



Lessons Learned Oral History Project Interview

Interviewee Name and Crisis Position	Jack Gutt ¹ Former VP, Head of Media Relations and Public Affairs, Federal Reserve Bank of New York
Interviewer Name	Mercedes Cardona (Contractor) Yale Program on Financial Stability
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Introduction:

The Yale Program on Financial Stability (YPFS) reached out to Gutt via email to request an interview regarding his time at the Federal Reserve Bank of New York (FRBNY) during the Global Financial Crisis, and, more specifically, his work handling communications during the American International Group (AIG) intervention². Gutt joined the FRBNY in September 2009 as an officer in media relations and public affairs to oversee communications related to the FRBNY's AIG efforts.

On September 16, 2008, the FRBNY announced an \$85 billion revolving credit facility for American International Group (AIG). In total the FRBNY and Treasury would extend \$182B to AIG, the most expensive rescue of a single company. The Fed exited its investment in AIG on January 14, 2011.

Gutt joined the FRBNY from the public sector, where he was a director of the PR firm Kream Gavin Anderson. Prior to that, he was a managing director at the firm Financial Dynamics and a founding partner of The Vistance Group LLC. He joined the FRBNY as VP, head of media relations and public affairs and became SVP and head of communications in 2013; he took on his current title in January 2014.

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

Transcript:

YPFS: **Let's start at the beginning. How did you come to join the Fed?**

Gutt: Before I start, I have to give a caveat. What I'm about to say represents my views, not necessarily those of the FRBNY or the Federal Reserve System. I also qualify

¹ The opinions expressed during this interview are those of Mr. Gutt, 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. Gutt is available [here](#) in the Yale Program on Financial Stability's *Journal of Financial Crises*.

the fact that I'm at the FRBNY, not the Federal Reserve Board in Washington, just so I can speak from my experience.

In terms of my trajectory, I came in in the spring of 2009, so well into the crisis, specifically to work on AIG. The head of the communications group at that time, a gentleman named Calvin Mitchell, realized perhaps that some help was needed and that's how I came. We knew each other through the industry. One of the partners of the firm that I was with, they were good friends or they knew each other. So anyway, I think there was a need or recognized need for some communication support around this very public topic.

YPFS: How would you characterize the government's communication effort during the crisis? You've been in touch with some of your opposite numbers at other Feds and, in Washington as well and the Treasury Department and Congress, so how would you characterize the overall flow of communications during the crisis?

Gutt: I can tell you what my impression was as an outsider looking in. Like I said, I really only joined the effort six months after the rescue of AIG, which is sort of a seminal moment, so there was a lot underway.

I think it's always important to remember what a profound crisis this was. Now, I remember—not as an insider, but somebody who worked in the communications industry and was plugged into finance and just watching this unfold on a daily basis—where it wasn't a crisis that was limited to a sector. If you remember, it just felt like everything was coming undone: the companies, financial institutions.

It was very widespread and very fast-moving. I only say that because it's hard to gauge from that perspective how the communications were doing, because it was just so overwhelming and it was so widespread and I don't think anybody knew what the end result would be.

I just remember at the time having conversations with my wife—not being part of this, not working for FRBNY at the time—about, "Oh dear, where are we headed? Where's the bottom on this?" So I think it's hard to say what the communications were in that environment. It was a very confusing and alarming period, from my perspective, so I think it's hard to say. There was a lot of information coming at us.

YPFS: And when did it begin to dawn on everyone that this was not a normal recession? When did it really start to seem that everything was going undone?

Gutt: I don't have insight into that, from an internal standpoint, because, like I said, I came in late. So I really don't have a view. I would guess that the people that were working on this knew fairly quickly that this was profound.

I'm sure people like Chairman Bernanke and Secretary Paulson and others have spoken about that with much more insight than I would, but my guess would be that it was fairly early on. I think there were probably echoes. I don't know this for a fact, but there were probably echoes for those that have studied the Great Depression, as opposed to something like the '87 crash or the dot-com bubble, but I don't have the insight to say when and how.

YPFS: What was it like to, as you said, you came in in early 2009, during the AIG operation. How was that first day when you walked in the door and there's this thing sitting on your desk?

Gutt: It was overwhelming, I will say so. If you remember the time, AIG was, in some ways, sort of the poster child for the recession, the rescue. It was the embodiment of everything that had gone wrong and the criticisms that were being levied against the FRBNY and others.

