The Economic Club of New York

119th Year
843rd Meeting

Lloyd Blankfein
Former Chairman and Chief Executive Officer
Goldman Sachs

April 29, 2026

In-Person/Hybrid Event

Moderator: Sonali Basak
Chief Investment Strategist
iCapital

Introduction

President Barbara Van Allen

Hello and welcome everyone to the 843rd meeting of The Economic Club of New York. I'm Barbara Van Allen, President and CEO of the Club. It's a pleasure to have you all here with us on a beautiful New York day. I'd like to extend a warm welcome to students joining us virtually from Mercy University and also recognize members of our 2026 Class of Fellows – a select group of diverse, rising, next-gen business leaders who are with us in the room.

The Economic Club of New York is proud to stand as the nation's leading forum for discussions on social, economic, and political issues. We've been doing this for more than a century, actually next year it will be 120 years. And the Club during that time has hosted 1,000 preeminent guest speakers contributing to that tradition of excellence. We continue that tradition today as part of the Club's Author series welcoming our distinguished guest, Lloyd Blankfein. And this is going to be a real treat.

Lloyd served as the firm's Chairman and Chief Executive Officer at Goldman Sachs from 2006 through 2018. He remained as Chairman through December of 2018. He served also as the firm's President and Chief Operating Officer from 2003 through 2006. Lloyd served as Vice Chairman of Goldman Sachs from 2002 through 2003 with management responsibilities for the FICC and Equities Divisions. He became Co-Head of Fixed Income Currency and Commodities at its formation in 1997 and was based in London from 1997 through 1999 in that capacity.

He was named Partner in 1988 and Co-Head of the J. Aron Division in 1994. He joined the J. Aron Company, excuse me, J. Aron Currency and Commodities Division of Goldman Sachs in 1982 after working as an attorney at a law firm. Currently, Lloyd is Senior Chairman of the Goldman Sachs Group.

Among his affiliations with nonprofit organizations, Lloyd is a member of several Harvard advisory boards, a member of the Executive Committee of the UJA Federation of New York, a board member of Weill Cornell College, and a member of the Council on Foreign Relations. He earned his JD from Harvard Law and an AB from Harvard College.

Today he joins us, again as part of our Author Series. We're delighted to explore his new book, *Streetwise: Getting to and Through Goldman Sachs.* The format will be a conversation and we're honored to have Club Member Sonali Basak joining us here to moderate. She's Chief Investment Strategist at iCapital. There will be an opportunity for questions from the audience. The program will conclude promptly at 1:00 as always. And as a reminder, the discussion is on the record. We do have media both in the back of the room and online. Now, without further ado, please join me in welcoming to the stage, Lloyd and Sonali.

Conversation with Lloyd Blankfein

SONALI BASAK: So this is a real pleasure to be doing this conversation. I read the book in full, laughed out loud the whole time.

LLOYD BLANKFEIN: That was intentional.

SONALI BASAK: My favorite part was the gentrification of Lloyd Blankfein. And so with that, I'm going to ask you a question you ask yourself all the time apparently. It's when you walk into a room you ask yourself if you're a member of the establishment or the kid from Brooklyn. Which are you today?

LLOYD BLANKFEIN: Well, I've discovered, and especially in this process, I am never not the kid from Brooklyn, the kid from the projects in Brooklyn. So that's always on my head. But I realize that until people hear my accent for at least a couple of minutes, they might think because I ran Goldman Sachs, I'm a member of the establishment. So the answer is always both.

SONALI BASAK: Always both, and maybe you'll make that Brooklyn accent come out today a little bit. Now, when I read this book, one of the biggest themes here is economic mobility. The fact that you've been able to go from a pretty tough upbringing, there are parts of the book where you really talk about being held at knifepoint, being mugged, not being able to use the bathroom in school because you were scared to get to the bathroom. That tremendous ascent that you had from that moment to the top of Goldman Sachs, I mean, Lloyd, the main question is could that happen again today? There are a lot of people out there who will say that it's gotten harder to rise through society. Would you agree with that?

LLOYD BLANKFEIN: You know, in some ways I know, like a lot of things, you have to take account of the K-shapeness of things. So when we talk about something that's macro, it would be somebody saying, well, you're so oblivious to the fact that this percent of the population can't. So putting that, I would say for the part of the K that's pointing downwards, I don't think anything has gotten easier. I would say for the part of the K that reflects the middle class, people who grew up in households with capable people that know to seek education, the opportunities, I think, are greater today than they were. You know, schools have scholarships if you wanted.

If a young person wanted to start a business a generation ago, think of how much money you'd have to raise and where would you raise it from? You know, you need to buy your technology. You need to buy, you know, how you would house the business. Today, you know, you have WeWork to put your office. You can get, from AWS, you can get your technology. There's a venture community that actually likes that people are wearing T-shirts and loin cloths and don't comb their hair and stuff. And so people can go out at a young age and without very much and actually do that. I think that that's been better.

Now, I understand I'm talking to people, again, of a certain capability and a certain level of society and then you always have to wonder. And part of what the country suffers from in a lot of different ways is the polarization and the dichotomy and things sometimes are pointing in different directions. That's why we're using the letter K. So I think for some sectors it's harder.

But for most of the people that we would engage in and the children of our friends and their friends, I think it's never been easier for people to go out and be entrepreneurs and be mobile. And, by the way, and get access to some of these elite universities, which are actually quite, you know, are the accelerators into the middle and upper classes for people. But again, if you're growing up today in the projects, I'm not sure the opportunities are better.

SONALI BASAK: That was my main question. The K-shaped economy we're living in, there's a lot of people who would arguably say that the inflationary era we've been living in is a regressive tax. So if you think about the moment we're in now, how do you see that gap closing?

