20 years which damaged our country. So this whole thing about tax reform, business side, wasn't about what it's going to do this month or this quarter or next year. It's about a permanent benefit which is cumulative over time. Its capital gets retained and reinvested in the United States. We've already mentioned immigration, trade, regulation. Small business formation is lower than it's ever been in the United States in recovery. This recovery is ten years long, a little over 20%, it's the most anemic recovery from a major recession we've ever had. It should have been 40%. We're graduating kids who...70% of the kids between 17 and 24 are not eligible for military service because of obesity or they can't read or write. We're relegating generations of kids in inner city schools to poverty because we're not educating them properly and giving them training to have job when they get out. And there are fixes. I don't know if any of you have been to Aviation High School in Long Island City or Alfred E. Smith School. That's a high school that teaches regular high school stuff. The Alfred E. Smith School teaches the kids how to maintain cars. They leave. \$45,000 a year jobs. And, you know, if we don't do a better job, we're going to have ongoing political disputes, slower growth, more anemic. So we have to do all those things. And most of those things are our own policies. They're not the weather. You know it's not anything that we can't control. It's stuff that's in our control. Oh, I should mention infrastructure. Okay, we put a man on the moon in eight years. It takes 12 years at Bayonne Bridge, 12 years to

get the permits to rebuild a broken bridge that would have killed people if we didn't rebuild it.

Twelve years. And you laugh, it's disgraceful. That's the country we all love. We just don't have this can-do attitude anymore.

CHAIRMAN MARIE-JOSEE KRAVIS: But I want to get back to what you do and talk about small business lending and how you approach that. And why hasn't it grown more?

JAMIE DIMON: I don't know. That's a good question. Small business, kind of middle market lending has been less growth in recovery. I think part of the reason is that recovery has been anemic. So, remember, some of that lending is for inventory, plant, equipment. And a 2% growth versus, you know, 3 ½% growth, that's a big difference in how much they need to finance as opposed to how much they earn from their own cash flow. I think taxes probably helped a little bit because they got to retain a little bit more. But the health of the small businesses, they are fine. The formation is less. And they would tell you it's regulation, litigation, not access to capital.

CHAIRMAN MARIE-JOSEE KRAVIS: I know that you used to, I don't know if you still do that, you used to carry a list around. And you used to do every weekend a list of the things, I guess the things you didn't want to do, or the tough things to do. So what was on your list? What did you put on your list this weekend?

JAMIE DIMON: Yes, so I carry it, I don't have it with me. And every now and then I put it on my phone. But I have this list, it's called a follow-up list. It's not just one. That's the one I want to get done right away. Calls, you owe me something, I owe you. I've got to get something done, a client issue, an ops issue. I just want a quick follow-up on something. But every business has a list. I expect people to have lists and follow-up and they know we're going to follow up in January, February, March, April with analytics and detail. It's just a real discipline to get things done. But I learned a long time ago. When I used to ask people for something, you know three weeks later I'd say didn't I ask you for that before, like how is this branch doing or this or that? They say, oh, yeah, yeah. So now they know I write it down and I expect them to write it down too and I expect a follow-up quickly. And I return every phone call and every email almost every single day. I expect my people to do the same. I know a lot of your clients, if you don't get your bankers to call you back right away, call me, I'll get them to call you right back. (Laughter)

CHAIRMAN MARIE-JOSEE KRAVIS: But that's a follow-up list, but you also have another list.

JAMIE DIMON: Oh, I do make this list, by the way, on Sunday. I do a lot of reading. I like a lot of Friday reports. I kind of make the list, kind of the things that I have to take care of that maybe I've been avoiding.

CHAIRMAN MARIE-JOSEE KRAVIS: So I wanted to know, what was on your list this

Sunday?

