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JAMIE DIMON



JAMIE DIMON, Chairman and CEO of JPMorgan Chase & Co.

7 1/4%

JAMIE DIMON recently spoke with Emmy award-winning journalist Charlie Rose, the host of a U.S. television interview show bearing his name, at the Aspen Ideas Festival. Rose, who has been described as “the thinking person’s late-night talk-show host,” asked Dimon about the economy, Wall Street culture and leadership, among other issues.

Views on the Economy



On the economy:

The economy is so complex, it’s virtually unfathomable. You can look at a microcosm like housing or corn prices and figure that out. But given the complexity of the global economy—the strength of consumer sentiment, businesses, India, China, Europe, the fact that trillions of dollars flips around the world every day—it’s hard to tell where it’s going.

There are big pluses and minuses, and a lot of imbalances have to sort out. A lot of smart people think it will settle out nicely. While that’s possible, there’s also a chance they will not sort out nicely, so we have to get braced for much tougher times.

I hope we’ve hit bottom, but I don’t know that for a fact. So at JPMorgan Chase, we try to prepare for all kinds of weather. We’re not guessing what the weather’s going to be like. We just want to be prepared.

On Wall Street culture:

Some firms were taking a tremendous amount of risk. There were misincentives that pushed people to take risks. Some CEOs fall into a trap. They’re under tremendous pressure to grow. Well, sometimes you

can’t grow. Sometimes you don’t want to grow. In certain businesses, growth means you put in either bad clients or take on excessive risk or leverage. I think some of the Wall Street firms felt this pressure to grow, too.

On how J.P. Morgan avoided missteps:

First of all, I don’t think we’re doing that great. It’s irrational to think that every time you get up to bat, you’re going to hit a homerun. You’re going to make errors.

But if you do things right, you improve your averages. You need people you trust, great reporting and complete transparency. You need to separate accounting and operations from trading—that’ll both minimize the risk and reduce errors.

I’ll give you some examples. We stayed away from SIVs, or structured investment vehicles. These were sponsored by certain banks around the world. They are basically arbitrage vehicles, but they have no

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business purpose. We didn't finance them because we didn't see what they had to do with real clients.

We were careful in mortgages, but we made some mistakes. We look at risk across the entire company and always look at how bad could it get. So if the stock market were to go down 25%, it'd be a really bad day, but we'd still be fine. I don't want to tell shareholders, "Well, it went down 25% and we're bankrupt, I'm sorry."

Stock markets can fall 25% in one day. They already have, in the past. So just use a lot of common sense and some experience and judgment to try to avoid the worst pitfalls. If a transaction has nothing to do with serving clients, what's that got to do with building a great company over time?

On China's rising economic power:

I think it's in humanity's interest that China do well. And they have their own issues—they have about 800 million people living on a dollar, two dollars a day. They're slowly opening up certain parts of their economy. I think they're doing a pretty good job of doing it in a way that's good for their country and lifting up their people.

A peaceful, rising China could be better for everybody. One day, JPMorgan Chase is going to be competing heavily with Chinese and Indian companies. But that's not going to hurt the American economy as long as we continue to do well. And China can't do well if the United States isn't doing well. In today's globalized, complex economy, we kind of have a symbiotic relationship.

On United States' obligation to poorer nations:

I think we have a tremendous obligation to humanity and mankind. Whenever I meet someone who doesn't feel they have some obligation, my level of respect drops for them significantly. The United States is still the beacon of hope and democracy and technology, and I think we should actively and aggressively be making this a better world.

As for JPMorgan Chase, we give away a hundred million dollars a year. We help microfinance, we work on climate change, we give jobs to inner-city school kids and to the disabled. We have ATMs that speak to you if you're blind. We're a great corporate citizen in every single way. Many people vilify large corporations, but a lot of companies do a lot of tremendous stuff, and we should.

On desirable traits in senior executives:

You want honesty, decency, a work ethic, you want compassion, you want a deep knowledge of the business. You want them to sweat, to wear the company's jersey every day. You want them to read customer complaints and say, "Boy, that's embarrassing," and call the customer up and say, "I'm sorry." You want them to go on a sales call with the salesperson. You've got to spend some time in the trenches.

The other day, somebody said, "When you're the boss, you have to make sure that at least one person around you is the truth teller." And I said, "One? If there were seven people around me and six weren't,

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I'd fire them." They should all be truth tellers. People have the right to hold my feet to the fire because if they don't, I can sit there in happy land for a long period of time and hurt the company.

On key skills needed in business:

If you look at businesses, the key thing is not the analytics—which of course you need to do. The main thing is the human part of it and all the emotional skills. You've got to get people to get along, to work together, to trust you, to tell the truth, to want to tell the truth, and to have a little fun.

They try to teach you this in business school, but that's just two years. You really learn it in life, gaining experience over a long period of having to deal with people and situations. And presumably you get better at it over time.

On what makes a good leader:

Good leadership comes in many different forms. It's not whether you're a great speaker or totally brilliant. IQ is important, but I think EQ—your emotional skills—is more important. When some people speak up, they have clarity. They have good thinking and good communication skills. And they check with all the other people they need to check with.

There's also passion, work ethic, character. If I have to teach you integrity, I really don't want you there. People have got to have their own true north. Leadership is all those things put together, plus the ability to act, which means you've got to have fortitude. Where people fall down the most is that they don't act.