LLOYD BLANKFEIN: Well, I think that, look, the polarization happening, you know, low interest rates for a very long time, not particularly low now, but low interest rates for a long time, the general inflation of asset prices means anybody who has assets have been getting wealthier as asset prices have gone up. And if you didn't have assets, they haven't. And so that's gotten wider and wider.

I think the only way to sort that out ultimately is, you know, through a progressive tax system. And then you'd want to have, the economy has to do two things. It has to create wealth and it has to distribute it. And sometimes those things, if you work too hard on distributing it, you might take away the incentive for people to create wealth. If you're only functioning about creative wealth, maybe you're not distributing it quite well, so there has to be a balance.

You have to keep people performing but you have to look at a calculus and the revenue has to be collected from the people who have it. And I think probably should make some of the things that are necessarily for survival free that otherwise some people can afford it today and some people can't. I think that you raise the minimum standard of living and stuff, and education, education, education. I mean these are a lot of different policies. You can't push a button on these things. And I'm not saying anything that people don't know. A lot of this is execution.

SONALI BASAK: So it's interesting, I've heard you once say that you don't agree, for example, with Peter Thiel, that people should not be going to college anymore and that you really need, kind of that bigger liberal arts...

LLOYD BLANKFEIN: I hear that and I cringe. I think liberal arts, first of all, for yourself, to make yourself a better, a more complete person, that's a good thing in and of itself. But if all you were thinking of, your utility and commercial value of education, I still think a liberal arts education at the earliest stage, undergraduate years, is really the best thing to make yourself a complete person. But to be successful in business in the long term, you still have to engage with people, and I think you have to be the kind of person that are interesting to other people, even if you don't care whether you're interesting to yourself.

I think one should be interesting to oneself and learn about art and history and all these other, and humanities. But even if you were only geared for commercial success, I think there's value in making yourself a much more rounded person. And I think you're doing a, you know, and now at an age where people who are young today are, you know, their life expectancy is going to be 100, somehow with a longer life expectancy kids are much more of a result, or they're being mentored by some people into being in a much greater rush to get out and to learning the skills that are only essential for your career and moving forward. I always thought, you know, again people think differently about it, I don't know who's right, but I really do think that you learn your job on your job.

SONALI BASAK: So it's interesting, in part of the book you also talk about how Goldman really pushed you to go out and have a personality outside of Goldman Sachs.

LLOYD BLANKFEIN: Well, actually they mostly pushed me to not.

SONALI BASAK: By the end, right, by the end.

LLOYD BLANKFEIN: But I showed them.

SONALI BASAK: You know, you spent a lot of the time talking about Goldman's culture in the book. And I've got to say, you know, with this retrospective now, when you look back, what worked? What was the secret sauce to Goldman's culture?

LLOYD BLANKFEIN: Well, I mean I joined, I didn't join Goldman Sachs, Goldman Sachs, great company that it is, rejected me as did every other firm on Wall Street when

I applied. But I did get a job at this small commodity trading firm called J. Aron & Co. and Goldman acquired J. Aron & Co. And after having rejected me, I got into it that way. I spent the first couple of years hiding from...

SONALI BASAK: Your life was not linear.

LLOYD BLANKFEIN: I spent the first couple of years hiding from Goldman people. And then after that they hid from me. (Laughter) But I did come in through the commodities area and I had gone to college, which is another weird set of...

SONALI BASAK: And succeeded.

LLOYD BLANKFEIN: Not because of my brilliance, but because I went to a New York City high school on triple session – Thomas Jefferson High School in East New York, Brooklyn, which doesn't exist as a high school anymore. It's one of those failed high schools. That was on triple session. And so they cleared out the school twice, you know, they ran the school three different times and they were very happy just to take, pass the Regent's Exam, and then they were done with you. And I was actually done with high school even before that, because I just passed all the Regent's Exams. I actually red-shirted myself for a year so I could apply to college and have a chance to get in. So anyway...

SONALI BASAK: Back to the Goldman culture. What worked, once you figured out you could stay there for a while...

LLOYD BLANKFEIN: Well, Goldman, there's a lot between that and that. But in Goldman Sachs, it's a very flat organization. It's an ownership-partnership firm. And I'll say that with ___ even more than 25 years after the IPO in which it's no longer a partnership, it still functions as a partnership. And it does a lot of things that are recreated in a corporation to be a partnership within that firm and there's real consequences to that. It is a difference between being a CEO partner in a firm and being a CEO in a firm. Technically, I was a CEO but my roots and my grounding was in the partnership culture.

What does that mean? In a partnership, all the other senior people that you're working with, they're not just your, they're not your employees or subordinates, they're your co-owners. When you talk to them, they own the firm. And with ownership comes an expectation of having influence, an expectation of knowing what's going on in the whole firm. Your economic fortune is not just tied to your silo, but to the success of the whole firm.

So a bond trader in New York has the expectation to know what's going on with those damn investment bankers in Japan and things like that. And so that expectation is there.

And when you want to do something and you're the CEO or a senior partner-like, you're sort of now, instead of lightning bolts coming from your fingers, we're going to do this and that, you socialize things.

You say I'd like to do this, and what do you think of that? And you go around and you sell it to people that, on paper and in the organizational chart are your clear subordinates. But you treat them like they're your co-owners, your partners. And so things get a little slower, and you socialize. And maybe some things you want to do, you wait to do, and maybe some things you don't even do because it would just be too wrenching on the organization, on the culture.

Now, it's not, those are the burdens. The benefits are people own the place. They feel committed. When you have a crisis, people don't run for the hills. They work to make it better. You get an organization where people have the pride of owners, not the cavalier attitude of a renter. And so you get a powerful organization and you get, by the way, a very, very powerful alumni network where people really, really care about what their old firm thinks of them the way people would think about how their alma mater thinks of them. And, by the way, Goldman has an Alumni Office, which I actually put in. People are out of the firm for 20 years...

