

# Clinton, Christie Head Peterson Foundation 2014 Fiscal Summit

By Constantinos E. Scaros

President Bill Clinton and current NJ Governor and possible 2016 presidential candidate Chris Christie headlined an impressive array of participants at the 2014 Fiscal Summit of the Peter G. Peterson Foundation, named after its Chairman and Founder, a Greek-American who served as Secretary of Commerce under President Richard Nixon.

Peterson is also Chairman of the Peterson Institute for International Economics, a leading international think tank with a highly-esteemed Board of Directors, not least of which Andreas Dracopoulos, who has collaborated with the Institute in funding numerous lectures featuring the world's top political and economic thinkers, in the name of the Stavros Niarchos Foundation, of which he is co-President.

Other prominent attendees

at the Summit, held on May 14 in Washington, DC included Former Federal Reserve Chairman Alan Greenspan, Senator Patty Murray (D-WA), Representatives Nancy Pelosi (D-CA), Rob Portman (R-OH), and Peter Roskam (R-IL), and veteran news anchors Gwen Ifill (PBS) and Bob Schieffer (CBS).

## DEBT NOT TOP PROBLEM

Dr. Greenspan, appointed Federal Reserve Chairman by Ronald Reagan and reappointed by the three ensuing presidents, George H.W. Bush, Bill Clinton, and George W. Bush (Greenspan retired in 2006), was long considered a hero that heralded tremendous economic growth during the Reagan and Clinton Administrations, and left a strong enough economy to rebound from the multilayered devastation of 9/11. But Greenspan's star began to tarnish following the Great Recession of 2008, which Americans increasingly attributed to supply-side economics and mass deregulations that led to questionable banking and finance practices.

Interviewed by Politico's Chief Economic Correspondent Ben White, Greenspan said he sees some upward momentum regarding the economy, but it may just be a false start – his skepticism based on the “structurally difficult” problems. The federal debt? No, that's a “symptom” of the problem, Greenspan said. The main culprit is institutions like Fannie Mae, Freddy Mac, and the auto industry, which the government has dubbed “too big to fail,” and so saving them is inherently factored into the equation. That the “politically safe” choice is to bail out rather than not, Greenspan explained, is “fundamentally different from the way it was years

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ago.”

Greenspan also discussed the importance of non-inflationary growth preceding any meaningful bubble, rather than a toxic one, and cited the dotcom bubble of the 1990s as one that – aside from those who benefitted directly – had very little positive impact on the economy as a whole. The type of bubble that will do more harm than good, then, according to Greenspan, is one preceded by long-term sustained if unspectacular non-inflationary growth.

Stein concluded by asking Greenspan, literally and figuratively, the money question: should he have foreseen bursting of the housing bubble that triggered the 2008 recession? “What about all the bubbles I forecast that didn’t happen?” Greenspan responded, defending his overall record and calling the forecasting business a very “unthankful” one.

## CHRISTIE COMEBACK?

Secretary Peterson (born Giorgos Petropoulos), almost 90 years old and still very stately and distinguished, praised Christie for being a straight talker, reaching across the political aisle, and resolving tough issues. Peterson then asked the governor if he would give him some of his charisma. Christie’s interviewee was Bob Schieffer, the long-serving host of *Face the Nation*, which currently enjoys the top ranking among the Sunday morning political shows. Christie began by complimenting Christie on the rare accomplishment of actually answering the questions he is asked. Widely viewed as the next rising Republican star after his resounding reelection victory in November, Christie has been hampered by Bridgegate – questions about any role he might

have had in his staff’s deciding to close George Washington Bridge lanes in September, causing thousands of motorists to suffer, as punishment to Fort Lee Mayor Mark Sokolich (a Democrat) for not endorsing Christie for reelection.

But Schieffer began with a different point: that Christie’s state is now coming back down to earth after boundless success dubbed “the New Jersey miracle.” In typical straight talk, Christie began by proposing solutions to the problem, and then blamed the various economists – on his side and on the Democrats’ side, which essentially agreed on the projections – who missed the forecast widely. “All an economist has to say is ‘I missed it, I’m sorry, Governor, but we missed it.’ Yeah, I’m sure you are,” Christie said, “but I’m the one that has to fix your miss,” as the audience laughed. Christie also blamed governors going back ten years – including, true to his not hesitating to attack fellow Republicans,

Was Karl Rove right to make Hillary’s health an issue? “Consistency is the hobgoblin of little minds,” President Clinton responded.

Christie Whitman – had not made any payments to the state pension fund, which has caused the current financial burden. “I’ve paid more into the pension system than the last five governors combined,” Christie said.

