

THE ECONOMIC CLUB

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

Signature Event

David M. Solomon

Speaker

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Chairman of the Board of Directors and Chief Executive Officer
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Interviewer

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The Economic Club of Washington, D.C.

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DAVID M. RUBENSTEIN: David, thank you very much for being here. What brings you to Washington, other than this event? What you're doing – what are you doing in Washington today, principally?

DAVID M. SOLOMON: Well, first of all, thank you for having me. And thank you all for being here. I'm delighted to be here.

Fifteen years ago, we created a program at Goldman Sachs called 10,000 Small Businesses. We had a thesis that if we could provide some bootcamp business education for small businesses, given the importance that small businesses play in our economy here in the United States, the entrepreneurial spirit – I think 35 percent of the private workforce in the United States is small businesses. That if we could make an investment in that community and use our expertise, our knowledge, and transmit it into that community, it would spur more investment, more economic growth. And so, over the course of last 15 years, we've had 17,000 businesses go through this program.

And a few years ago, we created a platform called 10,000 Businesses Voices to bring graduates of that program to D.C. periodically to go up on the Hill and spend time with members and senators on policy issues. And so, we have 2,000 small businesses here. Whole program for a few days. Over 300 meetings with policymakers down here in Washington to really engage and talk about things that matter to small businesses. And when you think about the power of the U.S. economy, you can't understate how important this entrepreneurial spirit – it's different from other places in the world. It's really great for our country. And we've been really, really excited about the differences that this program has made. These businesses that graduate hire at four times the pace of small businesses that don't graduate. And they employ over 325,000 people. It's about \$30 billion of revenue. It's an incredible cadre of businesses.

MR. RUBENSTEIN: All right. So, let's talk about some government matters, now you're in Washington. The Federal Reserve. You've talked about the importance of the Fed being independent. So, are you worried about the independence of the Fed? And the secretary of treasury has announced five potential next chairs of the Fed. Are any of them or all of them acceptable to you? [Laughter.]

MR. SOLOMON: [Laughs.] Well, let's get right into it, David. [Laughter.] First of all, I'd just say – and I think it's a point that's worth emphasizing – central bank independence, not just here in the United States but around the world, I think it's served us very, very well. And I think it's something that we should speak out for, we should strive for. And I think it's important. I'm not going to comment on the individuals, other than to say I think all five individuals, you know, carry skills and experience that could make them credible candidates to be a Fed chair. I think we all know that there's one person that's going to make that decision as to who the next Fed chair is.

MR. RUBENSTEIN: Really? Who do you think would make that decision? [Laughter.]

MR. SOLOMON: David Rubenstein. [Laughter.]

MR. RUBENSTEIN: So, let me ask you, some of your predecessors have served as secretary of the Treasury – Bob Rubin, as an example. And any interest in your part on going into government service ever, being secretary of Treasury, or something like that?

MR. SOLOMON: Well, at the moment I'm super interested and super excited about Goldman Sachs. So, at the moment I'm working away and very focused on that. But I've been incredibly privileged in my life in what I've had, the experience I've had, what I've been able to do. And, you know, later – you know, later, at a different stage, I'd certainly be interested in finding ways that I could give back and serve. And that would certainly be an interesting path.

MR. RUBENSTEIN: OK. What businesspeople like is certainty, generally. You know, they like other things, too. But they like certainty. And sometimes the government of the United States is moving, oscillating its policies a bit – like on tariffs, other things. Has that made it difficult to do well on Wall Street – for Wall Street firms? Or Wall Street firms, seem to be doing OK. But has the changing in policy – the tariff we're having here or not having it, or other kinds of things – has it been difficult for Wall Street firms to deal with what the administration is doing, or is it actually not a big problem?

MR. SOLOMON: Well, first of all, I'd say not just businesspeople. I think people like certainty and predictability. And I think people hate change. I think, generally speaking, it's just – it's human nature. We hate change. But change is – change is super important. It's inevitable. In fact, I have on my desk in my office – I have a little plaque that says on it, change or die. And I do think, you know, as a business leader, one of the interesting perspectives you have to have is you've got to constantly evolve and change. You know, I think government, policymakers, you know, there's always uncertainty. There's always unpredictability, in all different kinds of administrations. And I think our job as business leaders is to adapt, and to adjust, and deal with it, candidly. I think that's what I think we do.

MR. RUBENSTEIN: Right. So, the debt of the United States is now \$38 trillion. Some people would say that's a lot. And you would think that, you know, people in Washington often say, well, if it was a problem the people in New York they wouldn't sell – they wouldn't be buying treasury securities if it was such a big problem, because it wouldn't be a good investment. And then the people in New York say, well, the people in Washington must know what they're doing. If they're borrowing this money, they must know how to figure out how to pay it. So, what is the story? You're not – why is the business community not worried about – as a general rule, they don't seem to be as worried about the \$38 trillion as I would have thought they would be.

MR. SOLOMON: Well, I speak to a lot of people in the business community and a lot of people in the financial community. And I think people are worried about the level of debt. And the fact that we've reached a point – and, by the way, this is true in the United States, but it's true in every developed economy – where kind of fiscal stimulus and an aggressive fiscal play is really just kind of embedded in the way these democratic economies are operating. And it's accelerated meaningfully in the last five years. I think the pandemic played an accelerating role. And it doesn't seem like we have an ability to pull it back.