SONALI BASAK: I'm employed by one of them.

LLOYD BLANKFEIN: Yes, of course, a lot of people out there. People who are out of the firm for 25 years, they'll self-identify as ex-Goldman. And, by the way, there's real stuff that comes from it. We let our alumni invest in the firm, firm's investments at no rates or favorable rates. And there are a lot of perks that attach for people's whole careers. And guess what, as a result of that the firm sometimes makes requests of them.

SONALI BASAK: So the harder question really, though, Lloyd, is what didn't work? If you had to do it all over again and change something about, not just the culture of Goldman, but the culture of Wall Street, what would it be?

LLOYD BLANKFEIN: Well, you know, I'm a markets guy, so I'm more in the responder, I take certain things, you know, I think things fall the way they are for a reason. What would I like? I'd like the birds to, you know, the sun to shine every day and the birds to chirp every day. If I were in charge, I'd make sure that that happened.

But I do think that, I think Wall Street does a very good job of responding in the uncertainties that exist at every moment about what is going to happen next and being good contingency planners and very resilient and great responders. And, of course, gets killed by the reviewers and the pundits who have after-acquired information to look back and say, aha, I thought, oh, God, that's not what I would have done. Just like nobody voted for Nixon except he won in a landslide. Everybody always remembers being right, because they're pundits, and pundits don't have P&Ls. People with P&Ls can't walk away from, you know, can't deny what they had thought in the past.

And so I think we have a system that allows for animal spirits. And with that comes the inevitability. So you asked me what I wish, I wish it would never go off the rails. But if you're going to have animal spirits and that's going to produce a kind of cycle where you have a bad outcome and then everybody is nervous about risk, husbanding capital, afraid to take risk, and over time the memory of the trauma, of the reckoning, of the crisis ebbs and people get a little bit more sporty, which is what is happening today. We can talk about today. That's happening today.

And again dimmer memories, people retire, new people came in who only read about the financial crisis or the tech bubble in books so it doesn't quite register, and get sportier and sportier and then sows the seed for the next crisis and the next reckoning in which case everybody tightens up. Bad assets get off of balance sheets. It gets ship-shape again. And I takes another couple of years for that to go. And guess what, that's why we have a business cycle and that's why we have historical cycles. Can you imagine if we all lived forever and we kept our memories intact forever? We would be afraid to do anything.

SONALI BASAK: So it's no secret in this room, you've been quite critical about the shift of activity since 2008 into private markets.

LLOYD BLANKFEIN: No, no, I'm an observer of it. I'm not critical. By the way, Goldman Sachs was a participant in private markets. Not everything we did was in the regulated part of the firm. We had funds that were unregulated, private credit funds. Not everything was done off balance sheet. So I'm an observer of it, and I was commenting on what the, you know, what the risks of that are, that people are underestimating.

SONALI BASAK: So what do you think is the biggest risk? And do you think it's a big enough risk to face another systemic issue as we did in 2008?

LLOYD BLANKFEIN: Look, let me be clear. Going back to what I just said about cycles, in this kind of cycle, when you start feeling good and sprite, you get less disciplined about it, and when we separate ourselves from the trauma, and we haven't really one for than 15 years since the Great Financial Crisis, things get a little more lax. Again, it's the nature of things. And the real issue for me in the market today is that we haven't had a reckoning in long time, so we haven't cleared those assets that are on balance sheets that probably are marked too high, that really people thought they were worth X and they may not be worth X.

Why do I say that? Because a lot of these private assets, they're acquired on the balance sheets of private equity firms, insurance companies buy them. And, you know what, the companies that do this activity are in business to recycle them and sell them as soon as they can. We've just had the highest equity markets ever and the best financing markets ever. And assets are getting kind of aged on balance sheets. So that must be, for people who are highly motivated to sell them are not selling them because the price isn't being met because they're probably marked...

So I'd say the metaphor that I would use is we've been accumulating a lot of dry tinder on the floor of the forest. You know, if you think of California and when it gets dry and everything, and you know they put out the fire alerts because it's dry outside, the real problem is the fuel on the floor of the forest, the tinder, the dried wood that fell down. And at some point, inevitably someone will toss a cigarette butt, someone will be careless with a campfire. There'll be a lightning strike. Do you blame the lightning? Do you blame the cigarette? It's inevitable. It's really the fact, it's the accumulation of the debris, the fuel that makes this inevitable at some point.

I think because we have not had a reckoning, we've not had these preventive brush fires that they try to do in a controlled way to burn that stuff off – we are having one now a little bit in private credit, which is a good thing because you want these little things, markets pay attention of little things. Get them out of the way before they engulf and get out of control. That's a little bit like a kind of, you know, a burn off.

But because we haven't had that in a big sense in a long time, I'm nervous it'll be something. It could be a fat finger. It could be somebody who says, oh, my God, the price of oil is going to be sustained this high. It could be a lightning strike. It could be a meteor hitting the planet. Something will happen that at a different time would not have set anything off because there wouldn't have been a lot to set off. But because that kindling is there, something will happen like that.

It could be a bad, you know, it could be a credit event, like a bad, you know, some highly, highly leveraged fund can't make a payment or something like that. It could be an insurance regulator that looks at the balance sheet, and don't forget, insurance is regulated by 50 state regulators, not necessarily all of the same caliber. They may look at the balance sheet of an insurance company and say, gee, we don't know if these assets are going to be sustained to make...we're going to make you sell some.

