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Webinar

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Introduction

Vice Chair Michael O'Neill

Good morning and welcome to the 598th meeting of The Economic Club of New York in our 114th year. I'm Mike O'Neill, Vice Chair of the Club. As many of you know, The Economic Club of New York is the nation's leading nonpartisan forum for discussions on economic, social and political issues, and our mission is as important today as ever as we continue to bring people together as a catalyst for conversation and innovation. A special welcome to members of the ECNY 2021 Class of Fellows – a select group of diverse, rising next-generation business thought leaders, as well as to the graduate students from the CUNY Graduate Center, Rutgers University, the NYU Stern School of Business, the Columbia School of Business, and Medgar Evers College.

It's a pleasure for me now to welcome our special guest today, John Waldron. John joined Goldman Sachs in 2000 and is now President and Chief Operating Officer of The Goldman Sachs Group. He's a member of the Goldman Sachs Management Committee and Chair of the Firmwide Client and Business Standards Committee and Firmwide Reputational Risk Committee.

He's held various positions at Goldman, including oversight of the Leadership Group, which he founded in 2010. John is also a member of the Executive Committee of the

Institute of International Finance, a member of the International Advisory Council of the China Securities Regulatory Commission, a member of the US-China Business Council, and a member of the International Advisory Panel of the Monetary Authority of Singapore.

John sits on the Board of Directors of the Cleveland Clinic, is a member of the Executive Committee of the Board of Directors of Lincoln Center for the Performing Arts in New York City, and is a member of the Executive Committee of the Board of Trustees and Chairman of the Trustees Committee of The Lawrenceville School.

The format today will be a conversation for which we are fortunate to have CEO of Accenture and Club Trustee, Julie Sweet, as our moderator. We will end promptly at 11:15 and, as a reminder, this conversation is on the record as we do have media on the line. Without further ado, Julie, the mike is yours.

Conversation with John Waldron

JULIE SWEET: Great. Thanks, Mike. And, John, welcome, thanks for joining us today. It's great to have you.

JOHN WALDRON: Thank you for having me. I wish we were together in person. I'm hopeful that will happen soon, but it's good to see everybody on the video.

JULIE SWEET: Yes, I hope so as well. Well, John, we're excited. We're going to dive right in. I mean you and I have stayed close over the last, you know, incredible period and things keep changing, as you know, it's certainly not stayed static. And you have a very unique role, both because of Goldman's role around the world and then, of course, your position helping lead Goldman itself, so sort of both perspectives are incredibly helpful as we dive in today. So maybe just to kind of get right to it, let's start with Goldman Sachs' macro view, both the U.S. and globally.

JOHN WALDRON: Okay, I appreciate the opportunity to be with everybody. And, as you said, it's a very dynamic environment. We've been living through an extraordinary amount of change. I remember sitting here a year and change ago, very worried about the decline in the economy and, you know, as we predicted back then through our macroeconomic research team, a V-recovery, we're kind of living that recovery now. It's not a V everywhere and it's not the same everywhere. That's, I think, one of the real pieces of this pandemic that we're going to live through is a sort of Darwinian differentiation around the world in terms of what actually economic recovery will look like.

Our forecast is for 6.7% global GDP growth in 2021. That's about a point above what would be the consensus around the street, so we're more fundamentally bullish globally. We're particularly optimistic in the United States, very correlated to the vaccination rate and what's happening, you know, on the ground in terms of vaccinating now roughly three million people day in the US. We're watching very carefully that vaccination rate because obviously we're getting into the place where maybe demand is actually going to be below what the supply is, you know, on a marginal basis. So we're carefully watching that. But we would be at 7 1/4% in the US versus 6.7 globally, which is like 1 ½ points better than consensus. So we're more bullish for sure in the US.

We have a lot of stimulus. We're seeing stimulus roughly equal to 12% of GDP in 2021. It was 8% in 2020, now 12% in 2021. So that enormity of the stimulus fiscally is substantial and obviously has a huge impact on economic recovery we believe. And then obviously the Fed continues to be very stimulative as well so you're getting both fiscal and monetary stimulus driving US recovery alongside vaccination rate and within there's an enormous amount of pent-up demand. So we're pretty constructive on the US.