So it's very intense and very overwhelming in the sense that this was very complex, first of all, having to understand this company—the approach, the actions that were taken—but also under tremendous scrutiny. For a long time, AIG—or aspects of it—was very much, to use the expression, "front page news." So it was a steep learning curve, but also under a tremendous amount of public scrutiny.

What was the first day like? It was fascinating in a lot of ways, but it was very intense. There was a lot to catch up on. There was a lot of information to digest.

One thing I will say, just from a very personal standpoint: What struck me was I came and I sat with the team that was working on AIG, it just struck me how smart and how dedicated and how focused this group of professionals was. I didn't have that insight as an outsider. Just anecdotally, I remember speaking to my brother a day or two (later). We were just talking, catching up, and I said, "Look, I don't know how this is going to end, but there's some really smart people working really hard to figure this out." That's one of the things I will never forget.

YPFS: So where do you even begin to develop a plan to communicate? There were so many groups seeking information. Here in New York, you were in the nerve center of this crisis, you've got the media capital and financial capital of the country, and then you also have the regulators, the analysts, the government. Where do you even begin to develop a plan to communicate with all these groups?

Gutt: I think that's a fair question. So the first thing was really to understand what were the issues that needed to be communicated? What were some of the sensitive points? What was the narrative that was out there?

Really, it's more establishing the facts and where the pressure points would be, and then really start to think about, "Okay, now that we've ascertained what the issues are, what are the facts and how do we start to communicate around them?"

The truth is—and this is not a mystery or anything else, and others certainly have spoken about this—as an institution, we at the FRBNY were not (communicative), not through any nefarious intent by any stretch of the imagination. But as a technocracy, I think the philosophy was always: "We keep our heads down, we do the work, we're technocrats, and let the work speak for itself and we're not gonna get involved in the public aspect of it, because we're just focused on the work." That was something that was very real, that the institution was criticized for. Rightly so, but for the wrong motivations

It was something that we needed to overcome. We needed to sort of get comfortable being forward-leaning, which went against this technocratic tradition of "let's do the work, keep our heads down, let the work speak for itself, let others debate this publicly. We're just here to do the work." And that, in a crisis of this nature and of this breadth and of this public scrutiny, it was not a helpful approach—and rightly so, because this was devastating for millions—

YPFS: **And how did you balance those priorities? You had officials you worked with who had to stop an economic collapse, but, like you said, AIG was the poster child for all this effort. Taxpayers wanted to know what was going on. How did you balance not intruding on these technocrats, but at the same time getting them to communicate?**

Gutt: I'd love to say that I waved the magic wand and everything changed. I think it was an evolution over time. It was an evolution over time where the public scrutiny became so intense that people began to realize that we need to focus more on the communications aspect of this.

Where I hope I was effective was in taking advantage of those moments to say, "Here's what we need to do. Here's a way to approach it that's not going to interfere with the policy," which is the most important thing. Because, ultimately, at the end of the day, the job was to save the economy, and that's very serious. Obviously that takes precedence over anything else. But it became clear that that was being somewhat hamstrung by the public scrutiny.

I think one thing that was very pivotal or transformational was that there's a maxim in communications that says, "Take control of your narrative. If you don't tell your own story, somebody else will." And I think this crisis, for this institution, really brought that to light.

It's perfectly understandable in something like this to question the decisions that were made. But what transpired here was that the motivations came into question. Not just came into question, but frankly, the conspiracies became the narrative,

that all of this was done to help X. And once you lose that thread, it becomes very difficult to move forward.

I think there was a broad recognition that we'd lost that thread, that somebody else had created a narrative that was not accurate, but also was quite damaging to the institution and to its ability to execute. I think that was pivotal in getting buy-in for a change-- "We need to focus more on explaining what we're doing and, mostly importantly, why."

YPFS: **Was that your biggest challenge, when you came on board, it's this taking control of the narrative?**

Gutt: Absolutely. And getting over the deep-seated reluctance, again, not for any negative reasons which became part of the narrative, of this secretive organization. It wasn't the case. It was a cultural discomfort with communicating publicly.

You have this narrative that you've lost to a large degree, to be honest, and at the same time a culture that wasn't forward-leaning on the communication side. So those were the two very large challenges.

