campaign exigencies. But I only had one objective: to stop the system from returning to a state of panic.

The next day Wayne and I continued to focus on the presidential broadcast idea. I thought it was the only thing that might have the gravitas to persuade the nation. But after taking soundings, Wayne assured me we could stand down. "They're going to solve it," he said. "It's going to get done."

After intensive work by Hank and his team and Ben Bernanke, the chair of the Federal Reserve, working closely with Congress, the TARP finally passed on October 3. A sharp drop in the stock market after the first rejection of the deal had also helped to focus minds. This turned out to be the last time in recent history that Congress acted on a bipartisan basis to pass a consequential and controversial piece of legislation.

But when I read the redrafted legislation, I identified what I considered a serious flaw. Without Christine's urging this time, I made another call to Hank.

"Congratulations on finally getting TARP done," I said. "There's only one problem."

"What's that?" he said.

"You'll never be able to buy a troubled security."

"What do you mean?"

"Everybody owns these subprime packages, full of house mortgages. In the old days, we all used to know what a house was worth on a given street because there was a kind of blue book. But when there are five houses for sale on the same street, nobody knows what a house is worth, so nobody knows how to value any of these pools of subprime securities. You will literally have to go out to every street and see how many houses are for sale, because if a house used to be $200,000 and there are five houses for sale on the street, you can buy them for much less, maybe $140,000 or lower. But if you don't even know how many houses are for sale, you won't know how to price them and what to pay. And the sellers won't know. So there's no ability to transact and the banks aren't lending anyhow. So if no one can value these securities, they will just be illiquid and you'll never buy a troubled security."

"So what's your suggestion?" said Hank.

"Take the $700 billion and put it into the banks as either equity or preferred stock with warrants. That will give the banks stability." With stability, banks would be able to attract many times what the Treasury gave them in terms of new deposits. Those deposits could be used to make profitable loans to restart the economy. The government would make money on the equity investment and banks would have what they needed to weather the crisis and start investing. Leveraged 12:1, the banks' equity would mean $8 or $9 trillion—a huge amount of firepower.

Hank, Ben, and Tim Geithner, president of the New York Federal Reserve, were a few steps ahead of me. They had already discussed the idea of injecting equity into the banks and even proposed it to President Bush, but they were concerned about creating any unintentional pressure to nationalize the banks. What they eventually developed was an innovative, and ultimately profitable, way to recapitalize seven hundred US banks, including both healthy and weak ones. Hank's conversations with people like me, in the marketplace, were a way for him to think through such a complex issue.

"One more thing," I said. "It's terrible that people are calling TARP a 'bailout.'" Hank and Treasury never used the term themselves, but it was being widely used by politicians and the media. "You're not bailing anybody out. You're lending them money, which is going to be repaid. It's just a bridge loan where the taxpayers are going to get all their money back, with interest and probably with a big profit when the banks recover. Describing it as a bailout is going to create a PR nightmare. It's going to be completely misunderstood."

Hank agreed, but it was clear that his focus was required elsewhere. He was in the eye of the storm, besieged by demands from Congress, the Fed, the regulators, the media, and even other countries. It was unimaginably difficult.

A week or so later, I was still in Europe. I had just landed at night in Toulon, France, and gotten into a car when my phone rang. It was Jim Wilkinson, Hank's chief of staff.

"Hank asked me to call and say thank you. Most people who talk to us basically do things that are good for them. Whenever you talk to us, you only care about what's good for the system. You've given us some of the best advice that we've gotten."

“Thanks, Jim,” I said. “I appreciate it.” I shut my flip phone and settled back in my seat. It was about 8:00 p.m. and pitch black out. I was alone with the driver. *What an amazing thing*, I thought. *I have been helpful here*. It felt extremely good. Nobody knew what to do as we risked heading into something worse than the Great Depression. Thanks to Christine’s persistence, I had volunteered to be part of the solution, and Hank had taken the time to listen. Later he told me that my “sense of urgency and conviction, along with that of other well-respected market participants, helped confirm our judgments and impending actions.” I was very proud that I had been able to help the country and still am.

As the smoke cleared in late 2008, my instincts told me that the worst had passed. But there was still a huge amount of work to be done to restore the US economy. Months before the crisis hit, I had promised my friend Paul Achleitner, then CFO of Allianz, to make a speech at Munich Technical University, where his wife, Ann-Kristin, was a professor. I arrived in Munich on October 15 to an auditorium packed with students and press; they were crammed into the rows and sitting on the steps. They had one question for the American financier standing before them: Would we survive?

“The financial crisis is over,” I said. “You all think it’s going on, but the decisions have been taken to end it.” Other countries were getting ready to follow the US example and recapitalize their banks. The financial system was safe. “I realize this is a bold prediction five weeks after the collapse of Lehman Brothers,” I admitted. “And it is true that markets are in a terrible condition. But you should not worry. I’m not worried about it and I have the advantage of knowing what’s going on. So you should all feel very secure.” I got a big round of applause and hundreds of thanks as I left the auditorium. But as I sat back in the car taking me to the airport, I felt nauseated. I had now said it publicly. I had better be right.

TURN CRISIS INTO OPPORTUNITY

Despite what we had done at Blackstone to prepare for the global financial crisis, we weren't spared its aftermath. Our share price fell from $31 at the time of our IPO to a low of $3.55 in February 2009. For the last quarter of 2008, we wrote down the value of our private equity portfolio by 20 percent and our real estate portfolio by 30 percent. In my 2008 letter to Blackstone shareholders, I made it clear that Blackstone was different from most other financial services firms: "We are long-term investors and we are patient. That means we can hold existing investments until markets are higher and more liquid and can exit at full value rather than being forced to sell into a rapidly deleveraging market. And that allows us to be more aggressive in a depressed environment when we can deploy capital to the maximum benefit of our investors at the right time." We had $27 billion in dry powder to invest and could see opportunities to buy in every sector. But the markets could not see beyond the next few weeks and months of gloom.

Investors were selling assets for reasons that had nothing to do with fundamental values. They needed cash or had to meet margin calls. I got a call one day from one of our investors asking us not to draw down more money to make new investments, no matter how large and attractive they were. I realized that he wasn't asking me to violate my fiduciary duty because there weren't excellent investment opportunities; he was asking me to hold back because he needed to conserve cash. I told him that it was our fiduciary duty to invest the money all of the investors had committed. His short-term liquidity problems could not dictate our investment strategy.

Even with TARP now going ahead, the largest banks were still under enormous strain. JPMorgan cut our revolving line of credit by half. I could not believe it. We had worked together so successfully for so long on tens of billions of dollars' worth of transactions. Jimmy Lee said he knew nothing about it. So I called Jamie Dimon, the CEO.

"Things are tough," said Jamie. "We're still leaving you with credit."

I reminded him of our long relationship. "We're part of you guys. And we're a terrific credit. We've got $4 billion in cash."

"Yeah, I know," said Jamie. "If you weren't a good credit, we'd pull it all."

Citi was a different story. We deposited $800 million with them shortly after TARP passed, gave them some underwriting work and let them into one of our private equity deals. In our view, there was no way Citi could fail. Governments and corporations used its Global Transactions Service to pay their employees and move money. Without Citi, money would stop moving around the world.

Shortly after we made our deposit, Vikram Pandit, Citi's CEO, came to see me. Citi was under huge pressure, and Vikram joked that perhaps we should switch jobs. Running Blackstone looked a whole lot easier than running Citi. But in seriousness, he said that he was grateful for our show of support and asked if there was anything he could do. I told him what JPMorgan had done and asked if Citi would take its place. Vikram didn't hesitate. We had supported him in a moment of difficulty, and he was more than just happy to help. Life is long, and helping people when they need it often comes back to you in ways you least expect it. You never forget the friends who came to your aid in tough situations.

By fall 2008, with our earnings down, we had a decision to make about our dividend. In planning our IPO, the underwriters insisted that offering a dividend during our first two years as a public company would help us attract more investors. It turned out to be unnecessary because we were oversubscribed fifteen times, but we had made the promise.

Now, in the thick of the financial crisis, our earnings alone wouldn't cover the payments to our shareholders. We could either cut the dividend or borrow to pay it in full. I didn't want to borrow. It seemed like bad corporate finance to borrow to pay a dividend in a volatile market with a volatile stock. If we cut it, our investors wouldn't like it, but we would argue that it was in the best long-term interests of the company. Since I was the biggest shareholder, no one would suffer from the cut more than me, so no one could accuse me of self-dealing. Give us time and the stock would recover, and everyone would be happy.

I raised the matter at the next board meeting. I predicted that the Chinese, who had invested $3 billion on the eve of the IPO and could not start selling down their position for another two years, would not be happy. But I argued that it was more important now to preserve capital than to pay the dividend we had promised.

Dick Jenrette, who had recently joined the board as a public member, was the first to disagree. He reminded us of the significance of this investment to the Chinese. This investment wasn't just one among many. It was the first major investment by their nascent sovereign wealth fund outside China. The value of their shares had already fallen. If we cut the dividend as well, it would make the people who had trusted us look even worse. We would go from being an embarrassment to a severe disappointment. "If you make people really angry," said Dick, "that doesn't just go away like it never happened. If I were you, I'd suck it up and pay everybody the same dividend for the next quarter."

"That's just like burning $50 million," I said. "Just burning it."

"I understand," said Dick. "But if you don't, you're making a mistake."

Jay Light, my old professor who was then dean of the Harvard Business School, and another board member, agreed with Dick. The Chinese were already embarrassed at home by the drop in the value of their investment. Cut the dividend, and it would be even worse for them. In addition to buying our stock, the Chinese had invested in our funds. Over time, there could be much more to come, billions perhaps of future investments and partnerships. To jeopardize our long-term relationship for the sake of cash flow in one difficult quarter didn't make sense.

A year earlier, I had advised Jimmy Cayne to write a check to make the investors in Bear Stearns's hedge funds whole again. Now Dick and Jay were giving me a version of the same advice. Painful as it can be, sometimes it pays to write the check.

When we thought about becoming a public company, we knew we would have to balance serving our shareholders and our investors. Jay and Dick were financially astute, with sage advice on our short- and long-term considerations. I valued them for disagreeing with me.

"This isn't easy," I said. "But if both of you really feel that way, we'll pay it. I don't like the decision, but okay: $50 million for goodwill." As the largest shareholder at Blackstone, I understood that the long-term interests of the firm would not be served by cutting the dividend given the costs of damaging a valuable commercial relationship. It would take several more years, but as we did more and more business in China and my philanthropic activity grew there, I realized that dividend turned out to be one of the best checks we ever wrote.

In late 2008, I traveled to Beijing for a meeting of the board of the Tsinghua School of Economics and Management, on which I served. The Chinese had invested vast amounts of money in US companies in the preceding years and held over $1 trillion in Fannie Mae and Freddie Mac securities alone, a huge bet on the US housing market. US borrowers had grown used to Chinese money, and the Chinese were hooked on the ease and availability of US investments. Now, Fannie Mae and Freddie Mac had been seized by the federal government. The Chinese had no idea if Washington was going to make good on its obligations.

China had also lost around $1.5 billion on its Blackstone stock since the IPO. We weren't China's biggest investment in the United States, but we were one of its most visible. I could argue that Blackstone was in excellent health, but in that market environment, nothing could increase the share price. The Chinese were unhappy, and I knew it when I boarded my flight to Beijing.

During a break in the Tsinghua board meetings, former premier Zhu Rongji called me over. Zhu comes from that remarkable generation of Chinese politicians whose lives straddled several eras of postrevolutionary China. He grew up in a family of intellectuals and landowners and became a civil servant. But when he criticized Mao Zedong's economic politics, the Communist Party expelled him. During the Cultural Revolution, Zhu was sent to a farm for disgraced government workers, where he did manual labor for five years. When Mao died and was succeeded by Deng Xiaoping, Zhou's career recovered. His ascent through academia and politics coincided with a time of rapid growth for China. He was the first dean of Tsinghua's School of

Economics and Management, then mayor of Shanghai, and eventually China's fifth premier, the equivalent of prime minister, working just below the president. He became instrumental in developing Deng's vision of "socialism with Chinese characteristics," which meant a market economy overseen by the Communist Party.

Zhu is a tall, angular man, known for his energy and impatience. Larry Summers, the former treasury secretary and president of Harvard, once estimated Zhu's IQ at 200. As mayor and premier, Zhu had all kinds of nicknames alluding to his determination: One-Chop Zhu, Zhu the Boss, even Madman Zhu, for his willingness to crash through political structures and bureaucratic rules to get things done. Even five years after stepping down as premier, he still exuded the authority of his office.

As we spoke, he waved over Lou Jiwei, his protégé, who had made the Chinese investment in Blackstone and subsequently became minister of finance.

"Come over here," said Zhu. "See Schwarzman, Lou Jiwei, the guy who lost your money." He was only half-joking. We were going to have to work to regain his confidence.

In December, I ran into Ben Bernanke at a holiday party given at the German ambassador's residence in Washington. We stepped away from the crowd to talk. He asked me what I was seeing. I told him that many financial institutions were deleveraging because of the mark-to-market accounting rules issued by the SEC in September 2006. They were flooding the markets with good assets because of the plummeting value of their bad ones, but there were no buyers, so the price of everything was collapsing.

Ben was weighing whether the Federal Reserve should step in and start buying these unwanted assets. I told him it was the only way to restore confidence in the financial system. By spring 2009, the Fed was buying bank debt, mortgage debt, and Treasury notes, sending cash pouring through the financial markets.

The Fed's actions, though, needed governmental support, and I worried that the new president was not doing enough to talk up the economy and inspire confidence. On the evening of Sunday, March 8, 2009, I bumped into

Rahm Emanuel, President Obama's first chief of staff, at an event at the Kennedy Center. During the intermission, we stepped into a private room near our seats. I suggested to Rahm that the president needed to sound a bit more positive. The stock market had fallen 25 percent since his inauguration in January, yet he was focused on health care. He was undermining what little business confidence there was left in the economy.

Rahm was polite at first, but soon he was yelling at me: "Steve, you're everything we hate: rich, Republican businessman." I was shocked. All I wanted to do was help the system survive. We argued for twenty-five minutes. Christine popped her head around the door twice, telling me I had to come and meet the president, but I waved her off and kept at it until I had to leave to shake the president's hand and watch the second half of the show.

The next morning, Rahm called to apologize. Our discussion had gotten more heated than he intended. He had so much going on with the new administration, he did not want to be listening to show tunes on a Sunday night. I thanked him and said I understood. He told me that morning he had arranged for all the top administration officials, including the president, to go on TV or give speeches about "green shoots" in the economy. That week saw the bottom of the stock market decline in the United States.

At Blackstone, we had our own challenges. Our young people, in particular, were scared. Every year, we have off-sites for each of our lines of business, and Tony was invited to cheer them up, to tell them everything would be fine. But that's not Tony's style. Instead, he told them how lucky they were to have this historical meltdown to learn from right at the beginning of their careers. If they were smart, they would learn from it and apply the lessons over their entire professional lives. Success breeds arrogance and complacency, he said. You only learn from your mistakes and when the worst happens.

Around the time of my conversation with Rahm, I was walking to the Waldorf Astoria in New York with my friend and colleague, Ken Whitney. Ken was disconsolate. He told me that the real estate team had just calculated the current value of all their holdings, and the results were grim. On Hilton alone, we had to write down the value of our investment by 70 percent as the company's revenues and earnings collapsed. I told Ken not to worry. These low-asset valuations were just marks. They would come back. We invest based on a thesis. If we still believed it, we just had to keep working and be patient. If the financial system collapsed, we would all be finished. As long as it survived, so would we.

