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REMARKS OF PRESIDENT BILL CLINTON
TO THE 39TH ANNUAL MEETING OF THE
ASSOCIATION OF AMERICAN PUBLISHERS

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2 MR. SARNOFF: Hello. In lieu of
3 our next speaker, we're going to have a
4 repeated demo. I hope nobody minds.

5 No. I have just a couple of brief
6 remarks with regard to our next speaker.
7 I know a few things to be true.

8 First, that no publishing company
9 has been as proud to be associated with
10 an author as we at Knopf and Random House
11 were with this author.

12 Second, millions of people will
13 flock to buy a fascinating and eloquent
14 biography of a great American president.
15 This president did far more for our
16 industry than merely writing terrific
17 books and perhaps being the subject of a
18 few not so terrific ones.

19 His passion for books, both as a
20 writer and reader, is clear. But his
21 connection with publishing goes much
22 further.

23 Our industry provides cornerstone
24 products for education, and because of
25 the achievements of this president and

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2 his administration, the educational
3 system of this country became stronger,
4 more diverse, and more accessible than
5 ever, and that includes the greatest
6 expansion of college opportunities,
7 increased Pell grant scholarships, better
8 student loans, tax credits, and a much
9 needed focus on standards,
10 accountability, and choice in public
11 schools.

12 I also know that he presided over
13 the longest and greatest period of
14 economic growth in our country's modern
15 history. Who would have thought that so
16 soon after his presidency, the '90s would
17 be seen as the good old days.

18 He positioned our nation to thrive
19 in a post-industrial world with a
20 pragmatic, multilateral approach, an
21 approach to leadership which, sadly, left
22 the highest office when he did.

23 For eight years this president
24 worked to build a proverbial bridge to
25 the 21st century. Since that time he has

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2 worked tirelessly to reinforce that
3 bridge with the Clinton Global
4 Initiative. We all hope that those
5 efforts will not be detoured too much by
6 the financial slag heap that we find
7 ourselves in today.

8 And for eight years his presidency
9 showed the nation how effective
10 leadership can naturally stem from deep
11 knowledge and understanding, whether
12 negotiating for peace in the Middle East,
13 averting a financial crisis in Mexico, or
14 affirming education here at home.

15 These are lessons which we hope the
16 current administration will apply.

17 One thing is certain. His life
18 inspires in us all an enduring belief in
19 the fundamental value of public service.

20 Mr. President, it is a great honor
21 to introduce you today.

22 I ask everyone here to join me in
23 welcoming to the AAP the 42nd president
24 of the United States of America, William
25 Jefferson Clinton.

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2 (Applause.)

3 PRESIDENT CLINTON: Thank you very
4 much, Richard. Thank you for the kind
5 introduction. I want to thank Hillary
6 and my long-time friend, Pat Schroeder,
7 for calling and asking me to come by.

8 I'm already indebted to you because
9 there was gridlock traffic, so I got to
10 walk and virtually run the last five
11 blocks. I was getting up thinking I
12 didn't get to exercise this morning, so
13 you gave it to me anyway. Thank you.

14 There are some days when I don't
15 know whether I should be thanking this
16 group or cursing you. I just had the
17 unhappy duty -- I'm our family's
18 book-stacker. So my daughter moved into
19 a new apartment. She called and said,
20 "Dad, I want you to come over and
21 organize my books, my CDs, and all that
22 stuff."

23 I said, "That's what you've got a
24 boyfriend for." She said, "Dad, he can't
25 do this. You have to do this."

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2 Hillary just moved all of her books
3 out of her Senate Office Building when
4 she went over to the State Department,
5 and the office isn't structured in the
6 same way. She had to bring most of them
7 home. There were 18 boxes of books in
8 the basement in Washington, and she said,
9 "That's your job. Go fix it."

