



Lessons Learned Oral History Project Interview

Interviewee Name Crisis Position	Harry Wilson ¹ Senior Advisor, Task Force on the Auto Industry, US Treasury Department – Obama Administration
Interviewer Name	Mary Anne Chute Lynch (Contractor) Yale Program on Financial Stability
Date of Interview	November 23, 2020
Lessons Learned No.	2020-33

Introduction

The Yale Program on Financial Stability (YPFS) contacted Harry Wilson by email to request an interview regarding his time as the Senior Advisor on the Obama Administration’s Task Force on the Auto Industry, established in the aftermath of the financial crisis of 2007-09.²

The 13-member, bipartisan Task Force on the Auto Industry was charged with resolving the bankruptcies and establishing the institutional restructuring of Chrysler, General Motors (GM), Ally Financial formerly General Motors Acceptance Corporation (GMAC), and Delphi. The Auto Task Force worked 18-hour days, six days a week for over five months from March 2009 through July 2009 to swiftly negotiate with the corporate leadership, unions, investors, and stakeholders, to restructure and save the auto industry and millions of jobs in the United States.

Wilson quickly became known for his assiduous analysis of data and facts as he led the three Task-Force members working on the General Motors restructuring. He served on the Task Force March-August 2009, after which he ran for public office in New York. He is currently the Founder and CEO at MAEVA Group, LLC.

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

Transcript

YPFS: Why did you step up to serve on the Auto Task Force?

Wilson: At that point in time, we were at the trough; we didn't know it was the trough tide, just it was very dark days for our country. Hopefully, it wouldn't get worse. A lot of folks were forecasting the second Great Depression, and I was worried about where we were headed.

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

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

When TARP (Troubled Asset Relief Program) was passed, it was clear that a lot of capital would be allocated to the banks and the auto companies. I thought it created opportunity to fix the problems at those companies, but also the risk that it would not be done well, and you'd have a lot of money thrown at the problem, the catastrophe. I thought having some expertise, folks who brought experience in dealing with problem companies, would be helpful. I've always been civically minded and never envisioned my first government services to be in that form or that time. It was a confluence of those three things. Steve Rattner and I had never met at that point. I sent a cold email in January 2009. We met and he convinced me the administration would try to treat it in a pragmatic, nonpolitical way, which is what I thought it would take to be successful.

YPFS: Did you work with the auto companies before?

Wilson: I'd invested in distressed businesses my whole career and knew the auto companies were poorly managed and had a lot of self-inflicted problems.

YPFS: You were called the field leading the "deals and diligence" team. Can you describe your role?

Wilson: We were a nimble team because we were small. We had a lot of work to do. When we first came together Steve [Rattner], myself, Ron Bloom and Matt Feldman, the four leaders of the Auto Task Force team within Treasury, we worked very closely with Larry Summers, Tim Geithner, and Brian Deese. We mapped out what needed to be done and who would be able to do the work. Secondly, we developed a game plan and the key items we had to assess. At that point, both GM and Chrysler had proposals on the table for their restructurings.

This is all happening in a very short period of time in early March of 2009. I was responsible for all the hiring. I was the point person for the business plan reviews. We all worked together and tackled everything through the end of March, at which point, the President [Barak Obama] made the decision to move forward with the restructuring of General Motors and a potential sale of Chrysler, with a very short timeframe to get it done. As a result, we divided and conquered.

I took responsibility for the General Motors restructuring and the suppliers, Ron[Bloom] had responsibility for Chrysler, Steve [Rattner] oversaw the whole team and had direct responsibility for GM and Chrysler financial, and Matt [Feldman], a bankruptcy attorney, took troubled legal issues on everything we touched.

YPFS: You testified that your immigrant mother was laid off from her job as a sewing machine operator causing significant challenges for your working-class family, and your career focused on fixing companies

before more misfortune befalls their employees and stakeholders. You also described yourself as a Republican and a staunch fiscal conservative. Did you or the Auto Team ever consider letting the auto industry fail or letting Chrysler and GM fail?