And so, we've taken the debt, you know, in the last 15-plus years, kind of since the financial crisis, from \$7 trillion to \$38 trillion. And just refinancing it for the rest of the decade, what's got to be refinanced if you look at current rates, you know, is going to grow it into the low forties, you know, for sure. And we're growing our spending at a reasonable rate still. And so this is an issue we have to wrestle with. Now, the path out really isn't a revenue path out. The path out is a growth path. And, you know, if you think about it, the difference – you know, trend growth is 2 percent. The difference between compounding growth of 3 percent and 2 percent is monstrous in terms of dealing with this issue.

So, there's a lot of discussion about running, you know, real growth play. I think we have some things that are going on that give us a better opportunity to have a higher growth trajectory, particularly, you know, technology, AI getting embedded into the enterprise, the productivity opportunity from that. But if we continue on the current course and we don't take the growth level up, we will – there will be a reckoning in this. And the bottom line is, we have to find people, you know, to buy and finance our debt. And, you know, ultimately, it's not going to be other people around the world if it keeps growing. It's going to turn to us.

And so, that crowds out investment. That ultimately slows growth. And it can become a problem. It doesn't have to be a crisis, although you can have a speed bump. And, you know, if you want to see in places where you don't have the advantage of the dollar, go look at Gilts in the U.K. And look at the volatility in Gilts, where they're having budget problems. But there are budget problems, you know, in all these economies. And we should be concerned about this. I'm not sounding an alarm bell, but I do think, you know, over time this is an issue, if we continue on this trajectory.

MR. RUBENSTEIN: Is Wall Street worried about the fact that government is shut down? I mean, this is a fairly long shutdown. Are people on Wall Street saying, well, it'll get started again at some point? Or have you seen the adverse impact on your business as a result of the government shutdown?

MR. SOLOMON: Well, I think we all should be concerned about the fact that that the government's shut down. And, you know, I think it's unfortunate that we have government shutdowns. And this one's now going on for a period of time. As it goes on longer, it starts to have an economic impact. It starts to filter through the economy. And we're getting – you know, we're getting to that point in this shutdown.

MR. RUBENSTEIN: Who do you think is responsible for the shutdown?

MR. SOLOMON: The government.

MR. RUBENSTEIN: Right. [Laughter.] Well, let me ask you – I know you're not going to answer that question – [laughter] – so every seven years on average the U.S. government – the U.S. economy has had a recession – seven years on average. We haven't had a recession for quite a while. Are you worried about any potential recession coming? Or do you think the economy is in pretty good shape?

MR. SOLOMON: Well, I think the economy is in pretty good shape at the moment. And I think when you look at kind of the give-gets, you know, in terms of tailwinds and headwinds, there are more tailwinds at the moment. I mean, I go back – we're still running a pretty aggressive fiscal – you know, fiscal play. The AI infrastructure investment boom. You know, you've got six or seven large companies that are going to spend \$350 billion, you know, this year on AI infrastructure. That has an effect on growth. We also, after a period of kind of heavier regulatory oversight of business broadly, there's now a pretty clear – by this administration – a pretty clear, systematic look at regulation, and, you know, more of a view toward what regulation is really necessary and works as effective. And that's – you know, that's a tailwind for growth. And so, you – and you also have – as AI gets embedded into the enterprise, you have real productivity gains.

So, we've got a big, diverse economy. It's in pretty good shape at the moment. There are things we can't see that could set it off, but I think the chance of a recession in the near term is low. But that's one of the things about sentiment shifts and changes and surprises. You generally don't see them until they're right in front of you. And I certainly think we're late cycle.

MR. RUBENSTEIN: On AI, some people would say that there's maybe a little bit of a bubble in AI. Other people would say, well, it's – you know, really, it's going to change the world. It's really a great add to productivity, and so forth. When you have companies with market caps of \$5 trillion, you don't see any bubble there at all?

MR. SOLOMON: Whenever we have an acceleration in technology and people get excited about it, you have significant capital formation around new companies that are trying to capitalize on that opportunity. And, you know, we've seen this before through history, and you're seeing it now. It won't be a straight line. The opportunity set with AI is enormous. There will be winners and losers. And it's hard to pick the winners and losers now. And certainly a lot of the capital that's being deployed will not produce adequate returns. And a bunch of the capital that's being deployed will actually – you know, will actually not produce any returns.

But it's hard – you know, it's hard to call the timing on these things. And the thing I'd point to, just from a historical lens, is in the fall of 1996 Alan Greenspan talked about irrational exuberance in stock markets and the Nasdaq was at 1,300. And the Nasdaq peaked three and a half years later on over 5,000. So, you know, it's – these things can go on for a long time. But ultimately, you know, there are adjustments, there will be drawdowns, there'll be rebalancing. And just – it's hard to call it, because the trend, the technology trend, and the investment is real. It's real. And there's real productivity that's coming out of it.

MR. RUBENSTEIN: Alan Greenspan also said around that time that, because we were balancing the budget in that year, that soon we'd be paying down so much debt there wouldn't be any indicator against which you could measure corporate debt because there would be no federal debt. That's not a problem now, I guess, right? [Laughter.]

MR. SOLOMON: I think we have a slightly different lens.

MR. RUBENSTEIN: So, on the dollar. The dollar is down about 11 percent or so against the euro and some other currencies as well.

MR. SOLOMON: This year.

MR. RUBENSTEIN: Yeah. This year.

MR. SOLOMON: Yeah. I mean, the last 15 years it's up monstrously.

