VIDEO

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Jamie Dimon in Conversation with Eric J. Pan

JPMorgan Chase Chairman and CEO Jamie Dimon joined ICI President and CEO Eric J. Pan for a lively discussion on Day 1 of the 62nd annual ICI General Membership Meeting, which took place on May 6, 2021. The conversation touched on Dimon's vision for leadership in a post-pandemic world, the regulatory developments around sustainable finance, investor access to early-stage investment opportunities, the US economy and infrastructure, and more.

Transcript

Eric Pan, president and CEO of ICI: So, Jamie Dimon, chairman and CEO of JPMorgan Chase, it's an honor to have you here. Thank you for being here today.

Jamie Dimon, chairman and CEO of JPMorgan Chase: Eric, thrilled to be here, and thrilled to be with all of you, though next time in person.

Pan: Well, we look forward to that. And we're going to hold you to that promise. So I wanted to start off by thinking about life before the pandemic. So back in 2019, you were the chairman of the Business Roundtable. And you oversaw something called the "Statement on the Purpose of a Corporation." Now, this statement made a lot of news, because you and 180 other CEOs outlined a fundamental commitment for companies to operate in the interest of customers, employees, suppliers, and communities—a much broader group than merely the shareholders.

Now, you fast forward [to] today, and obviously we have a lot of discussion about new regulation for climate change [and] diversity and inclusion. These are broader areas than enhancing shareholder value. So I'm wondering, should American companies embrace these new regulations as to be consistent with their responsibilities as you had outlined at the Business Roundtable?

Dimon: Yeah. So the short answer is no, because I don't think that's completely consistent, but I want to explain that. I sat in a meeting with a bunch of press one day, when I had just been made chairman of the Business Roundtable, and one of the press [said], "You guys, all you care about is profits." And I said, "Well what do you mean?" And they said, and they referred to a statement the BRT had made in 1989 or something. I got the statement. It basically said, fiduciary [and] shareholder value.

And what people have to understand is, when the public hears "fiduciary," we're standing behind lawyers, and shareholder value, they hear, rapacious short-term profit-taking, which ironically is the worst thing for shareholder value. So the statement was more of an evolutionary thing, what CEOs actually do when they wake up in the mornings is do a good job for the clients. That's like number one. Because if you don't, you lose. Clients have to come back, and the way you do that is through employees.

And my view is, we shouldn't stand behind legalese or the courts, and I even told people, "Don't [worry about] your general counsels." Because all the general counsels will come back and say, "You can't change it. It's fiduciary, Delaware court." That's not talking to the American public.

And so, and of course, people extrapolate that, that therefore you have to do things. So I think it's perfectly reasonable that you...Shareholders and people ask us about ESG, environmental social good. And there are good things about that and bad things. So that does not mean that we have to agree with everything people are saying. I mean, we report a lot of that stuff. There are a lot of things that people ask us to do which are capricious, arbitrary, a waste of time, expensive, and will not accomplish the objectives of climate change.

So my view is, when it gets down to the detail, let's talk about the detail, and whether it makes sense to support that. I'm not against reporting. And I'll just give you one quick example, when they wanted to report CEO comp to median comp, which by the way, you all know my comp. You can look at our P&L, look at comp, and divide by 200,000 employees, you'll be roughly accurate. The reason we didn't want to do isn't because we were embarrassed; I'm not embarrassed of that. The reason is that it would cost $50 million to $100 million to implement a system to do it in a way that met all the terms.

For example, is it monthly average? Daily average? Does it include laying people off? Does it include FX adjustments? Does it include benefits? Does it include all these other things? How do you make adjustments for foreign countries? And it's just like, that doesn't accomplish anything. If you want to know the number, you roughly know the number. And so climate change can be a big one. I'm for it, but not some of the stuff people ask us to do, because it's a complete waste of time, again.