10 We can't build any more book
11 shelves in our house in Washington. I
12 had to figure out how to do that. I
13 ordered new sets of book shelves, so
14 there will be no room for pictures in New
15 York. But we live in an old farmhouse so
16 everything you have to build new.

17 I'm maybe the last of a dying
18 breed. I'm still trying to keep our
19 independent bookstore in Chappaqua alive.

20 (Applause.)

21 I say that because I want to make
22 the following point. I'm basically very
23 hopeful about where America is at this
24 moment, in spite of all this mess. I
25 want to explain why. I think,

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2 culturally, we have finally moved into
3 the 21st century.

4 Political elections, particularly
5 for president, are determined by three
6 things: Candidates, conditions, and by
7 culture. And when I was elected, the
8 Republicans still benefitted from a
9 culture that made about 45 a percent base
10 in America Republicans and only 40
11 percent Democrats and had been that way
12 since 1968, which explains why only
13 President Carter was elected in the
14 aftermath of Watergate.

15 It's hard to win if you have to get
16 two-thirds of undecided voters. It was a
17 cultural reaction to the turmoils in the
18 1960s and early '70s.

19 Sometime in my second term the
20 cultural basis of the parties evened up.
21 Unfortunately, instead of going back to
22 40/40, the bases were 45/45, which is why
23 Carl Rove had a good strategy. If we
24 turn out a higher percentage of our crowd
25 and maintain intensity, then we can win,

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2 even if we don't get more than half of
3 the undecided vote.

4 And that's why you had a split
5 election in 2000, and that's why you had
6 President Bush. We've never defeated a
7 president during an ongoing military
8 campaign, yet he had the smallest
9 reelection margin since Woodrow Wilson.
10 That's because there was essentially the
11 last waning days of the culture war that
12 had been waging since the 1960s which had
13 given the opportunity to exploit cultural
14 divisions for political advantage.

15 And then for the first time since
16 then, including the 1980s when President
17 Reagan governed and taught this
18 philosophy, the American people got a
19 chance to see how it would work, because
20 President Bush had a Republican Congress
21 that also represented the right wing of
22 his party. And they didn't like it very
23 much, and the results weren't very good.
24 So you could see in the 2006 election
25 what was going to happen in 2008.

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2 That's why Senator McCain was
3 nominated by the Republicans. The right
4 wing base never liked him very much, but
5 they correctly knew he was the only
6 member of his party with a chance to win
7 the election because he had been
8 relatively independent on critical
9 issues. But on the major issues, things
10 like education and health care, which was
11 way more important than it got credit for
12 in the last election, he was pretty much
13 with them. I understood that.

14 I have a lot of respect for McCain,
15 but he learns things, as most of us do,
16 seriatim, one thing after another, until
17 Arizona became basically an economic
18 basket case because of the housing
19 crisis, like Nevada to the north. It had
20 been pretty much on automatic. He never
21 had occasion to question the fundamental
22 premises of the economic philosophy that
23 had dominated his party.

24 After the collapse of Lehman
25 Brothers and the attendant psychological

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2 and economic crash on Wall Street, the
3 election was over. Then it was just a
4 question of what the margins would be.

5 The election ended when the Bush
6 administration decided not to extend
7 financial assistance to Lehman Brothers.
8 I think Senator McCain had a one-in-three
9 chance before that, but it was finished
10 then.

11 So here we have a situation where I
12 believe -- the reason I think this is so
13 positive is not just because I'm a
14 Democrat and I'm glad Obama won and I
15 think he made a brilliant choice for
16 Secretary of State. It's because I think
17 that the dominant cultural mode, which
18 shaped our politics for the 1960s until
19 the late 1990s, which was basically let's
20 figure out how to divide the parties, the
21 American people, how they feel about
22 things that are not mostly the proper
23 province of politics, was completely
24 unsuited to the demands of the 21st
25 century.