Less constructive in the near-term on Europe. Our forecast in Europe for the same 2021 would be 5% growth so still pretty robust. That's also above consensus. I think the consensus would be more like 4%, but it's definitely going to be more back half of the year driven given the vaccination rate. We do see the vaccination rate improving in

Europe. We think roughly 50% of the population across the Euro region could be vaccinated by the end of June so that's getting to a much better place, closer to herd immunity where you could start releasing some of the lockdowns. But that's definitely going to be a second half story. And so we're more cautious on Europe, but still above consensus.

And then in China, our forecast is 8 ½% growth, which is roughly on consensus. The economy is kind of operating much more on a pre-Covid basis there. I was on a forum last week in China, I noticed there were a lot of people in the room, no masks. You know, it seemed very normal to me from sitting here on the screen. And there's no question China is operating more normally. One thing we would watch in China is we think the credit growth is pretty strong, and it wouldn't surprise us if the government, policymakers, tapped the brakes a little bit just to worry about whether that credit growth can go beyond what they'd want it to go. So we're more on consensus on China, but we certainly think China emerges out of the pandemic very, very strong.

And then I'd make a comment about India, partially from a macroeconomic standpoint, but more from a human capital standpoint. I was actually on a call this morning with our team in India. We're extremely concerned with what we're seeing on the ground. Obviously, the pandemic is rearing its ugliest possible head in India right now, you know, in terms of what's happening with infection rate and with hospitalizations and deaths, you know, it's very concerning.

We have 6,500 or so people in India and so it's a big business for us and a big operation for us. The vast majority of them are home. We're very worried about them. And it is going to ultimately, I think, potentially have some impact in terms of how we all operate on the ground as we have to worry much more about people's safety and security than we do about the operational work that they're doing and how much more resource you can put on the ground right now given the concern that we have in terms of everybody's safety. So that's got to be something that we've got to all watch very carefully.

But generally speaking, we have a very constructive bias with the US., you know, kind of positivity more, you know, more than Europe and certainly China. So I think the US. and China will emerge much stronger than the rest of the world. And I think the differentiation with the emerging markets will be very profound.

JULIE SWEET: And are you concerned about the potential increase for inflation?

JOHN WALDRON: We absolutely are concerned about inflation. I would say there's an active debate inside the firm on that. I think if you listen to Jan Hatzius and his team, from a macroeconomic standpoint they certainly see the potential for inflation but also feel pretty convicted that the central banks will be able to react accordingly and not let it, you know, get out of control so to speak. So I think you're going to see a fair bit of focus on the central banks if we start to see real inflation readings.

We will see inflation readings in the short term just given the economic growth and the stimulus versus what we've seen on a comparative basis in prior quarters. But you had obviously unprecedented amounts of stimulus. The labor markets, in our view, are tightening. You certainly have to worry about prospective wage pressure. Anecdotally, I don't know what your view is, Julie, but I certainly hear anecdotally on the ground a lot of stories around increased wage pressure in terms of trying to really both attract talent and pay for talent and get human capital to work. So I think wage pressure is a real potential risk.

The US policy coming out of the Biden administration certainly feels more of a sort of taxation and spending direction to try to create more equity in the economy and try to create more recovery. That could have inflationary overtones as well. Our own view of the technology transformation that we're going through in this economy globally has more deflationary implications so that could be a counterbalance to what the stimulus might lead to from an inflation standpoint. So generally speaking, we see countervailing forces but I think it would be wrong to suspect that there isn't going to be more inflation. I think you have to assume there will be more inflation in the near term. It'll be very interesting to watch the central banks' reactions as those data points emerge.

JULIE SWEET: I'm going to ask you one more question on the market, but I'm going to come back to a couple of things you talked about on China and technology. So, you know, it would not be a complete discussion, as we sort of see the big picture, without understanding how you're thinking about the current market environment and what do you see as the opportunities and the risks.

JOHN WALDRON: Well, it's obviously been a very robust market environment. You know, capital market activity in terms of new issuance has been at record levels kind of across different asset classes and the performance of underlying securities across asset classes likewise record performance. So we've seen an enormous amount of positivity across markets. I'd say our concern at the moment is, is there too much speculation? Is there too much risk taking on the back of all that liquidity and stimulus in the system? So we're watching that very carefully.

