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YPFS Lessons Learned Oral History Project: An Interview with Ronald Bloom

Ron Bloom

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Lessons Learned Oral History Project Interview

Interviewee Name and Crisis Position	Ron Bloom ¹ Senior Advisor to the Secretary of Treasury on President Obama's Task Force on the Automotive Industry (2009); Assistant to the President for Manufacturing Policy (2009-2011)
Interviewer Name	Mary Anne Chute Lynch (Contractor) Yale Program on Financial Stability
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Introduction

The Yale Program on Financial Stability (YPFS) reached out to Ron Bloom to request an interview regarding his time as Senior Advisor to the Secretary of Treasury on President Obama's Task Force on the Automotive Industry and as Obama's Senior Counselor for Manufacturing Policy (2009-2011).²

As Senior Advisor on the Auto Task Force Team, Bloom helped lead the restructuring of General Motors and Chrysler LLC. Subsequently, he advised the Obama Administration on policy development and strategic planning to revitalize the manufacturing sector. Bloom brought to Treasury his unique experience of working with the United Steelworkers Union, United Auto Workers, the Teamsters, the Air Line Pilots Association, and he had worked in the investment industry, including as a founding partner of Keilin and Bloom investment banking firm.

He left the Administration in September 2012 and is currently Managing Partner and Vice Chair in Brookfield's Private Equity Group, responsible for investment origination, analysis, and execution across North America.

This transcript of a telephone interview has been edited for accuracy and clarity.

Transcript

YPFS: **You were a Senior Advisor to the Secretary of the Treasury and Senior member of the Auto Task Force Team. Could you briefly describe what you did in each of those roles?**

¹ The opinions expressed during this interview are those of Mr. Bloom, and not those any of the institutions for which the interview subject is affiliated.

² stylized summary of the key observations and insights gleaned from this interview with Mr. Bloom is available in the Yale Program on Financial Stability's *Journal of Financial Crises*.

Bloom At the depth of the crisis, Congress passed Troubled Asset Relief Program (TARP) and it was a large amount of money that was basically under the discretion of the Secretary of the Treasury as to what he needed to do to deal with systemically important financial institutions. In the fall (2008), General Motors ran out of money, as did Chrysler. Ford, because they borrowed a lot of money did not run out of money, but they were facing extremis and the economy is hurdling downward, car sales are going through the floor, and they trooped down to Washington in their private planes and asked for a Congressional grant of \$25 billion between the three of them.

They were running out of money, and their time was very short. They literally have no cash. Henry Paulson Secretary of the Treasury under the aegis of TARP does a bridge loan and lends the money, due on March 31st of 2009 as the final act of the Bush administration. A condition of this loan is that by the 17th of February, GM and Chrysler had to come up with a restructuring plan. There's some general guidance relative to the plan, but not much. Senator Bob Corker wanted to be sure that the UAW made a fair sacrifice, et cetera. That's the drama that's playing out as President Obama takes office. I was hired mid-February, the 17th, the day the reports were due, and the President set up the Auto Task Force, which was chaired by Tim Geithner, Secretary of Treasury, Larry Summers, head of the National Economic Council, and other cabinet secretaries.

The president's the ultimate decision maker, but the Treasury Department is tasked with administering TARP because under the strictures of TARP, it is the Secretary of Treasury who makes the determination: a) that the company is systemically significant, and b) that whatever aid is to be provided, is provided. I was a Senior Advisor on the staff to the Auto Task Force; we were the Treasury team. Our job was to analyze the business plans that GM and Chrysler submitted—because GM and Chrysler were loaned money—and to determine what, if any assistance we should provide them, and if so, on what terms and whether there are other activities that should be undertaken to more broadly help stabilize the auto industry. We reviewed them and reported to Tim and Larry. Ford wasn't running out of money, but they were facing great problems. The suppliers were suffering enormously because no cars, no steering wheels, et cetera (were being purchased).

YPFS: Prior to serving on the Task Force, you worked extensively on behalf of unions, the United Steel Workers, United Auto Workers, Teamsters, and others. How did that affect your work on the task force? Were you the only one with that background? Was that your key role?

Bloom: I have a background that involved working for the Steelworkers union for a dozen years. I also worked on Wall Street for 10 years before I worked for the Steelworkers. I had different skills or experiences that people thought would be relevant to the task, but I'm there serving the United States Government,

and the United States Government is in charge of the general good.