Pan: Right. Well, so it's interesting that you brought up climate change, because I did want to ask you a bit about sustainable finance. Because this, clearly, it's a priority for the Biden administration; it's a big policy priority out in the European Union. Even China is talking about doing more to fight climate change. And it seems like a big focus of what these policymakers are saying is, "We need to get the financial system. Get financial institutions like JPMorgan Chase to redirect capital to greener companies, transitional technologies, and things of that nature."

So they're putting a lot of pressure on firms like yours, as well as members here at ICI, to do more. I'd love to get your take as to whether or not you think this call on financial institutions to do more. Is this appropriate, and do you think banks like JPMorgan can do more?

Dimon: Yeah, so again, and we want to be a mature voice at the table, OK? Which is, I don't mind people saying banks should do a bunch of things. But what are those things? And it's kind of peculiar to me that they say you're going to accomplish….I think climate change is a real issue that we have to attack as a nation. Now, the BRT published a 40-page thing that goes industry by industry, including supporting a carbon tax. And by the way, if you don't support a carbon tax, you're barely being serious.

You think you're going to pound on banks and you're going to fix the problem? There are thousands of companies out there. China and India are far bigger polluters than America. So what we want to do is be a mature player at the table, and we talk about carbon intensity. You're not going to get rid of oil and gas for a long, long time. Now we, the world, uses 100 million equivalent barrels a day, or something like that. Gas is much more effective than coal, in terms of CO_2. There are agricultural issues; you could do pipelines well or pipelines badly.

So we use the concept of carbon intensity. So a lot of people asking and reporting won't solve the problem. But at one point, when there are good standards that are applied broadly. And the other thing, which everyone should understand, because I know this is on your mind. If public markets don't do it, private markets will do it. If Americans don't do it, foreign companies will do it. So you need real standards around all of that if you want to get it right.

It's doable if we do it right as a nation and a world, we can do it at virtually no cost, and I really believe that. If we just impose rule after rule after rule, we're going to not accomplish anything at a huge cost. And that's the difference when I say doing it well, and doing the policy well, and not doing the policy well.

Pan: Right. So when you talk about standards, can you speak more as to what you mean? Because it sounds like you're not suggesting we need more SEC rules. Or we don't want the Fed to issue a new capital requirement on banks. So what's the alternative? If you were a policymaker, how can you incentivize this investment?

Dimon: Imposing a capital requirement on a bank is a little bit like whack-a-mole. It'll just go to the non-bank section. That's not going to solve it. But so my point is carbon intensity. So we have clients who call us up saying, "Jamie, we're reducing our carbon intensity by 20 percent a year." I even met with companies that are doing better pipelines, better things, and they're saying, "Help finance the transition."

So people should be asking, "Are you financing a proper transition in a way that helps accomplish the goals of the nation? And is the legislation proper to accomplish those goals?" So it's a much broader set than just pounding on banks. That will not accomplish the goal. So we're for the cause; we're for proper reporting when we know what it is.

So right now the SEC, the CFTC, and the Federal Reserve, and the OCC, and the FSA, and the PRA, if all these people are imposing rules on us about reporting, that doesn't necessarily accomplish the goal. The goal is to get less CO_2. How are you going to do it? And the best way, carbon tax, emission trading things, proper industrial policy, really well thought through. And then you will accomplish reducing CO_2.

And then, of course, we've already announced, I mean, JPMorgan's announced $2.5 trillion over the next 10 years of financing the new economy, OK? And there are great things out there, agricultural things, and like I said, cleaner technologies, batteries, solar, that will pay for themselves. This is not philanthropy; this is that they actually pay for themselves.

Pan: Got it. So I'm curious, if I could ask one more question on sustainable finance, a big issue of debate today is whether or not companies should even provide more information about their sustainability. And part of it is, people ask whether or not it's financially material that this information be provided. I know every company is different, but I'm wondering if you have a view on the materiality of sustainability.