Wilson: I grew up in a very working class, first-generation, Greek American family. My Dad was a bartender, and my Mom was a stay-at-home mom until I was about 11, when she started working at a local factory as a machine operator. She came to the US one month before I was born and had limited English. But it was a solid living. When I was in high school in the late '80s, those factories that were the backbone of our community, started to go out of business and move overseas. She was the primary earner.

It certainly informed my thinking about life. A lot of innocent, hardworking people suffer when people at the top make bad decisions, and it happens a lot in business. I think that's what happened with General Motor over a long period of time. GM had become less and less competitive, and that meant fewer and fewer jobs, and layoffs that hurt those people who were like my Mom. There were a lot of people at the top doing quite well.

There's no doubt in my mind that that definitely influenced my career decisions. Having seen that played out in hundreds of companies, if you can fix that problem, if you can get the company aligned towards making the decisions that are in the long-term interests of the business, with employees that feel well-valued and well-rewarded for their contributions, and tapping into customers—was antithetical to what GM management had done for a long time. They had a very adversarial relationship with their employees, particularly in labor, and made a lot of bad decisions around products and where to invest.

People certainly contemplated what the trade-offs were around letting one of the book companies fail. The prospects that we would have let GM fail were low, but not zero. It was a function of what would it take for it to be successful and what the problems were. If it is highly unlikely to be successful and a very expensive endeavor, it wouldn't have been very wise to make that commitment. If the probability of success was pretty high, which we thought it was, and the probability of most of the money being paid back over time, versus the ensuing catastrophe, then from an economic standpoint, the job standpoint, we all thought it was the right thing to do, prudent, efficient.

Chrysler was more marginal because it was smaller. It had more deeply entrenched problems it would subscale in a number of ways. That kept it closer to the edge of moving forward. There was a split vote amongst the team, 5-4, in favor of Chrysler moving forward. The president decided to move forward, but, but it was on the condition it could be done on a timely basis, which it was.

I was in the minority, and this is a good topic for lessons learned. We had a great, healthy, robust debate around that topic. One of the great things about our team is we worked well together. We didn't always agree, but we disagreed respectfully and thought through things together, collaboratively. I was in the minority, and the reason I was in the minority was not because I had any desire to not see Chrysler succeed, but the probability of it succeeding, given how hollowed out it was at that point in time, was much lower. Some others had an alternative idea which would be to take in the most viable parts of Chrysler and merge them with General Motors. That would have preserved most of the jobs—not all the jobs, unfortunately—but that had a much greater probability for success than Chrysler standing alone.

No one really disagreed with the view that a combination would have been more likely to succeed, but the majority view was that Chrysler had a good enough shot to succeed, that it was worth the investment of time, and capital and support at the time. When you're in a situation where there's only one vote and you're pressed to make a decision, the President decided to go forward.

YPFS: Do you think that you achieved a balance between the GM employees and their stakeholders?

Wilson: That's an interesting question. I think so. There were disagreements on both sides. If one side liked the deal, the other side didn't, but that never ended a deal. Despite that a lot of people didn't like it, we were able to strike a balance that no one loves, but that was the best path.

More to the point, the hardest part of the whole restructuring is that there are people with very real implications and adverse consequences for their lives and families. The frustrating thing is had better decisions been made earlier, those compensations at that point in time, wouldn't have been necessary.

But it was clear that the company needed to be restructured pretty significantly, and it was a question of how to strike that balance. We worked through things with the company, basically each element of change with every car, every geography, with a few simple, clarifying questions—is this a business or a geography or a product that has a reasonable, realistic shot at success?.