My background, and my experience, and my beliefs influence how I approach any problem. I think I bring understanding about union concerns and sympathy to the working men and women of General Motors, Chrysler, and the retirees. But, my job was to represent the government, and I had a huge amount of experience in my prior life with restructurings generally, and I was able to bring all that experience to bear on what someone famously called “the mother of all restructuring.”

YPFS: Do you think that now after Covid?

Bloom: I used to think a lot of things about the Great Recession that have completely gone out the window since the pandemic. I used to think I was in Washington during such an important and crucial time. And obviously the pandemic has swamped all that came before.

YPFS: In July of 2009 you pointed out in your statement to Congress the long practice of the auto industry of kicking hard problems down the road. You wrote in the Treasury blog in 2011, that these companies seem to be stuck in the past. Do you think the government should have let them fail? How was that decision made?

Bloom I think there is no question that the car problems were in the making and dated back for many, many years. They had been asleep at the switch. General Motors had lost market share literally every year for 30 or 40 years. These companies were in long-term slow decline. That is undeniable. We were making cars Americans wanted to buy for a long time, but their quality fell way behind, although I think they were improving in some ways, but there’s a litany of issues in what used to be called the Big Three.

That said, there is no question that the financial crisis, the Great Recession, dramatically accelerated and exacerbated their situation. So, yes, they're going down, but when car sales go from 17 to 9 million, all but the strongest companies are going to suffer greatly. So, you have a secular decline, and an enormous shock to the system, which knocks them over.

The logic for rescuing them is the latter. If this had been a long decline in a relatively healthy economy that resulted in the bankruptcy of one or more of these companies, the system would have worked. We have a system for dealing with companies that fail. I believe the government should be loath to inject itself in those situations, except for an extraordinary circumstance. And this qualifies, in my opinion, as an extraordinary circumstance. If a company of General Motors' or Chrysler's size and scale, had failed in a healthy economy, they would have been able to be reorganized. The shareholders would have been wiped out, as they often are in a bankruptcy, and the lenders would likely

have taken reductions in the size of their claims, and there probably would have been some renegotiation of the union terms and conditions.

None of that is good. It's all awful, but it's how our system functions. And that is true for steel companies and car companies and media companies. Companies fail all the time, so the government can't get itself into the business, in a normal economy, of saying, 'This telecom company is important, but this steel company isn't.' There is logic, for better or worse, for when the system, is functioning to let it function.

The dilemma we faced with GM and Chrysler is the financial system itself had basically frozen. There was no credit available even for the most creditworthy companies; literally triple A-rated companies couldn't get commercial paper in late 2008, early 2009. That means if GM and Chrysler had failed, they almost certainly would have liquidated because there was nobody to provide them with financing to enable them to conduct an orderly reorganization. They would have had a disorderly liquidation.

Under the Bankruptcy Code, there are two sections: Chapter 7 and Chapter 11. Chapter 11 is the chapter under which you file for reorganization; Chapter 7 is the chapter under which you file for liquidation. And with no financing, what's called debtor-in-possession financing, it was crystal clear there was not a bank on the planet willing to give them debtor-in-possession financing. With that as the context, if the government had not been prepared to provide them with debtor-in-possession financing, which is eventually what we did, there's no doubt in my mind they would have liquidated. The consequence of their liquidation, in a healthy economy, would have been terrible. In a distressed economy, it would have been disastrous. These companies sit at the top of the manufacturing industry pyramid. There are literally millions of jobs that are directly or indirectly tied to General Motors and to Chrysler.

You have to remember it's interconnected. If the largest seat manufacturer, sells 40% of his output to GM, 20% to Ford, 10% to Chrysler, 10% to Toyota, and 10% to Mercedes, and GM liquidates, that 40% hole in his budget is so much that he will file for bankruptcy, too. He will liquidate. When the guy who makes seats liquidates, not only can GM and Chrysler not make cars, nor can Ford, Toyota, or Mercedes. Literally hundreds and hundreds and hundreds of suppliers would have followed GM and Chrysler into liquidation.

The argument for saving these auto manufacturers is essentially not about saving them; it's about saving the industry and the literally millions of people, the suppliers, the dealers, Ford cars because Ford would have quickly followed GM and Chrysler into bankruptcy. Perhaps not liquidation for Ford because they had a lot of cash, but eventual liquidation, because if they can't get seats, they can't make cars. And if they can't make cars, they go out of business pretty fast.