After a while, we no longer felt like the entire economy was in free fall. We adjusted and got back to work. Across the firm, we went back to basics. We asked ourselves, What are the businesses we want to be in? We pulled back from new initiatives, which would struggle to attract funding anyway, and focused on our core. As a firm, we wanted a fortress balance sheet, immune to the volatility of the markets.

That fall, though, I was back in Tsinghua, with Blackstone's stock no higher than the year before.

"Schwarzman, how's Blackstone stock now?" asked Zhu Rong-ji, though he knew the answer. "How low can it go? Ha ha ha!"

But with patience and hard work, we were beginning to see the decisions we made before and during the crisis panning out well. Our advisory and restructuring businesses boomed as so many companies needed help. Our investment teams didn't have a huge precrisis mistake consuming all of their attention. Even if the rest of the world was traumatized, we were as open to growth and opportunity as ever before.

In the United Kingdom, one of our youngest partners, Joe Baratta, had teamed up with a walk-on-water entrepreneur, Nick Varney, and they were building Europe's largest theme park business. When Joe first presented the deal for Varney's collection of twenty aquariums and three "dungeons"—gruesome attractions in London, York, and Amsterdam—none of us in New York liked it. I had visited the London dungeon with my two children, who enjoyed the stories of murderers, torturers, and executioners, and I remembered the long lines waiting to get in. But I couldn't see the business ever achieving significant scale. It seemed like a lot of work for limited reward. Merlin, Nick's company, had already gone through two private equity owners before us.

Joe, though, was convinced by Nick's talent and ambition. The theme parks business was full of dissatisfied owners. Lego wanted to get rid of its theme parks to raise money for a corporate restructuring. Other small parks were owned by families or private equity groups and sovereign wealth funds that had no idea of what to do with them. Despite my doubts, at Joe's urging, we had paid £102 million for Merlin in 2005. It was a small deal, and our expectations in New York were modest.

But within a few months, Joe and Nick made their first move. They paid €370 million in cash and stock to buy four Legoland parks in the United Kingdom, Denmark, Germany, and California. The following year, they bought Gardaland, the largest theme park in Italy, for €500 million. And in spring 2007, they capped it off with the £1.2 billion acquisition of the Tussaud's Group, which included six of the famous wax museums and three theme parks, including Alton Towers, the biggest in the United Kingdom.

Nick improved the marketing, added new attractions, and multiplied earnings. Working together, Joe and Nick took a tiny company with $50 million in equity and built it into the second largest theme parks business in the world after Disney. It was an explosive meeting of our capital and a great entrepreneur, and Merlin grew during a time of widespread recession. By the time we sold our final shares in the company in 2015, we had created thousands of jobs, entertained millions of families, and made our investors more than six times their money.

Almost from the moment we bought Hilton in 2007, our critics said we had bought a trophy asset at the top of the market. But we pressed ahead with our original plan to expand and improve the business. In 2008 and 2009, we franchised fifty thousand new rooms a year in markets such as Asia, Italy, and Turkey, which raised cash flow. We moved the headquarters of the business from Beverly Hills to a less expensive site in Virginia. And we survived a dramatic drop in travel thanks to the financing that Jon and his team had arranged at acquisition. Even through a dire economy, we could still cover our debt payments.

But in spring 2010, we made extra sure by renegotiating with our lenders. Many had struggled to sell the debt they had issued for Hilton in 2007, so we used some of the capital we'd reserved to buy some of it ourselves at a discount. By the end of our discussions, we were able to substantially reduce our debt, and although we were still a long way from turning a profit on the deal, we had significantly cut its risk and given ourselves more room to maneuver. As people began traveling again, Hilton's cash flows surpassed their 2008 peak, and the value of our investment soared well above what we had paid. Our operational improvements and geographic and brand expansion paid off as well. We implemented a variety of energy-efficiency initiatives and improved the employee experience. We transformed the company, with over 600,000 employees, including over 17,000 US veterans and spouses, and doubled the number of rooms in the Hilton portfolio. Hilton was named the #1 Best Place to Work in the United States in 2019 by Fortune, making it the first hospitality company ever to achieve this ranking. Our investors ultimately made over $14 billion on Hilton, making it the most profitable private equity investment in history.

Back again at Tsinghua in 2010, I saw Zhu coming over to deliver his annual ribbing. “Schwarzman. How should I think about Blackstone stock? Can it come back? What do you think?”

Third time around, I was ready. “Mr. Premier, the company is doing very well. You shouldn’t worry about the stock.”

“Schwarzman, why not worry?”

“Because we’re like farmers,” I said. Zhu had spent time on farms growing up with his family and later as a political exile. “When we buy companies and real estate, it’s like planting crops. You put seeds in the ground, you water, and the seeds start growing, but you can’t see the crop yet. Then they grow very high, and it will be a great crop, and you will be very, very happy.”

“Lou Jiwei, Lou Jiwei, come here,” he said, laughing. “We have a farmer. Farmer Blackstone.” From then on, I was always Farmer Blackstone. We kept paying dividends, our stock recovered, and the Chinese gave us increasingly large sums of money to invest on their behalf. And Zhu’s welcomes became warmer.

“Farmer Blackstone, good to see you. A lot of crops coming up. We’re very glad you’re a good farmer. Can’t wait to see you next year!”

In 2012, we closed our sixth private equity fund: $15.1 billion in commitments. It was short of the $20.4 billion fund we had raised in 2007, but still the sixth biggest fund ever raised, a sign that we had made it through the worst, and our investors still believed in what we did.

Following the financial crisis, the market for single-family homes in the United States, the largest private asset class in the world, was broken. Borrowers were defaulting and banks were foreclosing, flooding the market with properties. But it would take a series of bold, innovative actions to invest successfully in what was for many a terrible situation.

Historians of the financial crisis will tell you that in the insanity of the housing market, two connected sets of government actions stand out. The first was politically encouraging home ownership before the crisis, even by people who couldn't afford it. Lending standards fell, mortgages were pushed on uninformed and unsophisticated borrowers who could never realistically hope to pay them back, and the price of houses skyrocketed. Banks were willing accomplices in this profit machine. As we saw when the crisis hit, many subprime borrowers couldn't afford their monthly payments. The value of their homes fell, and either they or their lenders were forced to sell.

In the aftermath of the crisis, the government initiated its second set of disastrous actions by clamping down on banks and requiring them to tighten their lending standards. Banks that hadn't soured on mortgage lending altogether now required significantly higher down payments and higher credit scores from borrowers. What might have seemed like the proper, cautious response to fix an overheated market actually choked off any hopes of recovery. In both the housing boom that preceded the crisis and the bust that followed, the government's policies exacerbated the situation. When the market was going too fast, they slammed on the gas. When it was grinding to a halt, they hit the brakes. The poor American consumer suffered whiplash in the passenger seat.

Across the United States, house prices fell sharply. In the worst-hit areas, like Southern California, Phoenix, Atlanta, and Florida, new home construction all but stopped. Millions of Americans were now looking to rent instead of buy their homes.

Historically, mom-and-pop operations dominated the business of buying, fixing, and renting out houses in America. Of the 13 million rental homes, most belonged to individuals or small real estate businesses. Many landlords were absentee and didn't maintain their properties to the standard of a professionally run apartment complex. Our real estate team saw an opportunity to consolidate and professionalize the sector.

Were we the right people to try this? Blackstone did huge, multibillion-dollar real estate deals, the biggest in the industry, for hotel chains, office complexes, and warehouses. Why would we consider the small-time buy-to-let business? Our banks weren't convinced and wouldn't lend to us. Sam Zell, who knows more about real estate than anyone else, told us, "No way." But Jon Gray and his team were insistent. The basic math of the opportunity seemed straightforward—and unprecedented. Here was the biggest asset class in the world, in our home market, trading at historic lows, and the whole world was frozen. It was the right point in the cycle and exactly the kind of moment for investors like us. I'd seen something similar in the early 1990s, when we had made our first investments with Joe Robert: a real estate market distorted by fear, an irrational herd mentality, and borrowers and lenders all trying to scramble free from the latest collapse. The opportunity this time was much bigger. Worthy of our best efforts. We came at it with more knowledge and more experience, and armed with all the cash we had raised shortly before the crisis. We believed there were bargains to be had, and if we struggled to rent the houses we bought, at least we would turn a profit when house prices returned to normal.

In spring 2012, we paid $100,000 for our first home, in Phoenix, the same month US house prices bottomed out. We started buying in the West and moved east, city by city, from Seattle to Las Vegas, to Chicago, down to Orlando. Local courthouses published lists for their upcoming foreclosure auctions, and our acquisition teams went street by street to look at the homes for sale. They couldn't go inside, so they drove by, looking at neighborhoods and studying school districts. They would decide how many homes they wanted to buy and show up on the courthouse steps for the auction with a cashier's check. The deals would close in a couple of days. Within a few months, we were buying $125 million worth of homes every week.

The next step was renovation. We put to work over ten thousand builders, painters, electricians, carpenters, plumbers, HVAC installers, and landscapers, many of whom had been left unemployed by the recession. We spent around twenty-five thousand dollars fixing up each home. The final piece was a sales and service organization to rent out and maintain the homes.

We called the company Invitation Homes, which ended up owning over fifty thousand homes, making it the largest residential property owner in the United States and a huge employer at a critical time for the US economy. Our public pension fund investors liked the faith we showed in the resilience of the US economy at a moment when others were scared. We went into neighborhoods where homes were abandoned and lawns overgrown. Once we fixed up the houses and leased them out to families, we saw these neighborhoods come back to life, their social fabric restored.

Looking back, our initial observation seems to have been a simple one: When people are being stopped, for no good reason, from buying what they need, the system has to adjust. When it adjusts, the price of the commodity will rise. People needed houses, but after the crash, irrational regulators and fearful bankers got in their way. It was just a question of buying in the right way at the right time in the cycle.

After the crisis, we also had opportunities to deploy the dry powder we had worked so hard to accumulate and protect major investments in an otherwise capital-scarce environment. These opportunities soon began popping up in many different sectors, but perhaps most significantly in energy.

We had been slowly building our expertise in this field by running deals through our investment process. One of the major theses we'd developed as a result was that most public energy companies were chronically overvalued. Analyzed piece by piece, adding up the value of their refineries, pipelines, and gas stations, for example, it was clear that they were almost always priced well over the sum of their parts. The opportunity, then, was to buy or build pieces of the energy industry's infrastructure and sell them at full market prices.

In 2012, we had the chance to invest in an especially large piece of this infrastructure, a facility in Louisiana to prepare natural gas for export from the United States. The story of the Sabine Pass facility has all the elements of an energy industry classic, a visionary and daring entrepreneur trying to build a large, complex industrial plant amid rapid technological change, fickle politics, and volatile global markets.

Back in 2008, Charif Souki, an investment banker turned restaurateur turned energy entrepreneur, began work on a plant to receive natural gas shipments at the mouth of the Sabine Pass River, on the border of Texas and Louisiana, close to the Gulf of Mexico. Whereas oil is simple to transport in the vast hulls of container ships, gas is more difficult. It has to be chilled into a liquid for transportation and then turned back into gas at its destination. It is an expensive process, but the United States was short of natural gas at the time, and prices were soaring.

As Charif was building his new import facility, though, natural gas began pouring out of the ground in the United States, a result of the development of fracking. His plant was redundant. At that moment, he had a great entrepreneurial insight: What if he converted Sabine Pass from an import to an export facility, to send all that excess American gas out to the world?

It sounds simple enough, but there was more to it than just sending the gas flowing the other way. Cheniere Energy, Charif's business, was valued at $600 million and needed $8 billion to make the conversion from an import to an export facility. Banks were uncomfortable lending Charif more money because there had been times when he had struggled to make the payments on his debts. Second, his project depended on government approval of the facility and his right to export American fossil fuels. Third, this was going to be an enormous construction project, riddled with potential risks. If he couldn't be sure of doing it right, he shouldn't even start. When the opportunity reached the investment committee, we had a lot of concerns. We don't care if a deal is the best oil and gas deal out there. It has to stand up against the entire universe of investments we can make, from health care to real estate, media to technology.

We planned to commit $2 billion of equity and raise the remaining $6 billion we needed in debt. This was a big check for us and our limited partners, so we wanted to be sure we had the debt financing in place before we wrote it. Fortunately, banks were willing to lend to us on a project this large because of our reputation for always paying back our creditors.

We brought similar clout to the regulatory process. Our name enhanced the credibility of the project for federal regulators. But still, we had it written into the contract that if regulators stalled the project for any reason, we could pull out. We didn't want our investors' capital taken hostage by a never-ending regulatory approval process.

Another concern was Charif himself. Founder entrepreneurs can have strong ideas and personalities to match, so we drafted a clear set of expectations and targets to minimize the risk of any future disagreements. As long as the project stayed on track, he stayed in charge. We insisted that Cheniere sign off-take agreements with energy firms, in which they promised to buy a certain amount of gas from our facility over fixed periods of up to twenty years. These agreements provided guaranteed revenue regardless of changes in the price of gas. You might lose some upside if gas prices went up, but you protected your downside, which was essential in a project that was going to consume so much capital.

Finally, we had to minimize the risk in construction, which would be long, complex, and expensive. So we agreed to pay an extra fee to Bechtel, our construction firm, to accept a lump sum payment and promise turnkey delivery. If the plant didn't work as promised, Bechtel would have to pay penalties. We also hired a former Bechtel engineer to act as our embedded observer during construction.

Once we had analyzed all the risks, we told David Foley, the partner running the deal for us, "Go get it—and go get it now." Over President's weekend, David left his family and flew to Aspen where Charif was skiing. Their teams spent three days in the basement of the Little Nell hotel working out terms. Within days of announcing the deal, several other bids came in. But this deal was ours, and it would make its mark on an entire industry.

That same year, 2012, Tony had an idea for a new business line after talking with a few limited partners—a new strategy that straddled all of our asset classes and delivered a steady annual yield of around 12 percent, lower than we typically delivered. I gathered the heads of our various businesses to put together a proposal based on that idea for the New Jersey state pension fund. The fund's managers wanted us to look at investing in assets that regulators were forcing banks to sell in the wake of the crisis. It was a curious request, but as an entrepreneur, I've learned that finance is a simple business. When somebody asks you for something new, the odds that he or she is the only person on the planet at that point of time who would find that of interest is zero. When you get one of those inquiries, it's potentially a huge opportunity. Those who are asking don't know that. They are just looking at their own needs. But if those needs make sense and you create the right product to fit those needs, you can roll it out more broadly and your competitors will be left wondering how you figured it out.

As each of our businesses presented its ideas, each one seemed better than the last. By the time the third group made their pitch, I was stunned. I had never seen deals like this presented at the firm before. Deals that used to go to Goldman Sachs were now coming to us. They involved everything from container ships and the land under cell towers to mines and esoteric lending products. The challenge would be finding a place for them all in our existing funds.

Back in the early days of Blackstone, my friend Steve Fenster (with the two left wingtips) had arranged a meeting for me with an up-and-coming entrepreneur named Mike Bloomberg. Mike was looking for money for his young financial data company. I knew it was going to be a big success, but it wasn't the right fit for us at the time. We had promised our investors we would return their money in five to seven years. Mike said he would never sell his company. He wanted a partner for life, and we were his first choice. It was a huge miss, which I never forgot. Our $100 million investment would have ultimately grown to over $8 billion. I had always hoped that one day, we would have the flexibility at Blackstone to invest in entrepreneurs like Mike and in opportunities that didn't fit the traditional private equity model. Tactical Opportunities, as we would call our new fund, was my long-sought answer.

We applied our usual three tests for a new line of business. It must have the potential to be hugely rewarding for investors. It must add to Blackstone's intellectual capital. And it must have a 10 in charge of it.

