

3 Takeaways Podcast Transcript
Lynn Thoman
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Ep. 136: Blackstone Vice Chairman Byron Wien's Eye-Opening Surprises for 2023 Plus Invaluable Life Wisdom

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INTRO male voice: Welcome to the 3 Takeaways Podcast, which features short, memorable conversations with the world's best thinkers, business leaders, writers, politicians, scientists, and other newsmakers. Each episode ends with the three key takeaways that person has learned over their lives and their careers. And now your host and board member of schools at Harvard, Princeton, and Columbia, Lynn Thoman.

Lynn Thoman: Hey, everyone. It's Lynn Thoman. Welcome to another 3 Takeaways episode. Today, I'm excited to be with Byron Wien, Vice Chairman of the Private Wealth Solutions Group at Blackstone. Blackstone is one of the largest asset managers in the world. Byron's Surprises of 2022 were prescient. As he forecast, the stock market in 2022 was flat, inflation rose by a lot, and the Fed aggressively raised interest rates. I'm excited to talk with Byron about the 10 Surprises he sees ahead for 2023. I'm also excited to talk with him about his most important life lessons. They are both thought-provoking and surprising. Welcome, Byron, and thanks so much for our conversation today.

Byron Wien: Well, it's good to be with you, Lynn.

LT: It is great to be with you again, too, Byron. Let's start with your 10 Surprises of 2023 and how you define surprise. What is a surprise?

BW: A surprise is something that the average professional investor would give no better than a one out of three chance of taking place, but where I believe that it has more than a 50% chance of happening.

LT: Your first surprise has to do with the US presidential election. Can you tell us about that?

BW: The first surprise is that neither of the leading candidates, neither Donald Trump nor Joe Biden, are going to be on the ticket. I know both are avowed, that they're running, but the Republican Party doesn't think Trump can win and would like to get somebody younger because particularly if Biden runs, they'd like to have an age disparity to campaign on. In the case of Joe Biden, I think he himself, while he says he'd like to run, seems to have a lot of vigor, I think he's going to realize that the responsibilities and the travel are too much for him. He's scaled back some of his travel already. He didn't campaign in the November midterms. I think he's going to decide time has come for him to step down. So I think he'll make the decision for the Democrats and Trump will have the decision made for him by the Republican Party.

LT: Interesting. Your second surprise has to do with the Fed and interest rates. Tell us about that.

BW: That one I think is coming to pass. I thought the inflation numbers would be more virulent

than people expected and the Fed would have to move rates up a lot. When we're talking about this, I thought they might go to 6% and now the federal funds rate at 6% is being very actively discussed.

LT: So that's coming sooner than you thought. How high do you think rates will go? Are you comfortable forecasting that?

BW: I think they'll certainly go into the mid fives on federal funds, and we already are seeing the 10-year above 4%.

LT: So the US dollar and interest rates are closely tied together. What do you see ahead for the US dollar?

BW: Well, most people are bearish on the dollar. My feeling is if rates go up as I believe they are going to, the dollar will be stronger than the consensus expects.

LT: And stronger against which currencies?

BW: Against the Yen and the Euro.

LT: You're a contrarian when it comes to China. How do you see China?

BW: China is definitely coming back. The consumer in China, now that they're out from under the lockdown, is definitely coming back. But exports are not coming back. So while I do think China is going to have a higher GDP and they're shooting for 5%, I think last year they had 3%, this year they'll have 4%, but I don't think they'll have 5% growth.

LT: Do you see any major changes ahead for China?

BW: Well, I don't think that China is going to attack Taiwan, which is being very actively discussed. Right now, they're going to concentrate on getting their economy back to go, and that's going to be the top priority. I don't think they're ready for a military adventure this year. That doesn't mean they're not ever going to be ready for it, but I don't think we're going to see it this year.

LT: Do you think we'll see it in the next five or 10 years?

BW: It's definitely on their agenda. They definitely believe Taiwan is a part of Greater China. So there's no question they're contemplating it. Whether we can arm Taiwan enough so they're deterred from doing it is another question. That's our objective.

LT: For an additional perspective on China, our listeners may want to check out our episode with [Kevin Rudd](#), he's the former Prime Minister of Australia and a China scholar who has known China's leader Xi Jinping for decades. That's [episode number 95](#). He also talks about avoiding a war with China, which Byron, you think is a potential issue or threat on the horizon.

BW: I think it's a possibility, but I think it's something to be wary of.