That's the essential definition of systemically significant—you can't put this Humpty Dumpty back together again when the economy is in freefall, and that's where the economy was in the in the winter and spring of 2009. It was in freefall. To let them go, and there was a lot of talk about it being a moral hazard, but the moral hazard argument falls apart when the failure of the company matters not just to its shareholders, workers, and retirees, but literally to the entire industry. So, we weren't saving companies, we were saving the industry.

YPFS: Were you part of those discussions about whether it's a moral hazard or not?

Bloom: Absolutely. It was our job to tee up those discussions for the ultimate decision makers, Tim, and Larry, and eventually, the President. And there were others within the White House apparatus who weighed in, too, the Council of Economic Advisors, the Vice President. Our job was to tee up the arguments, be responsible for gathering the facts, etc. The Council of Economic Advisors also plays a role because the broader economic concerns are theirs as well. We were joined at the hip with the NEC because Brian Deese, who's now Director of the NEC, was a junior at the NEC at the time. Larry was the co-chair of the group and Brian Deese and Diane Farrell were appended to the Treasury team.

YPFS: Steve Rattner said Chrysler and GM had the weakest finance operation he had ever seen and needed gigantic reductions but were in denial. How did you get them to face the problem, or do you think they ever understood the scope of it?

Bloom I wouldn't put the companies in the same bucket because Chrysler is somewhat of a different story. Number one, Chrysler was smaller, and some of the systemic significance arguments are not as strong relative to Chrysler. We did decide to rescue Chrysler, but it was a closer call and has been well written about that there were equities in favor of letting Chrysler go. We were not prepared to save Chrysler on a standalone basis because we weren't confident that the company was capable of fixing itself. That's why the role of Fiat is so important. You had a company that, a) had undergone a dramatic turnaround, b) was run by an executive who had executed on that turn around, c) had a lot of relevant technology, particularly for smaller cars that we thought relevant to Chrysler, and d) could offer the synergy of common purchasing, etc.

In Chrysler's case, we were very aggressive in terms of the reductions we asked from them for all the stakeholders, [and] we had Fiat there to help drive the turn around. That meant we gained confidence in Fiat as capable of driving the change that we thought necessary. It's not that Chrysler didn't have a lot of exceptionally talented executives; they did. But we felt an outside force which could drive the change and would see the movie before and was led by

a very successful and visionary leader, would be an important part of the puzzle.

In GM's case, it was a more complicated problem. We, the government, wrestled throughout the piece with the question of what's the proper level of government intervention. We convinced ourselves, and eventually the President, that rescuing GM made sense for all the reasons I've talked about. But there was great hesitancy for us to Bigfoot our way into running GM. The inevitable result was that we were going to own GM, or at least the majority of it, but there was great hesitancy to take over the management of GM in the explicit way that you would if you owned a company. If you follow the private equity industry, when it buys a company, the guys who bring the money to the table, call the shots. They pick the CEO, and they make all important strategic decisions, etc., because they are fiduciaries for the people who are investing. If a company buys another company, same thing. They're fiduciaries for their shareholders, and they are expected to take over the operation of the enterprise that they purchased.

We faced great hesitancy, and I think this was shared throughout the administration, in intervening more than we needed to. The watchword was 'minimally invasive surgery.' That was the strategy because if you look at the history, the car industry is a great example of a highly regulated industry and for good reason. And whether it's mileage standards, or whether it's health and safety, there are dozens and dozens of pieces of the federal government that play a role in regulating the entire automobile industry. It's absolutely vital that that be done on an even-handed basis. It's absolutely vital that the government not be seen to be leaning in favor of one company or another. If it does, that completely eliminates the government's ability to be a good regulator.

When we owned General Motors, there was a large recall that the government ordered on Toyota. There was a problem with sudden acceleration. All over the Internet was the suggestion that I had ordered, the President, had ordered the Secretary of Transportation, to do this recall on Toyota so that our investment in General Motors would be worth more. Now, it literally couldn't be further from the truth. I never talked to the Secretary of Transportation or anyone in his group about this recall, had no knowledge of it beforehand, no knowledge of it on an ongoing basis: zero, zero, zero. But, that was the concern.

