

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring James Dimon,
Chairman & CEO, JPMORGAN CHASE & CO**

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The U.S. economy is actually doing OK. It's been chugging along at 2 percent. Unemployment's down to 4.9 percent. Inflation is ticking up a little bit. Household formation is going up. The markets are completely wide open. Asset prices are up.

I think you don't want to be behind the eight ball on this one, and the Fed has to maintain credibility. And I think it's time to raise rates. Normality is a good thing, not a bad thing. An economy that's been going on like this for seven years is a good thing, not a bad thing. So, to me, the return to normal is a good thing. The rate itself gets much more psychological attention than the actual economic effect of raising rates.

There are serious issues the country has. I do think that the next President, if they focus on the issues – and they're not Republican or Democrat; they're not left or right– they're the issues that we talk about, we know about. Immigration I won't spend a lot of time on. Schumer-McCain already had a fabulous bill which should be passed.

TPP (Trans-Pacific Partnership trade agreement) would be positive for GDP. It would be positive for wages. It would be positive for the average American. It has negatives which have to be recognized, but there's trade assistance. I'm a big believer you get the trade deal done, but acknowledge it actually hurts some people, and give income assistance, redevelopment, relocation, retraining, so those hurt by it could be made better.

Inner-city school education is a disgrace. We should be ringing an alarm bell. Over 50 percent of the kids in inner-city schools do not graduate, and even those who do are not necessarily qualified to have a job. Schools and those who create jobs should work together to make sure that that certificate, whether it's high school, vocational, or community college, or college, ends up in a job.

. . . more tax reform. We're driving American capital and American businesses overseas every day. This inversion problem is also making it advantageous, believe it or not, for foreign companies to buy American companies, for foreign companies to invest here more than for American companies to buy American companies, for American companies to invest here.

You're not going to have corporate tax reform without individual. I would propose something like a greatly expanded earned-income tax credit.

You've been reading a lot about infrastructure. The Democrats are right: we need more infrastructure. Like, you're talking about \$100 billion to \$150 billion more a year, which is almost a drop in the bucket. And I'm talking about transportation, tunnels, bridges, roads, airports. The Republicans are right when they're afraid of just raising taxes to do more government spending. They just hear that great sucking sound in Washington, bridges to nowhere, more crony capitalism. This is a perfect place to get the people in a room, ask the Republicans how could we do this in a way that you would approve it, that we're building the bridges we actually need? I believe if the President took care of all those things – and, like I said, they're not Democrat or Republican – the economy would be booming. I don't believe this argument that secular stagnation is permanent. . . We'd be booming. We're not booming because of all of the issues that we've self-created and that have slowed down growth. . . . and, by the

way, wages – growth will fix wage inequality. Studies show that cutting corporate taxes will help wage equality, make it better.

We should be very thoughtful about policy, that we get it right and not just overpoliticize. We really damage ourselves when we do that.

I think it's important that business get involved in Washington. . . . Policy is set here. There are a lot of people here who really do care about making it a better country. If you don't get involved, that means it'll be set by other people. So it's necessary. Obviously the regulatory environment for banks has been – not just for us; I travel the United States of America, and when I go to . . . groups like this in any city, I get an earful about regulations, completely unrelated to banks. I do think this is a serious issue about diminishing a little bit the regulatory burden that's being put on the economy.

I come down. I do the best I can. It's my job to deal with regulators and politicians and policy issues. I also think when you come down as a businessperson, the interest of the country should be put before the interest of your industry or your company. Just do what's right for the damn country. Your business is going to be fine. In fact, your business will be better off if the country's strong. So, business has to be a little careful – *[if]* it's too self-serving. . . that does not appeal to the American public. It doesn't help politicians get things done.

We need to build more homes. People are spending their money. Markets are wide open. Companies are flush with cash. There's no immediate pothole *[in the economy]*. And, you know, you can see some, but they're not systemic. Auto loans might be a little bit stretched. Student lending, there's too much bad student lending. But they're not going to sink the American economy. They're just going to slow it down or something like that.

America has the best hand ever dealt to any country on this planet today ever. Americans don't fully appreciate what I'm about to say. We have peaceful, wonderful neighbors in Canada and Mexico. We've got the biggest military barriers ever built called the Atlantic and the Pacific. We have all the food, water, and energy we will ever need. We have the best military on the planet, and we will for as long as we have the best economy. If you're a liberal, listen closely to me on that one, because the Chinese would love to have our economy. We have the best universities on the planet. There are great ones elsewhere, but these are the best. We still educate most of the kids who start businesses around the world. We have a rule of law which is exceptional. We have a magnificent work ethic. We have innovation from the core of our bones. You can ask anyone in this room what you can do to be more productive. Ask your assistants, factory floors, we do it. It's not just the Steve Jobs. It's the broad depth. We have the widest and deepest financial markets the world's ever seen. I just made a list of these things, and maybe I missed something. It's extraordinary. It's extraordinary. And we have it today.

Yes, we have problems. But when I hear people doubt it – if you travel around the world – I mean, get in an airplane, travel around the world, and go to all these other countries and tell me what you think. Go to Europe. You want to talk about bad – tough regulations and bad politics. We have it all. We just need to fix – we have been shooting ourselves in the foot, in my opinion. We've done a pretty good job shooting ourselves in the foot.

I would love to be President of the United States of America. Until Donald Trump got to where he was, they said you'll never see a rich businessman who's never been in politics be President. I clearly was wrong about that. It's just too hard. I think that most people, you have to be Senator, Governor, run for years, be part of a party. It's why Michael Bloomberg, who would be eminently qualified, didn't do it. It's why a lot of you probably haven't done it. I just think it's too hard and too late. I would love to see the next President do the right things, aided and supported by everyone here. There's collaboration. What you hear today is this constant, get the experts out of the room. We've heard that before. We need policy, thoughtful people. We need analytics. We need it done right. We need to do it together. A hundred forty-five million people work in America; 125 million work for private enterprise. Government can't fix all these things itself. When they act like government is the only solution, I remind them of the post office, Veterans Affairs, the Department of Motor Vehicles. As a matter of fact, the only thing they do really well is the United States military.

What worries me the most about Brexit is that it may cause the Eurozone itself to unravel. And if you see the Eurozone unravel, that has potential catastrophic issues associated with it. It may be just a big recession. It could be worse than that. . . . keeping the union together would be a better outcome. . . . a better outcome is they have a stronger union, not a weaker union.

When you hear a CEO say, it works for me, you know, you should question their intelligence a little bit, because it's not the way you should look at business. It's what works for the client, ultimately.