Dimon: Yeah. Look, a lot of people tell me, "You should disclose this. You should disclose that." Even the smartest investors in the world. I tell them, "We do. It's on page 247 of our 400-page 10K." And then we send out a booklet on ESG, and we disclose a lot of various things we're doing and why we're doing it and how we're doing it. So again, I'm not against it, but if you start supplying templates and then there's litigation around it, and then people on the outside say, "It's got to be audited by outside people." That's all BS, and it won't accomplish the goal.

So we want to help accomplish the real goal. We want to do it intelligently. We're going to report stuff. And eventually we're going to support, when we think that's a good template to report. And then also support that that should be done broadly. Remember, there are private markets, there are public markets; $1 trillion of credit is supplied outside of the banking system. The banking system itself is getting smaller and smaller and smaller as part of the whole financial system. So if you're a regulator or government, you better be looking at the whole thing, not just the banks.

Pan: No, good point. So I want to shift gears a bit, because I think one thing that really makes it exciting to have you with us is obviously people know you by reputation. It's not an exaggeration to say that you're one of the most successful business leaders in America. And you've led, obviously [are] leading, one of the foremost companies here in the United States. So I guess I'm curious, given the pandemic, has the pandemic changed how you view your job? And to that, can you speak a little bit about how you think JPMorgan will be a different company once this pandemic is under control?

Dimon: Yeah, so it didn't change my job. We're not going to be a different company, but I do want to point out something that, it just heightened my sense about it. So COVID-19 and the murder of George Floyd highlighted for all of us something we already knew. One is that we've had racial inequality for a long time in spite of huge efforts to try to attack it. And the second is, COVID-19, we were completely unprepared for. I'm not blaming any administration, but if you look at some of these things, we have done policy really badly.

So it's heightened my sense of policy—and when I say policy, we're talking about infrastructure, education, immigration, regulation. When I say regulation, [I mean] red tape. I'm not talking about G-SIFI bank regulation. Healthcare, we have some of the best in the world, which I'm a beneficiary of, but we don't have better outcomes.

Obesity is a scourge. We don't teach K to 12 in certain schools. I mean, I can go on and on and on about our own shortcomings as a nation that I do think business, and that you saw after the murder of George Floyd, a lot of businesses said, "Hey, we're going to double down. We have to get involved." And so it is making me pound away at the point: we need collaboration between business, government and civic society. So we need good government. We need good regulatory guardrails. We need civic society, like unions and schools. But if we don't all work together to fix these problems, they won't be fixed. And we need analytical, detailed policymaking, like around climate, that can accomplish it.

But basically we've done a terrible job as a nation for 10, 20, 30 years, and it shows up. The Chinese think we're not competent anymore. And so it's time for us to kind of look inside, attack these things. And I think a lot of businesses are doing it. And maybe the pandemic accelerated that a little bit.

Pan: So you mentioned diversity and inclusion, especially in the context of what happened to George Floyd and how that affected this country. When you think about D&I, a lot of this goes to culture of organizations, our society, but of course from a policymaker perspective, there's a lot of interest to try to encourage more diversity and inclusion. So to what extent can policymakers affect culture? What can policymakers do to really get institutions and companies to do more about diversity and inclusion?

Dimon: Yeah. So remember as a policymaker, I'd look at the whole picture, and a lot of these companies already do a very good job at this stuff relative to others. There are whole industries that don't hire a lot of women and diverse candidates and Black and LGBT. So they should look at the full thing. And that's a really good question, because you kind of both want to incentivize it. You want to get it done properly. You want to have policies that help. And there are, but if I was a policymaker…and again, these companies are doing it, and I would support that. I think disclosing, like we have no problem having targets, none, because like we do in any other business, we have a target. And if you can't find a great Black person to hire, well, I'll take you to Howard University and show you one.