When we were setting up the GM restructuring, this hadn't happened yet, but we had that type of situation in mind, and the decision was, we will name new directors, we will name people whom the government chooses to sit on the Board of Directors to direct the affairs of the company. We did believe that we needed to replace the existing CEO because we thought he had demonstrated a lack of ability to see the future happening. His replacement was someone that we were aware of and found acceptable. But after that, our intervention in the

operation of the company was minimal. The judgment we had to make was that the folks we put on the board—and we named a very successful, and we thought, tough-minded good businessman to be chair of the board, Ed Whitacre—and the other directors we'd named, would drive the change at GM.

We had as much confidence as we could get that they would be aggressive and were prepared to drive change. But there is no question that the change at Chrysler was more thoroughgoing because you had Fiat coming in from the outside, number one, and number two, Chrysler, was within an inch of extinction, and everybody knew it. Everybody knew it at Chrysler. Everybody knew that their fate hung in the balance.

Most people at GM figured we'd save them because they got the systemically significant point, and so they figured we'd save them. I think the cultural change at GM did take longer to execute and was more difficult to execute. I think over time, they've executed it, but it was a more challenging problem for all the reasons I've listed.

YPFS: Do you think in a crisis or for companies failing in general in a non-crisis situation, that getting a new CEO, a new board chairman, separating their roles and bringing in someone from outside the industry, bringing in new board members should be mandatory?

Bloom: In 99% of bankruptcies, there are new owners. In 99% of bankruptcies, the shareholders are wiped out, and the people who are the owners are typically the predators. They're the guys whom the company owed money to. It is the norm, not the law, but the norm that the creditors want to put a new board in because they look at the old board as having let the company get into the situation. I think this works pretty naturally in an ordinary course bankruptcy. And you don't need a legal mandate to have it happen because there can be exceptional situations.

Let's imagine a company names the CEO and he's great, she's great, but there's a surprise disaster in the industry. The company has to file for bankruptcy to stay alive, but everyone concludes that the woman running it is great. That's the decision of the creditors and the new board, and creditors typically name the new board. I don't think you need to mandate that change. I think it happens naturally in a very high percentage of the cases.

YPFS: Many have said the UAW employees came out as winners while other stakeholders came out as losers. People complained they didn't take any cuts in pay, but retirees lost a lot. Do you think you could have pressed for more concessions from the UAW?

Bloom: It's easy to sit in the cheap seats and say, 'I would have done it differently.' But, I don't think there was favoritism to the UAW, in the way that the word is stated. I think there is recognition about who has the power in a bankruptcy. I

worked for the Steelworkers Union before I came to the Obama Administration. And if you go back and read the history of the bankruptcies of the steel companies around the year 2000—and there were many, many of them, and I was intimately involved in each and every one of them—there are numerous cases, in fact, all cases, in every single steelworker bankruptcy, (in which) we did better than similarly situated creditors: Steelworker claims for retiree benefits, for wages, etc. In a technical, legal bankruptcy sense, there's something called the absolute priority rule which says that one creditor class has to get paid in full, before the next creditor class can get anything at all. And in every one of those bankruptcies, the Steelworkers did better than similarly situated creditors.

Why? Not because the bankruptcy law favored us, because it doesn't. The reason is because we had leverage; we had power, and bankruptcy is a combination of law and politics. By politics, I mean power. Creditors get their way because they have the leverage to get their way. It's, as they say it, 'an adults only game.' Everyone is out for themselves, which is fine, but if you have leverage, you use it. And the UAW—it's hard to make cars without workers. Anyone who thinks you could have replaced 100,000 UAW members to go make cars in GM factories and Chrysler factories, hasn't lived in the real world. It can't be done. Could you have replaced all those workers over six months? Yes, absolutely. But by then, you'd be long liquidated.

And so, the UAW used its leverage. UAW's leverage was we want to protect the retiree benefits. They took concessions. They turned their claims largely into equity, so if the company did poorly, those claims would not have been honored. They did take significant concessions, but they used their leverage to protect the wages of the existing workforce—absolutely. There's nothing special about that. And I would remind those critics that the suppliers to General Motors, the guys who sell them stuff, in a typical bankruptcy, they're unsecured creditors; their claim is unsecured. In a typical bankruptcy in a healthy economy, they take a big haircut. The trade, it's called "the trade," takes a big haircut. And in GM's case, you had bondholders who were unsecured creditors, and you had suppliers who were unsecured creditors, and the suppliers got 100 cents on the dollar. One-hundred cents! UAW didn't get one hundred cents. The suppliers got paid in cash in full.