There was no doubt about the economic potential of all these new opportunities. As for intellectual capital, Tac Opps was a great chance for all of us to learn and think in new ways to identify new patterns from the unusual opportunities popping up in the postcrisis landscape. We staffed the new fund's investment committee with the heads of each of our major asset classes, as well as Tony and me. We wanted to draw on all of our collective expertise to take these strange, popcorn stand deals and give them a thorough analysis.

To lead the fund, we chose David Blitzer, who had just returned home to New York from London. This was all so novel that we needed someone experienced who could make the unusual asks and pitch the unusual deals within the firm itself and to outsiders. David had successfully built

Blackstone's European business. Ultimately, he turned Tac Opps into a $27-billion-plus business.

Five years after the crisis, we were accelerating away from our rivals, raising more money and doing more deals. Although we hardly emerged from the crisis unscathed (for example, we took a significant loss on our equity investment in Deutsche Telekom), we were able to move ahead in new and exciting directions while much of our competition was still busy cleaning up after old, top-of-the-cycle deals.

ENGAGE

For many years, building Blackstone took all of my focus. Running the company often felt like an endless series of stress tests involving competitors, employees and former employees, the media, volatile macro and political forces, and sometimes, just plain bad luck.

But one of the great things about the entrepreneurial experience is that over time, if everything works out, life does get easier. As your business matures, the quality of the people around you gets better and your systems become more consistent. You put the right risk controls in place. You create an institution with successors who care. Your reputation improves and starts doing some of the work for you. The virtuous cycle spins faster, and in the case of Blackstone, clients and investors give us more money in larger amounts than they ever did before.

As the crisis receded, I had time to look around and see what else I might do with the resources, networks, and know-how at my disposal. As a boy, I had watched my grandfather, Jacob Schwarzman, gathering prosthetics and wheelchairs, clothes, books, and toys to send each month to children in Israel. I had seen my father extending credit to newly arrived immigrants when they came to his store. Buy what you need, he would tell them, and pay me when you can. He wrote regular checks to Boys Town in Jerusalem, the way his father had, to educate children in need. And like many middle-class Jewish families, we would save ten cents a week to plant a tree in Israel. Giving was a part of life, a habit that my good fortune has allowed me to continue. I gave money to institutions I cared about and to individuals who needed it. Sometimes they were friends, sometimes strangers I learned about from the news—people experiencing hardship through no fault of their own.

As chairman of the Kennedy Center, I had applied the skills and relationships I already had to raise more money, lift standards, and expand the range of performances. We had increased the profile of the center in the artistic hubs of New York and Los Angeles through our awards ceremonies that honored America's greatest creative talent. My time at the Kennedy Center in Washington also deepened my understanding of politics and politicians.

Over time, my many experiences have provided a filter for me in evaluating my philanthropic activities in political and nonprofit activities internationally. For example, I have always been aware of the profound influence that education has had on my life. Without moving to the high-quality Abington school system in Pennsylvania, I would never have been able to qualify for Yale or Harvard Business School, which subsequently opened many important possibilities for me. It's because of this that I am passionate about providing the same type of life-changing opportunities to as many people as possible. In the same way, my experience in the army helped me understand the many sacrifices that servicemen and servicewomen make to protect ordinary citizens, convincing me they must be recognized. My meeting with Averell Harriman convinced me of the huge impact that political engagement can have in improving the prospects for individuals, as well as for global peace and prosperity.

In 2008, I gave $100 million to the New York Public Library to support the renovation of its main building on Forty-Second Street and Fifth Avenue and several of its local branches. I hoped my gift would fund the creation of beautiful, calm spaces in the heart of the city. More important, it would also expand the library's literacy programs and offer Internet access in communities where it was lacking.

Shortly before Thanksgiving 2009, Christine and I visited one of the New York schools supported by the Inner-City Scholarship Fund. Christine is Catholic and had introduced me to the remarkable system of Catholic-run schools in which 90 percent of students are minorities, 70 percent live at or below the poverty line, and 98 percent go on to college. These schools provide an excellent academic foundation and the social and moral grounding for fulfilling lives. But as we walked around the school, Susan George, executive director of the Inner-City Scholarship Fund, told me that a lot of the students were dropping out: their parents had lost their jobs and could no longer afford even the tuition. It was the same in Catholic schools all over the city.

I told Susan that the schools should contact every family who had decided to withdraw a child and tell them they didn't need to do so. I would cover the difference between whatever they could afford and the full tuition. I couldn't imagine a child having to suffer like that. These kids and their parents weren't slackers. They had taken a hit they didn't see coming. It wasn't their fault. This would be my Christmas present to them.

I made a similar decision in 2013 when I started supporting the USA Track & Field Foundation with annual grants for the most promising athletes who were training for the World Championships and Olympic Games. I wanted to ensure that young, elite American track and field athletes had the time and resources necessary to train and compete without the worry of financial burden. Without financial help, these athletes might need two to three jobs to support themselves, which is impossible to maintain while training twice a day. Most of them would be forced to drop out of the sport. It's been amazing to see what these young men and women are capable of accomplishing without that burden. In the 2016 Rio de Janeiro Olympics, my grantees won four gold, three silver, and two bronze medals. I am now the largest individual donor to the USATF Foundation and am proud to help athletes with talents vastly superior to mine realize their potential.

Also in 2013, I attended a meeting of the Business Roundtable where First Lady Michelle Obama spoke about the unique support needs of US service members, veterans, and their families. She highlighted the obstacles that military veterans and their families face that result in high levels of unemployment and also mentioned the severe consequences, including twenty suicides a day. She asked every company in attendance to participate in her national initiative to reduce veterans' unemployment. As I made my way home from Washington that evening, I couldn't help but reflect on everything she had said. We owed our servicemen and servicewomen more—at the very least an easier transition back into civilian life. Before I arrived home, I dictated a note to the First Lady committing Blackstone and its portfolio companies to hiring fifty thousand veterans and their families over the next five years. Although this was the type of thing I would normally discuss with my management committee first, I was convinced that this was the moral thing to do and knew Blackstone would stand behind my promise. We ended up making the fifty thousand hires in just four years, so in 2017, we committed to hiring an additional fifty thousand. It was a great example of the significant impact Blackstone can have as a result of its scale and reach.

As time passed and I became involved in more causes, the more I began to wonder what I could accomplish if I went beyond writing checks. What if I applied my entrepreneurial energy and the skills I had acquired building Blackstone to philanthropic challenges of similar ambition?

In 2005, the Kennedy Center hosted a China festival. I sat next to China's minister of culture on opening night, watching a troupe of dancers and gymnasts form a human pyramid, one on top of another, climbing higher and higher, to the sound of an orchestra. Each time the pyramid rose, a dancer sprinted across the stage and vaulted over it. We all wondered how long this could go on.

The next dancer circled the stage and took his run-up, gathered speed . . . and went crashing into the pyramid. Bodies flew all over the stage. If this were ballet or ice skating, the performers would just pick themselves up and move on as if nothing had happened. Not in China. The music stopped and everybody went back to their place. They rebuilt the pyramid, the dancer took his spot, and we all covered our eyes. He ran and made it over. Barely.

I looked at the minister of culture. His expression was impassive. I asked him why he seemed so unruffled by the whole thing. "In China, we aspire for greatness," he told me. "If it does not happen the first time, we simply continue until we achieve greatness."

The full strategic nature of China's decision to invest in Blackstone's IPO in 2007 had become clearer to me when I visited the country soon afterward to thank our investors for their support. As I made my way from meeting to meeting, a camera crew from Chinese state television followed me around. The Chinese government had made a huge deal of its investment in Blackstone. To my surprise, I was a minor celebrity. When I made a speech, the audience spilled over into the aisles. Everything I said and did was covered on the news. But I still had a lot to learn.

Fortunately, sitting on the advisory board of the Tsinghua School of Economics and Management gave me access to excellent teachers. Tsinghua University had evolved from an act of American largesse. In 1901, China agreed to pay the United States reparations for its help suppressing the anti-Western Boxer Rebellion. President Theodore Roosevelt insisted China keep most of the money and pay for scholarships for Chinese students to study in the United States. A preparatory school was established for them, Tsinghua College, which became today's university, by most counts the best in China.

Tsinghua's graduates include the current president, Xi Jinping; his predecessor, Hu Jintao; and many members of the powerful State Council. Since 2015, it has been ranked by *U.S. News & World Report* as the best engineering and computer science school in the world, higher than MIT. The School of Economics and Management was founded in 1984, inspired by the best American business schools. It was one of the first Chinese institutions to develop deep relationships with American business and has become a regular stop for leaders from Wall Street to Silicon Valley. Its board leaders come from China and around the rest of the world.

Since 1980, China's GDP has grown from 11 percent of that of the United States to 67 percent in 2019.[I] Though it remains less on a per capita basis—ten thousand dollars GDP per capita in 2019 versus sixty-five thousand dollars in the United States[II]—China's GDP per capita has increased thirty-three times since 1980, compared to an increase of just five times for US GDP per capita over the same period. Its exports have grown from 6 percent of those of the United States, to more than 100 percent. It has gone from having an economy smaller than Holland's to adding the equivalent of the Dutch economy every year. Since 2007, when China made its first investment in Blackstone, China has caught up with or overtaken the United States in many of the major indicators of economic growth and innovation. It is a larger manufacturer, exporter, saver, and consumer of energy. It is a bigger market for everything from luxury goods to smartphones. From 2007 to 2015, nearly 40 percent of all the growth in the global economy occurred in China. Its growth rate in 2019, even as it slows, is still more than double that of the United States.

Lee Kuan Yew, Singapore's late prime minister and one of the most astute observers of China, was asked shortly before his death in March 2015 if he thought China would eventually displace the United States as the dominant power in Asia. He was unequivocal: "Of course. Why not? How could they not aspire to be number one in Asia and in time the world?" And when it happens, he added, it would be on China's terms, not on the West's. China's emergence is the defining geopolitical fact of our time.

Graham Allison, a Harvard historian, has warned that this process of rebalancing power from West to East contains a trap. As the United States steps back and China steps up, both powers, and their dependents, will feel unbalanced, out of sync with decades of history, creating a moment when the slightest misunderstanding, resentment, or offense could topple everyone into the trap of war. It happened in the fifth century B.C. when Athens' rise threatened Sparta. Hence Allison's name for it, the Thucydides trap, after the Greek historian who wrote the defining history of the Peloponnesian War. It happened in the twentieth century, when Germany threatened the established European order and provoked two world wars. It could happen again if China and the United States cannot find a cooperative, trusting way to manage the shift in political power that must follow the shift in economic power that has already taken place.

As Tsinghua marked its centenary, its president, Chen Jining, asked to come and see me in Paris, where Christine and I had been living for eight months. I knew he was soliciting money. But I had begun thinking about what else I might do with the resources and networks I could bring to bear.

I had no personal history or emotional connection with the university. It was thousands of miles from home in a country and culture that I was still just getting to know. So as I prepared for President Chen's visit to Paris, I searched widely for inspiration. Whatever idea I came up with, I knew it would be up to me, and a small team around me, to create the momentum it would need to become reality.

When he was twenty-three years old, Cecil Rhodes was yet to build his fortune mining in Africa. But he wrote that the "chief good in life" was "to render myself useful to my country." When he died in 1902, his will laid out plans for a scholarship program that would bring together young men from the British Empire, its former colonies, and Germany to study at a British university, to give "breadth to their views, for their instruction in life and manners and [to instill] into their minds, the advantages to the Colonies as well as to the United Kingdom of the retention of the unity of the Empire." His vision eventually became the Rhodes Scholarship program at Oxford. Rhodes was a controversial figure, a brutal employer, and someone who helped prepare the way for apartheid in South Africa. However, his scholarship remains one of the most prestigious in the world, a rare chance for some of the most accomplished young men and women from different countries to live and study together at an influential moment in their lives.

What if, I suggested to President Chen, we created something similar in China? A program to encourage the best and brightest from all over the world to study together at Tsinghua. They could travel and intern at ministries and Chinese companies. They could study under Chinese and Western professors who would help them find the links between cultures. Each cohort of scholars would be enriched by the experience. Then, as they rose to positions of influence in different countries, they would understand each other and their ambitions. They would act out of friendship and reason, not with the kind of suspicions and mistrust that cause countries to stumble into the Thucydides trap. President Chen listened. He agreed, but added: "This could be expensive." I pledged the first $100 million and assured him we could raise the rest. With that, Schwarzman Scholars was born.

There was just one problem. I wasn't an educator and hadn't sat in a classroom since 1972. I knew nothing about building a college from the ground up, let alone a college in China.

Jay Light, the former dean of Harvard Business School who was also on the Blackstone board, introduced us to Professor Bill Kirby, the former head of the Chinese department and dean of the Faculty of Arts and Sciences at Harvard. Nitin Nohria, the dean of Harvard Business School, suggested we speak to Professor Warren McFarlan, a longtime member of the HBS faculty who had taught at Tsinghua and knew everyone there. Together, Bill and Warren invited an academic advisory board to join us on our adventure.

They helped us answer many of the questions we were asking ourselves: What was the right range of ages for our students? The right mix of disciplines? How do we provide career advice for when they graduate? What would it cost to fund a single scholar: housing, teaching, and flying one person back and forth to Beijing? That still left the student life issues. If you think supporting higher education is just about writing a check in return for an honorary cap and gown, you have no idea.

As we developed the program, I thought back to my own higher education, often toiling away in classes with little reward, and my first few months on Wall Street, with no training or mentor. That experience taught me that the prestige of that first job didn't matter nearly as much as the opportunities I lost to develop my skills. I had eventually found what I needed at Lehman, and that was the basis for my ability to perform at the highest level as I got older.

So I began to imagine a program that accelerated that process—one purposefully designed to give young people a great academic experience, help them forge lifelong relationships with their peers, get advice from mentors, and engage in the practical experience of work. First, we had to decide the length of the program. Should it be one year or two? I put myself in the shoes of our ideal applicants, many of whom would be like the young analysts we hire at Blackstone. Two years felt far too long in the life of an ambitious twenty-three-year-old. If we wanted the most capable young people in the world, we would have to give them a great experience without taking too much time away from their pursuit of other ambitions. One year would be perfect.

Next, we had to decide if we wanted our students to be taught by Tsinghua's Chinese faculty, an international faculty, or a mix of both. I attended several classes at Tsinghua to observe the teaching. While the language went over my head, I found that even in the smaller classes, Chinese professors did most of the talking. In large lectures, they did all of it. The classes were longer than you would find in a Western university, and the students I imagined as Schwarzman Scholars would be bored quickly.

But I did not want a fully international faculty either. Our students would be coming from the greatest universities in the United States, Europe, and the rest of the world. There was no point in sending them to Beijing to get the same academic experience they could have at home. So we settled on a blend: half foreign faculty, half Chinese, sometimes both teaching the same class. Two cultures in one classroom.

The third big piece of the academic program was getting to know China in depth. This would have three elements: mentorship from prominent

Chinese leaders in business, nonprofit, or government work, whatever was relevant to each scholar; travel around China to understand the country outside Beijing; and practical experience of working at Chinese organizations to see how they functioned.

It was tough initially persuading the Chinese of the merits of our plan. They didn't do blended classes, apprenticeships, or what we called "deep dives"—our program of immersive travel to the different parts of China. But our supporters at the top of the university got it. As we battled bureaucratic resistance, President Xi's own ambitions became a tailwind. He wanted China's leading universities to rise in global rankings and set a goal of having two in the top ten in the world within two decades. He proposed they integrate the latest pedagogy from the best Western universities.

Amy Stursberg, head of the Blackstone Foundation and eventual executive director of Schwarzman Scholars, and I became missionaries for Tsinghua. We went into full start-up mode. The first priority for any team of entrepreneurs is to build momentum, that sense of inevitable success, around their vision. So we went to meet the heads of every major university in the United States and Europe: Oxford, Cambridge, the London School of Economics, and Imperial College in the United Kingdom; the Ivy League universities in the United States, Stanford, and Chicago; and 250 other universities around the world. We encouraged them to send their best students to our program. No chancellor, president, or director of fellowships of a major university was spared the case for Schwarzman Scholars.