LT: Byron, you're also a contrarian when it comes to Ukraine and a possible ceasefire. Most people

believe that the war will continue almost indefinitely. What do you believe?

BW: That certainly is the consensus view, that there's no end in sight. There's a war of attrition and Russia believes that they can win a war of attrition because the Republicans in Congress will tire of funding the war with billions of dollars, half a world away. And Europe will find it a financial strain as well. So the external support for Ukraine will diminish and Russia won't lose its relentless zeal to take over. So for that reason, they think in a war of attrition, Russia will win. I also think that it is very costly on both sides and politically dangerous for Putin to continue to lose 100 lives a day or whatever he is losing. So my belief is that there will be a ceasefire, but not a peace agreement similar to North and South Korea. The Russians will retain Crimea and Eastern Ukraine, but the military part of the war will cease.

LT: So interesting. For listeners interested in different perspectives on Putin, our listeners may be interested in our episodes with former [Ambassador to Russia Mike McFaul](#), who talks about what Putin really wants in [episode number 11](#), former [MI6 Chief Alex Younger](#), who shares on Putin's miscalculations as well as the realities of being a spy in [episode number 83](#) and former [CIA Director David Petraeus](#), who provides a brilliant analysis of the Russia Ukraine war in episodes [128](#) and [129](#).

LT: Byron, you are the most specific in what you forecast, which is truly unusual. Most people don't forecast quite as specifically as you do.

BW: Probably most people aren't quite as wrong as I am in a number of instances.

LT: Yes, except that I have gone through your 10 Surprises of each year and you are remarkably correct. You get some of the really big surprises correct, unlike most people. How do you see India?

BW: I see India as an opportunity. Modi's government is controversial, but India is a democracy. It has a rule of law. And of all the major industrial countries in the world, it has a growing population, whereas the United States, Europe and China have a declining population. So I see India as an opportunity. It's a ragged one. It won't be an even climb, but I do see it as an opportunity.

LT: I'm also fascinated by your Life Lessons, Byron. Can you tell us about your first life lesson about finding a big idea?

BW: Most people plod along in their careers. They don't have anything that makes them stand out. Just to be better than your competitor is not enough. That won't build a reputation for you. What you have to do to build a reputation is you have to do something that people latch on to, like the 10 Surprises. That's one of the things that did it for me. But I had a few other things, too. So if you want to stand out in your field, be different. Do something in your field that nobody else is doing that will cause people to focus their attention on your work. That is the first of my life's lessons.

LT: Your second life lesson is about networking intensively. Can you tell us about that?

BW: I'd like to know everybody in the world, or at least everybody of interest. That won't be possible, but I work at it. Your network can be very valuable to you. I got my first job out of Harvard Business School from a notice on the bulletin board. But every job since then has come from somebody in my network, and that continues to be the case, including the current one. So it's

good to know as many people as possible, develop relationships with them, use them as sources of information. They stimulate and enrich you and provide joy in your life.

LT: How large, approximately, is your network, Byron, and how often do you stay in touch with people, or how do you stay in touch with so many people?

BW: Well, I do it partially socially by seeing them at dinners and cocktail parties. I hold a series of lunches in the Hamptons, four lunches each for about 25 to 30 people, for people of influence who have houses in the Hamptons, although some people come from far away to come to those lunches. I do it by social interaction, by getting in front of them, usually in groups, from time to time. Those one and two minute contacts revitalize the relationship and include the person as a resource. But when I need them, I try to get together with them physically face to face to discuss an issue.

LT: Your third life lesson is when you meet someone new, treat that person as a friend, and assume he or she is a winner and will become a positive force in your life. Can you elaborate on that?

BW: I sure can. That is a very dangerous one, because if you embrace a person warmly and that person is not trustworthy, you can be burned. And I've been burned a few times. But on the other hand, if a person, as you suspect, is a useful and not destructive person, you can enlarge your circle of friends enormously. I've been able to do that. But the way I do it is I take the risk that the person is going to be a constructive force in my life.

LT: That's a wonderful, generous attitude. I had a wonderful conversation with Robert Cialdini, the godfather of influence, who similarly believes in treating everyone as a friend and being generous. For anyone who's interested, [Bob Cialdini](#) is episode number 42. Another of your life lessons is every year, try doing something you've never done before that is totally out of your comfort zone. Can you tell us about that and also give us some examples?