One area that we do watch, I think we all should be concerned about, is the amount of retail participation in the markets. You know it's at record levels, you know, kind of across different aspects. There have been signals that we've all been watching. The GameStop kind of phenomenon that happened some weeks ago was an example. And we see tremendous, you know, kind of activity among retail investors in the markets, you know, kind of across different dimensions. So we're watching that carefully.

The second area I would point to would just be leverage. There is increased leverage in the markets. It's more market-based leverage than what would be traditional credit. As the history would show you, there's a lot of credit-led issues that can happen in a market. This market, I think, is not corporate credit as much as it is market-based leveraged. Some of that shows up in our prime brokerage businesses in firms like Goldman Sachs and others. And you saw the Archegos example where there was lots of concentration in that example, but there's certainly leverage embedded in those positions.

And then if you look at margin debt across the market, we see absolute levels of margin debt as of the end of February, which is the last reported number, at $800 billion, which is the highest level recorded. And that's a growth of $350 billion in a year. So that's an extraordinary amount of increased margin debt coming into the marketplace as people are borrowing to put more money to work and get more exposure largely into the equity markets, not exclusively but largely, and that's to be watched. Because the S&P has grown so much, if you actually look at it on a proportionate basis, it doesn't look as much out of whack. So the nominal numbers are big on a relative basis, the relative numbers less so, but we're watching that carefully.

And then I would say the combination, you asked about inflation but the combination of interest rate cycle and inflation, you know, is something that we're keeping a close eye on. You can certainly envision if rates rise, inflation rises, and you get a 10-year or a 30-year back-end move that's more pronounced than what's factored into markets, you could see money coming out of equities, particularly some of the higher growth tech stocks, which rely more on discounting with interest rate assumptions. You can see money kind of reversing out of those names if you got a pronounced move on rates and inflation and that could certainly have a negative impact on market valuations, and so that's to be worried about.

And the last thing I would highlight would be geopolitical concerns. You referenced, you wanted to come back to China, China is certainly on everybody's mind. But there are other real issues around the world from a geopolitical standpoint and I think increased nationalism on the back of this pandemic is a real concern in terms of how that plays through from a foreign policy standpoint. And I think the markets are going to continually focus on that as a potential source of risk, and we're certainly paying close attention to it.

JULIE SWEET: That's a good segue to China because, you know, there is, I agree with you, there's more than just China in terms of geopolitical, but it's certainly, you know, on the top of the mind. I was just actually with a group of European leaders who were, you know, reinforcing how important China is to Europe and, you know, then kind of coming back to the US-China relationship.

It would be great to get your views on the US-China relationship and how you might, you know, how you think the Biden administration might either change the relationship, continue? Sort of your thoughts on that.

JOHN WALDRON: I appreciate it. We're, like you, I'm sure, and a lot of our colleagues, we're evaluating this, kind of daily. I mean it's very dynamic. I would say the following. First, it's obviously the most important and complex relationship, you know, geopolitically in the world and probably will be for, you know, for our lifetime and maybe for our kids' lifetime. And it's really important that this relationship works on some basis, and the question is on what basis?

China is obviously a rising economic and military power. The US is an established superpower. That's a complex dynamic when you go back and study history. Those don't always end well. And so, you know, we're watching that carefully obviously. I think the Trump administration kind of reset the relationship. Whatever your politics are, whatever you believe from a policy standpoint, there's no question that that administration was trying to reset the relationship. And I think now the real question is how do these two countries coexist and/or cooperate and move forward from here?

There'll be areas of real cooperation, I hope and believe, and there'll be areas of real discord and competition, and hopefully it's more competition than more than that. But I think the dynamic is going to be very complex. I don't think it's going to be a simple, we're just going to work together or we're just going to compete. I think there are going to be areas where we compete and there'll be areas where we try to work together. I do think apropos to your question on the Biden administration, I think that the approach will be different.

In the early days, you can already see that there's an attempt to be more multilateral, reaching out more to our traditional allies across the world, and working more from an ally standpoint than more unilaterally. But the Biden administration is certainly demonstrating a toughness with respect to the underlying policies. So I don't really see much difference on the policy, at least in the early days, maybe more difference in the approach and the more multilateralist, you know, kind of more traditional foreign policy thinking than we might have seen under Trump.