If it does not, is it because of things that are fixable? If they're not fixable, how do we justify the diversion of time and resources to do that? The things that were reasonable and had a shot of success, we thought the company should focus on and invest in to maximize the prospect of success, maximize the jobs, the benefits that evolved. The things that didn't have any shot of success and were just going to be a distraction—it's far better to make the

decision early to move on, and months later, revisit that. Those are never fun. They're never easy, but sometimes they're obvious. I think a lot of the decisions that were made in the spring of 2009 were obvious. They should have been obvious sooner.

I wish there had been more money to go round; I wish there was an easier path. But the reality is, it had come to be an extremely, extremely dependent industry, that's global, and had some of the best companies in the world competing in it. That was the reality they had to deal with to be in a position to be successful.

We spent a lot of time to ensure the company would not need to restructure a second time. There were naysayers. In 2011, two years after work was done, everybody was saying GM was not the problem. This is nonsense. We wanted the company to succeed in the long-term, and eleven years later, it's still doing that, and it's changed a lot over that period of time.

YPFS: The Task Force was criticized for having a hierarchy of stakeholders, the bond holders and UAW. Do you think looking back, you could have gotten more concessions from the UAW since there were no other industries for those workers to go to, nor was there any other funding source for GM?

Wilson: It's a great question. There's been a lot of negotiations over the years. That's always a delicate balance. You want to have a work force that is valued, but you also want them to be competitive relative to the company's direct peers. That's a balance, and when we ended, wages were competitive, benefits were less generous. Had there been more aggressive reductions made, would they have passed in a ratified labor agreement? Probably not, now, for sure. If people had been as proactive—that may be part of the reason General Motors has been so successful in the last 11 years, because you've got a pretty motivated workforce that's really been investing in transforming the business from where it was. Some of those people left; at the time, the job market was horrible; two years later it was much better. I personally have a philosophy of wanting to do the right thing for all the stakeholders, and sometimes there are tradeoffs, but you have to be conscious of those tradeoffs instead of just imposing an onerous labor agreement or whatever it is.

YPFS: You became the government's only witness in the GM bankruptcy proceedings. Why did you get that honor?

Wilson: (laughs) Honor in quotes. I think it was because I knew everything about the company; I was engaged in all the details. In a witness, you need someone who can speak as broadly as possible, and who had the most comprehensive view of the issues at hand.

YPFS: Steve Rattner said Chrysler and GM had the weakest financial operations he had ever seen, and they needed gigantic reductions in healthcare, labor costs and manufacturing, but they were in denial. How difficult was it to negotiate with GM, UAW, Delphi, PBGC, and how did you manage the volume of those negotiations?

Wilson: A lot of hours. There were definitely negotiations with sophisticated parties, important issues at stake, and the sheer volume of work streams in a short period of time was hard. It was very hard. We tried to focus on the facts and data, and then apply adjustments. If issues came up, we focused on that approach; not an emotional approach—a dead deal approach, but focusing on the facts and data, and applying adjustments.

In all of the negotiations, if people could articulate a better rationale, we were all ears. There was no pride of authorship, no sacred cows. It was let's try to get the best answer. If someone's got a better idea, let's understand it; let's turn that way, not a cut-the-deal approach. I find that approach tends to breed trust because it's very transparent; you're very clear about each of the issues.

It allows people to feel comfortable voicing their opinions, and aggregating things from the other side of the table. I ended up being a big believer in it — folks brainstorming, coming to a better solution than any one person. We found that transparently leads to better and more ideas for people who went to new companies.

YPFS: Your lesson learned there would be?

Wilson: It's a process issue. You want to get as many smart people who can contribute to the topic in the room with you and have a real exchange of ideas because they'll criticize someone who comes up with a different idea or they'll be difficult rather than data and fact-based. If someone doesn't operate in a manner consistent with that, they pull back. It's important to have that framework and that process, so if you don't feel comfortable, you can get increasingly comfortable with time, contributing your best ideas.

YPFS: How many people would you be meeting with and who were the people involved?