Now, we're teaching our people, be a little aggressive to meet targets. A lady who runs wealth management for us looked at and said, "We don't have enough Black financial advisers." We're going to do a program to hire and train 300. So we're going to attack, can the government do that? No, they can encourage it and push us a little bit. And of course when we testify, they're always going to ask us those things, which I think is completely fine and completely legitimate. But if I were them, I would look inside at the structural part that they'd been part of.

Our inner-city schools, which are poor, but there's all a huge amount of minorities involved in that, Black, Latinx, etcetera. Why have they been failing those kids? Why are these policies we've done not working? And so I can go policy by policy. And that's how I look at it. So I would support policies that accomplish the objectives, and the objectives can't just be...because you see our government throw more at failing schools. Well, that doesn't work. The goal isn't to get more money to failing schools. The goal is to get those kids graduated with a job.

There's a school right across the 59th Street Bridge here, which is mostly minority kids. They travel two, three, four hours a day [to] high school, but it's called the Aviation High School. They learn to maintain small aircraft, Cessna hydraulics, electrical systems, et cetera. And 95 percent of the kids graduate at $65,000-a-year salary. That's what we should be doing. So when we talk about schools, we should say that's how we're going to measure ourselves in the output, not the input. So I think there are tons of things policymakers could do, but they should. If I were them, I'd be really looking at infrastructure, educate, broadband in some of these areas that [don't] have it so that you're lifting up society, and it's kind of a sustainable permanent effort and you're not creating intergenerational poverty.

Pan: So I can't help but when you mention things like infrastructure, education spending, broadband…a lot of these issues are part of President Biden's proposal, his new infrastructure bill, right? As well as some other pieces of legislation he's put forward. So these are very large bills. A lot of money is part of these proposals. And the president has suggested that the way to fund the bills is through increasing taxes, higher corporate tax rate, a higher capital gains tax on wealthy families. So I sort of want to push you a bit to see, given that the priorities of President Biden's infrastructure bill would seem to go along the same lines that you were talking about before, are you concerned though about how he plans to finance this bill?

Dimon: Yeah. Yeah, I am. And I'm also concerned how the money's going to be spent. Again, our government doesn't do a great job at certain things and they should be very clear about what they want to accomplish. I've said, we all know Republicans want infrastructure too. I think it should be a bipartisan bill, but I think each piece and every piece should say, on highways, how many miles are you going to build? How much is it going to cost? When's it going to get done? Who's responsible?

On education, not just free community colleges, because we work with a lot of community colleges in the United States. How many kids are going to graduate? How many kids are going to have a job at $65,000 a year? So I worry about not just the bill, but we're just throwing money. It doesn't work. And we already waste tremendous sums of money. And I think we owe that to the American public, to tell the American public, "If you're going to give me your money, I'm going to be a good steward of it. And here's what I'm going to accomplish. I'm going to report back to you." Just like disclosures you're asking us to do, and a bunch of different things.

Then on the taxation side, first of all, they're completely unrelated. We should have proper infrastructure, proper immigration, proper healthcare, proper stuff. And then we should have proper corporate taxation, and obviously we got to pay for this stuff.

So I've always said we need competitive corporate taxation. I think the notion that you can have uncompetitive corporate taxes and you can be a competitive nation is a little crazy. I don't want to bore people with it. And by way, the devil's in the detail, which is it's not the 25 percent can you support, it's the other stuff: territorial, guilty chart things, deductions overseas, gap taxes. That's the stuff that, what they have currently, they wouldn't just be taking away the Trump corporate tax cut, they'd be tripling it literally. And that will really hurt capital formation in the United States. And capital formation drives all productivity, all technology, all growth. And if the policymakers don't get that and they think they're going to drive a lot of capital overseas, I think they're making a mistake.

On the individual side, I think the rich are going to have to pay more. Again, I think that you can't have capital gains at 39 whatever percent. I don't think it will be very successful. But again, I look at the seriousness. If you have carried interest, you're not being serious. If you're going to get rid of SALT, you're not being serious. There are tax benefits for sugar, cotton, corn, race cars, golf courses, and people think….So, I think we need demonstrate we're serious about how we're going to spend your money. And then you probably won't mind paying less. A lot of wealthy people, if they thought they were really lifting up those poor kids in the South Bronx they'd be willing to pay more. But most people don't think shipping money to DC is going to be productive. So, you got to earn that a little bit.