And then they might find themselves selling to a market that doesn't want it and won't pay the price and that might make everybody crazy at the same time. Going for a door, trying to sell stuff that no one wants. So I've lived through a lot of these. It could be almost anything. And it could be something that at a different time wouldn't have registered. The problem is the accumulation of assets on balance sheets that may not be worth what they're worth.

SONALI BASAK: So I have some specific questions about this because I think the post-2008 financial industry is really misunderstood. If you were a betting man, would you...

LLOYD BLANKFEIN: I am a betting man.

SONALI BASAK: You can play at the poker tables. You know, would you believe that the private credit system coming out of this moment, if you do see the tinder starting to erase some of the froth, do you think it becomes a much bigger system coming out of this or does it plateau?

LLOYD BLANKFEIN: Well, Goldman Sachs, you know, prior to 2008, was not regulated as a bank holding company. We were, to me there's always, you know, regulatory arbitrage is like any other arbitrage. The market will find places where capital is cheapest. Capital is going to be cheap where there are less regulatory requirements that you hold capital against leverage. And so there'll always be stuff like this. As I said, even Goldman Sachs in its regulated form has funds that are private credit funds because it's other people's money in an account not subject to regulation, not on the balance sheet of the firm. In fact, ours were very big, very early. So I think that that's a part of the market.

It creates a problem in the system. Again, it might not be the spark, but it's part. In the financial crisis, the Fed could get probably 90% of all the outstanding loans around its conference room at the Federal Reserve building if they just had, you know, 16 banks represented. And, by the way, if they had five represented, they could have 75% of all the loans that were outstanding. Get together and say, okay, show of hands, who has this? Who has that? What are we going to do about it? And blah, blah, blah.

Today, because of the distribution and the wider net that you'd have to have, they'd have to take out Citi Field and have a meeting there and stand on second base and say, show of hands, who has this? And they don't have the visibility on it, and they don't have the influence on it. And so I think they've set up, the conditions are such that I think it would be hard to work out those problems.

That said, I think under normal times I don't think private credit is by itself necessarily such a systemic overwhelming thing. It could be the last straw on a market that's already waiting for something to set it off and so it could have that effect. But I don't think private credit by itself is that substantial or that bad at this point. So I wouldn't be worried about that. Again, I'm more worried about the kindling than I am about the loose cigarette butt at this point. That's what I would work on if I were a regulator today. I'd be worried about getting rid of all the mis-marked assets here, I'd be pressing...

Look what's happening now in the market. You have, some of the sponsors aren't selling their investments. The limited partners are selling their interest in their limited partnership interest at a discount because they need to raise the money. Endowments are going to the markets. It's why the rise of all these secondary funds that are buying limited partnership interests, it's because they're not getting distributions. They have to sell their limited partnership interests. I don't want to, like be picking on that, there are other things also. And again, I don't think that that's hypercritical in and of itself.

I think the general background is critical, ironically in part, because we haven't had a crisis in a long time. You know, every guy quotes from The Godfather, so forgive me. Remember that scene in The Godfather where they go and they're talking about, there's about to be another mob war. And one of the old capos puts his arm on, he said, ah, don't worry about it, we have to have these wars every ten years to get rid of all the grudges and bad feelings that build up over ten years. I think we have to have a crisis, you know, unfortunately it's the crisis that pops up every so often that's a reckoning for all the assets where there's no imposed discipline on getting them properly marked and distributed away from balance sheets.

SONALI BASAK: To that end, do you ever worry that the hedge fund industry could face another LTC-style event given how big a lot of these multi-strat firms have gotten, given how big they are in critical market...

LLOYD BLANKFEIN: No, nothing will ever happen. Of course, these things are going to recur. It won't be, you know, it won't repeat but it will rhyme. You know, things will always, it's the nature of things to keep going and possibly go to excess. Look, Dodd-Frank, for example, when it was implemented, and it's been steadily relaxed since then because what you don't want to do is you don't want to turn the country into a Treasury Bill.

You can't, if you want to get rid of risk, you're going to get rid of growth. And you don't want to say, gosh, we're going to get rid of the crisis of, you know, the 80-year crisis, we want to make sure that doesn't happen. And you won't necessarily make sure you don't have the 80-year crisis, but you'll make sure you won't have the 79 growth years in between. And that's the problem. By the way, you have to manifest the intention to regulate it so that you'll never have that crisis, and then you have to wink to each other, you know that's not possible.

But you can't relax, you have to impose that discipline because if you say, you know, if you act too cavalier about it, you're going to guarantee the 80-year crisis is going to happen every eight months. So you're going to have to make that effort supervised, but you have to know that these things are going to happen again. So the regulators have to do really two things. Take a lot of pains to make sure to avoid the crisis and then to take a lot of pains to create an infrastructure and a system so that when we have the inevitable kind of thing happening again, we have the mechanisms to sort it out.

The latter thing we've kind of heard. Part of the resentment that came out of the Glass-Steagall was we didn't want the Treasury on its own to have certain powers, to intervene in the market save a Bear Stearns and elect not to do Lehman. And so the Congress has put a lot of limitations and restrictions. That's kind of bad because they're imagining that they're going to put in, they're going to implement a system that will make sure there's never another crisis again, but that's not possible. It'll come out of left field, something we're not thinking about. It might even be just a fat finger that makes, you know, some software glitch that means nobody knows the solvency of anybody else, so nobody wants to make a payment. And then the only way that people trust anybody to hit Send on a payment is for the government to say I'll come in and make sure those payments occur.

But something like that, or something like it, not similar, will happen. And that's, by the way, the brilliance of the economy. It's like, again, regulated, supervised, worrying about the extremes of it, punishing miscreants who get too close to the line or go over it, as a specific deterrent to them, but deterrents to anybody else not to go too far, blah, blah, blah. And, you know, manage it that way, but not to think, to have the hubris to think you can manage it and still have a successful economy that could avoid unforeseen risks that spiral out of control.