JAMIE DIMON: Well, it was Comp Season and Feedback Season, so it was a lot of that. I had a board meeting yesterday and so there was a bunch of things I had to do there. But I always want to make sure that I'm not avoiding it. Like everybody else, you know, you're just, there's certain things you just don't really want to do. And so very often I come in on a Monday morning and I just do them. Just get them off my table so I can enjoy the rest of the week.

CHAIRMAN MARIE-JOSEE KRAVIS: Get them off your list.

JAMIE DIMON: Get them off my list, yeah.

CHAIRMAN MARIE-JOSEE KRAVIS: One of the things that's really interesting about JP Morgan Chase and almost much more since you've been there is the depth and the quality of your management. And you've had many people leave to become CEOs of other companies and so on. It's almost like it's the draft season. But you keep on moving on without a beat. So how do you motivate, retain, recruit, and create that kind of depth and quality of management?

JAMIE DIMON: I think, and I think we have an unbelievable management team, I think to me the most important thing – I think most people know this – you don't like working for people you don't trust and respect. And we've all seen that. And trust and respect means that that door

to your office, that anyone that can walk in is treated equally. It's not your goombahs and your friends. It's not just one side. It's not male versus female. It's anyone. And that the answer to the question is what's the right thing to do for the company or the client or your community. It's not about, you know, competing with the people down the hallway. And then there are all these signs about that. You know when you have these, you know, how many of you constantly, there's always like the meeting after the meeting. I have to see about this and I didn't want to say it in front of everybody. That doesn't happen with me. I tell them you're not going to come to me. Say it in front of your partners or don't say it at all. And say it because you think it's the right thing to do and how we should go about doing it so you have open conversations. So I think that treating people with trust and respect, it also means, by the way, that the boss doesn't know everything. So if the boss has to know everything and he's like scared and everything's got to be presentations, then you don't have a chance to thrive. So you saw, good bosses, when something goes wrong, they say it was my fault. They're not pointing fingers at people. They're not hanging people out to dry. And they're sharing credit. So I'm going to call it humility, not humbleness but humility to know that you don't know everything. Humility to know that you can't predict the future. Humility to know that experts who know, when I need to know something at JP Morgan, I have to call someone. I can't do it myself. And I think people like working in an environment where they're treated that way.

CHAIRMAN MARIE-JOSEE KRAVIS: So you can't predict everything, but I'm going to have you try to make some predictions or some outlook, some views on the economic outlook. And I

want to get back to the shutdown because it's not only the shutdown. Even if we resolve the shutdown quickly, the next issue is the debt ceiling. I mean there are a number of issues that pertain to our fiscal situation. And I'm wondering how you see that and how you manage through, to navigate through all of that.

JAMIE DIMON: So we, you know, we have risk committees that meet every week. I go when I'm in town which is only about half the time. And every one of these, you can imagine the diligence which we go through, the detail. The last time we had a government debt ceiling thing, we spent, I'm going to say \$50-\$75 million getting prepared for it. And it would be an unmitigated disaster. But we had to think through that if you're getting social security checks, depositing, are we going to front that to you? That the money would stop circling around the world. That you would have had default of certain government securities by law, U.S. government securities. Therefore, as law, you would be forced to sell these securities. And I could go on, and the government, I mean here's a basic question. Does the government debt cross default? Even the people up here who are geniuses, does government debt cross default? It does not. I didn't know that until we started asking this question. But can you take, will the government take, will the Federal Reserve take defaulted government debt as collateral? And I called and asked them that question and they couldn't answer it. (Laughter) But it's important. If they can't...

CHAIRMAN MARIE-JOSEE KRAVIS: You're done.

JAMIE DIMON: You're done, yeah. So the answer is they cannot take defaulted stuff as collateral other than U.S. government debt. But, you know, even having to go through this, it's a silly way to run your life.

CHAIRMAN MARIE-JOSEE KRAVIS: China, we talked a lot about trade policy. The relationship with China is a lot more complicated than trade policy. And, you know, there have been advisories about executives not traveling to China and so on. What is your view of the China-U.S. relationship?