And so, I got an email from someone today saying government is good at doing bad things, but it's really bad at doing good things. So government, I think when they pass these bills and stuff, they should have accountability, responsibility, expected outcomes, and then measure it and tell us about it. And they should be doing that everywhere. Every department should be doing a report, what we do with your money.

Pan: You mentioned capital formation and also the power of markets, and earlier you talked a bit about private versus public markets. I wanted to touch on that because here at the Investment Company Institute, we're in the regulated fund industry. Something that you have talked about in the past has been the fact that retail investors are losing out of some investment opportunities because companies are going public a lot later in their lifecycle, and of course retail investors don't have the same access to a lot of these new startup opportunities. They're staying in the private markets a lot longer. And of course for us, mutual funds, then, are also losing out on those opportunities. I wondered if you could speak more about that—if you think it's a real problem. And if so, what do you think we can do about that?

Dimon: Yeah, I do think it's a real problem. And I know you can argue to make some of these vehicles accessible to retail investors. That's fine. That's a Band-Aid. I think you've got to ask yourself: what is the problem? And I'm going to lay out what I think might be a problem. I think if I was the regulators today, I think they have to become far more forward-looking than backward-looking. But we've gone from like 8,000 public companies to like 4,000. Now we're back up a little bit because of SPACs, and actually I'm not sure that was the best way to go about it. And you kind of ask the question: why? People are staying private much longer; they get private capital longer. Private equity now has $8 trillion of assets. Hedge funds have $2 trillion or $3 trillion of assets. But the reasons may be the wrong reason that if you're public: litigation, disclosures, which are capricious and expensive and a waste of time. Shareholder meetings—which, people laugh, they go to it and they think it's like a show. Most shareholders don't go there because there's nothing that the shareholder really wants to hear. And special interest groups who hijack the meetings or people who have cookie-cutter voting on every issue under the sun, from chairman CEO to comp to stuff like that.

And so, a private company can pay the people what it wants. The board focuses on the business. They don't have the press, they don't have the litigation, they don't have the costly regulations. But is that what you wanted? Is that what the regulators want? Do you want everyone to move? If I can make JPMorgan private, I'd make us private for all those reasons. So I think someone should analyze that, come to a determination what to do about it, not have a Band-Aid, say, "OK, we'll allow private equity to sell to you in $1,000 pieces." That's fine but it doesn't answer the question about why we...Is it a problem? Maybe you think it isn't. Maybe regulators and the government will come to the conclusion that it's better to have private capital markets, maybe. I don't personally think so, but maybe.

Pan: Right. And I haven't heard any regulator make that case yet, but maybe—

Dimon: Can I make one point about regulators, too, by the way? They should be looking at cryptocurrencies, payment for order flow, high-frequency trading, digital currencies, private markets versus public markets. Meanwhile, we're still doing Dodd-Frank from 10 years ago. I mean, what are we doing?

Pan: Well actually, I had a question on that because in your recent letter to shareholders, you actually spoke a bit about regulation, and especially as it may have applied to liquidity stress that we saw last March, just right when the pandemic was starting. Now, in your letter—you wrote that the confluence of three main constraints, and you're referring to the liquidity coverage ratio rule, the supplementary leverage ratio rule, and G-SIFI capital rules—that these constraints created red lines that we cannot cross. And this has the effect of preventing not only JPMorgan, but also other institutions affected by these rules, that you can't intermediate market stress the way you used to be able to. Now, I think the events of last March showed that markets can lock up, especially if you have these large external shocks. So, why do you think regulators struggle with acknowledging that the regulations may actually have a constraining effect on the ability of banks like yourself to intermediate the markets?