Wilson: It was all over the map. The most micro would be myself, David Markowitz and Sadiq Malik. The three of us would often work in a team. It would vary. The Auto Task Force would meet every morning, and during the day we had meetings with dozens and dozens of senior managers at General Motors. We worked with them on the business planning, and we had several dozen outside advisors, lawyers, bankers, who worked with us on the deal structuring. We had Larry and Tim and the President, and in D.C., we had the UAW, Bob Folders, when he negotiated with them, and stakeholders for

Delphi and American Axle. All told, there were hundreds of people, but anyone meeting could range from three people to about 150 or so. With GM, we had 50 people in the room, and then another 100 or so on my phone.

YPFS: **In July 2012, you testified before the House of Representatives subcommittee on TARP. Why had you not answered their questions; they said you refused to answer.**

Wilson: That was an incredibly frustrating exchange because it's not true. They contacted me at a time I was on a deal, and I wanted to follow up at a later point. They took that as a refusal to respond, which was totally arbitrary and ridiculous. Not only did I respond, but I also testified, I provided information in depositions. It's gross mischaracterization.

What I've found in those hearings, they're totally partisan. I'm a Republican, but because we worked for Obama, they assumed I was a Democrat, so if the Democrats said we did amazing work, they said it was terrible. (laughing) No one was interested in facts. It was a frustrating experience.

YPFS: **Do you think the process that you used to negotiate with the different entities was effective?**

Wilson: I think so. I'm biased probably because I've seen it work. At this point, 27 years, I've seen different approaches in negotiations that are exploitable, people who bluster, people who hold the cards close to their chests, people who just like to talk, to just listen. I think in a situation where you have extremely important decisions to make in a very short period of time with people who have not worked together previously, you have to build trust rapidly. The only way to do that is to be transparent and open. You can talk about being trustworthy, but unless people see that and believe it, they'll never open up. I think that is effective, but it is a school of thought and other people would push differently. It's evolved. If you read Harvard Business Review (HBR) over a long period of time, that's evolved, even their interior CEO approach, which Rick Wagoner [former CEO of GM] embraced, that probably never made sense.

YPFS: There was criticism as to whether bond holders got a fair deal compared to the union workers. A lot of stakeholders lost severely, but the unions didn't take any cut. What is your view on that?

Wilson: They didn't take wage reductions. They took medical reductions. The retiree healthcare was turned into a trust rather than a company obligation. There were changes to work roles that made for a more flexible labor force—that was in the company's best interest. It's not true that they didn't take any cuts. There were some people who would have wanted to take more cuts. The bondholders—there were some people who felt that the bondholders got too good a deal, and other people who thought bondholders didn't get enough.

They were represented by very good counsel and financial advisors, and we tried to get to an outcome that was minimizing the company's leverage. That we thought was very important for the company, that it had very modest amounts of debt going forward so it wouldn't run into financial problems again. The question is how do you split those economics, when you are looking at the amount the government was putting in and the money the pension fund was getting as recovery versus the bondholders.

YPFS: How could the ensuing lawsuits be avoided by future policymakers? What's the lesson to learned there?

Wilson: There wasn't that much with bondholders, or UAW or the dealers. The dealers themselves were a little frustrating because there was almost a universal opinion that General Motors was 'over-dealered'. When GM ultimately decided to reduce the dealers, the dealers themselves became political—which I don't blame them for—that's where issues arose with litigation. As far as I know, it was never successful. We live in a society, such that when you have high stakes and positions that are difficult, litigation comes up too often.

YPFS: The Auto Task Force required new leadership at GM and Chrysler, a new chairman of the board from outside the industry at GM, a new CEO from inside, and replacement of half their board This did not happen in the financial sector. Why were the auto companies handled differently, and what is your view of that approach?

Wilson: I was not directly involved in that at all. In Rick Wagoner's [former CEO of GM] case, it was very clear to all of us that he didn't appreciate the scope of problems, or have any competent people willing to tackle them. In the case of Chrysler, it was new ownership with someone who did achieve operating synergies and could drive the improvements. So, it was more a function of the ideal and what that entailed rather than an explicit effort to change management.