YPFS: **It sounds almost like there was a vacuum of information that got filled in. How informed do you think all the outside parties were: the Administration, the Congress, the public especially, about the issues that the FRBNY was having to address?**

Gutt: I'm not gonna speak about the Administration or Congress, but in terms of the public, I don't think very, and for a couple of reasons. One: we didn't do a good enough job. Secondly, this was very complicated and it was very fast-moving. So, in fairness, I think it was a very complicated, complex, emotional time for several important reasons. People were losing their jobs, losing their homes, and at the same time, we were doing things that were very complex, that were fundamentally not ideal, but necessary, and we didn't have a good track record of being known as an institution and explaining our actions.

But, to answer the question, I do think there was an information gap and there were plenty of people willing to fill that gap, for whatever reasons, without it permitting any motivations.

YPFS: **And you said there were plenty of people looking to fill that gap outside of the FRBNY, but what about within? Did you have enough staff when you joined or did you have to staff up?**

Gutt: No. We had good people here. We didn't staff up during that time. Again, I wasn't in charge of the groups, to be perfectly honest. I was a consultant and then I came

on full-time. I wasn't in my current role, but we had a very, very good web team. We had people. It was just a matter of activating them.

YPFS: **This whole crisis came at an interesting time, too, when the mobile revolution was really starting to hit its stride and the digital media were exploding. Were there already discussions going on about the use of different digital channels, versus the Sunday press conferences, because now we're in a 24/7 market?**

Gutt: To some degree, but where we are today is even vastly different than where we were ten years ago. If you really think about it, Twitter was not what it is today. You did have growth in digital. You had blogs, which were more popular then. There was already this fracturing of the media environment where you needed to hit multiple venues and vehicles and audiences, but even in the last 10 years, it's changed dramatically.

I would also say that, to be honest, we were starting from such a deficit. We started from the basics. I'll just give an example. On AIG, one of the successes, or things that we did, was create a whole website, a whole section of the website dedicated to the AIG intervention with all of the explanations, a lot of transparency, a lot of documents. That was something that we were late to the game in doing, but we did, and it was very useful, because it was somewhere to direct inquiries. If people were interested in documents, they were all there.

So, yes, of course we were looking at the environment as a whole, but it really wasn't as dramatic as I think it is now. Fragmentation of the media environment has been happening for a long time. Digital has just been another accelerant.

The iPhone was a year old in 2009. People had Blackberries, but Blackberries were not good Web devices. It wasn't what it is now where you're getting people looking at news feeds on Facebook. That's much more prevalent than it was 10 years ago.

YPFS: **Looking back at that and thinking ahead, what advice would you give your future self about handling communications when the next recession or the next stock market crash?**

Gutt: Well, like in anything else, I think there's a couple of lessons that are very important. The first is, you don't want a crisis to be the time when you introduce yourself as an institution to the public. The public can be defined in any number of ways, whether it's general public or specific ones.

For an institution like the FRBNY, there was a group of reporters, that knew who we were, but for the vast majority, even of the press corps, we were not a known entity. So I think, as an institution, you have to build relationships, you have to be

relevant, because if a crisis hits, if that's the first time people are hearing about you, you're starting at a deficit. That's a broad lesson.

The second lesson I would say is, communicate, communicate, communicate. Do not allow an information vacuum to define you, because it will; others will. So that idea of taking ownership of your narrative, I like to think about our institution as a public service institution, that we have what I like to call a duty to explain.

We have a duty of explanation. So, if we do something, we owe it to the public to explain why and what and how.

If I have to say the big lessons, those are the two: Get out in front of it, own it, communicate. And the second one is: build those relationships ahead of time, because it's very difficult to start from scratch during a high profile issue.

YPFS: **Yeah. During the financial crisis, they were dealing with things like mortgage backed securities, IO and PO tranches. They were all-**

Gutt: Very complicated.

YPFS: **Yeah, very complicated, very technical stuff, and how do you get the public invested in something that's so complex? And you do need to involve the public, as you said.**

Gutt: Absolutely, because we operate in the public interest, so it's very important that the public understands that that's why we're acting. I think it's a very good point-- Do you need the public to understand the complexities? Do you need the public to understand your role and your motivations in what you're doing? Two good questions.