MR. RUBENSTEIN: Right. But did you worry that it's gone down? Or you think it was overvalued? And, as a result of it having gone down, do you think the chance of a Plaza Accord, an orchestrated effort to take it down even further is unlikely? And you think the dollar decline now is OK, it's adjusted appropriately?

MR. SOLOMON: I think you have to start, David, with a – with a point of view that the dollar and the relationship between currencies fluctuate. And, you know, the dollar has been on a pretty good run over a long period of time. And it's certainly given back this year, given some of the policy actions, some of the gains. But fundamentally, the dollar is the reserve currency of the world. I don't see anything at the moment that threatens that. And even when we were talking about, you know, debt and, you know, our fiscal debt, when you get around the world and you look at all the capital flows around the world, global allocators, 50 percent of their capital is coming into the U.S.

They might be hedging the dollar a little bit differently now than they might have been for the last few years, but I think it's more at the margin. , I think it's something to watch, but I'm not – I'm not concerned that there's some fundamental shift. And, actually, when you think about digitization and tokenization and access to the dollar, you know, over time it's actually allowing easier access to the dollar around the world, which, in the long run, is a benefit for the dollar and the dollar's position in the world.

MR. RUBENSTEIN: The financial community, by and large, would you say they're reasonably happy with what the federal government's doing these days, or not jumping up and down? Or they're – when you come to Washington are you asking the Congress to do anything in particular, or you guys are pretty happy with where things are?

MR. SOLOMON: Well, from a macro level there are gives and gets. I mean, they're things that that you like and things that you don't. On a micro level, with Goldman Sachs, we always have things – every business, every enterprise always has things that they come to Washington to ask about. Everybody's got their agenda. But this is a pretty – you know, for our business at the moment, this is a pretty constructive environment. And I think, you know, the business community felt that the last four years was less constructive if you were running a big business enterprise.

And so, one of the things, I think, that we really value is we didn't feel like we could go and engage and debate and listen to. And this administration is certainly open to hearing from

us. That doesn't mean that they agree with everything we say or that we agree with everything they say, but the engagement is available and very constructive. And I think that's a real positive and a good thing for the system.

MR. RUBENSTEIN: What about crypto? Is crypto now important for Wall Street? It's an important business? And are you a big believer in the viability and the good investment opportunities related to crypto?

MR. SOLOMON: Well, crypto is a big word because it means all different things to all different people, from cryptocurrencies, to blockchain, to stablecoins, to digitization and tokenization. I'm a big believer in the technology the blockchain, and the ability for us to change the financial infrastructure, the rails, to increase speed and decrease friction. And that's a very, very good thing for the system.

That's different than a debate on the long-term value of bitcoin. I don't have a – I think bitcoin looks like a store of value. I don't have a real long-term view, you know, on that – a strong long-term view. But I do have a very strong view about tokenization, digitization, stablecoins, and innovation around the whole financial infrastructure. It's coming. It's coming at a very quick pace. And to the degree that it increases speed, reduces friction, and allows for a more secure system, I think that's a very, very good thing.

MR. RUBENSTEIN: Let's talk about your background. Where were you born?

MR. SOLOMON: I was born in Westchester County, outside of New York City. White Plains. White Plains.

MR. RUBENSTEIN: OK. And what did your parents do?

MR. SOLOMON: My father had a financial printing business, like mutual fund prospectuses and, you know, prospectuses in Manhattan – a small financial printing business. He was actually quite smart. He sold it in 2000 to one of the big financial printers that didn't exist after 2010. So I think he made – I think he made a good trade. My mom was an audiologist at the Berk Rehabilitation Hospital in White Plains.

MR. RUBENSTEIN: OK. And were you a star student when you were in elementary or junior high school or high school?

MR. SOLOMON: I would not say I was a star student. I would say that I was a – I was a distracted student. Meaning I had lots of interests. And, you know, studying hard was not one of them. Although there was a – there was a point – I mean, I remember, there was a point when I really kind of got it when I was in college. But I would say I coasted more through high school.

MR. RUBENSTEIN: Were you an athlete? Were you an athlete?

MR. SOLOMON: I was I was an athlete, but I was extremely mediocre – extremely mediocre.

MR. RUBENSTEIN: I know the feeling, OK. So, you went to Hamilton College because you admired Alexander Hamilton, or?

MR. SOLOMON: Well, I went to Hamilton College because I didn't get into Williams.

MR. RUBENSTEIN: Oh. [Laughter.] Well, but you're the chairman –

MR. SOLOMON: But Hamilton College is a great school. I'm really glad – I'm really glad that I went there.

MR. RUBENSTEIN: You're the chairman of the board.

MR. SOLOMON: I've devoted the last 25 years to service there. And I do chair the board.

MR. RUBENSTEIN: You're chair of the board now.

MR. SOLOMON: It's a fantastic institution.

MR. RUBENSTEIN: OK. Congratulations. [Laughter, applause.] So, you graduated from Hamilton. What did you major in?

MR. SOLOMON: I majored in political science. And I thought – I really thought I was going to go to law school. And –

MR. RUBENSTEIN: You didn't miss anything, trust me. [Laughter.]

MR. SOLOMON: Well, it was very – it was very interesting. You know, all my friends were moving to New York. And if you really think about it, it was 1984. And the financial services world, kind of the bottom of what I would call was a long drag from the late '60s to 1982 – I mean, the moment would be September 15th, 1982, when the 10-year treasury at 15.9 percent. We were just starting to come out of that and see equities start to – start to move again. And banks and financial firms were creating analyst programs. And banks were creating training programs. And all my friends were going to New York to do this.