JAMIE DIMON: So this will be the most important relationship in the world for the next 100 years. I think it's incumbent upon both of us to try to do a good job with it. I think that the administration has laid out very important things about trade. And I think the business community is supportive. They were not totally before. And I think the business community can get very selfish sometimes when it comes to like trade. Is it good for me, my company? But America, the stealing of IP, reciprocal investment rights, tariffs, non-tariff barriers, subsidies as standards of enterprise, this has to be fixed. I think China knows and is serious. So now you have serious people on both sides who are actually listening to each other and talking. You read what's in the press today or in the last couple of days, you know, Secretary Mnuchin is meeting with the senior ministers of China next week, I think next week or maybe this week. And that's important. In addition to that is all the other geopolitical stuff. Americans should understand that

China, China has the right to grow itself and, you know, be proud of itself and want to regain its rightful spot in the planet. That does not mean you have to have a natural conflict. And for those of you who don't go to China, they have serious issues too. So take America, we have all the food, water, and energy we need. Our neighbors are wonderful – Canada and Mexico. We have not had a war with Mexico since 1848. We're pretty lucky. There's no war in North America or South America. Now if you go to China, their neighbors are North Korea, South Korea, Philippines, Japan, Indonesia, Vietnam, Afghanistan, Pakistan, India, and Russia. They don't have enough food, water, and energy. They have 500 million people living in poverty. They don't have a rule of law. They talk about their own corruption. They don't have our institutions. They don't have the depth and transparency of our financial markets, large, you know, venture capital, private equity. They don't have the university system we have. They don't have the innovative culture we have. They have a long way to go. So this notion that somehow it's automatic success, that's not right. What we should be doing is working with them together to make it a better planet for everybody. You know, the other thing about China, by the way, they've never been expansionary. If you go back 2000 years, China was never invading its neighbors. That was not true of Italy, Greece, most of the European nations. That's not the way they are. So, you know, I think it could be worked out but it's going to take serious people working hard on it.

CHAIRMAN MARIE-JOSEE KRAVIS: But how severe is the current slowdown in China?

JAMIE DIMON: It is a slowdown. So, you've had Economica, you had, you know, we kind of had Goldilocks in October. You know we're going to 3%. Things are real good. Inflation under control. The Fed is raising rates gently. You had global growth in Japan, in Europe, in China. Now you have a slowdown. And I think it's probably a slowdown as opposed to, you know, on our way to a deep recession. So even the IMF thinks we'll have global growth of 2.7 or 2.9 next year, down from 3.5. That was their prior projection. America, ex-the shutdown, looks like it'll be growing 2 to 2.5%. Japan is growing a little bit, but there was a slowdown. And China is probably the most serious one and the one with more ramifications for the rest of the world because, you know, China growth of 5%, you know, is \$600 billion a year of GDP growth over the world. Now the thing about China is they had the wherewithal, they owe the money in their country to themselves. They can macro-manage in a way you can't do in the United States. There are seven people who control the nation. They're quite capable. They're quite competent. They simply say you're going to lend to you. You're going to hire people. You're going to build that bridge. And it kinda works. It'll work for another five years or ten years. They can macro-manage. And they have the wherewithal to recapitalize their banks if there's a problem in the financial system, which there probably is. And so they're trying to work that through to keep jobs, peace, prosperity. My view is that they'll accomplish that in the next couple of years. There will be a point – and I've said this to my board, I don't know if it's three years or ten years out – where they will have more serious consequences when they have market reform. You know you can't tell people not to sell stock in most parts of the world. And the Chinese do. And so they could do things we can't. So I think they'll have issues as they become a fully, more fully

developed nation. And I think they understand that too, by the way.

CHAIRMAN MARIE-JOSEE KRAVIS: Are you as sanguine about Britain and Brexit?