Why did the suppliers get paid in cash in full? Because our judgment was that if we put the hit on the suppliers, we drive them out of business. And then there'd be no steering wheels, and there'd be no cars. We made a hard-headed, business evaluation of the relative leverage and the importance of various creditor classes, and we acted accordingly. Nobody ever criticized, not one person ever criticized, paying the suppliers in cash, in full. Never once. But everybody criticizes the fact that the UAW workers didn't take a pay cut. And the answer is because there's some people in the country who hate unions.

And that's fine, that's their privilege. But those people do not understand how bankruptcy functions and did not understand the facts we were facing.

YPFS: **You are highly praised as being an incredible negotiator. Mara McNeill had said that people would come to you, and you would turn them all away and say, 'No, we're not giving anything,' but they would go away content from talking to you. Can you please tell us what your style is?**

Bloom: I've been negotiating a long time. There's not one way to negotiate. My advice to people who ask me about negotiating is you have to be yourself. And so whatever your traits are as a person, you have to use them as a negotiator, because if you put on a special uniform for negotiating, and if you're generally sort of an even-tempered and problem-solving kind of man or woman, and you go into a negotiating session, and you start jumping up and down and trying to be hard-ass and all that, it doesn't work because eventually your real personality comes through.

The purpose of negotiations is communication. If you're not authentic, this is really hard to do. And the two things about me that sit at the core of who I am, are, number one, I like to try to keep things light. I like to try to see the humor in difficult situations. I don't mind being self-deprecating, in fact, it's part of what I do. I believe, no matter how serious things are, you're better off if you can be civil and you can try to look for a common bond of humanity with people. That's me as a person in my life. That's the way I try to negotiate.

Number two, I love problems and puzzles. Finding an answer where everybody gets something, and even when you can, you don't crush the other guy, because I learned a long, long time ago that life is long. That is particularly true in labor relations, where I've spent a lot of my career. You can be a transactional negotiator, or you can be a relational negotiator. And a transactional negotiator views every negotiation as a fight to the death. Everything I win comes from you, and everything you win comes from me. It's all zero sum.

A relational negotiator understands that there's tomorrow, and there's next month, and there's next year, and people remember when they are treated with dignity, and they remember when they're treated very badly. To the extent I've had any success—and I leave it to others to judge that side—I think it's because I try to be authentic to who I am, and I try to remember what I would call those simple rules.

That doesn't mean it's the only way to negotiate. There are super successful negotiators who have completely different styles. But I can only do it in the way that works for me.

YPFS **How about with a foreign company or foreign country like Canada? Did you negotiate with them?**

Bloom: They were our partners. The way this was set up is, fairly early in the piece Canada showed up. I don't know how this happened, but Canada said, "Roughly speaking, we're 20% of the auto assembly jobs and so we're willing to put in 20% of the money." And they had a system where there was, I think, two-thirds from the federal government and one-third from the provincial government because the auto industry in Canada is headquartered in Ontario. They were our partner. And they invested right alongside us, same securities, same everything. They did their diligence alongside us. One of my responsibilities was making sure that they were fully up to speed on what we were doing, and that they understood our strategy, and that we treated them like a good partner. The final decisions were ours, but they didn't have to put up any money. It's not like they got a contract with us. Treating them with respect and recognizing their particular needs, and there were some, was pretty important because they were putting up a bunch of dough.

YPFS: What do you think is needed in a nation's leaders and task force members or policymakers to bring about such a resolution as you did? What do you think they need to do to pull it off? Do you keep politics out of it, or do you think politics is involved in it?

Bloom: It's an interesting question. I think it would have been, honestly, very hard to do what we did at the speed of which we did it, if it had been ordinary-course government. The crisis was such that the delegation of authority to the executive branch, I think, was important in allowing this to succeed because time was very short. These companies were running out of money. And if we had to spend our time working all this through Congress, it's unlikely we would have been able to get it done on a timely basis.

In a crisis of this nature, a certain amount of delegation to the executive with post hoc oversight and accountability (is needed). There was SIGTARP, the Special Inspector General for the Troubled Asset Relief Program), and we were called in to Congressional investigative committees to account for what we did. I think that's all really important in a democracy. But I think if you had done this the ordinary way that legislation is done, I don't think we could have gotten it done.