It was a tough issue we had to wrestle with. Fritz [Henderson] was the obvious successor internally [at GM], and the real debate became between Fritz and someone external. There was a little bit of cost-benefit analysis, and we all thought Fritz was solid, and the person who'd be able to transport General Motors, no question. The alternative, try to find someone external, was a combination of the circumstances—the time that we had, the ability to craft a compensation package, the chance that GM gets someone who's a real superstar, who's up to this task was very low. This versus the bird-in-the-hand of Fritz, who was very solid, maybe not enough to fully transform the business, but very solid.

Do we call him interim? He wisely said, if you call me interim CEO, no one is going to listen to me; they're going to think I'm a transitional figure. You can always fire me, but please, please make me the actual CFO. We thought that was wise, and we agreed.

YPFS: What about the board of directors? Did you interview the board chairman they brought in or any of the new board members?

Wilson: We decided to change half the board, because part of the reason the company got to that point, was its poor governance. A number of people wanted to leave the board, and that was a relatively amicable agreement. When we had that agreement, we had to find strong board members, and recruited recommendations from the existing board, developed an interview, and made an effort to identify high caliber board members, which ended with the new positions added as the company came out of bankruptcy in July.

YPFS: Some people criticized the government as being heavy fisted. Others argued that they should have been more involved in the day-to-day management once the deals were settled. What is your view?

Wilson: Going back to what we said earlier, we wanted to make sure GM didn't go back into debt. We wanted a high probability of success for a long period of time. We believed strongly that good corporate governance is an essential ingredient for long-term success, and good decision-making and checks and balances in the corporation. It became very clear there needed to be substantial change in the board and senior management. Then the question becomes, is that enough, or is there a need to do more? We had a great series of discussions around that. I was concerned that would not be enough; that GM, once it was through bankruptcy, even with these changes, that the cultural problems that had been significant and ongoing, would become even more significant without a push to be successful.

We talked about that quite a bit, but Larry Summers was of the view that if we do that, we are going to be overstepping our authority, even though it's taxpayers' money. We have a responsibility for that, and there's a limit to what we should do. We should set the company up to succeed, but not be involved post-closing. Whether I agree with that or not, as we talked it through, I came to that same view. Larry was very thoughtful, and he was very vulnerable in the sense that if we were more engaged post-closing, that would make it mostly political. Looking back at it, it feels really thoughtful and probably important.

YPFS: Was that a mandate from him or from the President?

Wilson: I'm sure he talked to the President, but the conversation that I'm talking about was with Larry.

YPFS: **How often did you, as a team or yourself, meet with Mr. Summers and Mr. Geithner?**

Wilson: Frequently, at least a couple of times a week. It depended on where we were, if I was going to be called, but it was typically in person.

YPFS: **You were the genius, according to “The Wall Street Journal,” who came up with the idea to support GM with equity shares instead of a loan. How did you come up with that approach?**

Wilson: First, we had to figure out how much cash is going to be needed to have the infrastructure. That was a difficult exercise because of the company's cash controls. They didn't even have a good handle on how much cash they had at any one time. After enormous amounts of work, we figured out a decent amount of capital they were going to need, but there was still risk around that. We had to, out of necessity and some concern, put in a little bit more capital than we thought might be necessary because of the company's cash controls. That was the first question—how much capital was needed, roughly \$50 billion.

YPFS: **Then the question is how much debt can the company withstand? The answer is, even assuming a rebound and profitability at that point in time, they couldn't stand with billions of dollars of debt. Even if the company could get back to where it was, it still had too much debt to be able to best innovate, grow, attract talent, et cetera. I thought it defeated the whole purpose of what we were trying to do, which means, not only avert a humanitarian crisis, but also set these companies up to succeed.**

Wilson: I looked at it and realized that, in a purely private sector deal, you would never put \$50 billion in General Motors. I ran into Steve's office one morning, all excited that we should be thinking about it differently. This was an anathema to some people who think about governance and supports and loans, but the whole purpose was how do we help the company succeed. That's how it turned out.