I think that that second part is probably the most important foundation. Do we expect the general public to understand the details of a derivative contract? Maybe, maybe not. But, certainly, we don't want them to think that we're not acting in their interests.

YPFS: **This crisis just left a bit of a distrust that came to the surface in the Occupy Movement, for example, and people talk about too-big-to-fail and bailing out this industry, bailing out that industry. How much work is left to do before the next crisis to counteract that?**

Gutt: I think in any crisis, especially a deep and broad crisis, there is a loss of faith in institutions. We've certainly seen that. So, I think we all recognize that there is work to do. I think we've come some part of the way in re-building that public trust in institutions. This crisis was so deep and so profound that if you look at some of the polling that was done in the subsequent years around institutions, YPFS there was a massive loss of faith and it wasn't just in public institutions, but

in industry and in banks. It was fairly widespread and that's certainly not ideal. So I think there's work to do to re-build that public trust in the institutions, but I do think we've come a long way.

YPFS: **So, considering how the climate and how the communications have evolved, now people talk about fake news and alternative facts. In the next crisis, how quickly and thoroughly would you need to react?**

Gutt: Well, I think there's a couple of things that have certainly changed. We live in a very fast news cycle. It's a 24/7 cycle. It's not only driven by news, but also by social media. Things can happen very quickly and spread very quickly.

The flip side of that is that attention spans seem to be shorter, so it's not just that the cycle is short, but the duration seems to be short. So I think speed is really important nowadays.

I think one of the evolutions has also been that there seems to be more comfort with incomplete information. Back when I started in communications, you wanted to make sure to be as buttoned up as you could with everything and all of the information. I think now, just given the cycle, people are more comfortable with incomplete communication, sort of the "here's what we know so far, but we'll add to it as things become available."

I think speed of communication is really important. That's different. The other piece of this is that, because the traditional media dependence has changed, it is a very fractured environment.

People get their information from multiple sources, so you have to be not just quick but you also have to use a lot of different vehicles to reach a broad audience. There's been some studies around this. People need to see things from six different sources—I don't know the exact numbers— in order to believe it. So you just have to understand what the landscape is. You have to be quick and you have to be broad.

YPFS: **Yeah. I think you mentioned your background. You had a degree in journalism and you had worked in advertising, too, before you joined the FRBNY. So I guess you had a different perspective than some career government officer who came in.**

Gutt: Most of my career has been spent in the PR consulting side, so I definitely come from a varied communications background.

YPFS: **So you knew the value of crisis communications, even before you came in.**

Gutt: Oh yes. I've done quite a bit of that in the past. That's a bit of my background. I definitely see the value and recognize the value. But, I have to say, this was just really a very big issue. It was slightly overwhelming.

YPFS: So what was it like walking in there, "Okay people, now we have to start communicating regularly." Did you get any pushback from that?

Gutt: It's not my style to come in and be like, "Here's what we have to do," so it was more of an evolution. It was more of a conversation. But, yeah. There were discussions just like that where, "Here's an opportunity. Here's where we're falling short." It was intense and the stakes were very high and that did not escape me.

I was very conscious of the fact that this was really important work. And part of it, for me, was also that this wasn't just a communications issue, this was the real issue was the national interest, and everybody that was involved was very aware of that. So they weren't panicked. They were very focused, laser-like. It was a very professional, very matter-of-fact environment, which I appreciated. And I think I fit in with that, but it wasn't just the communications issue

The feeling was this is really important. Communications is a piece of it, but really, what we're trying to do here is save the economy. So, in some ways, it was humbling. I think that's the word. So whatever ego I brought in, "I'm the expert," it was very humbling. This was very serious.

YPFS: And with the benefit of hindsight, 10 years after the fact, anything you wish you had done differently? Anything you're particularly happy with how it turned out?

Gutt: There's just a million things you would do differently, I guess. I think, as an institution, I think we've recognized—certainly others like (former FRBNY president) Bill Dudley and others have spoken about this in the past—we should have been more forward leaning on the communications.³ We should have been more proactive, more transparent on the communications. I think that's a big part of it.

In terms of me, what I would've done? Maybe I could've been more assertive earlier on, but I don't know. I think we all did the best we could.

In terms of things I'm proud of, I think we made some progress. For me, one of the most important results is that, as an institution, we have fundamentally changed from being a reticent communicator to a much more open organization, and that is deep-seated change. That is cultural change.