YPFS: You became Senior Counsel for Manufacturing Policy, working with the NEC. What are the lessons learned in that position, or even dealing with the crisis that you would advise President Biden now as he's trying to roll out climate policy?

Bloom: That's an interesting question. I'm not sure I have anything hugely insightful. Why I think this worked, is that the people who came together at the mechanics level, people like me and the other members of the Treasury team, there was a great sense of working on something important and trying to do the right thing. At the higher levels, up to and including the President, there

was a lot of political courage. When the President agreed to do this, it was not popular. People were so sick of bailouts, even though eventually it became popular. People don't remember it today, but three years later, people were pretty happy that the President saved General Motors. Some people say it's one of the reasons he was reelected.

I'm not enough of a political scientist to know if that's true, but at the time he did it, it was not the popular decision because people were so sick of bailouts. I think it does take political courage to do the right thing and to believe that over time, history will reward you, and hopefully you'll be rewarded politically the next time the voters have their say. But having that center line of trying to do the right thing . . . The language we find it very hard to speak in America is the language of the general good because we are all in our tribes. President Biden's job may be even harder than President Obama's because in the case of a Great Recession, you could argue that there were villains in it, and people understood how we got there.

In the case of the pandemic, there's no villain. It is an assault from a huge dollop of bad luck. Yet, as we confront the pandemic, it's become a political discussion. How can you possibly have a discussion, how can you politicize the question of whether or not I have the right to go unvaccinated and hurt you? It's mind boggling to me that we've entered this era where the most obvious common sense has become a political decision as to whether you're for or against the former President.

I think President Biden's challenge, in some ways, is much greater now. In other ways, there is a great desire on the American people's part to fix big problems, more than there was during Obama's presidency. But that ability to speak in the language of the general good and have patience to believe that overtime you'll win people over, that's what Biden has to try to do.

YPFS: What do you think can be done about that?

Bloom: This is my negotiating style; I try really hard not to demonize those I disagree with. And I think honestly, both sides engage in a fair amount of demonization. It's not that I don't have strong feelings about some of the actors in the drama today or some of the actors in the drama when I was there, but I do think you have to ask yourself, 'Do I really need for them to die in order for me to live? Is that really the right, long-term solution? Do I really need to kill the village to save it?' I do try to listen to what people I disagree with say when they have concerns. And there are millions of areas in the pandemic where there are legitimate equities on both sides, but some things I just find unbelievable.

That doesn't mean that complex questions about how you open the schools safely, and what's the right situation, whether we should mandate vaccination—those are tricky, difficult problems and we need to try to reason

our way through them. I'm obviously a supporter of Biden. I don't pretend I'm not. I'm a supporter of him from the day he first was rumored to be running. I have no hiding of that at all. But even with that said, I think it's incumbent on the president—and this is what his political genius is, his ability—to not demonize the other side and not make everything a political war to the death.

If he succeeds, I think it will be because—what I was talking about with my negotiating style—he is what he is. He's seventy-eight. He's not going to change. He's been an exceptionally successful politician. He has a way he thinks he ought to do things and he's true to it. His voice, what I think is attractive about him, is he's so bloody authentic. If he succeeds, that's why he'll succeed because he is who he is. There's no airs. He wears his heart on his sleeve. And I think it's a really good thing.

YPFS: Do you think there are lessons from the global financial crisis that are vital and that deal with the economic crisis today?

Bloom: History always offers some lessons about how you should behave. But I really do think you have to distinguish between a crisis that resulted from a particular set of public policy decisions that have been made over the course of the last 30 years preceding the (2007-2009) crisis that laid the groundwork for why it went so badly—the over-leveraging of the financial situation, things that happened in the housing market, other issues that people have written about. It's directly related to why that happened, and the solution that was sought was to try to remedy those issues.

But the pandemic is an external event. Bad policy doesn't cause hurricanes. That said, the underinvestment in public health infrastructure, you could say it's a little bit like the underinvestment in a fossil regulatory regime. The idea of government playing a responsible role as an honest broker in terms of keeping the system working, I think it's a good lesson generally.

The other good lesson that I take from the financial crisis, that I think people have learned and are putting into practice in the pandemic, is the bias in a crisis should be toward doing more, not less. In the Great Recession, the size of the stimulus package was, in retrospect, too small, and it is one of the reasons why the recovery was as slow as it was. The failure to act quickly and decisively in a crisis, to the extent the recovery from the Great Recession was slower than we would have wanted, that's a lesson that's being learned today in dealing with the pandemic.