I didn't really know much about finance, but it was an opportunity to kind of continue what we were doing in college in an apartment in New York. [Laughter.] And you could earn a salary of \$22,000. So, I got a job at the Irving Trust Company, which was a commercial bank and a bank training program. And I went to work on Wall Street, actually, literally on Wall Street. Irving Trust headquarters was Number One Wall Street.

MR. RUBENSTEIN: But did you interview for a job at Goldman Sachs and get turned down?

MR. SOLOMON: I didn't interview. I sent a letter asking for an interview. And I got a reply back saying, no thank you. [Laughter.]

MR. RUBENSTEIN: Is that person who sent that letter still at Goldman Sachs?

MR. SOLOMON: I don't have that letter. Then a year later I actually interviewed at Goldman Sachs with a bunch of people. And ultimately wound up, you know, thinking I was going to get a job. But when I interviewed with a partner, he said, nope. And I went back to the Irving Trust Company.

MR. RUBENSTEIN: Is that person still a partner?

MR. SOLOMON: That person is not a partner. And that person, you know, unfortunately, he's no longer alive.

MR. RUBENSTEIN: Oh.

MR. SOLOMON: So, I don't really – I don't really have to worry about that. [Laughter.]

MR. RUBENSTEIN: So, you went – after Irving, you went where?

MR. SOLOMON: So, at Irving – back in those days, generally speaking if you wanted a career on Wall Street you had to go to business school. And so, in the fall of 1985 and early 1986, I was applying to business school. But I got an interview at Drexel Burnham Lambert in the high yield bond department, in a small branch of it that was based in New York that basically traded and sold junk commercial paper, if you can believe that product existed. I took that job and went to Drexel Burnham.

MR. RUBENSTEIN: All right. You went there. Were you there when it went bankrupt?

MR. SOLOMON: I was. February 14th, 1990.

MR. RUBENSTEIN: So, what did you tell your parents about your future when they went bankrupt and your employer is gone?

MR. SOLOMON: Well, I said to my dad, I better get a job. And he said, yes, you better. [Laughter.] And so, I had a great experience at Drexel Burnham. I learned a lot. You know, one of the advantages of being a young person at Drexel Burnham is it gave – it gave you enormous latitude to be entrepreneurial. I think one of the reasons why Drexel Burnham failed is it gave young people too much latitude. It gave a lot of people too much latitude. Didn't have the right processes, the right controls, the right risk management infrastructure. But there was an enormous opportunity to learn. And I embraced that. And that's where I kind of fell in love with finance and said, this is for me. And so, when I came out, I had to find a job. And I wound up at Bear Stearns. No pattern developing, by the way. [Laughter.] And, you know, in the high yield bond business. I mean, my background was all around high yield bonds and credit trading.

MR. RUBENSTEIN: But you left before left before they went bankrupt.

MR. SOLOMON: I did. I was competing for a piece of business with a Goldman Sachs partner, whose name was John Winkelried. And at the end of competing for that piece of business, and

actually doing that piece of business, it was actually a financing for Sheldon Adelson who was building big casino hotels in Las Vegas. We raised him \$1.2 billion in 1998. I started getting recruited to come to Goldman Sachs. And I had been in a pretty senior position at Bear Stearns, but I really thought it was an opportunity to go to work for what I believed was, you know, the most extraordinary financial firm on Wall Street.

MR. RUBENSTEIN: So, it's very unusual for a mid- to early-career to go to Goldman, because usually they don't hire people right out business school or college. And you went kind of as a lateral. And that was unusual. I assumed you had –

MR. SOLOMON: At the time – at the time it wasn't unprecedented, but it was – it was unusual. The firm was just going public. I mean, I came right after the IPO. And the firm in that year had gone out and hired, you know, five or six partners that had real credibility because the firm was trying to grow and expand its footprint.

MR. RUBENSTEIN: All right. So, how many years were you there before you became the CEO?

MR. SOLOMON: Well, I became the CEO in 2018, so that means I was there 19 years.

MR. RUBENSTEIN: So, work your way up. Did you think when you joined you would wind up as the CEO?

MR. SOLOMON: No.

MR. RUBENSTEIN: And what –

MR. SOLOMON: By the way, I didn't think I would be there for 20 years. I remember there was a partner – there was a longtime partner named Bob Hurst who was talking – who was just kind of – he was kind of winding down when I joined the firm. And I remember being at an event with clients. And he was talking about all the years he had been at the firm. And I remember looking at him and saying, well, I'll never make that many years.

MR. RUBENSTEIN: Well, I remember I did try to recruit you several times to the world of private equity. And I said, you're not going to be the CEO of Goldman. And every time you said, well, you never know. And I was wrong. [Laughter.]

MR. SOLOMON: Yeah. I'm not sure. I'm not sure the discussions went exactly that way. [Laughter.] But you definitely – I was – I was flattered that you were interested in bringing me to Carlyle Group. And it could have worked out great.

MR. RUBENSTEIN: Worked out for you certainly really well. [Laughter.] So, but at Goldman today – Goldman has how many employees?

MR. SOLOMON: Goldman has 47,000 employees.

MR. RUBENSTEIN: All right. When you were there, when you became CEO, it was smaller in terms of –

MR. SOLOMON: Oh, it was much – it was much smaller. I mean, off the top of my head I'm thinking low teens in 1999, around the time of the IPO? But don't quote me on that because I could be wrong. Even though I'm sure I was just quoted on that. [Laughter.]