BW: For a number of years, I competed, I guess for a decade, I competed in a Pro-Am ski race. The top skier on each team was always a female pro skier. And then you varied in skill all the way down. There were ten teams of eight each. And I was in the lower bracket. But I competed and I associated with people, a number of whom were professional or semi-professional athletes. I don't ordinarily associate with professional athletes, so it's a whole different kind of atmosphere. And I learned, and I established some good friends in it and I learned some things about myself and about the world by being in a group totally different from the group I ordinarily associate with. Most of the people I associate with are in finance or in the arts in some way. They live a life of the mind. These people live a life of the body.

LT: One of your other life lessons is to read all the time. Tell us about that.

BW: Well, you must be doing that from all the books in your background. I think life is a continuous learning experience. You always have to be learning. Things are changing all the time. And you can read the newspaper pretty thoroughly, that helps. But you have to read books to really keep up with how the world is continuously changing. That's what I try to do. I don't play games, play bridge or anything like that, because at the end of that, there's a winner and a loser, but you haven't learned anything. When you read something, you can change your focus on life and increase your understanding of what's happening in the universe.

LT: What are some of your favorite books or books you've learned the most from?

BW: It isn't just books. I've learned a lot from the theater. Plays have had an impact on my life. But some of my favorite books are Ron Chernow's book, not only on Hamilton, but also on others. I learn a lot from biographies, from the biography of other business leaders, but also the biography of politicians. I learned a lot from Winston Churchill's books on the Second World War. I've learned a lot on Andrew Roberts' books about Churchill. And I've learned a lot about various business leaders at various points in time: JP Morgan, the Rockefellers, and people who have shaped the universe both economically and politically. Books on Roosevelt, Teddy and FDR, books on Lincoln, and books on the Founding Fathers.

LT: One of your other life lessons, which is so interesting to me, has to do with evolving. Can you elaborate?

BW: All of us have to worry about burning out. You do a job over and over again, and pretty soon you don't do it as well and you're not as inspired. In order to avoid that, you have to evolve. By that I mean you have to vary the nature of the job so it is continuously stimulating to you. I tried to do that. Early in my career, I used to go into the office at 7:00 in the morning and leave at 10:00 at night. I didn't have the knowledge, the depth of understanding to do it well. But as I got more proficient in the job, I changed the nature of it. Today I do it mostly remotely. I do it from East Hampton. Three weeks a month I go into the office, one week a month. But my job is mostly speaking to clients on Zooms like this, and writing. And so it's a very different job than the face-to-face encounters I used to have traveling around the world all the time.

LT: Before I ask for the three takeaways you'd like to leave the audience with today, is there anything you'd like to add that you haven't already mentioned?

BW: One of the takeaways, one of the life lessons is, never retire. If you work forever, you can live forever. Now, I know there's a lot of biological evidence against this one, but it's working for me anyway. I recently, a couple of weeks ago, celebrated my 90th birthday and I'm still working. And the firm had a big celebration for me, Blackstone did. And if you keep working, you'll keep stimulated and your brain won't atrophy. If you retire, the lights go out pretty quickly. So that's one of the takeaways I want to leave your audience with. Most people look forward to retiring because they don't like their job, but I love what I do. So I don't mind going to work every day.

LT: And your second and third takeaways, Byron?

BW: The second takeaway is, don't try to be better than your competitors. Try to be different. There will always be somebody smarter than you, but there may not be somebody more creative than you. So try to do something that represents an innovation in your field and that'll lead you to success. And the third takeaway is the one about networking. Try to meet as many influential people in the world. And don't be afraid to make a cold call. There are a number of people that I thought never really appreciated my work. And I found out later that they did and I was able to establish a useful relationship with them. So don't underestimate yourself. This is the third takeaway. You probably have more followers than you know.

LT: Byron, thank you so much. Thank you for your 10 Surprises of 2023 and all of the previous ones. And also for your Life Lessons, which I think are valuable for people at any age.

BW: Okay, Lynn. Well, I hope this is useful to the people who follow your podcast. And if you need a renewal, I'm available any time.

LT: I look forward to that, Byron, and I look forward to seeing you, hopefully before too long, in person somewhere.

BW: Okay. Thank you.

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OUTRO male voice: If you enjoyed today's episode and would like to receive the show notes or get new fresh weekly episodes, be sure to sign up for our newsletter at <https://www.3takeaways.com/> or follow us on [Instagram](#), [Twitter](#), [LinkedIn](#) and [Facebook](#). Note that 3Takeaways.com is with the number 3, 3 is not spelled out. See you soon at 3Takeaways.com (<https://www.3takeaways.com/>)

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