We're hopeful that there could be real areas of collaboration around climate and sustainability. I think some of the recent discussions, whether it was Kerry's trip to China or some of the narrative between the two countries and the desire for Biden and President Xi to get together hopefully to talk about areas of cooperation, like around climate. We certainly believe green finance is a big opportunity for the United States and China to come together to figure out how to marshal private capital to support public capital in driving towards net zero emissions around the world and obviously the US and China will be the big drivers of that. So that's a real area of possible cooperation.

I think the virus and the vaccine is a possible area of cooperation. I fear that could get politicized and it won't be an area of cooperation but you certainly could see the possibility that the two countries could vaccinate, particularly the emerging markets, you know, on a more sustained basis quicker than they can on their own. So that's a possible area. I don't know how optimistic to be about that but I'd like to be optimistic about it.

And then I think apropos a lot of the things that Goldman Sachs is focused on, the globalization of the capital markets is an area that we hope will be cooperative, not competitive. We don't believe that you should weaponize the capital markets and we hope that that's an area we can actually find ways to globalize and marshal capital in smart directions from a capital allocation standpoint.

But conversely, you can see lots of areas around technology, in particular, where there could be more of a decoupling, you know, whether it's around semis or the future of AI, the future of 5G, Cloud computing, you know, maybe digital currency would be an example. There's plenty of areas where you could see more of a competitive dynamic. Hopefully, it's not all the way to decoupling, but maybe it's more competitive. And so we're hopeful that the countries will find ways to work together, but I think there's plenty to worry about, and I think it is going to be increasingly dynamic for all of us to navigate.

JULIE SWEET: And I think the first point you made about the Biden administration being more multilateral is also complicated by the importance of China today, you know, to Europe as well. And so that shift also makes, you know, being multilateral that much more complicated when you have that relationship being so important. I think it's very interesting what you said on the sustainability piece because, you know, we're seeing that all around the world. And, you know, it may be – as you said – an opportunity to help drive also that multilateral cooperation. So we hope you're right in terms of your optimism there.

You ended there on technology and I think it's a great segue into what you're hearing from clients. Both Goldman Sachs and you personally, you know, you're talking to leading companies around the world, you know, in every market. You have a very unique perspective. And it would be great to hear, like what are you hearing from clients? What's top of mind in your conversations? And maybe a little bit how that's changed.

JOHN WALDRON: It's a good question. It has changed considerably, and I would say the list of things that are top of mind is growing, which I think is evidence of how complicated it is to be a CEO today and run an organization. You actually, I think, have more things to put on your top-of-mind list than maybe you might have had in times gone by.

I would say, in no particular order, returning to office and whatever that means for whatever, you know, the company would be, or the institution would be as top of mind, and what's the future of work? So I find myself and a lot of our colleagues spending a lot of time with our clients debating and discussing what is the future of work for a manufacturing company, for a real estate company, for an investment bank or a technology company?

And there's not one-size-fits-all so it's interesting to me to watch different companies try to navigate this dynamic in terms of getting, having a desire for people to come "back" because they want to create the culture and the collaboration and generally speaking I think that's a pretty consistent theme that people are better when they're working together to create solutions, but everybody's got a different variant on how that should look, you know, for their own needs. And I think it's important that there isn't one-size-fits-all because I think different companies have different attributes and their employee base is different and what they're trying to accomplish is not all the same. So that's one major area that, I think, everybody is going to struggle through and do their best and I'm sure there'll be lots of mistakes made but also lots of innovation that comes out of this period, which I think could be quite powerful in the years to come. But again, it'll be complicated.

Along those lines, more discussion than I've had in a long time around people, culture, mental health, you know, wellness. What does it take to retain, to attract and retain top talent? I think we all worry about that in our daily existence running companies normally, but I think it's amplified dramatically right now. The war on talent is probably more pronounced than it's ever been and it's a more complicated time for human capital to operate, you know, coming out of this pandemic. So that's a second kind of corollary feature to the broader question of returning to work or returning to office.

You mentioned technology. I would say the digital transformation, the technology transformation, the accelerants of that transformation coming out of this pandemic is extraordinary. It's a revolution. Many companies doing really well riding that wave and getting on top of it, many companies struggling to keep up. I find many clients impressed with the speed with which everything's moving but also kind of overwhelmed with their need to find a way to be a leader and not necessarily sure that they have all the attributes to keep up with the pace of digitization in their own businesses. So, you know, that's going to be continually complex for companies.