MR. RUBENSTEIN: Recently, I thought Goldman had said that they're going to lay off some people. You'll be hiring new people. But because of AI or other things, you're going to adjust who's in the firm. Is that fair?

MR. SOLOMON: Well, we're super excited and spending a lot of time thinking about, you know, how do embed AI into the enterprise? And there are two important paths that I think all enterprises think about. And because we're a people business and a professional services firm, the first, which is getting technology tools into the hands of your people to make them more productive, that's something we've been doing for decades. And we're good at that. We know how to do that. And our people know how to embrace these tools and adapt with them.

But the more interesting thing that this technology is allowing is an opportunity to really look at processes and completely reimagine them in a way where you can create automation and efficiency, and therefore have the capability to invest much more in growth in the business. And that will affect some jobs in the firm and shift jobs in the firm. But if you think about the firm's journey over the last, you know, 30, 40, 50 years, the firm is much more productive on a revenue-per-employee basis today than it's ever been. And it will be much more productive as we go forward. But that doesn't mean we will have less people. It means we have an opportunity to have more valuable people doing more valuable things to serve our clients and grow our franchise.

MR. RUBENSTEIN: So, the best way to get a job at Goldman Sachs when you're in college or coming out of business school is, what? I assume you get – how many applications do you get a year?

MR. SOLOMON: Well, for jobs broadly we get over a million applications for jobs. But we get about – last year, I think we had 350 or 360,000 jobs – applications, rather – for the 2,500 jobs we give for people that are coming out of – coming out of university around the world. And it's –

MR. RUBENSTEIN: Three hundred and fifty thousand applications for –

MR. SOLOMON: Applications for 2,500 jobs. It's incredible ecosystem of talented people.

MR. RUBENSTEIN: Wow.

MR. SOLOMON: And it's –

MR. RUBENSTEIN: OK. So, somebody who is watching and says, I'd like to get a job at Goldman Sachs, what do you have to do? What kind of resume do you need?

MR. SOLOMON: I think we hire all different kinds of people from all over the world, but I think there are certain characteristics and traits that kind of rise to the top. And I – you know, one of the things I point out, it's not just, you know, pure academics and smarts and grades. It's about accomplishment, resilience. I think there's an extraordinary correlation between people who have really excelled or really performed at something where they had to really commit and make sacrifices. They've got a commitment to a level of excellence that's differentiated. And we search those people out. And those people thrive inside Goldman Sachs.

MR. RUBENSTEIN: So, parents often tell their children, if you want to get a job at Goldman Sachs you got to be a STEM major. You were a political science major. So, do you think you need to be a STEM major to get a job at Goldman?

MR. SOLOMON: Well, at the moment we have roughly 13,000 engineers out of 47,000 people. So, if you want to be one of those engineers, you need to be a STEM major. But there are lots of people at Goldman Sachs that aren't STEM majors. And we have – I mean, I – we still hire a lot of people out of liberal arts schools. You think about – you know, human interaction matters in the world. Showing up matters in the world. That matters in our business. Communication skills, interpersonal skills, relatability. You know, these things all matter. But, again, you know, we want people that are smart, that want to work hard, that want to hold themselves to a very high standard, that want to be accountable, that are resilient – because in your career you're going to be knocked down, you're going to be beat up, you got to pick yourself up, dust yourself off, and plow ahead.

And so, it's not a clear formula. It's a combination of things that allow people to really succeed over the course of their career. And one of the things about the firm that's amazing is all these hugely talented people come. Most of them don't build their careers at the firm. They come to the firm. They learn. They meet people. They get experience. And they go off elsewhere into the world and always feel a great affiliation with our firm. And that's really a very powerful thing for the firm.

MR. RUBENSTEIN: So many people who go to a place like Goldman say, if you want to rise up you have to have an MBA. But you don't have an MBA. And so, do you think it's necessary to get an MBA to rise up at Goldman or equivalent firms?

MR. SOLOMON: I think there was a period, you know, 30 years ago where it really was, you know, the vast majority of people that rose up in the organization did have a business degree. I think that's changed, and the vast majority of people that rise up in the organization do not have a business degree. That doesn't mean that a business degree is not a valuable – is not a valuable thing. But, you know, the world's changed. We can train and develop people, you know, differently. And, you know, real time experience is a valuable thing. And, you know, the – when you look at the way – I think one of the strategic things that the business schools did that I think had an effect, if you go back to when I first started, you worked for two years and you went to business school.

The business schools went to a mode where they really wanted people to get four to six years or seven years of experience. And so, they kind of wound up with people went to business school more to career change, not to career continue. Because if you worked in finance for four or five years, you had learned a whole bunch of things real time on the job where the value proposition, you know, for going to business school wasn't the same as it was if you were only two years in. And so, that's led to a different ecosystem around, you know, why people go to business school and what they do is they come out of business school.

MR. RUBENSTEIN: Now, you became the CEO in October of 2018. The stock is up roughly 300 percent since then. The market capitalization is up roughly 300 percent. So, people are pretty happy with you, I assume?

MR. SOLOMON: This week. I mean, you know. [Laughter.]

MR. RUBENSTEIN: So, you came out with your earnings just last week. And you beat earnings – while your earnings were up per share, I guess, 41 percent per share.

MR. SOLOMON: Forty-six percent year-over-year.