Dimon: The broader thing in that letter, I talk about, I think people should do things with the forethought. And so, after Dodd-Frank, and I wasn't against Dodd-Frank. It accomplished its main objectives, by the way, which was more liquidity, more capital, resolution. Lehman wouldn't have happened; AIG wouldn't have happened, Fannie. A lot of these things simply wouldn't have happened, or if they happened, it would've been an orderly process to clean them up, as opposed to what we have was a very disorderly one. So, I'm not arguing that, but I'm making a point that we have a huge growth in private credit markets, huge growth in private equity, huge growth in fintech. A lot of these fintech companies are now bigger than banks. PayPal is bigger than every bank in the world other than JPMorgan. The whole banking system in Europe is worth a trillion dollars, what it was worth 20 years ago, so the banking system…

If that's what they wanted, fine, but I don't think it was. And part of what we, one of the mistakes we made is we have so many people involved in simple regulations, like mortgage, derivatives, that everyone's got, and they're all independent agencies, so it's very hard for them to decide. So they’re still, literally, we're still getting rules on bail-in-able debt, how we can pay dividends, how stress tests. And that's 10 years later, so it's a very backward-looking process. I think it becomes very political because so many people are involved, so it's hard for them to say yeah, we made a mistake. Too much of it is public.

You were a regulator. You have the right to say, "Jamie, you’re…" At the end of the day, I salute my regulators. I'm going to do whatever they want. They're my judge, my jury, my hangman, but it's hard for them to have a conversation. And it kind of gets down to the lowest common denominator about what you want us to do and stuff like that on this particular item, and you’ve got to be very clear. When things are really, really bad, the Fed will have to come in and intermediate like they did in ‘08, like they did in the Depression, like they did in this time. But there were times where they shouldn't be the only one who intermediates. So, here's JPMorgan. In those months, we had a trillion dollars of cash, basically cash and liquid securities.

But because of the confines of those three things, we could have put—and I know the money market funds needed like $150 billion—JPMorgan alone could have financed the whole $150 billion, all of it with the trillion, with all the liquidity, all the capital, not taking any additional real risk, being paid, proper clout. But it would have sucked out LCR. We've been below the hundred. The G-SIFI scores would have gone way up. Well OK, if that's what they wanted, fine. If that's what they wanted, they're the only ones who intermediate. And again, I'm not worried about when things are really bad, but there are just fluctuations that they have to step in. They're stepping in now in the repo markets. Is that what they wanted? That they have to be the only game in town, whereas we, in the great financial recession, we financed a lot of people out there. We financed people with Brazilian bonds and these things—60 percent leverage, not 95. Diversified portfolios of bonds, we completely understood. We held the collateral. But it gave the funds a chance to orderly liquidate, as opposed to just [having] to dump securities in the market.

And we've seen that in the repo markets; you see that in the credit markets. And I just think it was a mistake. And again, I think some of these things should have been private. So even the discount window—which, by the way, is a form of how you provide credit in the marketplace, that’s got this, if you use it, you're a bank that's in trouble, which is just obviously not true. And so we've changed the whole banking system. And I still don't know, some for better, some for worse, but I don't know what the net aggregate is. We'll find out down the road.

Pan: I wanted to ask you about China, because this of course is—

Dimon: But meanwhile, I'm shocked. I mean, if you look at the growing issues—someone should be saying, what do we want to do around crypto? So I'm not a fan of Bitcoin, but forget whether I am or not. There should be legal, regulatory, tax-related framework, AML around crypto. It's now worth $2 trillion. When are they going to say, "Oh my God, this is worthy of our attention?" And of course, you've seen stuff about paying for it....There are tons of issues that they...exchanges, off-market exchanges. Data brokers, data privacy, data localization—the future issues. Cyber. That's what they really should be paying attention to.

Pan: So that's interesting, because on cryptocurrencies, why do you think they've been slow to react to cryptocurrencies? Is it a lack of understanding? Is it a case of the generals fighting the last war? Do you have a theory?