I don't mean to trivialize a trillion dollars, but in the grand scheme of the American economy and all the people hurt by the pandemic, spending an extra trillion dollars is honestly chump change. We have a \$20 trillion economy that came to a halt, so in arguing about whether we need a little more assistance—

obviously, there's a limit to that argument; I'm not saying there's no amount we shouldn't spend—my bias in a crisis is to overdo it, not under do it.

YPFS: What are your views on how the COVID crisis has been handled?

I think the President, generally speaking, is doing the right thing. I think he's dealing with the current situation extremely aggressively, and he's using the occasion to have us rethink how the government can play a role in building up infrastructure of all sorts. And I think the President's definition of infrastructure is the right definition.

The role of government is to provide a fertile field on which people can find their way and be successful. But you have to till the ground, you have to till the field, you have to lay the irrigation pipes, you have to prepare the ground for it. We have so underinvested in everything, from roads and bridges to R&D spending, to education, to childcare, you name it.

The goal of government is to allow people to be productive and then let the private sector do its job.

YPFS: What do you think were the most significant achievements of your efforts in the Great Recession?

Bloom: In my little part of it, the great achievement is that we rescued these two companies and saved millions of jobs, and they were given another chance. They have largely taken that chance and done pretty well with it. Eventually, they're on their own, and they will succeed or fail in the marketplace. I have no idea if General Motors will be alive and well in 10 years, and Chrysler's obviously now part of a much larger enterprise. But a lot of jobs were saved. Retirees, a lot of their health care was protected. Supplier's jobs were saved. Dealers were saved and were able to live to fight another day. And I think we did it. I'm partisan. I think it basically worked out. I think we did it without violating any core principles of how government ought to behave in a crisis. As I said when we started, there are different rules in a crisis; if you're willing to accept that proposition, I think we acted in a public-spirited, decent way. There are obviously little things I would have done different one way or the other, but I think on balance, we got it mostly right, and I think that's pretty cool.

YPFS: What would you have done differently?

Bloom: If you look back and you say, 'Could we have gotten a little more here or given a little more there?' I could nitpick. But you're in the middle of it, and so the question is not, 'Did you get it perfectly right in hindsight?' because even if you conclude that you could have done something a little bit different, you have no idea in the real world that if you had done that, some other second or third order consequences would have bit you. I think the test is, 'At the time, did you

make a reasonable decision?' Not, 'did you make the right decision?' Because right, that's really tricky. That's really tricky. I think we made a series of reasonable decisions.

YPFS: **You stayed on with the task force and as Senior Counselor to Treasury after the initial bankruptcy work was done. Were you involved in the government divestment from GM? Do you think some other protection should have been put in place?**

Bloom: I think the final tally is we invested \$80 (billion) and got back (\$70 billion). If you ask the question whether for \$10 billion, you save millions of jobs, that's about the best investment you could ever make. What is government there for? What's the purpose of it? It's to stabilize the economy in a gigantic crisis. We're not a bank. We're not there trying to make money. What's our return on investment when we vaccinate people? We keep people healthy. They don't die.

We saved millions of jobs and it cost \$10 billion? That is chump change. This was a fantastic investment of taxpayer resources, if that's all it costs us. I was not involved in the final decision of when to divest the General Motors shares. I think, generally speaking, the idea was that we should be out of this investment sooner rather than later. We're not a speculator in GM's stock. I think on balance, the government probably stayed at GM a little longer than they should have. But again, I wasn't there for the decision.

And the fact that maybe now General Motors' stock is high, well, it was low for a long time. The government is not a stock speculator. Government did a job, saved the company, saved millions of jobs, and wound up only requiring \$10 billion of taxpayer support to do it. I think that's astonishing.

YPFS: **Are there any other lessons learned that you would like to add for future policy makers? What would you set up right away? What would you want them to be aware of in the beginning when facing a crisis?**

Bloom: Make haste carefully. Your bias should be toward action. Your bias should be toward being aggressive, but you don't want to be reckless. Tell the truth. Be transparent. I think people are always better if you're open with them. Don't assume you know everything. Be humble. Do the right thing. Do what's right, and things generally come out better if you do what you honestly think is right.

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