Because of that, the company had a much healthier capital structure, much less financial risk. But there wasn't a clear bogey that the company can pay back to them, so when the government sold its' shares, it ended up selling them for less than the full \$50 billion, by about a \$10 billion difference. Today, if the government held on, the stock price is well above what the government needed to recoup a hundred percent investment. But the view was the government should try to eliminate its' stock as quickly as possible. There was that tradeoff between holding out longer to get all your money back, versus, a limited role as a shareholder.

YPFS: The General Accountability Office (GAO), in November 2009, criticized the Task Force for not having set up a unit to oversee the federal investment in the car companies. Would there be a better way to handle that in the future?

Wilson: They lost heavily because they sold early. If they had held on for a long period of time, they probably would have made all the money back plus more. It's just a function of how long should they be invested in the companies? There was a group focused on deciding when to sell the stock long after I left the Treasury.

YPFS: Do you think it's important to set up a time frame to sell? In a private investment, what are the parameters for selling?

Wilson: I think it should be tendered by facts and circumstances. I think Larry's principle of selling as soon as practical is a good one, but it has to be tendered by facts and circumstances. The GM IPO was November of 2010.

In terms of lessons learned, you can have a government official or a group of officials who oversee it, or you can outsource it to a trustee. I like the idea of having a small group of senior appointees, but only with the idea of when to sell. Having a decision up to one person, I think, is a mistake. Having a small group seems to have the best balance of different points of view. If you do it with an outsourced trustee, there is less accountability than there might be with government officials. It's a tough one because there is a bit of a CYA element for some folks who might be in that position. If the stock runs and you don't sell, and it comes back down, people feel they'll be criticized, and they should have sold. It makes them inherently more conservative. I'm not sure this is a bad bias, but I think it's much more partisan, and less fact-based than the private sector, and when you have people who are political appointees making those decisions, it becomes hard to isolate them from the pressure.

YPFS: Steve Rattner said, if we hadn't had the TARP money available and had to seek Congressional approval, one or both of the automakers would have been forced to liquidate. What would you advise future leaders if there is no TARP and Congress is involved?

Wilson: These things are very complicated, like the auto restructuring work. If we had been trading without the benefits of TARP, it would have been very hard, if not impossible to pull off. The counter to that is what happened in the spring with the CARES Act. We had a similarly, horrific emergency, and we were able to get bipartisan consensus in a very short period of time. We weren't able to do a second census, so it's not a perfect example, but the question is how do we get our political system to be able to deal with complexity quickly, and whether that's having a very small, bold task force in

the executive branch with people who are focused on responding to emergencies, drawing on expertise from different sectors and able to move quickly to work with equivalent small groups in the House and Senate—that may not be realistic.

It maybe you can't plan or have enough expertise in that group to be able to respond to all crises. That's the fundamental challenge: how do we in a government apparatus that doesn't move terribly quickly, is hard to build consensus, and is quickly polarized, respond to emergencies.

Can you boil it down to a small group? We had a small group of people with expertise in a given area, but it's hard to do, especially in the middle of a crisis.

YPFS: What do you think is needed in the current crisis?

Wilson: Where we failed—we failed curbing the spread and the testing. We've done a pretty good job as a country on vaccines and therapeutics in record time in the pharmaceutical space. We did a horrible, horrible job in deploying and ramping up testing and a horrible job curbing the spread. I think those two things are related to contact tracing. I think the federal government should have set guidelines for the states to follow and implement.

YPFS: What do you think is needed in a nation's leader to be able to bring about a rescue such as you enacted, and what is needed from the various task force members?