JAMIE DIMON: I've always thought, look, you can argue two sides. Britain being free of a sclerotic Europe is not an unreasonable thing. It isn't possible to do in an un-difficult way. And so the thing about Brexit was always the complications are extraordinary. The British people don't fully understand what it means. They're just finding out. Companies are just starting to tell people, oh, if this happens, I have to do that, whether it's moving a plant or closing something down. And so I think a hard Brexit will be a disaster for Great Britain. We don't think it's going to happen because it's bad for Europe too. So they'll just extend things and have kind of agreements. But we're prepared for a hard Brexit. I mean we had no choice right from the start, that JP Morgan Chase can't be in a position where we get to March 19 or March 20, and we can't conduct business in Europe. It just isn't possible. So we've already spent hundreds of millions of dollars getting prepared for that. But we are prepared for that. But not everyone is. Customs ports aren't. Certain exporters aren't. Certain manufacturers aren't. Certain real estate people aren't. And there are also the unknowns, things that will happen in a hard Brexit we don't understand today. And so you have to know that it's going to happen. So it's unfortunate. I'm hoping that they have a withdrawal agreement, which all that is, is kind of an agreement in principle that gives them two to four years to negotiate a real deal. In that two to four-year period – I shouldn't say negotiate – I've told this to the Brits. It's not a negotiation. It's a surrender. It's 100% up to

what Europe wants. If they want to take this business, that business, this thing, swap facility, they can simply dictate it and Britain has no choice. And I'm not saying they're going to do that, but it's a really complicated situation. And, you know, the Brits were dealt a bad hand and they played it badly.

CHAIRMAN MARIE-JOSEE KRAVIS: And complicated even more are the European elections and the fact that the disruption in Europe could be much greater.

JAMIE DIMON: Right. We don't know who is going to be negotiating. The regulators are going to change. The politicians are going to change.

CHAIRMAN MARIE-JOSEE KRAVIS: The head of the central bank is going to change. So by the end of the year we'll have a whole new cast of characters.

JAMIE DIMON: Exactly.

CHAIRMAN MARIE-JOSEE KRAVIS: How do you prepare for that?

JAMIE DIMON: We, you know, I told you, the most important thing is like if you're a client, we want to serve you through thick or thin. So we were doing the stress-testing way before a stress test. And most of those were to look at what are the range of possibilities, even the worst ones,

and that JP Morgan has to survive the worst one, and the multiple secondary, tertiary effects of the worst one. So think of a disaster in China, we can handle. Think of, whatever it is by country, we can handle. If Europe goes into a Great Recession, we can handle it. Now it's not my preference. Obviously it'll affect our earnings and stuff like that, but we'll be fine. You know the goal to me is to do better for the clients next year than we did this year. The earnings themselves will fluctuate a little bit based on some things I can control, some things I can't control. And so we try to run our business to be very coherent. And clients don't like it when a bank is in and out. You can't go in and out. You can't be a fair-weather friend. So we've been in these countries for 50 years, 75 years, 100 years, 125 years, 150 years. We've been banking with some clients that long and we are going to continue to do that through thick or thin. We did it right through the Great Recession, whether it was making markets for clients or rolling over trillions of dollars of debt at the same price. You know, I'd say banks never got credit for this, but in the middle market and large, they raised credit at the same price. Not the market price which was 17% for some of these clients, but LIBOR+250. And so because, you know, we're their lender of last resort and we try to play that role knowing that it's not about earnings at that time. It's about getting, you know, getting the economy functioning and healthy.

CHAIRMAN MARIE-JOSEE KRAVIS: You have said, though, that if you had to redo what you did during the financial crisis that you'd be much more reticent, that your trust in government has really eroded. Not only your trust in government, generally trust in government, trust in institutions, whether it's the church, the schools. How do you reestablish trust?