Dimon: Yeah, it's generals fighting the last war. And then early on in the Obama administration, there was the love of technology and it was a new thing, and…everyone wanted to look like they are supporting the new technologies. Well, now it's big. And it deserves a certain amount of attention, and how it gets used, and why it gets used. And is it following the laws of the land? I just, they're distracted. They've got big jobs. And we're still looking backwards, fixing Dodd-Frank. So it's a combination of all those things, but if I were them, I'd be paying a little attention. Because when it's $3 trillion, then $4 trillion, then $5 trillion, when grandmas start buying it and people start being ripped off and ransomware's going into a hundred cities, not 30, I think you're going to have an uproar about what was allowed to happen.

Pan: Right.

Dimon: Right.

Pan: Well, before...because our time is limited, I did want to ask you a bit about China. Because honestly, the US–China relationship is having a large impact on the global financial system, on our global trading system. And you have commented on the United States needs to mature the management of this relationship. I was hoping you could share with us your views on, do you have concerns with current tensions between the United States and China? And is there a different approach, or how would you advise the Biden administration as to how to work with China?

Dimon: Yeah. So I think they're doing the right thing, which is try to...The Trump administration pointed out some real problems that the business community and government should have focused on a long time ago. We all didn't. You could point fingers at people and some senators, bank business, and all that, but the American public should look at the big picture, OK? China's done a great job developing itself, its own way, different than we would have done it. They've gone from 400 per person GDP to 10,000. We're 65,000 per person. Even in 20 years, they'll be at 60 and we'll be 85 or 90. They have real issues which their authorities know about: food, water, energy, corruption, lack of transparency, rule of law. And they're making real progress in all of that. And it's not against us. They also have a very complicated geopolitical situation, far more than ours. We've got Canada and Mexico, our wonderful neighbors. The Atlantic and the Pacific.

They have the Philippines, the Koreas, Japan, Indonesia, Vietnam, Pakistan, India, Russia. It's a complex part of the world. And now we've got conflicts. All the trader issues, of course people are worried about Taiwan and they're worried about the democracy, what they've done in Hong Kong, and the Uyghurs, all legitimate things. But at the end of the day, I think the administration privately...I think insulting each other publicly is just a bad idea. It kind of rouses that nationalistic stuff in both countries. And that can force politicians to push people to do bad things.

Have a real conversation about trade. I think in trade, we should work with the allies, kind of lay out what we want to do, and let them join, if they do it the way we think is appropriate. Not against them, just lay it out. And I think that'll lead to a little bit of a decoupling. Not a total percent, just a restructure, which is a lot of what has already happened already. And then I think we've got to be very cautious on military, geopolitical, stuff like that. And they should talk to each other. We had a lot of cultural exchanges taking place, which I am generally for, but I think and then we have common interests. Neither of us, I think, want a lot of nuclear proliferation. I mean, that would be bad for everybody. Neither of us like terrorism, neither of us...Both countries think climate is a real issue that's got to be faced. So we know we could create common interest, too, and then have those very private conversations.

And I think the Biden administration is doing what most of us expected. Kind of more traditional, but not easier on the Chinese, but more traditional diplomacy and trying to have the conversation. And anyone who has been as—and I'm not an expert in foreign policy—but all the people who've been involved in this a long time, who I do speak to, Bob Gates and Henry Kissinger, think that you got to go back to a deep, detailed, strategic dialogue so there are no misunderstandings and you can accomplish some good things together.

Pan: Well, I wish we could spend a lot more time with you. I really want to thank you again for being here today. You've given us a lot to think about. And we very much appreciate all the insight that you've provided. So thank you.

Dimon: Thank you very much. And everybody, thank you very much for spending time with me. Keep the faith, good luck, and hopefully next year [we will be] in person.

Pan: Definitely. Take care.

Additional Resources

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