None of this would be cheap, and we realized that my initial gift of $100 million would not be nearly enough. It was like building a house. Somehow everything was going to take twice as long and cost twice as much than we anticipated. To meet the rising costs, I had to start selling. When Pete and I raised our first buyout fund in 1986, we went one for seventeen with potential investors. Since then, everything had gotten a lot easier as Blackstone built a record of great performance. I had gotten used to showing up to prescreened investors knowing there was a 90 to 100 percent chance I would close them.

With Schwarzman Scholars, though, it didn't matter if China was the most exciting country in the world, supplying 40 percent of the world's growth. Or that we had the backing of its most powerful people. I was back to selling an idea—one that was unproven, unprecedented, and, in many people's eyes, impossible.

Everywhere I went, from the Business Roundtable to weddings, from Davos to parties in New York, I talked up the program. If I thought the person I was talking to had the slightest interest in China or education, I pitched my idea. Anyone who had the money to write a check was vulnerable. I was fast wearing out my welcome almost everywhere.

We wrote nearly two thousand letters over five years, tailored to each potential donor, explaining why this would be a fantastic use of their money. If they showed the slightest interest, more letters and more discussions followed. I kept those who turned me down on our mailing list. When Mike Bloomberg gave me a check, he said he did it out of the fear that I would never stop asking.

On December 12, 2012, I was invited to speak at the *New York Times* Dealbook conference. In the green room I saw one of my fellow panelists, Ray Dalio, the founder of Bridgewater, the world's largest hedge fund. He was sitting in the far corner, and I went over to introduce myself. We didn't have long before we had to be onstage, so I went straight into my pitch. I proposed that Ray should be a founding partner of Schwarzman Scholars for $25 million. He looked at me painfully and told me he had been active in China since 1984. The country fascinated him immensely and he had even sent his son to a Chinese high school for a year. But as much as he loved China, he thought the project I had in mind was unachievable. He was convinced I had no idea what I was taking on.

But I kept pressing until he gave in. He pledged $10 million and the balance of $15 million if we were successful in getting the project up and running. "Let's stay in touch. Let me know how it goes," he said before we stepped onstage. He seemed pretty certain that he wouldn't have to write me another check.

Of course we didn't need Ray to tell us what a tough challenge we had taken on. We had already begun discovering that for ourselves. Here we were in Manhattan trying to create an institution and program from scratch halfway around the world, in a country we still knew little about. The twelve-hour time difference between New York and Beijing meant that we had to spend our nights working on Scholars, then return to our day jobs when the sun came up. We quickly lost count of the number of consultants who promised to solve our problems, and failed. I knew that if we weren't great out of the gate, our program would never have the prestige it needed to succeed. But no one except our small team thought we could ever make it happen, and even we had our moments of doubt as every task, small or large, took five times longer than it should.

When our fundraising got bogged down, we started offering potential donors the opportunity to sponsor parts of the building and then students, as if they were professors, with their own endowments. Two and a half million dollars would fund a student a year for fifteen years. After fifteen years, we would resell the same right to another donor and raise another $2.5 million for the endowment. We found people were eager to endow scholarships for students from their own country or their alma mater.

Many corporations already had philanthropic engagements in China. But we found ways for them to be involved with ours. Indra Nooyi, then chief executive of Pepsi, sponsored two individual scholarships, one to be named the Pepsi Fellow and the other the Henry Paulson Fellow. No one, with the possible exception of Henry Kissinger and Hank Greenberg, had done more for US-China relations than Hank. The honor delighted him. Entrepreneurs often succeed based on the company they keep. The more prominent the donors and corporations, like Disney and JPMorgan, that signed up to support us, the more attractive we became to others.

In some cases, my appeal for Schwarzman Scholars led to new friendships. I was in Tokyo to see Masayoshi Son, the founder of SoftBank and the richest person in Japan, about a business issue. As our conversation drifted, inevitably I told him about Schwarzman Scholars. As a salesman, I had thought through my approach beforehand. Japan, I said, historically had a terrible relationship with China. For decades, Japan had been the far stronger economy. But now China was getting richer, and Japan's population was shrinking. Perhaps it was time to fix the relationship.

Masa was worth around $15 billion at the time. He was in his late fifties, and assuming he worked another decade or so, his net worth would likely double. With a fortune that size, I told him, he needed a plan to give more of it away. A gift of $25 million for Schwarzman Scholars seemed a good place to start. He countered with an offer to endow four Japanese students at a cost of

$2.5 million each. From that initial $10 million, he has since increased his gift to $25 million, and we have become great friends.

The Chinese were a different challenge. Before the college was built and the students on site, Chinese donors would not give us anything. They don't trust ideas. I could promise a building and great students, but until they saw them, they weren't going to write us a check. So we decided to wait until Schwarzman College opened in 2016 and our first class was enrolled. And as soon as they did, the perception of what we were doing changed completely. Our first wave of Chinese donors had made their fortunes in real estate. Next came the major conglomerates, then technology firms, and, finally, individual entrepreneurs specializing in artificial intelligence, all wanting to be associated with our mission. Now we have the largest endowment of its kind in China, over $580 million, consisting of foreign and Chinese money.

The institution, the program, and the network we have built today was born out of my desperation and sheer will to make Schwarzman Scholars a reality and my refusal to accept anything but success.

I learned from the project the importance of relationships in China. If you want to get anything done, the strength of your relationships means everything. We could have done what we did only with strong relationships with the Chinese. When we started, we worked with Chen Jining, Tsinghua's dynamic young president. He was courageous and flexible, and he also knew that if our project went wrong, his career would suffer and his political enemies would hold it against him.

In 2015, Chen was promoted to minister of environmental protection and subsequently became mayor of Beijing. Qiu Yong succeeded him as the new president of the university. Before he was sworn in, I visited Tsinghua to see my friend, Madame Chen Xu, the party secretary who oversees the university. Usually I met her in her private office. But this time, I was shown into a large meeting room and invited to sit in the chair to Madame Chen's right, the place of honor for any visitor. She was sending a clear message to the new president, who sat to her left: Schwarzman Scholars had Tsinghua's unqualified support. We would need it, and fortunately for us, Qiu gave it.

He became a great supporter of the Schwarzman Scholars and someone I communicate with weekly.

Back in 2012, once we decided to move ahead with Schwarzman Scholars, Chen took me on a bus tour of the Tsinghua campus. He showed me three plots of land where we might build a home for our new program. Rhodes Scholars lived in Oxford's various colleges but had a center, Rhodes House, where they could study and socialize. I thought our scholars should live together and take classes together under one roof to make the most of their time in Beijing. I wanted them to meet each other in hallways and common rooms, to bump into each other on the stairs and have lunch together. Our program shouldn't just be about what they learned. It had to be about the relationships they built while learning. I wanted to put as much care into the design of our building as I had into the design of Blackstone's offices.

We started by inviting ten architects to compete for the project. Their proposals were depressing. Most were for the kind of glass boxes found anywhere from Dallas to Dubai. One firm suggested we surround our main building with replica rocket ships, to suggest we were taking off into a new world. Eventually I turned to Bob Stern, then dean of Yale's School of Architecture, and told him that if we were going to bring people from all over the world to China, our building needed to feel like China. It should remind visitors of China's past and present and its enduring civilization.

After tossing out the glass box idea, I asked Bob to design a modern interpretation of a traditional Chinese courtyard house, and he returned with something magnificent. The entrance would lead from the bustling street on campus into a protected courtyard, the Chinese version of a classic college quad. Bob's building wrapped itself around those in it. A sunken courtyard drew light into the classrooms and auditoriums, and there were meeting points and social areas scattered around the building to encourage the kinds of casual interactions so important to the experience. It was old and new, East and West, a unique setting for our program.

While the building was under construction, we built a model dorm room for visitors to see what daily life would be like for our students. Before we let anyone visit, I tried out the bed, the reading chair, and the desk we picked to make sure everything was right. When Schwarzman College was completed, *Architectural Digest* named it one of the nine best academic buildings in the world, the only one in Asia on the list.

But getting it built was another fight. The university had strong views on the feng shui of Bob's design. Then we had to go hand-to-hand with Chinese contractors, who had lost touch with the old world craftsmanship of China's traditional buildings. We wanted wooden floors to last two hundred years, but were told we could only get artificial wood, which we would have to replace in twelve years. We wanted wood paneling on the walls but were told the only option was plastic made to look like wood. Instead of brick, our contractors offered us brick veneer.

I could not imagine taking such cheap shortcuts and suspected that all these excuses were schemes to force us into using certain favored vendors. So we got to work finding a furniture maker who would make us wood floors and wood paneling. For the wooden front doors of Schwarzman College, we hired the company that had restored the doors in the Great Hall of the People. And for the brick walls, we had our local builders instructed in classic brickwork.

Initially we left our Chinese contractors in charge of the project. But as time passed and the obstacles and excuses piled up, we began to suspect that no one was in any hurry to finish. When we installed an American observer on the ground, it became clear that we were going to have our first class of Schwarzman Scholars arriving to take up residence in a half-completed building. So with a year to go, I toured the site and asked our team to compile a list of everything that needed to be done to open Schwarzman College on time and to the standards I expected. It wasn't just about fake wood and brick. The site was not even lit properly at night, and workers could have been hurt. I insisted that be fixed within forty-eight hours.

The next morning, we lined up our project manager and our subcontractors, and I told them how disappointing they had been. I could sense my translator hesitating to repeat what I was saying. But I could tell from the builders' stunned looks that they understood my fury. This project had support at the highest levels in China. I told them I would be back every six weeks until the completion of the building to check on its progress. If there were any more delays or failures, the consequences for those responsible did not bear thinking about. I would leave them to face the full wrath of their government. The work accelerated.

Building Schwarzman College, I learned that the Chinese respect power but are continually testing it. They want to know who has it and who can bring it to bear. As we realized our vision, we witnessed power descending from the president, to the vice premier, to the minister of education, to the party secretary, and to the president of the university. If you have all of that, you *are* China and no one can get in your way or refuse you. When our construction team failed us, I had to wield that power to get them back on track. When all was said and done, I must have made thirty trips to China, and my team double that number, to ensure we got all the details right.

Every entrepreneur needs luck, and I got some at an event at the White House in late 2012. When President Obama asked me, “Steve, how’re you doing? What’re you working on? What’s interesting?” I told him about the Scholars program, which seemed to intrigue him, and he said if there was anything he could do to help, to let him know.

So as we approached our formal launch in China, I contacted the White House and asked if the president would draft a formal message of support. True to his word, he did. What we didn’t count on was the Chinese side. The night before the formal announcement of our program, our team was already exhausted tying up the final details before the event. The White House had sent President Obama’s letter of support to the US embassy in Beijing. I knew that for an event in the Great Hall of the People supported by the president of the United States, President Xi would want to issue his own statement. I wanted his endorsement because it would resonate at every level in China. It would become the official position on what we had created and be of enormous help to us in the future. But when we approached his office, they insisted they had to see the original of President Obama’s letter. Anyone, they told us, could mock up a letter and make it look like it came from the White House. They would not accept an email or photocopy.

The US ambassador and his two deputies were away. The person left to handle our request was not senior enough to ignore protocol, which dictated that a presidential letter could be viewed or read aloud but not released. The

Americans wouldn't let it out of the embassy, and the Chinese wouldn't come over to see it. We were stuck.

Help came from a member of our advisory board, Steve Orlins, a former investment banker and then president of the National Committee on United States–China Relations. He went to the embassy and somehow wrangled something to show to President Xi's office. Overnight, the status of our announcement ceremony went up. It was originally to be hosted by the minister for education. Now, the newly appointed vice premier, Madam Liu Yandong, decided to preside, making our event her first public appearance in her new role.

We entered the Great Hall together to find it packed with hundreds of people as far as I could see. Onstage was a huge billboard with the words "Schwarzman Scholars" in giant gold letters above a painting of our future building.

The minister of education read out loud President Xi's letter of support: "We encourage increased mutual understanding among the students of the world's nations, plant the roots of global vision, and encourage the muse of innovation, setting a far-reaching ambition to contribute wisdom and power for peace and for the development of humanity. I wish the Schwarzman Scholars program at Tsinghua University every possible success."

President Obama wrote: "Throughout history educational exchanges have transformed students and moved nations forward in deeper understanding and mutual respect. By promoting learning and building bridges through scholarship and cultural immersion in China, the Schwarzman Scholars program takes its place in this proud legacy."

It was staggering to see the majesty of China and the United States in support of a program bearing my name. We had created this program out of nothing because President Chen was coming to see me and I wanted to offer him something out of the ordinary. The whole experience of that day—all the work, creativity, and persistence that had gone into making it happen—overwhelmed me.

We received over three thousand applications for 110 slots for our inaugural class. We had been scrupulous about our criteria for admission. Amy and I had spent an entire Sunday evening over Labor Day weekend defining what we meant by “leadership.” We were looking for students who had taken risks, been creative, and brought others along with them. They had to be exceptional—10s in Blackstone-speak.

Ninety-seven percent of those we had accepted for that first class enrolled, a much higher yield than Harvard, Yale, or Stanford. After all our evangelizing at universities, that was no accident. I had attended every one of our global launch events to ensure we delivered a consistent message and a strong brand. In Singapore, I was just about to go onstage when Rob Garris, our head of admissions, pointed out that I wasn’t wearing one of our new distinctive purple Schwarzman Scholars ties, designed by my wife, Christine. Rob passed me a spare tie, and there in the middle of the reception I changed ties before stepping up to speak.

We interviewed three hundred candidates in London, New York, Beijing, and Bangkok. In London and New York, I met all of the candidates, shook their hand when they arrived for their interviews, and wished them luck. If I learned that an accepted candidate was wavering about taking up our offer, I called that person myself to get him or her off the fence. There were only two reasons I would accept a no: if the candidate was unwell or had been offered a Rhodes scholarship. Otherwise, I stayed on the phone until the candidate accepted, even if it took hours.

Besides their class work, internships, and travel, our first class of scholars threw themselves into Tsinghua life. I would be sitting at home in New York watching TV and my phone would ping to tell me of another extraordinary feat. Despite being only 110 out of 44,000 regular Tsinghua students, they had been crowned university champions in track and field, women’s soccer, and men’s basketball. One of our students won gold in the 2017 Beijing fencing championships. In the eleven months after the first class arrived on campus, they had built a vibrant college life out of nothing. They wrote their own pledge, created a student government, published a literary journal, and organized a Schwarzman College ball. Surely it wouldn’t be long before someone organized a visit from a ballet troupe, the way I had at Yale.

When Ray Dalio saw that we had achieved what he thought impossible, he wrote that second check for $15 million. The auditorium at Schwarzman College now carries his name.

Our Chinese donors told me that they were used to the idea of the Chinese traveling abroad to learn, but were so proud that Schwarzman Scholars was reversing that and bringing the best foreign students to China. To them, it was a sign of China's restoration to the place it had occupied for thousands of years.

I am now quite certain that China is no longer an elective course for future generations; rather, it is core curriculum, and Schwarzman Scholars is the best version of that curriculum we could devise.

I. GDP, current prices in US dollars; International Monetary Fund. World Economic Outlook database; April 2019.

II. GDP per capita, current prices in US dollars; International Monetary Fund. World Economic Outlook database; April 2019.

ANSWER WHEN YOUR COUNTRY CALLS

On December 15, 2012, I was in a meeting when my assistant came in with a note saying the president was on the line. "The president of what?" I asked her. She scribbled on the note: "US." When POTUS calls, you answer. I stepped into my office and picked up the phone.