³ Find Dudley speech

So, rather than ask, "Why would we share this?" The question now is, "Why wouldn't we?" I don't know if you understand that or if I'm making myself clear. It's, "Let's let our bias be to communicate, to make information available, unless there's a good reason not to," as opposed to, "Let's hold everything back unless there's a good reason to communicate."

And I think that's been, when you think about what, if anything came about from a communications standpoint, there's been a real cultural shift, in my view.

YPFS: How would you characterize the way you're communicating now in non-crisis mode? Is it an open exchange?

Gutt: I'd like to think so. I think there's a couple of challenges. One, I do think we're active on social media. If you look at our website, there's a lot of information. There're always things we're not gonna be able to talk about, but short of those, we try to make as much information available as possible. We've enhanced our transparency around any number of things, from posting minutes of our board of director meetings, to the president's calendars, to our advisory groups.

We try to be as open as we can be. There are some constraints, obviously. That's part of it. So, yes. I would absolutely argue that we're much more open. We have a very open policy with press. We take a lot of inquiries. We try to be as helpful as possible where we can. We do regular press briefings and there's a whole series of actions that we do.

We also engage with the public a lot. That's a big part of it. That's a big lesson from the crisis, not just to depend on the press or other intermediaries, but really go out into our district and meet with different stakeholders.

We have advisory groups that come in to talk to us about what they're seeing and we have a community advisory group. We have a small business advisory group. We have a whole series of them and those are all on our website.

So I think we certainly, we're much more proactive in terms of reaching out to a variety of audiences and really have expanded who we see is our critical stakeholders, to include a much broader umbrella. That's part of it.

The other part of it is, as I said, I think it's important that we as a public service institution are known to folks outside of a crisis. That's been a big effort, as well, so some of this outreach is a critical part of that. We have education programs, we have a lot of things. But also, we leverage our research to stay relevant, to communicate, to facilitate discussions. That's been a big part of it, as well.

We want to make sure that media and other influencers and folks in the community know that we're here and that we do a lot of different work, so that,

not so that, but a consequence of that is that if there is another crisis, they're not hearing about us for the first time in the context of that crisis.

YPFS: **You said, "Don't let a crisis define you.".**

Gutt: Because it's very hard to say, "Wait, wait, wait," in the middle of a crisis; to say, "Wait, let me explain to you what we do or who we are." It's very hard to take that step back during something so pressing. So, that's an important concept.

We think it's also important as a public service institution and part of the Federal Reserve System to be engaged and to be relevant. That's part of our mission, so it serves many purposes. But, from a communications standpoint, that's very important.

YPFS: **And do you also have a crisis, some kind of crisis planning structure or manual, whatever, that you can lean into the next time that there is an event?**

Gutt: We have expertise and we have protocols for dealing with issues, but we don't have these hard set plans. But, what we do have is we have, and going back to what I said earlier, we have a different footing. We're much more, if something were to happen, our culture now is, "Let's communicate around it."

YPFS: **Right. And summing up, the name of this project is Lessons Learned and so, if you were going to write a memo with advice for your future self when you have the next crisis, what would be the points that you would include in that memo? What would be your advice for a future policy maker that's faced with something like this?**

Gutt: Well, from a communications standpoint, I would go back to what I said, which is, one: take control of your narrative. Communicate. It's really that "embrace that duty of explanation," which I think is hugely important.

Two: make sure that the crisis isn't the time where people are first hearing from you. Don't let the crisis define you. Do the leg work. Build those relationships over time. Build that credibility over time. Be relevant. Don't just hide and wait and then all of a sudden come out. That, to me, is very important.

Those are the ones. Just communicate, communicate, communicate, and don't wait until a crisis to do so. And also, the third part is that question that I posed: Don't ask, "Why should I communicate?" But, rather think about it, "Why shouldn't I?" So have the bias be towards transparency, towards communication.

YPFS: **Some of the other people that I talked to said things like, "Take your inspiration from the Pentagon." They have a regular briefing whether they're at war or not.**

Gutt: Exactly. That's exactly right. It's good practice.

But, also find things that are interesting. We do great work here. We do great work all the time, so it might not be around one topic, but we have a tremendous research department and that information is really relevant, not just to the public, but also to policy makers. So find things that are interesting to talk about. But, yes. That's a very good lesson. That's exactly right.

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