

## A Culture of Giving

An Interview with Seth H. Waugh,  
Chief Executive Officer, Deutsche Bank Americas

**EDITORS' NOTE** Seth Waugh joined Deutsche Bank Americas in April 2000. Before this, Waugh was CEO of Quantitative Financial Strategies and spent 11 years at Merrill Lynch, where he was Co-Head of the Global Debt Markets division. Waugh is a graduate of Amherst College with dual bachelor's degrees in Economics and English.



**COMPANY BRIEF** Deutsche Bank ([www.db.com](http://www.db.com)) is a leading global investment bank with a substantial private client franchise. Its businesses are mutually reinforcing. A leader in Germany and Europe, the bank is continuously growing in North America, Asia, and key emerging markets and has more than 100,000 employees in 73 countries, including 12,000 in the United States.

Seth H. Waugh

### Where do you see the U.S. economy today and are you optimistic that enough is being done to get it back on the path toward growth?

The government has played a key role in helping to avert total disaster and in doing so has extended the problem out from a severe recession/depression into a longer term slow growth glide path.

This was not a typical recession, so the recovery is not going to be normal. Companies, however, are in much better shape and earnings continue to improve from the lows of 2008. They have figured out what the "new new" is. There are high levels of cash and reduced costs.

It may take a while for companies to be active again given ongoing macro issues and volatile markets conditions, but that doesn't mean they're not being thoughtful. Many, in fact, are actively open to strategic dialogue and looking for ways to capitalize on the current economic landscape.

Of course, reestablishing confidence is not going to be without its challenges. We have some big, long-term issues to deal with, specifically on the debt side, but there are many reasons to believe that the U.S. economy will continue to improve. Regulatory reform and new legislation out of Washington will play a pivotal role in the next stage of our recovery. The secret sauce to the economy is confidence. We need certainty and leadership on the major issues from Washington and have to reestablish the public/private partnership in order to restore it.

### As you stated, companies are now in a strong cash position but they aren't hiring. What is required to achieve good job growth?

Despite market conditions, companies are always looking to acquire talent to build and improve their organizations. Of course, most of them will likely review hiring strategies and be more methodical going forward.

For the most part, it's not reflected in the cutting of additional people but more in caution about adding them. We're going to need new businesses and industries to overcome that. Infrastructure investment should also be a big part of the equation in the U.S. Our infrastructure is now subpar on a global basis. While it might not mean immediate gratification in terms of jobs, if we do infrastructure right, eventually it will. For instance, given that natural gas is cheap, now plentiful and clean, we should convert much of our transportation needs to natural gas. It would create jobs and promote our oil independence.

The tough reality to recognize is that, although manufacturing has come back somewhat to the U.S., it's being done in more productive, technological ways. That is progress, but not necessarily in the form of job growth. Therefore, we need to reignite the entrepreneurialism of the country to create new businesses and industries. Then we have to provide the right infrastructure and environment to promote and sustain the investments.

### Do people need to understand and accept that volatility might now be part of the norm or will stability come back?

If you buy the theory that we're going to have slow growth in both the U.S. and in Europe, but reasonably high growth in some of the emerging countries, ultimately, you will get more balance around the world. The U.S. is 300 million people and yet we're 25-plus percent of the world's GDP – that is likely unsustainable.

That doesn't mean our economy can't keep growing. It just means we need other engines and that will come from the creation of a middle class in a lot of these developing countries. We believe that is the next megatrend, possibly that will drive global demand and growth. That,

ultimately, should be a benefit for everyone around the globe.

How we manage our transition from the biggest engine in the world to being partners with the rest of the world in growing the global economy is what this next generation is all about. As we make this transition and seek a new period of stability, we may well have those air pockets of volatility due to a lack of clarity on growth and the continued uncertainties and nervousness in the marketplace.

### How critical is corporate responsibility to Deutsche Bank Americas' culture and how important is it to maintain that even during challenging times?

It's embedded in our culture and it comes from the top. When times are tough, that's when the world needs you most. Sometimes, it's money; other times, it's creativity or lending when others won't. So there are multiple ways to create activity.

It is our job, as banks and as citizens, to generate activity. We do it through our business and, like others, we donate millions of dollars each year to a variety of charitable organizations and causes. However, we prefer to offer our expertise to come up with long-term solutions for these causes. We're big believers in sustainable philanthropy and in creating a model that is self-perpetuating. Sometimes that takes the form of lending or equity investments in other creative ideas. The bank also offers multiple opportunities for our employees to get involved with these organizations by contributing their "sweat equity".

### What is it about New York City that brings leaders together for the good of the city?

New York is a special place and it's flattering to be invited to be a part of its leadership. The Partnership is a remarkable group – I always learn more than I teach when I attend meetings. There is a passion there that is united around doing the right thing for the city and we're fortunate to have an incredible leader in Mayor Bloomberg. The credibility he brings is enormous. People really step up when they know they can make a difference and that there is an administration that will deliver on the things we dream about. There is no agenda in the group other than perpetuating New York as the greatest city on earth. It is a living, breathing example of what can be accomplished when you have a public/private partnership built on mutual respect and a shared love for the city. ●