It was the day after the school shootings in Sandy Hook, Connecticut, and President Obama was clearly deeply distressed. After fifteen minutes of discussing the shooting and its consequences, he told me why he was calling. Budget talks with the Republicans were bogged down over typical differences about raising taxes or cutting spending.

"I could really use your help," said the president.

If Democrats and Republicans failed to reach an agreement by January 1, they would trigger a set of automatic decreases in spending and increases in taxes embedded in previous budget agreements that would take the country over the so-called fiscal cliff.

"Are you saying you want to hire me to be your investment banker with no compensation?" I said. He laughed, gave me his private number, and said I could call any time of day or night—though preferably not after 11:00 p.m. I admired him for reaching out to people outside Washington who might help break the logjam.

For the next week and a half, I went to work. I knew the leaders on the Republican side well, and we debated various options. I talked to the president most days during this period. Once he called to check in when I was having a Christmas celebration dinner at a friend's house. I had to step away during dessert, dodging my hostess who was eager to know what I was up to.

We got to what I thought was a fair offer from the Republican side—$1 trillion over ten years, $100 billion, or $10 billion a year, shy of the tax increases the Democrats wanted. The president wouldn't accept it. I pleaded with him. Ten billion a year was a rounding error in the federal government's $4 trillion annual budget. The Republicans had started these negotiations refusing to raise taxes at all, and now they were proposing $1 trillion of additional revenue by raising taxes, closing loopholes, and ending deductions. There was room here for a deal, but not much, and the window would likely slam shut if the Democrats continued to balk.

You might know about deal making, the president told me, but he knew politics—a fair point from a man fresh from winning his second presidential term. He did not want to start this second term spending precious political capital by pushing a deal he knew he couldn't get his own party to support. I told him I could imagine him and John Boehner, the Republican Speaker of the House, in the Oval Office together, raising their arms in triumph and all the dissenters scattering like roaches, the way they always do when the lights come on. The country would love them for it. And as for political capital? It's like hair, I said. Cut it, it grows back, provided you do the right things. The president was gracious. He acknowledged that I had done all I could and thanked me for my effort. The negotiations rumbled on until the early hours of January 1, after a long haggle led by Vice President Joe Biden and Senator Mitch McConnell, the Republican leader in the Senate. The deal was far from perfect, but it prevented the country from falling off that cliff.

Politicians across the spectrum are just people looking for answers. If you can help, you should. In the early 1990s, I was invited to a dinner at the White House. I was between marriages so I took a date, a magazine writer from New York. During the party, I approached President George H. W. Bush, whom I had met years before when he visited his son George W. at Yale. We stepped aside and talked intently for ten minutes. When I walked back to my date, she asked what on earth we had been talking about. Simple, I told her: I had some ideas for him about the ailing US economy, his biggest problem at the time. World leaders are no different from anyone else. If you talk about what's on their mind and have something to offer, they will listen, Democrats, Republicans, princes, or prime ministers.

In November 2016, my engagement in politics took me to the twenty-sixth floor of Trump Tower to meet with the most improbable president-elect in recent US history. For years, I had run into Donald Trump socially in New York and Florida. Now he had won an election that few predicted he could, and he was looking for people to fill his administration. His office and the rooms around it were heavily protected by Secret Service agents. He was in the bubble now, and the transformation felt surreal. There was little time to talk, but he called again a week later, this time asking if I might consider joining his team. I thanked him and told him I was very happy with my life as it was; I didn't want to disrupt it. He told me he thought I'd say that, but also that he needed to hear directly from America's business leaders as he tried to accelerate the economy. "I need a group of people who can tell me the truth," he told me. "Do you think you could put that group together and be in charge of it?"

He wanted a small group, twenty-five people at most. Republican or Democrat, he didn't care. This was about talent and knowledge, not politics. The group need not approve of everything the president did or said, but by participating they could be friends to the situation, friends to our country. The US growth rate had been stuck around 1.8 percent per year since the Great Recession. There was a need to create jobs, stimulate productivity, and restore America's economic health. This group could help boost confidence after an election that had provoked extraordinary levels of uncertainty and unrest. If the president-elect was sincere about this, then so was I. When you take up any challenge laid down in Washington, you can never be certain of the outcome. But whether you succeed or fail, if the goal is to help your country, it is almost always worth doing.

After a week, I had an initial roster for the president's Strategic and Policy Forum, including Jack Welch, the former CEO of GE; Jamie Dimon of JPMorgan Chase; Larry Fink of BlackRock; Mary Barra of General Motors; Toby Cosgrove of the Cleveland Clinic; Bob Iger of Walt Disney; Doug McMillon of Walmart; Jim McNerney of Boeing; Ginni Rometty of IBM; Elon Musk of Tesla; Indra Nooyi of Pepsi; Bayo Ogunlesi of Global Infrastructure Partners; Paul Atkins of Patomak Global Partners; Dan Yergin of Cambridge Energy Research Associates; Rich Lesser of the Boston Consulting Group; Kevin Warsh of Stanford University and the Hoover

Institution; and Mark Weinberger of Ernst & Young. It was an all-star team, covering a broad span of the US economy.

When I presented the list to the president, he had only two requests. One: I remove a foreign policy expert I had included to get a more global perspective. He said he could get foreign policy advice elsewhere. Two: I ask Bill Gates and Tim Cook to join. I told him they'd refuse, Bill because he has his hands full with the Gates Foundation and Tim because he was so busy running Apple. The president asked me to invite them anyway. Bill wrote me back a nice note, saying he would be available for crucial meetings or for direct input but he simply doesn't join groups. Tim answered along the same gracious lines.

We had the first of several meetings in February. The president and his senior staff sat in. The noise around his administration was deafening. It was easy to be distracted by the politics and personalities. So I asked each member of the group to bring the problem areas that most affected them and how they might handle them as a CEO. I spoke to all of them beforehand to preview what they wanted to discuss and insisted that we didn't spend time at these meetings arguing over the source or nature of the problems. I wanted to frame the issues for a productive discussion. The members of our forum were serious, direct people who were good at being heard. Between meetings, we followed up based on feedback from the administration and Congress. The president seemed to appreciate the unfiltered flow of information. We were starting to gain traction.

But in August 2017, I saw up close how politics and business, despite our best efforts, can collide. Two groups of protesters, neo-Nazis and Antifa, met and fought in Charlottesville, Virginia, with a tragic outcome. The president blamed both sides. His opponents, and even many of his supporters, erupted, offended by what they perceived as moral equivalence. The president was unable to calm the situation, and as the fury intensified, the members of the Forum came under pressure. Even if we were acting with the best, nonpartisan, and patriotic intentions, associating with this president was intolerable to many.

As an investor, I was used to crises. From investment banking at Lehman Brothers, to setting up Blackstone and seeing it through its many stages of growth and changes, I had learned not only to manage through crises, but also to create them for ourselves and our clients in order to provoke a change in the status quo that creates opportunity. But corporate executives are the opposite. They are conditioned to expect and maintain order. They get uncomfortable easily, particularly when there is negative publicity or pressure from customers. They hated being in the middle of very public dramas, especially one as inflamed as this. If we were going to break up the Forum, though, I wanted us to do so as a group, not as individuals peeling off one by one. Sensing the unease, I arranged a teleconference for the group. There were three options: keep the Forum, suspend it, or disband it.

The majority wanted to disband. I circulated a press release I had drafted in advance. A couple of our members asked if they could think on it and offer suggestions. I refused. The moment this went out to a broader group of advisers, it would leak, I was sure of it. If we wanted to make an announcement, this was how we would do it. I also insisted we inform the president. If we planned to disband, it was basic courtesy to tell him.

Not long after I told the White House staff, though, the president preempted us. Before we could make any announcement, he announced that he was disbanding the Forum. My biggest regret from the episode is that this smart, committed group representing the best of American business could have done so much to help the administration and the country. But sparks in a combustible political atmosphere can lead to widespread collateral damage. We all wanted to befriend the situation, to have a voice at the table in the discussion of how to improve life for all Americans, but our engagement in that capacity was no longer possible.

Despite my disappointment, I felt duty bound to continue to try to be of service to our country. From the moment Donald Trump was elected president, I had been getting calls from people who did not know what to make of him. They had listened to him during the campaign and were nervous about what he might do. Long before he ran for president, he was convinced that American manufacturing had been gutted by free trade. American jobs had gone to wherever labor was cheapest, whether to Mexico or Asia. Trade deficits and economic decline in the Rust Belt were symptoms of this underlying disease. Renegotiate our free trade agreements, he thought, and you could bring back American jobs and "Make America Great Again," as he had promised during his campaign. Whether you agreed with him or not, there was no doubt that his ideas and tactical approaches were going to jolt the economic status quo. But how was he going to do it?

The president chose to operate in a way that was profoundly different from his predecessors. He worked with a tight inner circle rather than through the traditional diplomatic and bureaucratic channels. Even our closest allies were unsure how to communicate with him. The heads of state or senior ministers of more than twenty countries reached out to me to understand the Trump administration.

With the President's support, I became involved in trade talks between the United States and China, and the United States, Canada, and Mexico for a simple reason: I knew the people on all sides and they trusted me. Aside from the president, I have known Steve Mnuchin, the treasury secretary, for years. We have apartments in the same building in New York and are close, personal friends. I have known Wilbur Ross, the commerce secretary, for just as long.

I had forged strong relationships in China through Blackstone and later Schwarzman Scholars. I had met then party secretary Xi Jinping, the current president of China, in 2007, and knew many of the members of the Standing Committee and the State Council. I met the Mexican president, Enrique Peña Nieto, in 2015, and he had endowed two Schwarzman Scholarships for students from Mexico. His finance minister, Luis Videgaray Caso, often called me or came by to talk whenever he was in New York. And on the Canadian side, I had known the foreign minister, Chrystia Freeland, since she was a journalist for the *Financial Times*. She had covered Blackstone, and I had always found her to be smart and well intentioned.

A couple of days after the president's inauguration, at Chrystia's invitation, I went to Calgary to speak at a retreat held by Prime Minister Justin Trudeau for his cabinet. Like the Mexicans, the Canadians were unsettled by the president's rhetoric and nervous about US plans for NAFTA—the North American Free Trade Agreement. I met with the prime minister and his staff privately for an hour, then the prime minister interviewed me for a couple hours, and I took questions from cabinet members regarding the US position. I assured them that based on my understanding, although there would be changes, the president's main priority was faster growth in the

United States. The US-Canada relationship remained sound. My assurance became headline news in Canada.

NAFTA is the biggest trade agreement in the world, but it has different implications for the three countries involved. Canada's economy is 10 percent the size of the US economy, but deeply intertwined with the United States economically, politically, and culturally. Mexico is an emerging economy where growth is highly concentrated in areas close to the US border. Canada and the United States have a fairly equal trading relationship, in which the value of imports and exports between our countries is roughly equivalent. But the United States runs a large trade deficit with Mexico, importing many more goods than we export.

Neither the Mexicans nor the Canadians wanted NAFTA to collapse. Both countries treasure their special relationship with the United States. Without it, their economies would fall into recession. But the specifics of each relationship were quite different.

Based on my discussions with the administration, Washington's main issue with Canada centered on its heavily subsidized dairy farmers, who flooded the United States with cheap product to the detriment of dairy farmers in the Midwest. In addition, there were other inequities, such as Canada's "cultural exemption," which prevented US companies from buying Canadian media properties even though Canadians could buy media assets in the United States.

But as I learned, the White House's real issues were with Mexico, which became increasingly obvious during the negotiations. The United States was serious about addressing the large trade deficit between the two countries. One key issue was that many American companies had built factories in Mexico close to the US border in order to take advantage of skilled but much less expensive labor. This was especially relevant for automobile manufacturing, where cars built in Mexico by US companies for the US market are counted as imports from Mexico.

The complexity of international trade throws up endless Dr. Strangelove–like absurdities: car parts that go back and forth between Mexico and the United States multiple times as they are prepared for final assembly; duty-free shoppers who load up on alcohol on one side of the United States–Canada border before returning home to the other side; television signals in

Minneapolis that are hijacked and rebroadcast in Ontario. Defining rules for all of this economic activity would be enough to keep scores of lawyers busy for a lifetime. Add in a very determined and unorthodox US president, and it was a perfect recipe for confusion. So with a complex set of issues and priorities for the United States, I tried to do what we do in Blackstone's investment committees: study the problem in detail, then pull back and look for the handful of variables that could determine the key points for any deal. Where would the zone of fairness be?

Luis and Chrystia called and emailed frequently to try their ideas on me before they raised them directly with the administration. However, by summer 2018, our three countries had reached an impasse. The president had fired trade salvos at China and Europe, and even within the White House, there was concern that the administration was taking on too much.

At the president's request, I met with him to offer my advice on the situation. We met in the private quarters of the White House. When the president arrived, I told him that the way I saw it, the United States was now fighting a multifront trade war with Asia, Europe, and the Americas. America's flanks were exposed, and as important as America is, we are only 23 percent of the global economy; give the remaining 77 percent time, and they would figure out a way to band together and make us miserable.

As I considered how to advance the president's agenda, I advised that the United States should begin closing some deals, starting with NAFTA, the biggest deal of all, right on our borders. Whatever may have been said or done over the past few months, our neighbors would always be our neighbors. Agreeing to a deal would show the rest of the world that the United States was serious about renegotiating trade deals, not just blowing them up. With the midterm elections approaching, it would also be useful to have a deal as proof of the president's campaign promises to voters, particularly in possible swing states in the Midwest.

The negotiations began moving again when the government decided it had to treat the Mexicans and Canadians differently on certain key issues. A single set of terms could not be applied to such different economic relationships. This led to a preliminary deal with Mexico in August 2018, covering auto manufacturing. It raised the percentage of parts in a car that had to be made in North America and required higher labor standards for workers. It also put a sixteen-year limit on the deal, with reviews every six years. That left the Canadians, who tried to put pressure on the White House by building alliances all over Washington, from Congress to the Departments of Defense and State.

As the countries closed in on a deal, I helped the administration frame the concerns and objections of the various parties. Under NAFTA, if one country felt another was flooding goods into its market, it could appeal to an impartial panel. The process was known as Chapter 19. The Canadians refused to let it go. I asked a member of the Canadian negotiating team why they were taking such a hard stance. It wasn't just business, I learned. It was political. Canada is a major exporter of softwood lumber, the wood commonly used in construction and furniture making. The United States had accused Canada of dumping softwood into the United States at the expense of US producers. But the Chapter 19 panel had ruled repeatedly in favor of Canada. That alone, though, was not the issue. Much of Canada's softwood lumber comes from British Columbia. If the current government caved on Chapter 19, they would lose British Columbia in the next elections, and if they lost British Columbia, the Liberal Party would lose power. To give ground on Chapter 19 would be political suicide for Prime Minister Trudeau. When the Canadians informed the administration of that reality, the US view on what it would take to reach an agreement changed.

The final week of September, when the world's leaders came to New York for the United Nations General Assembly, the prime minister asked me to organize a meeting with US business leaders. Trade talks had once again stalled. The prime minister said Canada could not offer any more concessions and wanted to close out the talks. But the president refused a private meeting with the prime minister at the General Assembly. The White House had gone quiet. Prime Minister Trudeau thought a meeting with US CEOs might foster a better understanding of US business priorities and provide him with new ideas on how to progress negotiations. We held the meeting in my conference room at Blackstone.

Afterward, I spoke to the prime minister in private. I knew the US priorities and positions on all the issues based on my frequent conversations with senior officials in the administration. I gave him my view on what it would take to successfully negotiate a deal and told him that the Americans wanted the Canadians to put their terms on paper. The prime minister said he was worried the Americans would leak them and use them against him. I told him that I did deals for a living and the moment had come for him to stop agonizing. If he refused to meet the US demands of a deal, Canada would almost certainly go into a recession, and no politician wins reelection in a recession. If he did a deal, at least he'd have a chance at political survival. Write down the outline, I urged. Empty your pockets on dairy. Make any last concessions you can and draw the line at Chapter 19 and the cultural exemption, the laws protecting Canadian media from foreign ownership, if you have to. Move the lingering secondary issues to the bottom of the page and state simply what you are or are not prepared to do about them. Send the document to the administration and walk away.