Wilson: In terms of the leaders. you need folks who are laser-focused on solving the problem. There's too much political debate around blaming somebody else or the other side. The other side could be the Democrats or the Republicans, or the government, autos, CEOs. Anytime we go through a restructuring, I always make the point: it doesn't matter how we got here. We need to understand it. We need to fix it. But the most important thing is what do we do from here? Instead of spending time blaming the past, it's much more focused on where we are and what we do to fix it.

The first thing is having a solution-oriented mindset and a fact-based approach, a desire to collaborate rather than attack in a two-party system, having people with real expertise in certain areas and the ability to bring in outside expertise in areas they don't know—that's essential. On the task force, it's a combination of domain-specific knowledge and a commitment to long-term success. If you don't have domain-specific knowledge, it's hard to really make a contribution. We have unbelievable pockets of expertise across the U.S. and the world, for that matter. Tapping into that for task force members is valuable, and folks with that expertise must be willing to focus on long-term success. That is an essential combination. That orientation

combined with the domain expertise; I think is an essential, essential combination.

YPFS: **Who laid that groundwork for you in terms of putting all your biases aside, we're tapping your knowledge, it's going to be hard work and that's what we're going to focus on.**

Wilson: We had great leadership. I think Steve is a fantastic leader and manager, and he did a great job bringing out the best in every member of the team. I think Tim and Larry operated with the same approach, not as much with the day-to-day, as they had so much on their plates. But leadership starts at the top and setting the tone as they did in the way I described, was essential. If they didn't do that, it would have been very hard to succeed. I think they deserve incredible credit for establishing a very healthy and successful culture for each of us, and I think that was how we are wired.

Thinking through the recruiting process, thinking through the work we did, if we had leaders that didn't act or people on the team that didn't act that way, it wouldn't have worked. Having leadership set a very constructive, healthy tone and hiring people who we're wired that way, with everybody acting that way day-in-day out, that's what worked so well.

YPFS: **Some members of the Auto Task Force have said the White House under President Obama never tried to use the restructuring to advance any political goals. Others have disagreed with that. What is your view? You were a Republican working for a Democratic administration. Did you feel that was ever an issue?**

Wilson: No; I didn't see that at all. Some people speculated it was to try to save UAW jobs. I think the President, from what I saw, was motivated by a desire to save jobs, whether UAW or anybody else. These were hardworking people, who were going to be in decimated communities, and we would lose enormous amounts of industrial impact. I think that was why he made the decisions he did. I don't see that as political; it is in the public interest. I never saw any evidence of the President or anyone else driven by political judgments.

Critics have said these were all the battleground states, Michigan, Ohio, et cetera, and that's true, but that's just happened to be where they were. There's no boundary for moving a factory there. The question was, do we help them or not? I don't think, if they had been in New York, California, or Texas—solid states for parts of the aisle—I don't think we would have done anything differently.

YPFS: **What is your assessment of the economic response to the COVID pandemic?**

Wilson: A mixed bag. I think the decision to flood the system with liquidity was necessary and in the short-term helpful. The short-term support for working people was necessary and a good idea. There was a lot of good work done in March, but I think we've squandered that deal without the renewal of payments. These are good people who hold their own in an industry or as waiters or waitresses and bartenders, like my Dad, and they can't work where there's a shut down. That's unconscionable that we haven't been able to figure out a path to address that. What's the most important role of government? It's to protect its citizens. It's frustrating that with the initial successes we had, they haven't been able to come through right away to continue.

YPFS: Do you think it's become political?

Wilson: I don't think there was a single dissenting vote, in either the House or the Senate, for the CARES act, and now we can't get to them to agree on a package from either chamber. Each side is hanging onto their own sacred cows, rather than trying to find a compromise in the middle. The original plan was to have a package done finally in July and then recess. Then it went into early August, and then after Labor Day. It may seem like a month for you, but for a person who is out of cash and doesn't have a job, that's 30 days without a secure meal or babies at house. That's unconscionable, and here we sit, four months after, and they still haven't done it. It's a complete failure of both parties to address it.