JAMIE DIMON: You know you learn over and over the same lessons. I always say the lessons re-learned – I don't know if any of you have ever been in a boxing ring – you learn over and over not to drop your hands. (Laughter) And it takes a while before your instincts, to keep your hands up. And so the governments – and it's true around the world – one government can agree to something and the next government can change it. And they change it based on political whims. You can protect yourself but when the government, any government, comes after and says we don't care, well, it's very hard for a bank to do anything. You don't have like a place to go. You really don't even have a court to go to in most places. It's simply the regulator, the politician, the litigator, and you know, you've got your back up against the wall. And they use that. I don't think they should. So, you know, the American government, when Bear Sterns and WaMu happened, I thought it acted completely inappropriately. I will write about that in my book and probably name a few names. (Laughter) That part will be fun.

CHAIRMAN MARIE-JOSEE KRAVIS: So just one last point which is maybe less contentious, but maybe even more complex is healthcare. And you have established a partnership with Amazon and with Berkshire Hathaway in an attempt to reduce healthcare costs. But there's a lot of discussion about the price of pharmaceuticals and drugs and so on, but that's only about 8 - 10% of our healthcare costs. What are your priorities and how are you...?

JAMIE DIMON: I should have, in my list of the series of issues facing the United States, that's one of them. It's now 18 ½% of GDP. Our average developed world is 9%. So as a competitive

thing, now of course if you get better health, it's a good thing. And so I don't want to act like we don't get, we have great health systems and hospitals and pharmaceuticals. And you're right, the pharmaceuticals we talk about, it's 10% of the problem. But here are the problems, end of life, it's like 15%. It should be half of that. Fraud and administrative costs, like 25 or 30%. They should be half of that. Drugs are underused and overused. As it turns out, we all put in high deductibles. You know we thought we were getting people's skin in the game. They go shopping more. They don't shop. I mean I can ask you all, you all get blood tests and MRIs or CAT scans, whatever, you have no idea what they cost, and you never asked. It doesn't matter if you have a deductible. And you can't go on your phone and get it. There's no transparency either. Even though now hospitals are supposed to be publishing those things, but they're almost impossible to read. And then, you know, wellness. I mean 40%, I think 40% of our healthcare costs are related to obesity. And obesity drives cancer, diabetes, heart disease, stroke, depression. And you think we'd be teaching education nutrition and some, you know, like just walk a little bit, to kids in high schools and grammar schools. When I was a kid, I remember President Kennedy put in that – I forgot what it was called – but we all were running 660s and we were all doing pushups and pullups. And we've got to get back to like common sense stuff. And then get rid of the inefficiencies with data, transparency, analytics. And there are 40 million uninsured. So I think we should, we need to have universal coverage in the right way for Americans. So even the 40 million uninsured have access to your emergency rooms. So they're not, it's not that they can't get medicine, they just get it the worst way. That visit is \$10,000. A little bit of prevention is \$1,000. And so there's so many things we can fix. So this health thing is Amazon, Berkshire, JP

Morgan. We've got staying power. We've hired some great people. We're going to take the long-term view. We're going to figure out how to attack this problem using data and analytics. And we haven't decided how to do that yet. As you know, it's extremely complex. And anyone who wants to help, we're not trying to do this against, our is a not-for-profit thing. We want better outcomes for our people. We think we can save a lot of lives just fixing what I was talking about, at our own company. Diabetes, we have, you know the wellness programs, the actuaries tell me we're saving 50 to 75 lives a year because people are finding out that they have high blood pressure that they could drop dead from or walking diabetes they could drop dead from. And so all these things, we just have to do a better job. And it's going to take a while to fix it and it needs to be sustained. The thing about Obamacare is it didn't fix the fundamental problems. It just added people to them. And so we've just got to kind of go back and say how can we do a great job for the American citizen, fixing the problems, and it's not against anybody.

CHAIRMAN MARIE-JOSEE KRAVIS: We could go on and on but somebody has just pointed out that we've run out of time. So, Jamie, thank you so much for coming and for being so candid and sharing your views. (Applause).

JAMIE DIMON: Thank you.