Unlike other Republicans who absolutely oppose a minimum wage increase, Christie says that in New Jersey, one is warranted, though he would

have preferred it phased in over three years instead of all at once. But raising taxes would be counterproductive and would keep businesses away: “It’s like having a restaurant that’s not making money and saying ‘let’s raise our prices,’” he said.

Why is there such political divisiveness in Congress, Schieffer asked: “It all starts with the president,” Christie responded. “He’s the president.” You can’t expect Congress to show leadership, “and that’s both parties. I have not seen objective evidence that this president” is willing to foster those relationships, with either party, “and it’s hard” to do.

To the inevitable question: Bridgegate – will it affect Christie’s political future? “No, because I didn’t do anything,” the governor said. “I’m not the first chief executive whose staff members did something the person didn’t approve of, and got fired.” So, is he still thinking about running for president, and when will he decide? “Yes, and later,” Christie said.

## CLINTONOMICS

Peterson praised Clinton, the Keynote Speaker, for maintaining an “optimal balance” between fiscal and economic leadership, and leaving America with a thriving economy, and shared prosperity and opportunity.

Clinton began by telling Ifill that while income has barely budged since he left office (13 years ago), education and health care costs have gone up, and “people are having a tough time.” As for the recession, Clinton did not agree with George W. Bush’s budget policies or the SEC’s regulation policies, but Bush “did a good job once it happened, he got aggressive,” and he saved the worst from happening, as did President Obama.

But how, Ifill asked, as Clinton suggested, can 1) the minimum wage be raised; and 2) immigration reform completed; while 3) the deficit is also reduced? He says legalizing illegals will allow them to earn more, pay taxes, and get a better education, all of which will help the economy.

On tax reform, Clinton – borrowing a page from his trademark centrism – says “perfect is the enemy of good,” and Congress should just reform corporate tax and leave the rest alone. How? By repatriating the money earned overseas on the condition that it is deposited in an infrastructure bank, with a guaranteed rate of return. That, Clinton says, would incentivize corporations to bring the money back, and it would stimulate economic growth. “We’ve got to unlock this money,” Clinton said, “there’s a trillion dollars out there, bring it home and put



Comfortable-as-ever in front of a microphone, President Clinton was a natural as the Peterson Foundation’s 2014 Fiscal Summit Keynote Speaker.



How much will Bridgegate affect Chris Christie’s chances to run for president? “Not at all,” says the NJ Governor, “because I didn’t do anything wrong.”

it to work.”

Too much money is being made from finance (trading), Clinton says, and not enough from investment – which is why he is so eager to see the infrastructure bank established.

## THE “B” WORD

Realizing that the upcoming presidential campaign – particularly if Clinton’s wife and former Secretary of State, Hillary Clinton, is part of it – will involve some criticism of four Americans, including the U.S. Ambassador to Libya, who died in Benghazi on September 11, 2012, on her watch. That’s just it, Clinton says, it wasn’t really her watch, because Secretaries

of State are not involved with the issues of securing embassies.

## BUBBA AND THE BEAR

“Pooooor [former Ukrainian President Viktor] Yanukovich was the victim of a coup,” Clinton mocked Vladimir Putin, saying the Russian leader saw an “opportunity to stir things up. Putin wants to establish Russian greatness, not in the Cold War, but in 19th Century Empire terms.”

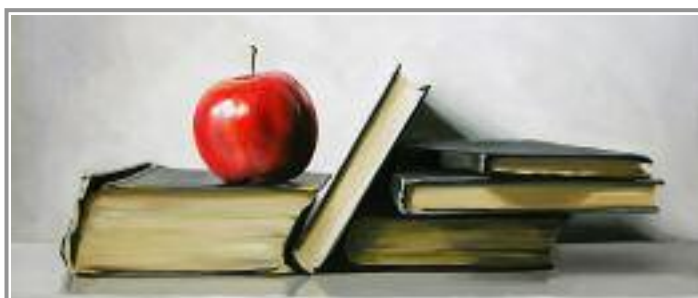
Ifill crystallized the issue, reminding that Obama is often perceived as “too weak to act.” What would “Bubba” do? He said the world is much more complex nowadays. “There are few problems we can solve by

ourselves, and few problems that can be solved without our involvement,” and so it all depends on who’s with us.

## HILLARYHEALTH

“Dr. Rove wants to know,” Ifill began sarcastically, “if Hillary Clinton is well enough to run for president,” referring to the former Bush Administration Senior Advisor Karl Rove’s recent comments to that effect, because of her December 2012 concussion.

“Consistency is the hobgoblin of little minds,” Clinton responded, and said that if Hillary has brain damage, then he’s really in bad shape, because “she’s quicker than I am.”



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