I told him I was seeing the president that evening at 5:30 and that any deal needed to be signed by midnight on Sunday, which all parties understood.

The prime minister looked at me from the couch. He said it would be tough, but he would do it. When I met with the president that evening, he reaffirmed that in my discussions with the Canadians, I had accurately reflected terms that the United States would accept. I called the Canadians to let them know. It took another forty-eight hours of waiting and pleading from all sides before finally, at 10:00 a.m. on Friday, the Americans received the Canadians' written offer. Over the weekend, the details were worked out between the two countries, and on Monday, October 1, 2018, the president announced a revised NAFTA, the United States–Mexico–Canada Agreement, or USMCA.

China was an equally tough situation. The United States's basic tariff arrangements with China were drafted decades ago, when China needed to protect its nascent free-market economy and America was the undisputed global economic superpower. But the world had changed, and the president and his advisers believed China was now rich enough not to need protectionist trade policies. It no longer seemed right that US exports to China were charged three times more in tariffs and taxes than Chinese imports into the United States. China had also made clear its ambition to overtake the United States as the world's leader in technology. If this were to be a fair fight, the administration believed that now was the time for the United States to call out China for intellectual property theft, a source of contention for many years. Moreover, there was broad concern in the business community that China's approach to US intellectual property laws was unacceptable.

In January 2017, I met President Xi Jinping at Davos, at a luncheon arranged by Klaus Schwab, the founder of the World Economic Forum. There were thirty-four of us there besides Schwab—seventeen from the Chinese government and seventeen prominent non-Chinese. At lunch, President Xi asked me to talk about newly elected President Trump and his views on China and how he had defeated Hillary Clinton. I explained to him the facts President Trump was dealing with, the economic dislocations suffered by many working and middle-class Americans because of globalization. A study by the Federal Reserve had found that nearly half the country was living paycheck to paycheck, unable to write an emergency check for $400. For the first time in American history, millions of people feared they would end up poorer than their parents. Among them were many of the president's voters in the Midwest. The trade deficit made China an easy target, and the strong criticism of China was only likely to get worse.

President Xi told me that if that were the case, he would be prepared to do a major economic reset with the United States. Given he knew that I spoke with the president on a wide variety of issues, including trade, he asked me to tell President Trump that we had spoken and to pass along what he had said. In front of the entire group, he also welcomed my participation on behalf of the administration in these talks, a sign of the trust I enjoyed with the Chinese. I found myself in a practical test of the mission of Schwarzman Scholars, with an opportunity to help the United States avoid the Thucydides Trap as the dynamics of global power shifted East.

I called President Trump and told him about my conversation with President Xi. He asked me to invite Xi to Mar-a-Lago in Palm Beach, Florida. Jared Kushner, the president's senior adviser, and China's ambassador to Washington, Cui Tiankai, set it up. That meeting at Mar-a-Lago in April 2017 opened a period of intense dialogue between our two countries.

In July 2017, I co-chaired with Jack Ma of Alibaba a meeting at the Commerce Department in Washington, DC, for US and Chinese CEOs. Afterward I went to see Vice Premier Wang Yang, the leader of China's delegation, to talk about the practical implications of discussions between our two countries. At the request of Wilbur Ross, the commerce secretary, I asked if China would consider cutting its steel capacity by 15 to 20 percent. To my astonishment, Vice Premier Wang said yes. Wilbur was delighted. But President Trump wanted nothing of the deal. China had far too much steel capacity as it was. They would have closed their excess plants anyway. It wasn't a big enough concession to warrant his support.

In the meantime, the White House was ratcheting up its rhetoric, threatening higher tariffs and investigations into Chinese trade practices. China's concerns about a trade war began to grow. Given that the president trusted me, he asked that I continue to be involved by being candid with the Chinese as to the US position.

I made eight trips to China in 2018 alone on behalf of the administration, trying to assure China's most senior officials that the president was not looking for a trade war. The United States did not want to constrain China's growth, but rather wanted to update the trading relationship to make it fairer and more reflective of our two countries' current economic positions. After each trip, I made sure to brief the relevant parties in the US government on my conversations, hopeful that my efforts would help the United States achieve the deal it sought.

But what America viewed as a request for China to modernize its economy and bring it in line with the standards required by international law, China viewed as a demand to become more like America. And China didn't want to be more like America. The Chinese are highly practical and willing to change. They understood how irritated America gets when China violates its trading agreements. But they didn't want to be told that they had to give up everything that works in China, everything that had enabled their country to grow so rapidly for so long. What they wanted to hear was what exactly the United States wanted them to concede, and in what sequence. They were trying to understand the zone of fairness for any potential trade deal.

In April 2018, I was one of a few non-Chinese CEOs to attend the Boao Forum for Asia in Hainan, where President Xi announced he was ready to make major changes to China's economy. He wanted to broaden market access to the auto and financial industries, attract more foreign investment, strengthen protection for intellectual property, and move China faster from an export-driven economy to one with higher domestic demand for imports. I couldn't believe that he was saying what America had wanted him to say. Afterward, at his request, I spoke to Vice Premier Liu He, President Xi's top economic adviser. He wanted to know what else China should be putting on the table. He was open to fresh and positive talks with America.

Following my return, I shared with the administration my thoughts on what the Chinese would need to do to meet US needs for a trade agreement, as well as the US proposals I thought the Chinese might accept. It was nothing official, just the views of a concerned individual who understood the issues on both sides. But later that month, another issue arose when the United States revoked export licenses for ZTE, China's second largest telecommunications equipment manufacturer. The Department of Commerce had already punished ZTE for doing business with Iran and North Korea, and US intelligence had said it was concerned ZTE phones were installed with hardware to spy on US citizens. Without the right to export American components for their phones, though, ZTE could not survive. Within a month, it ceased operations. It took another month and pleading from the Chinese, who were desperate to save the huge employer of Chinese citizens, for the United States to restore ZTE's export licenses.

In June, Vice Premier Liu He came to Washington for trade talks that ultimately collapsed. For the next two months, the Chinese went off the air, exhausted and confused. By the end of the summer, views on China in the United States had become increasingly hostile. The Chinese could not understand why the business leaders they thought were friends were now turning on them. I knew I would be in Beijing in early September for convocation of the third class of Schwarzman Scholars and thought I might also use that trip to have a few government meetings and try to gain a better understanding of what the Chinese were thinking.

In August, before my trip, I was visited by a few Chinese officials in New York. They asked me for my views on what the United States needed on everything from technology, to trade, to cybersecurity, to selected military issues. I explained the US position and predicted that the differences between the United States and China would only get worse. They recorded our conversation and went back to China.

On the morning of September 6, I met Xi's vice president, Wang Qishan, in Beijing in a large, formal meeting room, Ziguang Ge, "The Hall of Purple Light," located in the leadership compound, Zhongnanhai. He was dressed casually, and we were alone—except for the ten people in the back taking notes. He told me he had read the reports of my conversation with his representatives in New York.

"You scared them to death," he said, referring to the Chinese officials who had visited my office a few weeks prior. Vice President Wang mainly wanted to understand why US perceptions of China had changed so drastically. So for the next two hours I gave him my views, and we ended up discussing a broad range of topics.

Later that afternoon, I met with Vice Premier Liu He. We spoke in detail about the challenges facing our two countries and focused our conversation on finding a way to restart formal trade talks. The vice premier had several specific issues he wanted relayed to President Trump. Our discussion led me to believe there might be another opening, and when I relayed this to the president, he asked me to set up a meeting with Liu He in Washington.

Everything was set. Liu He would visit Washington in late September. But three days before the scheduled talks, President Trump announced new tariffs on $200 billion worth of Chinese goods. The Chinese pulled out. It was another huge blow. The Chinese lost face and told me they didn't know what to do or whom to trust anymore.

I ran into Vice President Wang again at a dinner for the Tsinghua School of Economics and Management board in mid-October. We didn't have a scheduled one-on-one meeting, but he happened to be the honored guest at the SEM board dinner with Chinese state leaders. We managed to speak for about twenty minutes. I told him I felt there might be an opportunity for Presidents Trump and Xi to meet at the G20 meetings in Buenos Aires at the end of November to get trade talks back on track. The two leaders had a genuine rapport, and this was a chance for them to meet without the formality of a bilateral summit. I told Vice President Wang that within the US administration, there were divergent views on China. He should not assume the Americans would come to a meeting with President Xi prepared with a list of demands. I thought that President Xi should come with his own list, offer five or six substantive proposals, and control the meeting. If our president felt the proposals were compelling and significant enough, he would engage. It was as simple as that.

This wasn't the Chinese way, Vice President Wang said, but he liked the idea. Both sides would have a chance to achieve their objectives. This was the way to a deal.

I've learned that when dealing with the Chinese they need time to consider and socialize an idea. The Chinese now had five weeks to act on what I suggested. President Xi did come to Buenos Aires with a short list of well-received proposals and smartly gave the president a major domestic win by promising to crack down on the export of fentanyl, one of the drugs at the root of America's opioid crisis. The Buenos Aires meeting succeeded in deescalating the tension between the United States and China and led to the restart of direct talks.

Negotiations recommenced quickly after the meeting in Argentina, resulting in a series of visits, calls, and videoconferences between Vice Premier Liu He, US Trade Representative Robert Lighthizer, and US Treasury Secretary Steven Mnuchin. Expectations built on both sides that these discussions would lead to a successful conclusion. However, in May 2019, the Chinese changed their preliminary views on a number of important points and negotiations were suspended. Both the US and China began taking an increasingly nationalistic stance toward each other and tensions flared once again, as did the potential for a serious and enduring trade war.

Fortunately, President Trump and President Xi met again at G20 in late June 2019, this time in Osaka, Japan. There they were able to re-establish talks, which will hopefully result in a trade agreement in the future.

These trade discussions were some of the most complicated negotiations I have ever experienced. Only time will tell how they resolve themselves.

SPIN THE VIRTUOUS CYCLE

When Pete and I founded Blackstone, we believed that alternative asset managers would become essential to the investment strategies of institutional investors. But we also built an advisory business as a complement to our investment activities, so we could withstand the ups and downs of the market cycle. We designed our culture and organization for the long term. We wanted Blackstone to be an enduring financial institution. The better our performance, the more money our investors gave us to manage. And the more we had to manage, the more we could innovate. We could do bigger deals, add new lines of business, and attract the right talent to manage them.

Our growth had several significant consequences. The first was that we got to see deals that no one else did, because only we could execute at a certain scale. In 2015, GE decided to wind down GE Capital, its finance business, which had been a major source of profits for many years but had run into trouble during the financial crisis. The company was eager to get out of finance and back to its core industrial businesses. But first it needed to signal to the market that it was serious about selling a business that had been so integral to its success for so long. It decided that the way to do that was to first sell its real estate portfolio, a sprawling collection of 26 properties in the United States; 229 properties in 14 other countries, mostly in France, the United Kingdom, and Spain; as well as most of its mortgage business. It wanted to complete the transaction quickly and cleanly and move on to the much more substantial work of finding bidders for the rest of GE Capital. They made one phone call.

Analyzing a real estate portfolio as complex as GE's in such a short time frame was brutal, but ultimately we gave GE what its leaders wanted: a single transaction, worth $23 billion, to clear the books. In return, we got a great portfolio at a better price than if we had had to buy all the assets piecemeal in competition with others. Seeing deals like this was one of the unanticipated advantages of emerging so strong from the crisis.

In the equity markets, being big can hurt your performance. If you want to buy $1 million of an S&P 500 stock, you can do so without moving the price. If you want to buy $1 billion worth, the market will push up the price before you can complete your purchase. In our world, we found the opposite happening: as our funds grew and our rivals struggled, our size became a major source of advantage. We found buyers and sellers eager to work with us, and us alone. We moved away from participating in many competitive auctions with other private equity firms into situations where we could focus more specifically on the value to both sides and less on rival bidders.

Thomson Reuters was formed in 2007 when Thomson, a Canadian media conglomerate, acquired the Reuters news service. Its financial and risk division sold news, data, analytical tools, and services to help banks and other corporations trade financial products. But it struggled to compete with its rival, Bloomberg. We first looked at the possibility of buying the financial and risk business in 2013. At that time, it was intriguing but not quite right for us. It reappeared on Blackstone's radar in 2016. Martin Brand, a partner in private equity, had traded foreign exchange derivatives early in his career. He had used products from Thomson Reuters, and the possibility of an acquisition fascinated him.

He and his team saw that the markets misunderstood the business, tagging it as a poor man's Bloomberg. In fact, it was more like a colossus hiding in plain sight, a market leader in trading government bonds and foreign exchange and providing financial data to companies, banks, and investors. But there was plenty of room for improvement. Costs were too high, the bureaucracy pervasive, and sales and marketing in need of an overhaul. There was also an opportunity to carve out certain pieces of the business, notably Tradeweb, an electronic platform for trading foreign exchange and derivatives, that we thought might be worth more on a stand-alone basis.

We knew that the managers of the financial and risk division shared our belief that they could operate more successfully as a private company. But Reuters had been a major acquisition for Thomson in 2007. Though it hadn't gone as well as they hoped, the company and its board were not desperate to sell. The price had to be right and the terms compelling.

It took six months for both sides to complete the diligence process and draw up the outline of a $20 billion deal. We kept the deal exclusive and avoided a public auction process.

Our reputation and size gave us substantial credibility with the Thomson Reuters board. We decided to offer 85 percent of the present value of the financial and risk business in return for a 55 percent stake. Thomson Reuters would get cash for almost the entire business yet keep nearly half of it to share in its future growth. We and our co-investors, the Canada Pension Plan Investment Board and GIC, Singapore's sovereign wealth fund, would become the new majority shareholders, with Blackstone maintaining operational control. This arrangement would be a strategic partnership, not an outright sale, thereby avoiding the need for a shareholder vote.

The Thomson Reuters board liked it. But they gave us one piece of homework: to square the deal with Reuters News, the news-gathering and journalistic heart of the Reuters business. In 1941, during World War II, Reuters had drafted a set of "Trust Principles" to ensure that its journalism remained independent and immune to propaganda. The first of the five principles states that "Reuters shall at no time fall into the hands of any one interest, group, or faction." In 1984, when Reuters became a publicly listed company, a special board of directors was created, made up of judges, diplomats, politicians, journalists, and businesspeople, to protect and enforce the Trust Principles. The merged Thomson Reuters had retained this board. But while the principles were still relevant to Reuters News, they did not seem suited for the separate financial and risk division, which we were acquiring.

We came up with an arrangement where the financial and risk division would pay more than $300 million a year to Reuters News for the next thirty years to carry its services on its terminals. News would have the promise of decades of financial stability, a rarity in the modern media business. In return, financial and risk, which we were renaming Refinitiv, would have operational independence.

We finally announced the deal in early 2018. In April 2019, we took Tradeweb public as a stand-alone company on the Nasdaq. Its value shot up to $8 billion by the end of the first day of trading. It unlocked significant value and was also an extraordinary validation of our investment, and we still have the rest of the Refinitiv business to work with and improve.

The year 2018 brought another major development for the firm: the succession of Tony James. When Tony joined Blackstone in 2002, he told me that he would retire when he neared seventy. In 2016, he turned sixty-five and was as involved as ever in every aspect of Blackstone, developing new initiatives and always teaching the younger people at the firm. His contribution has been incalculable. But true to his word, he began talking about succession. I would remain chairman and CEO. Tony would stay on as executive vice chairman, as present as ever. But we would need a new president and chief operating officer to run the day-to-day business of Blackstone.