Plenty of concern about geopolitics. Right? Plenty of concern about what does US-China mean. How do I operate in that environment? How do I operate in an environment where there's continued nationalism and nationalist tendencies? Lots of discussion about ESG. You know I think most companies now kind of get it, that they have to have a forward-thinking strategy around how they address, whether it's ESG as the architecture or sustainable finance as the architecture as we tend to focus on at Goldman Sachs.

You know I think it's an alphabet soup of metrics out there. So if you're running a company today it's very hard to know exactly what you're going to be held accountable for and what your constituents, whether they're your people inside your firm or your shareholders or rating agencies or other external constituents, governments, society at large. What are you going to be held accountable for? I think this is going to be a real area of focus for the next handful of years is to try to figure out how to create some standards. You know whether they're created by the government or by the markets or by some combination of the two, that's going to be, I think, a real complexity for most companies to navigate going forward.

You know I think stakeholder capitalism is a real issue. It's been, you know, kind of a looming question over time but now that we have, I'd say, more activism with employee bases and with other external constituencies, having more of a stakeholder capitalism perspective and how you handle that and think about that will be front of mind for most companies, and we certainly are engaging in a lot of conversations.

And the last thing I would say is government policy and the intrusion of government into the markets and into the economy in an ever-more present way presents a lot of complexity, and I think leads companies to have to think about how do they address the policy either that's being proposed or that might be on the docket for later and how do they think about managing their companies, you know, with an eye towards how that policy can really implicate or impact rather, the economy and the way they operate.

JULIE SWEET: What strikes me, John, as I listen to you is I go back to the early days when the pandemic was declared and you and I talking about the opportunities that could come out of this because we could see what was going to happen and that you could, you know, what were the good things that could come out of this, from the transformation. And as you sort of fast-forward, when you think about future of work, there's a lot of goodness there because people are focusing on talent, on skilling, that actually were issues that existed pre-Covid that have been triggered by this, when you think about stakeholder capitalism, ESG. And I remember you and I saying, like, you know, optimistically let's hope that, in fact, there's an opportunity here.

And I think it's exciting because most of the list that you just went through, right, are things that are about building back better. So it's actually very encouraging to hear that perspective. And, you know, one of the things that I know that you and David and the whole leadership team are very focused on with Goldman Sachs, both your place in the world, your strategy and the role you play, and so maybe we should level-set everyone on your first quarter, you know, what are the take-aways and what do you think is most important moving here? And then I'd like to maybe click one level down in terms of your strategy.

JOHN WALDRON: Okay, well, I appreciate you giving me the opportunity to talk about our first quarter. It was a good first quarter. We felt...

JULIE SWEET: That was a lay-up, John, that was a good lay-up.

JOHN WALDRON: I know, I'm sure the next one won't be. But we felt very good about it. But I'd say that the underlying premise of all of what we're trying to achieve is to have a very client-centric firm and to really serve our clients, you know, through all-weather environments. We're obviously in an environment where serving our clients is critical because our clients need more help, more advice. There's more complexities, we've talked about. There's a lot of capital being raised and capital has got to get raised intelligently and structured properly and executed well and so forth.

So what we mostly, what we were proudest of in the first quarter was really how we served our client base broadly across all the major businesses of the firm. And we hope to continue and really drive that client-centricity, you know, in the quarters ahead. We certainly feel good about our core franchise. You know the economy, as I said, is doing well. Our core franchise is doing well. Our banking franchise is really operating at a very high level, and we're expanding our footprint so we're serving more clients. So while we're doing a really good job with our existing clients, we're finding ways to expand and serve more clients, you know, across our businesses in banking.

And then similarly in global markets, which is really our sales and training operation, we're gaining share, which is important because we have a very big and strong business there, but we still were operating with sub-par share and lots of the most important client relationships in that business. And so we've instituted something we call the Top 100, which is a focus on the 100 most important institutions globally that really generate the largest majority of the wallet for global markets around the world and really improving our positioning and being more valuable to those Top 100 clients. Not to the exclusion of other clients but really focusing on making sure that we're doing the best possible job we can for the largest, most complex clients and bringing the full throw weight of the firm. And we made significant progress over the course of 2020 and again in the first quarter of 2021 and so we felt very good about that.