SONALI BASAK: So moving on to kind of another echo of 2008, you know, some would argue that when you look at the Fed's balance sheet, the expansion really took off in the wake of 2008 and then really compounded in the wake of Covid as well. There was a really famous OpEd in 2014, The Asset Rich, Income Poor Economy. This was written by Kevin Warsh and Stanley Druckenmiller. Do you agree that that crisis era tool has compounded inequality?

LLOYD BLANKFEIN: Do I have to read that OpEd now?

SONALI BASAK: The idea stands, right?

LLOYD BLANKFEIN: What's the question? Sorry.

SONALI BASAK: The idea here is that by using these tools to expand the Fed's balance sheet, that we've helped asset owners in terms of people who own stocks rather than the small business owner...

LLOYD BLANKFEIN: Well, the Fed, you're talking about the Fed balance sheet? The Fed balance sheet expanded to get long rates down. The Fed, you know, has monetary policy that affects short-term rates but the long-term rates do what they want. You can take short-term rates down. You can take short-term, you can affect short-term rates and it not necessarily has the same effect on long rates. Sometimes people who buy our bonds think that what the Fed is doing in the short term to lower rates will be inflationary and so our long-term lenders demand higher interest rates, not lower interest rates even as short rates come down. And so I know why the Fed balance sheet, the Fed balance sheet was one of the tools that were made to stimulate the economy.

By the way, one of the good things – because I said all the things I'm worried about – one of the good things today if we had a problem is that we probably, you know, famous last words – touch wood – it's not necessarily that it would be accompanied by a banking crisis. In the '08 situation, we had a recession but we also had a banking crisis. That was really bad because at the end of the day the Fed doesn't, you know government doesn't lend money to people. The Fed doesn't lend. It's the banking system that does. And if the banks are in distress, the money they get gets husbanded and goes to refilling the coffers and their reserves and it doesn't do anything for the economy for a long time as they replenish their own reserves.

Today, banks are pretty much flush. There's not a bad situation. And the other thing that's going on, interest rates are close to, you know, 3-3/4, 4%, and they're not zero so rates can be taken down. And the Fed's balance sheet, while high, is lower than it has been. It's been taken down. That's another thing that could be done. The Fed could also stimulate the part of the curve where people actually really do, do the borrowing on the longer end. And so the tools for sorting out a problem are much more available today than they were, you know, than they have been for a long time. So again two things you have to worry about: how to avoid the problem and having the instruments and the awareness to deal with the problem when it arises. I think the latter we're in better shape for.

SONALI BASAK: The real reason I ask this too is because we're about to really see a new Fed Chair come to office and take a lot of potentially large changes. If you think about the effort to potentially reduce the balance sheet over time, do you think that he could do so without creating a taper tantrum?

LLOYD BLANKFEIN: Well, you're talking about the Fed balance sheet, you're not talking about the balance sheet of the United States.

SONALI BASAK: We can talk about that too.

LLOYD BLANKFEIN: You know, by the way, he's new, but he's not that new. He's been writing for a long time. He was on the board before. So it's not like, it's not a pig in the poke. He's been around. I think the Fed's balance sheet is just a matter of, the balance sheet is just a matter of tampering with the yield curve.

And, by the way, right now people are financing the United States. You know, everybody's concerned, appropriately, with the size of our debt, national debt, which keeps getting increased by our growing, you know, not our contracting, but our growing deficit which is adding to that, and that's creating a lot of anxiety. And that situation, I would best describe by, you know, I think it was Hemingway who said, you know, how did someone, how did so-and-so go bankrupt? The answer was slowly and then all at once.

Right now we're in the slowly part of it because, in fact slowly not even happening. We're getting financed easily. The dollar is the reserve currency. You worry about the all at once part where people stop financing it because I think our creditors can legitimately worry that the U.S. can default on its debt. And how does the U.S. default on its debt? We borrow in dollars and we print dollars, so how can you default? You're always going to have dollars to pay back. But what will those dollars be worth?

So the way the U.S. defaults on its debt is it borrows dollars now and after ten years we return dollars that don't have the purchasing power that they had at the beginning of the time. And that's how the U.S., that's how a country defaults when it borrows money in its own currency. The safety of that, the instrumentality, the institution that our creditors look to, to defend the purchasing power of the dollar is the Fed. And so this kind of assault on the independence of the Fed, blah, blah, blah, that just makes our creditors think that they're going to get defaulted to. And so therefore, you know, it's like, you know, you're going to lend to your brother-in-law and you wonder if he's ever going to pay you back. You're either not going to lend to him or you're going to have a very high interest rate if you do.

And so that's what everybody should be afraid of, and you really want the Fed standing there as a bulwark, and nothing that undermines the idea in the minds of our creditors that the Fed won't protect the purchasing power of the dollar. And that's the situation that we've been in, in the last few months with the back and forth between the Executive and the Head of the Fed and the intervention on policy. That is just dangerous, all bad, bad, bad, bad. Anything that again suggests that the Fed won't be there to protect the purchasing power of the dollar just means that our creditors are going to be much more uneasy and require a higher return on anything that's loaned to us.

SONALI BASAK: Whether it's the bond markets or the equity markets, are you surprised at all by how resilient the markets have been in the face of Brent, roughly $115 a barrel, heading into now nearly the tenth week of this conflict?