MR. RUBENSTEIN: Forty-six percent year-over-year. But the stock went down 2 percent. How can that be, given how well you did?

MR. SOLOMON: I guess they wanted earnings to be up 55 percent. I mean, you know, we really don't – I mean, it's, it's hard for me because, like any human being, you know, I have the screen on my desk or on my phone. But we're really – you know, 2018 when this leadership team started – you know, through 2018 – the end of 2018 to 2019, we really developed a strategy to grow the firm. And we did an investor day at the beginning of 2020 and launched that strategy. And we've been executing on it for the last five years, and we've made real progress, and we've grown the firm very materially. I mean, the market cap has grown, as you highlight, because we've grown the revenues. We've not quite doubled the revenues, but we've taken the revenues from mid-30s to almost 60 and we've grown the earnings very, very materially. And that's grown the market cap.

And so, we're executing on that strategy. And I think we've got a great strategy, an incredible team. We've got a client – we're incredibly focused on our clients and our client franchise. And, you know, the stock will follow. Our job is to execute, to be patient, to take a long view. There will be cycles. At the moment we're in a constructive cycle, so it feels like there are lots of tailwinds. There'll be more headwinds. But, you know, over the next five years I think we will continue to grow the firm, continue to deliver for our clients, and continue to deliver for shareholders.

MR. RUBENSTEIN: So, firms like yours seem to have two main businesses, I'll say. One is investment banking and the other is trading. And which – some of them – one time one is stronger than the other. Which is stronger right now, investment banking or trading, or both doing well?

MR. SOLOMON: Well, they're both – they're both – they're both big, important businesses. And it's evolved a little bit, David, because the way we run these businesses now, we run it as one business. It's called global banking and markets. And it's our investment banking, fixed income, currencies, and commodities, and equities franchises. And they're run as one business by Dan Dees and Ashok Varadhan, who are doing an unbelievable job.

And I think one of the things we're super proud of, and when we look at those businesses over – you know, over the last, you know, six or seven years, we've obviously had an extraordinary leadership position in investment banking and M&A. And we've, we've maintained and strengthened that. But in our trading businesses we've increased our wallet share with our clients over the last five years by 380 basis points. And so, we've really created an ecosystem by getting these businesses to work together as one Goldman Sachs that our clients really feel like they've benefited from. And so, we've seen growth in those relatively mature businesses because of that.

MR. RUBENSTEIN: When COVID came, a lot of people worked by Zoom. They had to, really. And then when COVID was over, people were urging their employees to come back to work. And there's still a little bit of a fight on Wall Street about whether people should work in the office five days a week or four days a week. What is your policy?

MR. SOLOMON: I mean, there's not – we don't have a policy. We work. [Laughter.] And, you know, one of the – one of the things that I think is important, and this was true before COVID and it's true after COVID – ours is a culture of teamwork and collaboration and apprenticeship. And that works when people come together. But people also travel to see clients and people also have busy, complex lives. And we have to give them flexibility. We did that before COVID. We do that now. But fundamentally, people show up. They work. We don't have rules. They get their jobs done. They're accountable. They're present. And, you know, we come together. That's what we do at Goldman Sachs.

MR. RUBENSTEIN: So, you don't care if they're in the office five days or three days, as long as the job gets done?

MR. SOLOMON: As long as – as long as they're doing what they need to do. And part of what you need to do is you need to do is you need to be present. You need to mentor people. By the way, young people, they're coming to Goldman Sachs to learn. All these young people we were talking about, they want to be present in the office. And they want senior people around them. They want to learn. And so, we have to create an environment where people are spending time with people, where people are spending time with clients. These technology tools are fantastic. Zoom's an unbelievable tool. But it's a tool. It's not a – it's not a – it's not a mode of operating successfully at the level – the competitive level we want to operate at.

MR. RUBENSTEIN: Of your profitability, what percentage would you say is in the United States and what percentage is outside the United States?

MR. SOLOMON: If you look at the firm – and this is actually something that's interesting – over the whole 25-26 year period I've been at the firm, about 55 to 60 percent of the firm is – the firm's business is in the United States. About 25 percent of the firm's business is broadly across Europe. And it can be 25 to 30 percent, but it's 25, let's say, to 28 percent. And the balance is in Asia and the rest of the world. And so that's – interestingly, that has been very consistent, even as the firm has grown enormously over the last 20 – over the last 26 years.

MR. RUBENSTEIN: So, who do you regard as your main competitors? Is it JPMorgan, Morgan Stanley, and virtually nobody else? So those are your two main competitors?

MR. SOLOMON: It depends on the business. So, in investment banking and markets, our – you know, our two principal competitors would be JPMorgan and Morgan Stanley. But there are lots of other competitors. It's a very competitive business. And they're small, niche competitors. They're small M&A boutiques. And there are small trading firms. There are nonbank liquidity providers, like Citadel and Jane Street that also compete in certain narrow parts of our business. We run – on our asset wealth management business, where we supervise \$3.5 trillion of assets, we run fifth, sixth, seventh, depending on how you look at it, at largest active asset manager, you know, in that business.

In, you know, privates, we're competing with BlackRock. You know, broadly we're competing in privates and alternatives, with people like Blackstone and KKR. But they're also very, very significant clients of the firm, and Carlyle. So, they're also significant clients. So, you know, we have lots of competitors in different place, and lots of partners. And one of the things we've tried to do as a leadership team is to really embrace the fact that this world has gotten much more complicated, much more integrated. And, you know, you both compete for things and you collaborate with things. And you've got to do that very, very well.

