

ICI VIEWPOINTS

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Jamie Dimon Speaks His Mind

By Rob Elson

In a headline half-hour at ICI's 2021 General Membership Meeting on May 6, ICI President and CEO Eric J. Pan wasted little time pressing Jamie Dimon for his view on a wide range of hot-button policy issues—and the JPMorgan Chase chairman and chief executive was happy to oblige.

Attacking Climate Change

Lively and thoughtful throughout, the conversation began with a discussion of the Business Roundtable's 2019 statement outlining a commitment for companies to act in the interests of all their stakeholders—not just their shareholders. New regulations around climate change aren't "completely consistent" with the statement, said Dimon, who sits on the board of the Roundtable, so American companies need not embrace these regulations to adhere to it.

Yet Dimon did see a role for his firm in addressing the threat of climate change. "We want to be a mature voice at the table," he said when asked to comment on policymakers' call for financial institutions to do more to redirect capital to greener companies. "Climate change is a real issue that we have to attack as a nation." But process and details are key, he added. "If we just impose rule after rule after rule, we're going to not accomplish anything"—and "at a huge cost."

Confronting Steep Challenges

The past year's public health and societal challenges also weighed on Dimon's mind. "COVID-19 and the murder of George Floyd highlighted some things we already knew," he asserted: the United States was completely unprepared to handle a pandemic, and racial inequality persists despite real efforts to defeat it. Correcting the many policy mistakes exposed over the past year, he added, will require "analytical, detailed policymaking" and a collaborative effort across business, government, and civic society.

Homing in on racial inequality, Pan asked what policymakers can do to get companies to field more diverse and inclusive workforces. Dimon countered: Policymakers should want to "incentivize" companies in this area, but a more effective approach would be to address the "structural" elements of society that have allowed racial inequality to persist—for example, by expanding access to infrastructure, education, and broadband.

The Biden administration's infrastructure proposal aims to address some of these issues, Pan noted. Dimon agreed, but emphasized a need for better accounting—and more accountability—if a bill passes. "I think [the government] owe[s] it to the American public to tell them, '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.'"

Financing the bill is another concern for Dimon. Keeping corporate taxes competitive is critical for keeping the country competitive, he explained, critiquing the administration's recent corporate tax reform proposals. But "on the individual side, I think the rich are going to have to pay more."

A Need for Forward-Thinking Regulation

Turning to the regulatory arena, Pan inquired about the connection between regulation and banks' ability to intermediate in financial markets. Dimon opined that regulatory constraints put in place after the 2007–2008 global financial crisis resulted in the Federal Reserve being "the only game in town" able to provide significant financing during the pandemic-induced market turmoil in March 2020. Had it not been for these constraints, Dimon suggested, his firm could have played a larger role without "taking any additional

real risk.”

Dimon also lamented a “backward-looking” process that he claimed had grown very political, calling on regulators to have more “forethought” in their work. Instead of continuing to pursue new rules on issues stemming from the global financial crisis, regulators should be looking at the more pressing issues of the day: payment for order flow, high-frequency trading, the merits of private markets versus public markets, and especially, cryptocurrencies.

“There should be a legal, regulatory, tax-related framework...around crypto,” Dimon contended. Cryptocurrencies are “now worth \$2 trillion. When are [regulators] going to say, ‘Oh my God, this is worthy of our attention?’”

The US-China Relationship

The session wrapped with geopolitics. Asked how he would advise the Biden administration on working with China, Dimon warned against trading public insults. Doing so “rouses that nationalistic stuff in both countries,” he continued. “And that can force politicians to push people to do bad things.”

Dimon suggested that the administration instead return to more traditional diplomacy, and focus on areas where the two superpowers have common interests, including nuclear non-proliferation, terrorism, and climate change. If the United States and China can forge a “deep, detailed, strategic dialogue,” he said, sounding a note of optimism, they “can accomplish some good things together.”

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