LLOYD BLANKFEIN: Yes. And it's not just the price of oil. It's just all stuff that's been thrown out. And you have to say, you know, you have to start with accepting the resilience and work backwards from that and say, what is it about the U.S.? Because the U.S. has demonstrated, the economy has demonstrated its resilience over and over again. You don't have to look at the current environment. You can go in the aftermath of the Financial Crisis, another time when the United States was Ground Zero for the problem and yet the economy recovered more completely and faster. I would say the Europeans have never recovered from that crisis.

Yet at Ground Zero, we have, and you could go back and say in this country you can easily, it's a different social contract. Here you can fire people if you want to reshape your business. We have, you know, labor is almost a commodity here. People can bring up their workforce, and today, Meta, which is not doing so badly, contracts its workforce by 8%. Europe you can't do it. It's a different social contract and they would look in horror about what companies are allowed to do here.

There, they would protect the workforce. Sometimes it can take years to be able to fire someone, let alone the public relations disaster it would be if a company suggested that it was going to go fire workers. As a result, they have more people on payrolls, less unemployment that they would, but over the long term more unemployment because their companies are less resilient, more zombie companies, more assets on balance sheets that really should be sold, terminated, recycled into other more productive activities like we would do here.

And they would look in Europe, you look at America and say, look how they are willing to miserate their workers. They'll fire these people without any regard for what they're going to do over the years. And here we're focused on the fact that two years later we hire those people back into a much better business that has a chance to grow a lot better than the zombie businesses that they were laid off from, or the opportunity set that they were laid off from.

SONALI BASAK: Tell us how you really feel about Europe.

LLOYD BLANKFEIN: No, no, it's a different, I'm trying to make it, I'm trying to say that people can look at these things in different ways. I lived there. And they would reflect on the social contract in the U.S., horrified that we would so easily lay off people and not put the burden on companies to keep them on payroll, train them for jobs that they're not necessarily suited for rather than hire new people who could go to work the next day. They look at the way we do that and are just as legitimate in their environment, their culture, and they take that point of view.

I do point out, though, that ours probably leads to more polarization, disunity. The kind of show trials and the hearings you see in Washington gets reflected in our national politics. But a much higher growth rate. Usually with the biggest economy, usually you associate size with sloth and inability to react and move quickly. We're the biggest economy, moves the fastest, most resilient, most likely to foster innovation. And theirs is kind of stickier and have probably in the short term, in any given moment had less unemployment than they otherwise would, except over time have less efficient, worse-performing businesses. And therefore, lower growth and lower unemployment over time. What do you choose?

SONALI BASAK: So there's probably, arguably, and I'm saying this as a New Yorker, no place you're seeing this play out more than the city actually. What would young Lloyd think about what the city has become...

LLOYD BLANKFEIN: I'm sorry, what's playing out in the city?

SONALI BASAK: The tension between the haves and the have-nots and where resources end up going. And you see that in the way people are voting. You see that in the way people are leaving the city actually too. So what do you think about, kind of the state of New York today and does anything need to change?

LLOYD BLANKFEIN: Well, I don't know if New York is more, I mean obviously in a city like New York winning the New York primary is winning the election. You know, certainly there's been a trend in each of the parties for, and a lot of it is the primary system – it's a different conversation I'm sure – that makes the passionate extremes of both parties punch way above their weight within their party and therefore in a position to become the owner of the nomination in their parties. And so that's what you get. There's a different conversation whether that's good or bad.

I'd say the polarization that we're seeing in the country, again in the politics, in the economy, and those two things are obviously iterative and reflect each other, again partly a function of the accretion in value of assets, as I said before. Technology does that. There are winners, you know, there are high profile winners and then there are many more losers who look at it.

You look at, you know, just take something like the microcosm, I'm listening, you know, the President says correctly, on a macro basis the U.S. generates, you know, creates as much and it develops as much energy, produces as much energy as it uses. It's just, it's not all the same energy or the right energy in the same place. When you have more natural gas, we need more oil. We have things coming in and things going out. But net/net if energy just moved up like this, the balance sheet of the country as a whole would probably be, our income/loss statement would be the same.

The problem is, is that all the citizens are paying more, are losing because they're paying more at the gas pump, and Exxon and Chevron are making more money. So the balance of the whole country might be intact but there's another distribution problem of, you know, wealth going from people who can afford it less to people who need it less. And so that's another thing. So that's just an element that you can add. Technology has that effect on things. And we've lived through these cycles before, this is another one of those. And generally, what one has to do is retrain, but you're not going to get a software engineer – and I left out AI also, it's another element, when I said technology that's what I had in mind – you're not going to retrain a software engineer to be an effective and happy massage therapist.

SONALI BASAK: I'm still going to hold you to a New York answer, though, and the reason...

LLOYD BLANKFEIN: Well, New York is just like that. I don't see much difference in New York.

SONALI BASAK: But what do you make of the Mamdani era and the challenges that the city might face over the next couple of years? I think perhaps the most distinct place you're seeing the tension is in the current dispute between Ken Griffin and Mamdani. If you were Ken Griffin, what would be your response to a pied-a-terre tax?

LLOYD BLANKFEIN: Well, I don't know if there's a dispute. I guess the dispute is that Ken doesn't want to be victimized and singled out, and the mayor seems to want to do that. So that's, is that what they're arguing over?

SONALI BASAK: In part, yes, but he's going to go to the governor as well to talk about the future of the city. They've threatened to potentially...

LLOYD BLANKFEIN: I don't think that this is, you know, we live here so we're reading the *New York Post* every day, and so we know that. But I think this is, I was, you know, I'm in L.A., this is not a uniquely New York situation. I don't see it that way.

SONALI BASAK: But one more on that, because I grew up in New Jersey.

LLOYD BLANKFEIN: No wonder why you'd ask me these questions.

SONALI BASAK: The joke in Jersey was the sure-fire way to become governor is to work at Goldman Sachs first. And so, you know, the whole economy of the tri-state area...