We've also made progress, and we were clear about this in our quarterly results, in our growth initiatives, which are really four different initiatives. One is to build a bigger alternatives fundraising platform and really develop more of a third-party fundraising balance to the balance sheet that we use and investing across all the alternatives' asset classes and we made substantial progress in 2020 and again in the first quarter of '21.

The second is we're building a business we call transaction banking, which is really Treasury services, kind of corporate payments, a business that has been predominantly owned – if you will – by the large commercial banks, the money center banks that have built big platforms over time. We're more of a disruptor in that arena and trying to build a business that is more digital in its architecture. And so we're pleased with the progress. We're still very small in the context of an overall market that I think in the U.S. is like $70 billion in size. We're developing more clients, more deposits on the platform and so that progress was clear again in the first quarter.

We're building a bigger digital consumer business, again aggregating deposits and customers on that platform, growing our loan balances, our credit card balances. We announced a credit card partnership with General Motors which we're very excited about to complement our partnership with Apple. So we'll now have two credit card partnerships that we will have in an all-digital format.
And we launched something we call Marcus Invest, which is an investment platform

digitally for our Marcus customers, which are our consumer customers where we're taking advantage of our Goldman Sachs asset management and private wealth management capabilities and offering that out to our Marcus customers. So again trying to find synergies in the context of what we're doing between our investing capabilities and our consumer platform.

So across all the different dimensions of our growth opportunity, we're feeling very, very positive about the direction. And our real focus right now is delivering One Goldman Sachs to our clients and driving more sustainably and higher returns to our shareholders by building a more diversified business, growing our shares, growing new businesses, new platforms, taking advantage of our technology capability, and again building a more sustainable firm over time, and so we feel good about the progress. We have plenty left to do, but certainly good momentum and that helps, you know, in the context of really feeling like you're making progress towards the ultimate goals.

JULIE SWEET: And again, in your own business, the same themes around technology, digitization, really focusing on the customer which is so much about what's happening with technology. It's not about technology. It's about sort of delivering something different. So it's great to hear about how that's actually affecting your business. Now maybe we probably need one hard question so talent is hugely important to you, and I know you personally do a lot of mentorship and leadership and focus. And there has been a lot of recent press around how difficult it is to get work-life balance at Goldman and really beyond Goldman, at investment banks. And so, you know, it would be great to understand how Goldman is thinking about this, and I know as you said before there's a big war on talent. So how are you focusing first on caring for your people and how do you think about this more broadly?

JOHN WALDRON: You're right, Julie. This is a very difficult issue for us to wrestle with, and I know others are wrestling with it, but we certainly wrestle with it actively. The counter to having a lot of good business activity and a lot of good flow in delivering the kind of quarter we did in the first quarter is a strain on our resources and on our people. And so we take this extremely seriously at the top of the firm.

You know I think we were caught, like many, not exactly expecting the dramatic exponential increase in activity levels, you know, kind of second half of last year and first quarter of this year. And I think we candidly were under-resourced, you know, particularly in elements of the business like in investment banking where, as I said, the capital markets activity really just took off almost parabolically and just went straight up, and we just were under-resourced. So we're doing a number of things to try to address that, one of which is to add resource, which I wish we had done sooner but we were a little slow in doing that, but we're doing it now.

The second is to really focus more intently on some of the guardrails. You know, I think we've done some good things over the years to put more guardrails in place in investment banking in particular, although not exclusive to investment banking, around the amount of hours people work and how we think about their staffing and trying to invest in their development as opposed to in just work for work's sake. So we had a rule in investment banking that was a Saturday work rule where you couldn't work on Saturdays unless an exception was produced at a very senior level and allowed for. You know, I think as the activity levels went along, we became a little lax in making sure that we kept that exception going. And so we're now being much more proactive in making sure that that happens.

We're very focused on the mentoring and development of our young people. I think that's something that we've really got to get right and invest in that talent. We hire extraordinary people at Goldman Sachs. We owe them a development capability. I think that's something the firm has been very good at, but over periods of time we get really busy. Sometimes we're less good at making sure that happens, you know, kind of on a real-time basis, so a lot more focus on that.