Asset management firms are so dependent on people and personalities that succession often becomes their Achilles' heel. One generation stays on too long, the next generation gets tired of waiting, and firms lose momentum. Regaining that momentum is always much harder than sustaining it. So if leaders don't want their organization to tire, they have to start working on succession when their drive, their intellect, and their competitiveness are yet to peak.

Starting in 2013, Tony had begun to involve Jon Gray in the management discussions involving the entire firm. Jon had grown up in Chicago, where his father ran a small auto parts maker and his mother a catering company. He went to public school and was an enthusiastic basketball player—so enthusiastic, in fact, that during one season in high school, he sat on the bench while his team went 1–23. It was a lesson in commitment, humility, and having a sense of humor. He had joined us from the University of Pennsylvania in 1992, where he had received one bachelor's degree in English and one in finance from Wharton. During his final year, he received his offer to join Blackstone and also met his future wife, Mindy, in a class on romantic poetry. He has been with both of us ever since.

Jon's character and values, forged out of his middle-class, midwestern upbringing, were obvious to us early in his career. Once, when he was still a junior analyst, he had waded into a fierce argument between senior partners over the fees we had to pay our lawyers and brokers on a particular deal. He asked, "Why are we trying to beat these guys up? We work with them all the time, and chances are we're going to work with them a lot more in years to come. Why not treat them well?" That Wall Street had always worked this way in the past didn't mean it had to continue. Jon was thinking long term, about his own relationships and the reputation of the firm.

He loved the personalities in real estate and that we were buying buildings we could see and touch. He had a great mentor in John Schreiber. When Jon took over the real estate business in 2005, it had $5 billion under management. Over the next few years, he increased it through a series of deals that transformed the entire industry: EOP in 2007, followed by Hilton, then Invitation Homes. In 2015, his team acquired Stuyvesant Town in New York, an eighty-five-acre parcel of residential housing, in a deal that required complex negotiations with bondholders, tenants, and New York City. It was an important deal for the city and state. By voluntarily including terms that allowed affordable housing to remain for half of the ten thousand units for the long term, we supported the city's efforts to preserve affordable housing.

Once Jon feels confident in a thesis, he articulates it clearly, sets an objective, and sprints ahead. He decided, for example, that online shopping would spark a boom in demand for warehouses, and over several years he made Blackstone the second biggest owner of warehouses in the world. By 2018, Jon's real estate team had returned $83 billion to investors, and managed $136 billion investor capital plus over $250 billion worth of buildings and real estate businesses. It is now the largest business at Blackstone. Jon's extraordinary record as an investor, with virtually no losses, is the foundation for his rise at Blackstone. But it's only part of the reason we chose him to lead the firm.

Jon has been on the Blackstone management committee for a long time, so I have watched him think through many complex issues at the firm. Jon is always emotionally balanced, eager to learn new facts, and confident in his own judgment. During the recession, he came to me with a proposal to put more equity into Hilton. Given the length and depth of the downturn, he felt it would be prudent to put in an extra $800 million. He was nicely insistent about it. He was being protective about the deal and the firm, thinking long term. I looked at the numbers and felt we had put in enough.

The travel market would soon recover, and we had enough cash to service our debt. Investing more equity would lower our rate of return, and I did not feel it was necessary. Although we disagreed, we did what he proposed. I respected him for balancing the various interests. That's exactly how you want someone to be thinking in a seat of power.

Watching him work through crises, I noticed that the harder the problem, the calmer he seemed to be. He would buck the consensus and invest when others were scared. If there was a hard conversation to be had, he would have it. Under pressure, he always asked for the ball. Every day, he walked the mile to work from his apartment and kept his team cheerful and motivated through even the toughest dips in the market. His integrity and unassuming charm made him well liked on all sides of a highly charged and competitive industry.

Once we had decided he would succeed Tony, we began involving him in the most sensitive areas of the firm, from strategic issues relating to our different business lines to compensation and other personnel matters. Sitting beside Tony, he saw how much everyone at the firm was paid and why. Under Tony's guidance, he learned what it would take to manage the firm, applying our talent and intellectual capital to future opportunities.

By February 2018, when we announced the change in the leadership of Blackstone, Jon had been sharing the steering wheel with Tony for over a year. Tony had taken it upon himself to clean up any lingering management issues, so that Jon could start with a clean slate. We had seeded the idea that Jon's succession was the most natural thing in the world. With a lot of nudging and attention to personal feelings, no one got ruffled. The succession felt organic and inevitable, a rarity in our industry.

When a new leader is appointed at any organization, a lot of those below then move into new positions. And Jon wasn't the only leader from that generation of young analysts who had grown into the firm's heirs and culture carriers. When we needed a new head of our private equity business several years earlier, we asked our partners who it should be. Most suggested themselves, but the second choice on nearly every list was the same: Joe Baratta.

Joe had joined Blackstone in 1997 but brought himself most vividly to my attention in 2004. He asked to see me when I was visiting London, and I could tell that he wanted to be made a partner. I went to his office, which was so small a visitor could barely push his chair back before hitting the wall. He was thirty-four years old, too young in my mind for promotion, but I let him talk anyway. He described the deals he had done and compared his body of work to those of his peers. "I love the firm," he told me, and "you know, I've helped build a business from nowhere."

I had gone to see Joe as a courtesy with no intention of promoting him, as it was sure to provoke controversy among his older colleagues. But as he spoke, objectively and clearly but with obvious passion, I started to change my mind. He was selling me on his own promotion.

Listening to him reminded me of my own struggles at Lehman, where my own promotion to partner was held back a year when it should have been accelerated. I remembered how it felt to be denied, and how at that point in my career, the title of partner seemed so important. When we founded Blackstone, I had promised that we would be different. We would let talent flourish.

Joe persuaded me, and his deals have been at the heart of every one of our private equity funds since. Joe grew up in California watching his father build and manage a small chain of gyms, so he empathizes instinctively with the operators at the companies we acquire. But he also inspires the trust of our professional investors and the respect of our most hardened competitors. He is a natural teacher and mentor, the person everyone, from senior partners to analysts, turns to for help.

In 2019, fifteen years after that conversation in his cramped office, Joe raised the largest private equity fund in the world, Blackstone Capital Partners VIII, with $26 billion in committed capital, a record for our industry. It was more than thirty times the size of our first private equity fund, the fund Pete and I pounded the pavement relentlessly to raise in 1987. And I didn't need to make a single presentation to investors. Joe and our fantastic team did it all. It was a proud moment for me.

With Jon moving up, we appointed two people to run global real estate: Ken Caplan to oversee investing and Kathleen McCarthy to manage fundraising and operations of our biggest business. Ken had been with us since 1997 and worked alongside Jon on many of our largest real estate deals. Kathleen had joined us from Goldman Sachs in 2010 and proved herself as a manager, colleague, and someone ready to take on the toughest challenges.

Whenever we promote people to senior roles at Blackstone, I congratulate them in person and we talk about their new responsibilities. My conversation with Kathleen was typical of those I have with many people across the firm. She began by asking me about how we maintain the spirit of entrepreneurship at Blackstone. The trick, I told her, was finding fantastic people and giving them the chance to be the best at what they do. We keep our edge by reinventing everything we do to make it better. We also talked about the emotions that surround succession. When people are promoted, there are a lot of feelings to consider. Those promoted might feel a sense of pride in their own success but also anxiety about their new responsibilities. Others will have thought they would get promoted and didn't. Some will feel excited about having a new boss; others will feel unmoored and frightened of change. The effects of those feelings will show up in unusual ways and at strange times, and being aware of them, understanding and managing them, is essential to the success of any leader. This was one of those management lessons you learn only from experience.

I also remind those promoted to senior roles of the message I give to our analysts every year on their first day of work at Blackstone. You are not alone here, so don't wear the weight of the world. Every tough decision has been made at Blackstone by someone. What may seem new to you, won't be new to the institution. Just ask for help. We make decisions as a team, and we own the outcome as a team. That applies just as much to the people running our biggest businesses as it does to our most junior staff.

Finally, I reminded Kathleen that she had been promoted because she was terrific at what she did. We all knew she had the talent to be successful, to grow as a person and as a professional. And she had my complete confidence. It is so important that people understand how much you appreciate them and that you make them feel good about themselves. That self-confidence is the basis for great performance.

To be a good manager requires being emotionally open and direct about everything, good and bad. When we are thinking about our next class of partners at Blackstone, I interview everyone being considered and we talk about what they have achieved, how we feel about it, and we ask each other questions. Once the decisions are made, I call everyone who has been made partner, and those who haven't. I tell each of them how I feel about them—about their abilities, their potential, and what I think we can build together at Blackstone. That openness creates cohesion in the business. I can't imagine building an organization any other way.

In 2018 we also transitioned the leadership for two of our other businesses: GSO and Blackstone Alternative Asset Management (BAAM). Dwight Scott was appointed head of GSO Capital Partners, and John McCormick head of BAAM to help manage the enormous growth of each of those businesses. Across the board, we now have young executives in charge of major businesses, with impressive track records and decades of great work ahead of them.

Over time, we have also taken care to professionalize the firm and ensure that our exceptional growth never runs afoul of regulations or harms our reputation. We were very fortunate to bring in John Finley from our longtime law firm, Simpson Thacher & Bartlett, to serve as our general counsel. He is deeply involved in our daily decision making and has one of the most important legal skills of all: great judgment. Michael Chae joined Blackstone early in his career and was one of our top private equity partners, in charge of Asia, before becoming our chief financial officer. His intimate knowledge of the business allows him to ensure we have strong financial planning and controls. We also hired David Calhoun, former CEO of Nielsen Holdings and vice chairman of General Electric, to lead our portfolio operations group and drive value creation in our companies.

Every public company needs to ensure its external facing activities are just as strong as internal ones. For shareholder relations, Tony recruited a former partner from DLJ, Joan Solotar. Joan has also assumed leadership of our private wealth solutions business for retail investors. Finally, Christine Anderson oversees our public relations, branding, marketing, and internal communications functions. She's the primary spokesperson for the firm and ensures that the press and public understand our work, our motivations, and our contributions to society.

The members of our management committee have been at Blackstone for eighteen years on average, and the average tenure of our senior managing directors is ten years. Such longevity is rare in the financial industry. These long-serving leaders haven't just built our business, they have built our culture and they are going to be its most reliable guardians in the future.

A MISSION TO BE THE BEST

I have no doubt that without Yale, my life would never have turned out the way it did. I have long been in touch with Yale's presidents, past and present, looking for ways to give back to one of the most consequential institutions to my life, and in 2014 I found the right opportunity. I first spoke with Yale president Rick Levin about renovating Commons in 1997. Commons was the cavernous building at the heart of the campus, where I had eaten every day as a freshman. I have clear memories of its damp, cold air, and the sound of hundreds of young men eating, the clatter of their plates and cutlery echoing in the giant space.

In 2014, Levin's successor, Peter Salovey, conveyed the urgent need for a stronger center to campus life. Student life had atomized, and there were increasing instances of heavy drinking and accompanying bad decisions in the fraternities. Three student government organizations had written to Peter begging for a "campus-wide center that bridges the boundaries between undergraduate, graduate and professional school students" and that "encourages vibrant, significant and inclusive social interaction at Yale."

I've always felt that Commons could be much more than a dining room. It was located at the very heart of Yale. What if we could make it a place that was open close to twenty-four hours a day, with meeting rooms and spaces for students to do everything: study, socialize, rehearse, and meet? Even better, what if we could modernize the facilities and add a performing arts component with entertainment venues to provide students with an alternative to fraternity and other off-campus socialization? I would have loved a place like that when I was an undergraduate.

In the renovation of Commons, I saw a real opportunity to transform Yale's campus and create an entirely new model for a hybrid student union and cultural/performing arts center. When it opens in 2020, the Schwarzman

Center at Yale University will completely change the standard for student life and cultural activity at Yale. With five state-of-the-art performance venues, the facility will enable Yale students to be exposed to a range of cultural activities that has never been possible before, enriching their experience in ways that can spark new dialogue, new ways of thinking, and creative possibilities.

My work with Yale helped convince me that even the oldest institutions can benefit from a fresh pair of eyes that reimagine what education could or should look like as times change.

I had the good fortune of meeting Rafael Reif, the seventeenth president of MIT, in 2016 in Davos when I was in the process of establishing Schwarzman Scholars.

"I don't know much about MIT," I told him. It had been three decades since that early trip to MIT with Pete, when the school's endowment team had stood us up, and I hadn't had a reason to revisit that trip since.

"You're not supposed to. We like to fly under the radar," he said.

"Well, I like to live above the radar."

Despite that difference, we became great friends. Rafael was born in Venezuela, earned his doctorate in electrical engineering at Stanford, and spent most of his career at MIT. He has a wide-ranging intellect and is a natural leader. Over our many ensuing conversations, I was taken by his ability to see where we are going in technological, economic, political, and profoundly human terms. I was also struck by the urgency of his message regarding the breadth of implications that advances in artificial intelligence (AI) and other new computing technologies would have on human development and American competitiveness.

We talked about the rise of China and the role that America's great research universities had always played in driving innovation that was critical to economic prosperity and national security. Since MIT was founded in 1861, its faculty, researchers, and alumni have won ninety-three Nobel Prizes and twenty-five Turing Awards, given for contributions to the field of computing. They have long been global leaders in scientific innovation—everything from air defense and missile guidance systems to sequencing the human genome. The few blocks around MIT, a concentration of public and private labs, start-ups, and corporate research centers, are known as the most innovative square mile in the world.

Yet Rafael told me that while 40 percent of MIT's students took courses in computer science, only 7 percent of MIT's faculty specialized in the subject. The situation was the same, or worse, across the American university landscape. Everyone understood the need for greater investment in computer science, but hardly anyone was doing much about it. The US talent pool in the fields of science, technology, engineering, and math was outstanding but did not have adequate resources to maximize their full potential.

I suggested to Rafael that if we were to make America more competitive, we should start by trying to solve this basic problem of matching supply to demand. His first proposal, to expand computer science at MIT, was practical but seemed insufficient in terms of impact. I asked him to think bigger. About a month later, he came back. MIT would create a new college, its first since 1951, dedicated to the study of artificial intelligence and computing and connected to every other school at the university. The university would double the number of its computer scientists by creating fifty new faculty positions, half in computer science, half joint appointments with the other schools at MIT. This new college would enable every professor, researcher, and student to learn, practice, and speak the language of AI, regardless of whether they were students of engineering, urban studies, political science, or philosophy. They would become, as Rafael put it, the "bilinguals of the future," fluent in both AI and their own academic discipline, scientific or not.

Innovation wasn't the only goal of the college; we also wanted to educate students on the responsible development and application of AI and computing technologies. The college would offer new curricula and research opportunities, as well as convene forums to engage national leaders from business, government, academia, and journalism to examine the anticipated outcomes of advances in AI and machine learning and to shape policies around the ethics of AI. In doing this we created a structure to ensure that these groundbreaking technologies of the future are responsibly implemented in support of the greater good.

Together these changes would make MIT the world's first AI-enabled university. And it would prompt other institutions to take notice and form their own strategies for increasing investment in this area. The more universities that invested in the study and research of this technology, the better off the United States would be in terms of staying at the forefront of technological innovation and know-how, training the workforce of the future, and ensuring that the interests and well-being of the American people were secure.

Rafael proposed a budget of $1.1 billion, a staggering number, but appropriate to our ambitions. I pledged a significant anchor gift—my biggest philanthropic commitment to date and over three times what I gave to found Schwarzman Scholars—and asked MIT to match it. We announced the creation of the MIT Stephen A. Schwarzman College of Computing on October 15, 2018.