LLOYD BLANKFEIN: And we produce the Socialist governors.

SONALI BASAK: Yes, exactly. So, you know, what becomes of this area, these higher tax areas?

LLOYD BLANKFEIN: Well, I said New York is like everywhere else. In a lot of ways it is sui generis because everybody wants to come to New York, I think, at the end of the day. If you're going to have a big business, in almost any field but certainly in finance, you can distribute your business into Florida and Austin and places like that, have an outpost here and there, but you're going to want to tap into the talent pool that New York has because young people still come to New York. And that's going to pertain for a while. It may not pertain forever, but it's certainly the case now. I think people who are committed to building businesses are going to continue to build businesses.

Look, I wish the mayor, you know, at the end of the day a legislator can have wacko ideas and stuff – wacko in my views, you may not think it's wacko, I think some of these things are – and do the stuff and never have a reckoning or call to task. I don't know what legislation Elizabeth Warren has ever sponsored and gotten through, Warren or AOC, what she will do. I don't know, the future is the future. I don't know what it is. But you could do that for decades and be applauded every time you walk into a room and get re-elected in a landslide all the time.

But if you are an executive like a mayor, and you have to, you know, you have to move the snow and pick up the garbage and make sure cops report to work and crime doesn't go up, those are real things that you're accountable for. And that stuff, as is being discovered now when you're trying to get a budget, has to work. So either that will work or it'll be like Groundhog Day. The major will pick up his head, see his shadow and go back away for another four terms.

And we'll have, just the same thing happened when we had poor mayors in the past. And then we got an Ed Koch, or another round of a poor mayor, and then we got basically 20 years of Giuliani and Bloomberg and stuff like that. So one way or another New York will get through it because it's a tough executive job and executives metaphorically have a P&L. And you can't just get by on good will and charm.

SONALI BASAK: So we're going to open it up to questions in just a second here, so we can get started with the mikes. My final question to you is the most recent event – the very terrifying dinner on Saturday night, the White House Correspondents Dinner. You had some really interesting reactions to the dinner.

The *New York Times* said that while many were afraid, others appeared relatively unfazed, particularly you. You turned to the person next to you and asked, "Are you going to finish that salad?" (Laughter) You know, what were you feeling on Saturday? And what did you kind of take out of what had happened over the weekend and moving forward from there?

LLOYD BLANKFEIN: Well, I'll go on record and say it's very bad to have assassination attempts on the President of the United States. Let me be clear about that. What was happening was I don't think, I think it looked worse on TV than it did, because the TV cameras, they're showing you clips of this stuff. And when you're there, you're just seeing the immediate area around it. About the same time I knew was going awry, there was about 400 people in tactical gear, cops, and suddenly people were pulling out of their tuxedos, handguns, and they were all standing there. And this was happening and I was just, I just wanted to watch what was going on. And the sensible thing would have been to go, you know, duck under the table. That wasn't cowardice or anything. That was common sense. But I was actually slow and oblivious.

And I was just watching it because it felt like I was in a movie and I didn't want to miss it. And so I'm watching it and then, of course, I've been, again I've never been in the military. Nobody has fired on me. I don't have a Bronze Star in anything. So it wasn't like that. But I wasn't, I was never really that fearful, but people were under the tables. And so I tend to get, with stuff like that, I'm used to crises in markets and things like that and I always make, kind of jokes. I try to make everything...so people were under the table and I ducked down and said, are you guys going to finish your salad?

(audio issue) And then I picked my head up and I looked and I suddenly realized that everybody was surrounding the platform and they all appropriately had their guns pointed outward because that's where the threat would have come from. I realized that's actually towards me because I was out, and I said, then I scooched down also. And I said something like, you know, like when I get into a coach seat in an airplane, this is one time when I'm really glad to be short.

But there was a lot of interesting biplays. I commented, I tweeted out, there was a lot of things going on. I was happy that there was excitement. I was happy that no one got killed. And I was happy that the evening ended early. And the other thing that you saw was this great sociological thing that was going on. I was sitting at my table with the Majority Leader and the National Economic Advisor and they got, in a certain kind of order, they all got whisked away. And then there was an Under Secretary of State that I was sitting right next to, and she was just, you know, she was just left behind to die with me. And she was like, you know, kind of, you know saying, gosh, and I'm like such and such number in line for the Presidency. She actually knew what number she was and it was like a high double-digit number.

And I realized that there's another way of keeping score now among the governmental elite, which is that, you know, who gets whisked away by Secret Service and who gets left to fend for themselves. And so that's another skim that you have in the various rankings like who gets a parking space and who gets to sell their private equity investments tax-free because they're of that category, you know, they're above a certain GS level. And now you have to ask, when you take the job, does the Secret Service come and get me? And is it before or after Melania?

SONALI BASAK: What number am I? Okay, with that, we'll open it up.

QUESTION: How do you feel about AI and its job destructive tendencies?

LLOYD BLANKFEIN: Well, I'd say we all should be in the contingency planning business. It doesn't matter how I feel about it. You could say, how do I feel about nuclear power? Am I glad that they split the atom? You know, we get nuclear energy, but we also have nuclear warfare and bombs and it creates anxieties. Is it a good thing or a bad thing? You know something? That doesn't matter. It exists. We're not going to unlearn it. AI is going to happen. We're not going to unlearn what we have and it's going to keep developing. Now what do you want to do about it?

At the end of the day, I can't be against anything that makes everybody, gives everybody more leverage and much more productivity and thereby creates wealth per capita. So again, once again the economy figures out how to create wealth and that's usually the job, you know, you're the Economic Club, that's a job in the markets and the economic sector, and the political sector has to do a better job at distributing the wealth that gets created. That's really mostly their job and reiterate with each other, but that's fundamentally the political sector. (audio issue). That gone, and along the way, be more vulnerable, so other things would go.