MR. RUBENSTEIN: One of the criticisms of major investment banks in recent years is they force their employees, or their employees want to, work too many hours a week. How do you deal with the fact that it may not be healthy to have your employees working 22 hours a day or something? Do you have a policy to kind of say go home, or something? Don't work that much?

MR. SOLOMON: Well, one of the things we've tried to do – first of all, it is not healthy to work 22 hours a day. And it's not sustainable for even a short period of time, let alone a long period of time. You know, I do think there is reality and myth. And, as with everything, there's myth. But people – young people, in investment banking in particular, work very, very hard because of the client nature of that business. And, you know, we realized, you know, 10 years ago – and this was back when I was running investment banking – that we had to put guardrails around the process. And so, we started, you know, trying to give guidance, putting guardrails, trying to block time off for people. And generally, I think we've done a pretty good job. We have a lot of data, as you would imagine, we can understand because people are online or people are physically present. And, you know, I think our guardrails are pretty good around that, certainly much better than they were 10 years ago.

But one of the problems is, if you think back, when I started when you left there were no computers, there were no cellphones. When you left the office, nobody could get in touch with you. Unless you chose to answer your telephone at home, nobody could get in touch with you. So, for a 22-year-old coming into the business, there were boundaries because when you went home, you know, you were kind of protected until you chose to come back. And in a 24/7 world with technology connecting everybody, when people come out of school they need help, they need guidelines, they need guardrails, they need – we want people to work hard, but there need to be expectations set, saying you can't do it all. And so, we try to get that balance right. It doesn't mean we get it right all the time, but I think – I think we do better at it. And I think the narrative is a little – the narrative's – there's some truth, and there's some narrative.

MR. RUBENSTEIN: To rise up at Goldman, to be considered a good employee, is it good to be very smart, good with math, technology, know how to write well, know how to talk in public well? What are the skill sets that enable somebody to rise up at Goldman?

MR. SOLOMON: I mean, yes to all those, and others. You know, Goldman is no different than – Goldman's no different than any other professional services firm. You know, I think one of the things that's important to be successful in a professional services firm is you have to enjoy interacting with people. It's a people business inside the firm, because you work collaboratively on teams and you work collectively for the betterment of a group and of the firm. And you have to like working with clients. You have to like serving clients. You have to like responding to clients. You have to like talking to, being with, building relationships with clients. And so, you know, those are skills that matter. To do those things, you have to have to be smart, you have to be motivated. You have to want to perform at a very high level, because it's a very competitive world.

But, by the way, I don't think this is different from any other business. When you look at the great businesses in the world, they're all characterized by an ethos of kind of excellence and doing the right thing. And, you know, underpinned by values. You know, we have four core values – client service, partnership, integrity, and excellence. And, you know, all great businesses are underpinned by the leadership in the organization living those values and really trying to compete to the best of their ability to deliver against those values.

MR. RUBENSTEIN: So, it used to be the case you had to be a man to rise up at Wall Street. Today, what percentage of your employees are not men?

MR. SOLOMON: Across the whole firm, I believe – again, don't quote me exactly – I believe it's about 41 percent. We've made a bunch of progress, especially in the senior ranks. But, candidly, not enough. And we continue to be focused on creating opportunities. But it's a long – you know, to get to the top of the funnel, it's a long, long road. And, you know, the sample set – I remember my training class. You know, it was – it was 90/10, you know, men to women, you know, 42 years ago.

MR. RUBENSTEIN: So, I've observed that the CEOs of Goldman very often have one thing in common, not a lot of hair. Hank Paulson didn't have a lot of hair. And Lloyd Blankfein didn't have a lot of hair. And I don't think you have that much either. [Laughter.] So is that –

MR. SOLOMON: I actually – I actually have quite a bit, but I cut it this short because it's much easier, you know, to style it. It's easier in the morning, when you travel, so,. [Laughter.]

MR. RUBENSTEIN: Oh. Oh, I see. OK. So, what's the greatest pleasure of being the CEO of Goldman Sachs? Is everybody comes up to you and tells you how great you are? Everybody wants something from you? How do you – can you go out to dinner in New York without somebody saying, here's a resume or here's a deal?

MR. SOLOMON: The greatest – it's a privilege. And there's pleasure that comes with it. The greatest privilege of stewarding this firm is the people that you get to work with. The firm is filled with the most extraordinary people that work so incredibly hard, you know, day-in and day-out to serve our clients. They're smart. They're motivated. And it's incredible to work with them, to be with them. And then also our clients, and the opportunity –

MR. RUBENSTEIN: Particularly the private equity clients, I assume.

MR. SOLOMON: The private equity clients. I mean, we love the private equity clients.

MR. RUBENSTEIN: Right. [Laughs.]

MR. SOLOMON: But the – I mean, it's just – the most enjoyable thing about the business is people, and the ability to learn and to be with people, be motivated by people, and stimulated by people. It's really extraordinary.

MR. RUBENSTEIN: All right. So, you have two daughters. Have you convinced them to go into investment banking?

MR. SOLOMON: [Laughs.] I have two daughters. They're in their young thirties. One is – one works at McKinsey and the other is a screenwriter. So, no, neither one of them is going into finance. [Laughs.]

MR. RUBENSTEIN: So –

MR. SOLOMON: That ship has sailed. And I'm thrilled for them, and I'm proud of them. They're out there in the world, you know, extremely productive, independent, and doing great, and I'm super proud of them.