YPFS: For the benefit of future policy makers and world leaders, what would you advise and what would you do differently if a crisis like this occurred again. What would you set up right away or warn policymakers to be aware of?

Wilson: In the office, they call these events the "black swan events," but these "black swan events" happen far more frequently than once in a century. We had a massive financial crisis a decade ago is a global pandemic. We obviously have lots of natural disasters, hurricanes, floods, and I think we need people in all levels of government, starting with the federal government, to focus specifically on the big picture risks and think through how to address them. There is not a systematic effort to do that.

There are one-off efforts. One is Bill Gates underwriting pandemic grants, but there's no concerted effort, and it's an open question as to whether policy makers can actually deal with things that aren't urgent problems. With planning and the modest amount of investment and technology that would have been necessary, over the last five years, we would have had a much better outcome in 2020 than we've had. Having a group that's very well-regarded, and working across structural boundaries, legislative and party

boundaries, and focusing and trying to prepare for these types of issues—that's something that can be done and should be done.

I am hopeful that that would be enough to get people to act. That's the part I'm more concerned about. Coming back to your question; be prepared to act and anticipate problems. That's part of the solution. In military training, you're taught, to try to anticipate in every eventuality and prepare for that, and you're constantly training and drilling for those eventualities, even though you're certain that a number of those have a very low probability of happening. We don't do that as a society broadly. We need more of an allocation of effort and talent and focus and attention to these "black swan events," and developing plans to address them.

The second thing is having more flexible apparatus to deal with them, so when a crisis does hit, we're better prepared, and can move quickly and in a flexible way, because every presidency is different.

YPFS: We had some of those mechanisms in place in terms of CDC and the NIH, and it's been undermined. How do you avoid that?

Wilson: Without being critical of the CDC or the NIH, bureaucracies are generally not great at anticipating problems. There are thousands of people at both organizations, but they have their hands full with their day-to-day job, whatever that is. Someone may identify something with colleagues in China, but it rests right there. Does it happen at a senior enough level with people who have their antenna up to take action? I think history would say, it's not there.

Some people are critical of the outgoing president, saying it was his fault for undermining them, and I'm not saying he isn't partly involved, but why we didn't move faster at the early stage, there were failures in a number of places. When people are consumed with the day-to-day job, it's hard to step outside and see big problems.

YPFS: Do you think there are any other lessons to be learned from the Global Financial Crisis that are vital to the current economic response?

Wilson: Yes. There were plenty of people who were worried about a bubble in housing. There were people who were worried about subprime. It was a very small percentage and goes back to not having people with their antenna up focused on identifying potential problems.

YPFS: How do you get the public to agree when you have a few people saying, we've need to pull back? How do you get the public to jump on board?

Wilson: It's hard, it's hard. I think it comes back to how healthy our political culture is, which, I think, is not at all healthy. There's a general distrust of authority, a

number of things that are broken. It's just hard. Having a common ground, a common set of values, perspectives, and beliefs, even if we disagree, it comes back to the starting point. The financial crisis was very obvious to me, but friends of mine who are in different industries, in different parts of the country, were not affected by that issue, and they saw lots of money going to big banks that they thought had failed. That fueled a lot of resentment because it wasn't part of their lives. People's attention spans are much shorter now. I worry about this. I wish I had a better solution.

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

Wilson: Feel free to answer this or add any other Lessons Learned from your experience with the Auto Task Force.

Suggested Citation Form: Wilson, Harry, 2020. "Lessons Learned Interview." Interview by Maryann Chute Lynch. Yale Program on Financial Stability Lessons Learned Oral History Project. November 23, 2020. Transcript. <https://ypfs.som.yale.edu/library/ypfs-lesson-learned-oral-history-project-interview-harry-wilson>

Copyright 2020 © Yale University. All rights reserved. To order copies of this material or to receive permission to reprint any or all of this document, please contact the Yale Program for Financial Stability at ypfs@yale.edu.