If we were talking now at the turn of the 20th century, we'd be making the observation that half, more than half the country was involved in agriculture. And, you know, within a couple of decades, it was single digit percent. And somehow everybody found goods to produce, services to render, and other things. Maybe there'll be more Pilates instructors. Maybe we'll discover some things that we didn't have before.

Or maybe, worse comes to worse, like 100 years ago there was a six-day work week, maybe we go from a five-day work week to a four-day work week, and it's six hours a day instead of eight hours a day. Once upon a time it was ten hours a day. But I am not against anything that makes us wealthier and more productive. And I think it's a crazy thing to debate that issue, whether we like it or not. Instead, let's divert our attention to what we do to contingency plan for foreseeable outcomes and the flexibility to grapple with the unforeseen.

SONALI BASAK: There's a question right here.

QUESTION: Hi. So first I just want to say anybody who has been laughing throughout this whole session, I highly recommend reading Lloyd's book because your voice is on every page, and it just makes it very fun to read. And in particular, one thing...

LLOYD BLANKFEIN: Everybody here already bought the book, so I'm not even bothering to recommend it. Everyone gets one for free.

QUESTIONER: Tell your friends to buy it.

LLOYD BLANKFEIN: Tell your friends outside this room to buy the book.

QUESTION: But, you know, one thing that struck me in the book is that, you know, as you're progressing through your career at Goldman Sachs, and I'm sure there's people in this room who are progressing through their careers at all different levels, there are oftentimes when there's some ambiguity about where you stood in the hierarchy and who worked for whom and so on, could you just like share some of what you described.

LLOYD BLANKFEIN: That happened a lot. Look, people tell me, again institutions are different, organizations, but you work for an organization, I noticed in organizations there are titles and a hierarchy and then there are people that people go to when they want to get real help and to find out. It correlates but not completely with the hierarchy. And I think you wanted to be, if you were good, really good at your job, you had a lot of flexibility of how to steer your career. Because if you're really good, everybody over you fights for your, wants you to work for them. If you're not good, you have less to do than fills your plate, and so you have to do what people tell you to do. If you're really good and you have more to do than people can give you, you can pick what you want to do.

And you add to that the fact that there were just people who were fairly junior that you just went to. And they were de facto in charge even though their titles didn't reflect it. I remember when Goldman Sachs bought J. Aron, I asked, you know, they had a title structure and I asked my boss at that time, well, now what's my title? And he said, well, call yourself Contessa if you want to...(Laughter) but your title is the same as it was before, none.

And so at a very early stage I acted like I was in charge. Sometimes I would get these kinds of pseudo-promotions like, you know, that only Goldman Sachs can do, when there's 17 co-heads of this or that and cross management, and nobody ever knew. And I always would just, I just always acted like I was, I would just tell people what to do. I acted in charge.

I remember once when I got, and even at a high level, I remember I was made Vice Chairman of the firm, which very often is a suggestion that you leave the firm. (Laughter) And I had been running the Fixed Income Division and I was, (audio issue). And I now have one foot out the door, Vice Chairman title. Different part of the firm. And I sort of said, you know, you should do blippity-blip. You should do this or that. And the guy, a very senior guy himself, obviously he was running the division, said "do I have to listen to you"? Do I have to do what you tell me to do? And I said, you know, to be perfectly honest, I'm not sure myself...(Laughter) but it's your risk if it turns out that you do, and not my risk. So that's how I always did.

By the way, you'll notice in the book I took a picture of my review from that era because I don't want any mythology to walk out that I was always so saintly. You know, and I was, I put the opportunities for improve...but, you know, I think it was an organization where people were themselves and were very, you know, kind of authentic. And things like that were taken with good humor. But I think the core advice in what I'm saying is that there's an organizational chart and then there's always a de facto one. Just like you can always identify this person is going to rise, this person is really terrific. That person over me is a dummy. And I think if you just, if you always act like you're, if you act like you're in charge and have the goods to warrant acting like that, you know, I think that's the way to be.

SONALI BASAK: Well, thank you so very much. We're going to toss it back over to Barbara.

PRESIDENT BARBARA VAN ALLEN: So we've confirmed the following events that you can see on the back of your program, and we have made a couple of additions and a couple more are pending. Next week, May 6th, we have Antony Blinken, the 71st

Secretary of State. Followed by Ted Siedes May 12th with Robyn Grew and I believe Yana Kakar. On the 19th of May, we have Orlando Bravo joining us with Heidi Messer. Jon Haidt, who many of you may know about from his work on anxiety, from NYU Stern, he's going to join us May 20th. Glenn Hubbard is back on May 21st with Alan Blinder.

On June 2nd, David Solomon will be joining us so that'll be fun. June 3rd, we have The Honorable Mike Pence, Former Vice President, joining us. And then on June 10th, we have Dina Powell McCormick joining us, the President and Vice Chair of Meta. Ruth Porat is going to join us from Alphabet and Google, and of course, former Board Member of the Economic Club on June 17th. And then June 30th, we have Paul Atkins, the Chairman of the Securities and Exchange Commission. And not mentioned here is June 23rd, when we celebrate the 250th Anniversary of the country. So we're still firming up what that day, afternoon, and evening is going to bring, but remember that date.

Again, thank you everyone for joining us. I want to do, as we always do, a special thank you to members of the Centennial Society, joining us today as their financial contributions provide the financial backbone for all the work that we do. So thank you to those of you. And for those that are joining us virtually, we'll see you later, hopefully see you next week. For those in the room, thank you for being here, and please enjoy your lunch. Thank you.