It didn't take long for MIT's plans to reverberate around the United States and the rest of the world. The response I received personally was extraordinary and reinforced that our concept was right on track and on time. People everywhere reached out to express their support. Many said that the topic of AI and American competitiveness had been on their mind, but they were unsure of what could or should be done. University presidents wanted to meet with me to discuss their respective AI capabilities and perspectives on related ethical considerations. I even started receiving calls from politicians on both sides of the aisle to discuss what funding a national agenda for AI could look like.

Eric Schmidt, the former CEO and executive chairman of Google, predicted that my gift would be one of the most important of our time, accelerating billions of dollars of additional commitments by others to the field of computer science. Sure enough, there have been several similar university initiatives announced since the creation of MIT's new college. These collective efforts have raised the visibility, momentum, and dialogue on the topic of AI even more, and my sincere hope is that this is just the beginning.

Jung-Shik Kim, the founder and chairman of Daeduck Electronics, a South Korean IT equipment manufacturing company, decided to give $50 million to Seoul National University, his alma mater, to advance AI research. Young Jae Kim, his son, wrote to me: "You may be surprised to note that, even on the other side of the globe, there are people who agree with your vision of new transforming technologies such as artificial intelligence and their impact on humanity and society."

While Rafael and I were concluding our discussions on the new college at MIT, I was also working on a gift to the University of Oxford, the largest single donation to the university since the Renaissance. I never attended Oxford, but had visited as a teenager. To this day, I remember being struck by its history and the contrast of the vivid green lawns against the golden sandstone of centuries-old colleges. Oxford has been at the heart of Western civilization for nearly a thousand years, so when Louise Richardson, vice-chancellor of the university, approached me about a new project to unite all the humanities departments currently spread across Oxford's campus into one common space, I was intrigued. I saw an opportunity to do something similar to what we were doing at Yale and MIT: create an environment that encourages cross-disciplinary research, scholarship, and insight, and position the humanities curriculum for the future.

After numerous conversations with Louise, we broadened the size and the ambition of the new Schwarzman Centre for the Humanities. The Centre would be located in a new building at the heart of the most important site at Oxford in 200 years—the historic Radcliffe Observatory Quarter—with state-of-the-art facilities for academics, exhibitions, and a new performing arts center. The facilities, including new resources for visitors and a broadcasting center, would also serve to open Oxford to local and global communities, expanding the reach of its learning and cultural programs.

Oxford has long been ranked number one in the world in the humanities. But as science and technology have accelerated, introducing the concept of machines which are designed to replicate human intelligence, there are many new moral, philosophical, and ethical questions to consider regarding what it means to be human and what values we want our technology to reflect. This is why we decided as part of this initiative that we had to include an institute dedicated to the study of ethics in artificial intelligence. As an unparalleled resource for western culture, Oxford was perfectly suited to lead in the research, evolution, and application of humanities disciplines and help guide the debate around some of society's most critical future challenges.

When we announced the gift in June 2019, the political environment in the United Kingdom was extremely uncertain, with no Brexit outcome in sight and conservative party leadership elections underway. It was difficult to anticipate how the announcement of the gift would land given the unpredictable news cycle. The day before the announcement, I spent hours doing embargoed interviews with reporter after reporter, explaining my motivation for the gift and underscoring the importance of Oxford using its expertise in the humanities to help governments, the media, and companies and organizations of all types to develop a framework for the responsible introduction of AI. It was exhausting, but the reporters were all very friendly and right away focused on the fact that the UK was unaccustomed to philanthropy at this scale.

Around 11:00 p.m. on the day before the announcement I received an email from my team. *The Financial Times* had just tweeted out their cover for the next day. I clicked on the link only to find a picture of my face set against the Oxford campus and the headline: *£150m gift is Oxford record*. The announcement had made the front page of the newspaper, above the fold.

The next day was a whirlwind. Every major UK media outlet featured the gift as front page news or in a prominent article. I also did TV interviews on several major news networks—the BBC, Bloomberg, CNBC, CNN, and Fox. During the course of the day I learned that my single gift was about half of the £310 million given by all philanthropic individuals to arts and culture in England during 2017-18. No wonder the news was everywhere. The size of the gift had caught the country's attention and started conversations about the role of philanthropy in the UK as government funding for education and culture declines. Just as with MIT, I received notes from friends and acquaintances across the globe recognizing the importance of the gift. Many notes commented on the long-term impact of the gift and vote of confidence in the future of the UK, while others applauded the public reaffirmation of the humanities at a time when so much investment is devoted to technology and science.

I am encouraged to imagine what might be if the great minds at Oxford work with their counterparts at MIT, Tsinghua, Yale, and universities everywhere, to share knowledge and deliver multidisciplinary insights. In a world that is changing so quickly, it's quite possible this type of cross-institutional, global collaboration is the only way to ensure a safe and prosperous future for us all.

I have long believed that education is the passport to a better life. A good education has the power to affect whomever it touches for the better. We all have a duty to not only preserve the knowledge that is handed to us but also develop it in a way that improves its relevance and impact for future generations. I am hopeful that the contributions I have made, whether to higher education, the Catholic school system, my high school in Philadelphia, or track and field athletes, help generations for years to come aim high and embrace their own pursuits of excellence, whatever they may be.

EPILOGUE

I looked out of the car window as I left the hotel in Boston for MIT's campus. At 5:30 in the morning, it was pitch dark, but I could still see the snow falling against the cloudy winter sky. I smiled to myself and thought, *Well, at least it's not raining*. Rafael Reif and I were scheduled for a live interview with CNBC's "Squawk Box" at around 6:00 a.m. It was my first stop on the final day of MIT's three-day event to launch the new Stephen A. Schwarzman College of Computing. The entire day was being covered by CNBC and would be live-streamed to the world. It had been four months since the announcement of my gift to MIT in October 2018, but it seemed that global interest in what MIT was doing had only grown.

After the interview, I went to Kresge Auditorium where the day's festivities were about to begin. My wife, children, and their spouses had all made the trip to be with me to celebrate the new college. Over thirty famous technologists and public figures were set to be featured in a series of short talks and panels to explore the breadth of ideas that led to the founding of the college and the frontiers it aims to reach.

Massachusetts governor Charlie Baker opened the day by emphasizing the importance of responsible innovation for the good of society, Sir Tim Berners-Lee, the inventor of the World Wide Web, talked about the utopian promise of the early Internet, and the disappointments that followed, and Henry Kissinger, former US secretary of state, warned of the dangers of deploying AI in an uncontrolled manner. Speaker after speaker addressed the diverse, profound, and pervasive changes that are yet to come. Like most of the audience, I was astonished by the intellect and unlimited curiosity on display. I was also amazed at the sense of gratitude that almost every scientist expressed for what the new college was going to do for MIT and the world.

There wasn't a minute of the day that the auditorium wasn't buzzing with a palpable energy and hope for what is yet to come. It was extraordinary.

To close that remarkable day at MIT, Rafael and I took the stage with Becky Quick, co-anchor of CNBC's "Squawk Box" and "On the Money," who moderated a discussion about our shared vision of computing for the future. We had a lot of fun, drawing several laughs from the audience as we told the story of how the new college came to be and what it will try to achieve. Our rapport onstage was in some ways the perfect reflection of the mission of the college—a nontechnologist and a scientist working together to deliver a bold solution to try to move the world forward.

As we left the stage to applause, Rafael leaned in: "Wow, I've never seen that before in my almost thirty years at MIT."

"What's that?" I said.

"A standing ovation."

It was certainly a very different ending from my first trip to MIT in 1987.

I don't feel a day over thirty-eight, the age I was when I started Blackstone and a year before my first trip to MIT. I sleep the same five hours I always have and am blessed with the same endless energy and unabated drive to engage in new experiences and tackle new challenges that I had when I was younger. I don't want to slow down or retire. Losing my parents has only sharpened my desire to create new things and accomplish more. But I'm very lucky to have two wonderful children, my stepdaughter, and seven beautiful grandchildren whom I love to spend time with.

It has been a long journey from Oxford Circle in Philadelphia, one that no one—including me—ever anticipated. My successes and failures have taught me much about leadership, relationships, and living a life of purpose and impact.

Today, Blackstone is thriving in the hands of its third generation of leaders. Its culture is stronger than ever. The 10s we hired have hired other 10s, and our meritocracy has created one of the most famous and admired financial companies in the world. We have been able to turn $400,000 of start-up capital in 1985 into over $500 billion of assets under management in 2019—a growth rate of about 50 percent a year since we started. The scale of our business today is incredible—we own approximately two hundred companies, employing over 500,000 people, with combined revenues of over $100 billion, over $250 billion in real estate, as well as market-leading activities in leveraged credit, hedge funds, and other business lines. We have earned the trust and confidence of almost every major institutional investor who invests in our asset class, the reward for a powerful global brand, a duty of care, and delivering compelling and consistent investment performance for over thirty years.

But beyond our size, our growth, and even the external accolades, I see a firm that reflects the core values I have worked so hard to instill. Establishing and imparting a strong company culture is perhaps one of the greatest challenges any entrepreneur and founder is tasked with, but it is also one of the most gratifying if you get it right. I take immense pride in the firm we have built, and every day, when I see our culture of lifetime learning, excellence, and relentless innovation in action, I know that the best is yet to come.

My political and philanthropic activities equally fascinate and engage me. My willingness to get involved and create new paradigms has put me at the center of many dynamic and exciting developments, in the United States and internationally. Most recently I had the unusual opportunity to serve my country as we negotiated new trade agreements with Mexico and Canada, and worked for over two and a half years to try and achieve a major trade agreement with China. In both situations, I used my relationships of trust with the parties involved to advance understanding of the US position through countless calls and meetings. This resulted in signed agreements between the US, Mexico, and Canada, as well as a series of intense and unpredictable outcomes related to the US-China negotiations.

It seems that the larger my separate worlds become, the more they overlap. A lifetime of listening to others, forging relationships and constantly asking how I can help has compounded to the point where many of the biggest challenges and best ideas now find me. In politics and philanthropy, it has been my privilege to conceive and help bring to life many remarkable projects and create institutions that will influence generations for years to come.

Every summer now, I travel to Beijing to address the graduating class of Schwarzman Scholars. As I prepare my remarks, I try to recall what I would have liked to have known if I were one of the scholars sitting in the audience.

"Regardless of how you begin your careers, it is important to realize that your life will not necessarily move in a straight line. You have to recognize that the world is an unpredictable place. Sometimes even gifted people such as yourselves will get knocked back on their heels. It is inevitable that you will confront many difficulties and hardships during your lives. When you face setbacks, you have to dig down and move yourself forward. The resilience you exhibit in the face of adversity—rather than the adversity itself—will be what defines you as a person."

Failures, I want them to know, can teach us more than any success.

"Devote your time and energy to the things you enjoy. Excellence follows enthusiasm, and doing anything solely for prestige rarely leads to success. If you have passion for pursuing your dreams; if you persevere; and if you are committed to helping others, you will have a full and consequential life and always have a chance at greatness. And the benefit of your enormous gifts will accrue to yourself, the people you love, and to society at large."

Speaking at the Schwarzman Scholars graduation has become one of my favorite things to do every year. I love looking into the audience and seeing the eager faces of an extraordinary group of future leaders, their brilliant purple Schwarzman Scholars ties and scarves, and eyes radiating with promise. The room can barely contain their boundless ambition and the ear-to-ear smiles of their parents, beaming with hope and pride. I feel a deep sense of joy and satisfaction that is difficult to describe.

As I present a diploma and shake the hand of every graduate who crosses the stage, I can't help but ask myself a simple question: *What's next?*

Who knows?

25 RULES FOR WORK AND LIFE

1. It's as easy to do something big as it is to do something small, so reach for a fantasy worthy of your pursuit, with rewards commensurate to your effort.
2. The best executives are made, not born. They never stop learning. Study the people and organizations in your life that have had enormous success. They offer a free course from the real world to help you improve.
3. Write or call the people you admire, and ask for advice or a meeting. You never know who will be willing to meet with you. You may end up learning something important or form a connection you can leverage for the rest of your life. Meeting people early in life creates an unusual bond.
4. There is nothing more interesting to people than their own problems. Think about what others are dealing with, and try to come up with ideas to help them. Almost anyone, however senior or important, is receptive to new ideas provided they are thoughtful.
5. Every business is a closed, integrated system with a set of distinct but interrelated parts. Great managers understand how each part works on its own and in relation to all the others.
6. Information is the most important asset in business. The more you know, the more perspectives you have, and the more likely you are to spot patterns and anomalies before your competition. So always be open to new inputs, whether they are people, experiences, or knowledge.
7. When you're young, only take a job that provides you with a steep learning curve and strong training. First jobs are foundational. Don't take a job just because it seems prestigious.

8. When presenting yourself, remember that impressions matter. The whole picture has to be right. Others will be watching for all sorts of clues and cues that tell who you are. Be on time. Be authentic. Be prepared.
9. No one person, however smart, can solve every problem. But an army of smart people talking openly with one another will.
10. People in a tough spot often focus on their own problems, when the answer usually lies in fixing someone else's.
11. Believe in something greater than yourself and your personal needs. It can be your company, your country, or a duty for service. Any challenge you tackle that is inspired by your beliefs and core values will be worth it, regardless of whether you succeed or fail.
12. Never deviate from your sense of right and wrong. Your integrity must be unquestionable. It is easy to do what's right when you don't have to write a check or suffer any consequences. It's harder when you have to give something up. Always do what you say you will, and never mislead anyone for your own advantage.
13. Be bold. Successful entrepreneurs, managers, and individuals have the confidence and courage to act when the moment seems right. They accept risk when others are cautious and take action when everyone else is frozen, but they do so smartly. This trait is the mark of a leader.
14. Never get complacent. Nothing is forever. Whether it is an individual or a business, your competition will defeat you if you are not constantly seeking ways to reinvent and improve yourself. Organizations, especially, are more fragile than you think.
15. Sales rarely get made on the first pitch. Just because you believe in something doesn't mean everyone else will. You need to be able to sell your vision with conviction over and over again. Most people don't like change, so you need to be able to convince them why they should accept it. Don't be afraid to ask for what you want.
16. If you see a huge, transformative opportunity, don't worry that no one else is pursuing it. You might be seeing something others don't. The

harder the problem is, the more limited the competition, and the greater the reward for whomever can solve it.

17. Success comes down to rare moments of opportunity. Be open, alert, and ready to seize them. Gather the right people and resources; then commit. If you're not prepared to apply that kind of effort, either the opportunity isn't as compelling as you think or you are not the right person to pursue it.
18. Time wounds all deals, sometimes even fatally. Often the longer you wait, the more surprises await you. In tough negotiations especially, keep everyone at the table long enough to reach an agreement.
19. Don't lose money!!! Objectively assess the risks of every opportunity.
20. Make decisions when you are ready, not under pressure. Others will always push you to make a decision for their own purposes, internal politics, or some other external need. But you can almost always say, "I need a little more time to think about this. I'll get back to you." This tactic is very effective at defusing even the most difficult and uncomfortable situations.
21. Worrying is an active, liberating activity. If channeled appropriately, it allows you to articulate the downside in any situation and drives you to take action to avoid it.
22. Failure is the best teacher in an organization. Talk about failures openly and objectively. Analyze what went wrong. You will learn new rules for decision making and organizational behavior. If evaluated well, failures have the potential to change the course of any organization and make it more successful in the future.
23. Hire 10s whenever you can. They are proactive about sensing problems, designing solutions, and taking a business in new directions. They also attract and hire other 10s. You can always build something around a 10.
24. Be there for the people you know to be good, even when everyone else is walking away. Anyone can end up in a tough situation. A random act of kindness in someone's time of need can change the course of a life and create an unexpected friendship or loyalty.
25. Everyone has dreams. Do what you can to help others achieve theirs.