The third area I would say, which is back to your technology point, is we have to automate more of the tasks that our younger bankers and markets professionals and wealth managers and operations people work on. Some of that work can be automated.

A lot of that work can be automated. And then the younger generation can focus more on value-added capabilities that does enhance their development and makes the job more interesting and more valuable, and I think will have a real positive implication. That is a longer-term focus for us. I wish it could happen faster. It takes time, and you know as well as anybody how hard it is to build that automation capability. But that's something that we're going to be quite focused on in the weeks and months to come.

And, you know, I think at the end of the day we want to have the best possible talent. We want to have a diverse workforce. We want people to stay here longer and feel really good about their career opportunities. And we have a lot of work to do to continue to make sure that that happens, and the focus is there, we just now have to execute and make sure that we do it right.

JULIE SWEET: Right. And that focus on automation, it's a great point about how it really unlocks opportunity when you do it and move fast. I think in the last minute or two, maybe the final question is if you go back to stakeholder capitalism, you know, another area that is super important to you and Goldman. You've been doing some amazing things like the One Million Black Women Initiative. But maybe just a word on ESGs at Goldman because it's a great example of what's happening.

JOHN WALDRON: Okay, I appreciate the question. We're really excited about One

Million Black Women. This is a huge focus for the firm. It's something that we talked a lot about over the course of the second half of last year and we were able to roll out this year. It's really important for our people that we're a leader in the context of thinking about racial equity and really doing what we can from our platform to use our throw weight, whether it's intellectual capital or capital-capital, and really find ways to deploy that intellectual and capital to drive opportunity for those that have less of an access to that opportunity.

So we chose Black women as an opportunity that we thought was an underserved opportunity that can be a real driver of economic growth and also a real positive for the community. So we launched this program committing $10 billion of capital. A bunch of that capital will be capital that's really in loan form that we want to use to stimulate investment projects and opportunities for Black women that are driving different business opportunities in various communities around the country.

This is a US-based plan for the moment. We think there'll be significant grant opportunities alongside that. We can see opportunity in healthcare, housing, education, workforce advancement, financial health, financial literacy, financial wellness, all areas that we think need more capital and more focus, and we intend to be a force for good with our own capabilities in driving that.

And then more broadly, on ESG, we think about sustainable finance. That's the architecture we've tended to focus on. It's really two broad pillars in our mind. One is climate, which is kind of obvious to all of us. That's really clean energy, sustainable transport, food waste, logistics. And then the second would be inclusive growth, which speaks more to accessible and innovative healthcare, education, financial inclusion, financial literacy, you know, all around the world. So those two areas really drive the way we think about our investment. We've committed $750 billion to that broad architecture by 2030. We believe we've deployed over $150 billion through the first quarter of 2021 so we feel very good about the progress we're making.

There's substantial focus on education, entrepreneurship, and financial inclusion across all of the elements of what we're doing in our own work, 10,000 small businesses, 10,000 women, Launch with GS, which is a focus on investing behind women entrepreneurs of any race or social engagement. And so we're very focused on those programs and feel great about the progress we're making and hope to be a very significant source for deployment of capital in driving these initiatives.

JULIE SWEET: Great. Thanks, John. I know that we're about to get the big cane, the thing from Mike, but really great to have you here. Loved getting to hear about both the market and Goldman. Thanks for your leadership particularly in these areas, but more broadly. And I hope to see you soon in person. So, Mike, over to you to close us off.

Thanks again, John. Really appreciate you coming.

JOHN WALDRON: Thank you, Julie. I appreciate the time.

VICE CHAIR MICHAEL O'NEILL: Very topical, very interesting conversation. Thanks to you both. I'm pleased to report that we've got many great speakers coming up here, and as always we encourage you to invite guests. Next up, we have Robert Swan, polar explorer, first man to walk both poles. Ben Hecht, President and CEO of Living Cities on April 29. Dambisa Moyo, Co-Principal of Versaca Investments and author on May 4. We've invited the top five New York City mayoral candidates and have gotten confirmation from Eric Adams on the 6^{th} and Ray McGuire on the 10^{th}. Stay tuned for more announcements on this. Other speakers are laid out here as you see. There are plenty more coming. It should be a terrific summer for the Club. If you're interested in membership, please email the Club at the address on the screen. Thank you all for tuning in.