MR. RUBENSTEIN: What's the biggest downside to being the CEO of Goldman? What are the thing(s) that's the most frustrating, other than doing interviews like this you have to do from time to time? [Laughter.] What is the biggest frustration of being the CEO of Goldman?

MR. SOLOMON: I think the thing that surprised me the most, that I've adapted to, is just the visibility and the scrutiny. I mean, the visibility is just extraordinary. I thought that – thought, you know, watching Lloyd and, you know, being – you know, being a senior person at the firm for a long time, I thought I understood it. But the reality of it is until you sit in the seat and really

have to deal with it, you know, the visibility is really – the visibility and the scrutiny of everything you do, everything you say, is really – it's extraordinary. But it's a great privilege too. And there's a lot of good things that come with that.

MR. RUBENSTEIN: And what do you do to relax? I mean, you can't be working seven days a week, 365 days a year. Do you have hobbies? Are you an athlete?

MR. SOLOMON: I've got more hobbies than you can put a list on. I play golf. I play tennis. I play padel. I kitesurf. I road bike. I am – I have all sorts of active things that I like to do. I do not sit on the couch. I do not sit still. I'm either working or I'm active and trying to, you know, enjoy the people that I love and the things that I love to do. And, you know, I'm a pretty lucky guy, but I've got so many hobbies. I've got too many hobbies.

MR. RUBENSTEIN: All right. So, you intend to do this for the foreseeable future. You could be doing this another five or 10 years?

MR. SOLOMON: I'm excited, energized, and really excited about what we can accomplish at Goldman Sachs over the next five years.

MR. RUBENSTEIN: And if somebody is watching here, and you want to summarize what you wish somebody would know about Goldman Sachs, what would it be, if you could summarize in a paragraph what you want people to know about Goldman Sachs.

MR. SOLOMON: It's filled with extraordinary people that are just zealously focused on doing the best we can to serve our clients, to build trust, to take a long-term view, to do the right thing, and really have the most – to be a part of and steward what I believe is the most extraordinary financial institution in the world, and to try to make it, you know, stronger, better than we found it.

MR. RUBENSTEIN: And your biggest worry today about what's going on in the world or the economy, is there any one worry you're worried about?

MR. SOLOMON: Well, we're always – we have a – we have an extraordinarily strong risk management culture. And the whole firm is wired to spend 98 percent of its time worrying about things that have a very small probability of happening. And there are always risks. There are always things to worry about. We're constantly looking at our processes, looking at our risk, thinking about what can go wrong. And the reason for that is not because things aren't going to go wrong. Things will go wrong. What defines a financial institution when things go wrong is how the institution responds to it, how the institution deals with those things, and adjusts, and adapts, and manages.

And so, you know, we are zealously focused on that, because I guarantee things will go wrong. They always do. Environments change. Bumps come. You know, risk is risk. And when you take risk, you know, you have periods of time when you lose money, or it's hard to make money. And, you know, we work hard to make sure we're – you know, we're prepared for that. And this period is no different than any other period. I've spent my entire career – and

Goldman Sachs really, you know, embedded this even deeper in me – you know, thinking about that and worrying about that. And then, you know, what defines organizations is how they respond when things are tough, not how they respond when things are easy.

MR. RUBENSTEIN: Well, it's an impressive career, one you probably didn't anticipate when you were in college, I guess.

MR. SOLOMON: I certainly didn't. And my parents – my parents certainly didn't. I wish – unfortunately, you know, both my parents passed in their '70s before I got to this point. I really – you know, especially my dad – I wish – you know, I wish he could have – wish he should have seen all this.

MR. RUBENSTEIN: You have a sibling?

MR. SOLOMON: I do. I've got two brothers.

MR. RUBENSTEIN: Two brothers? And do they say, how about letting us go to work at Goldman? Or nothing like that? [Laughter.]

MR. SOLOMON: They do different – they do different things. And we've got a great relationship. And I love them dearly. But, you know, they've chosen different paths. But we have good time together.

MR. RUBENSTEIN: And when you're the CEO of Goldman Sachs, and you want a restaurant reservation, let's say, in New York, can you just call up and say, get me in, and you never have problems getting in?

MR. SOLOMON: Well, the most important thing is to make an investment, which is really not a great investment, in some restaurants. That way you know, you can get a table. [Laughter.]

MR. RUBENSTEIN: OK. OK. Well, look, David, you've done a great job for your shareholders, for sure. And thank you for being here. And we have a little gift for you.

MR. SOLOMON: Thank you very much for having me, David. I appreciate it. [Applause.]

MR. RUBENSTEIN: We have a gift. There we are. This is a map of the District of Columbia.

MR. SOLOMON: Oh, wow. Thank you.

MR. RUBENSTEIN: We will send it to your office.

MR. SOLOMON: That's beautiful. Thank you. Thank you very much.



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David Solomon is Chairman of the Board of Directors and Chief Executive Officer of The Goldman Sachs Group, Inc. Previously, he was President and Chief Operating Officer and prior to that, he served as Co-Head of the Investment Banking Division from 2006 to 2016. Before that, David was Global Head of the Financing Group, which includes all capital markets and derivative products for the firm's corporate clients. He joined Goldman Sachs as a Partner in 1999. David is Chairman of the Board of Trustees of Hamilton College and serves on the board of The Robin Hood Foundation. He also serves on the Board of Trustees of New York-Presbyterian Hospital and the Paley Center for Media.