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2 This is an interdependent world,
3 which, for good and bad reasons -- in
4 both ways we see it. We saw it when the
5 British Police pension funds started to
6 fail because of improvident and
7 excessively speculative risk by the
8 trustees in Iceland who had the money;
9 right?

10 We see it in the Middle East. We
11 see it in how our financial problems here
12 prompted the same sort of searching
13 reexamination elsewhere, and it turned
14 out the British and Irish were more
15 heavily leveraged than we were. All
16 interdependence means is that divorce is
17 not an option. It can be good or bad,
18 but divorce is not an option, which is
19 what I keep trying to tell the Israelis
20 and Palestinians. It's not as if they
21 can put the Red Sea along the border
22 between.

23 In that sort of world it doesn't
24 make any sense to figure out how you can
25 profit by dividing people, because there

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2 will be division enough and honest
3 disagreements over what should be done to
4 move from here into the future. Those
5 are good. Those are intellectual
6 disagreements where we can honor and
7 create evidence-based arguments and try
8 to see what works and what doesn't.

9 But in an interdependent world, you
10 have to strive for societies of shared
11 responsibilities and shared benefits and
12 a shared sense of community where people
13 don't erase their differences, they
14 celebrate them, but they believe their
15 common humanity matters most.

16 That is the culture of where
17 America is, and that gives us our great
18 chance to keep being a new country in the
19 21st century.

20 And that is more important, believe
21 it or not, for how your grandchildren
22 will live than the current economic
23 crisis. Our heads collectively are in a
24 better place than they have been, and
25 this is not the province of the

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2 Democratic party, either. I want there
3 to be a good, vibrant, two-party system
4 in America. I want the Republicans to
5 develop a 21st-century version of
6 Theodore Roosevelt's investment.

7 One of the most interesting periods
8 of history was when Theodore Roosevelt
9 and Woodrow Wilson were debating about
10 what was the best way to create response
11 to the excesses of industrial revolution
12 to build a more just society. At the
13 time, Roosevelt was still a little to the
14 left of Wilson. The parties didn't flip
15 sides until the 1920s.

16 Anyway, they were having the right
17 debate. That's the point I want to make.
18 If we have the right debate against the
19 right framework, then it doesn't matter
20 so much who wins because we'll keep going
21 into the future. We'll keep working.
22 That's what I hope will happen for my
23 country.

24 What's that got to do with what's
25 going on here? The economic turmoil of

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the present moment could actually do more than anything else to undermine the new communitarianism, the sense of interdependence that we have to do this together, both within and beyond national borders, than anything else we're currently facing.

And essentially, while we know this as a financial collapse -- and God knows it was -- caused by excessive leveraging and very poor risk assessment and insufficient regulation -- and let me remind you, capitalism is a good thing but inherently self-devouring, like all systems that pursue self-interest. That's why you have to have a framework for it. Wall Street was very good for America. It created a lot of jobs and opportunities and more investment capital, but what happened was, in the beginning of this decade, when the tech bubble collapsed, and it had to, but it wasn't like the tulip bubble in Holland because high tech is still in a very big

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2 saddle, riding into the future.

3 When the telecommunications bubble
4 collapsed, growth in that sector of our
5 economy had been 500 percent, from 1997
6 to 1999, per annum. That is
7 unsustainable. A lot of infrastructure
8 investments were made when that tsunami
9 was flowing in. When the bubble
10 collapsed, telecom growth dropped to 50
11 percent a year.

12 We'd all kill for that now; right?
13 Anybody. Just name an activity.

14 So the point I'm trying to make,
15 that was natural, and it required a
16 modest adjustment.

17 What happened was, we had a lot of
18 money in the economy chasing new
19 opportunities. And the United States
20 declined to do what I believe every
21 wealthy country has to do every five to
22 eight years if you want to keep up with
23 borders, which is to look for the next
24 generation of new jobs.

25 To give you an idea of how

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important information technology was to the success in America when I was president, it was eight percent of our employment base but 30 percent of our new jobs and 35 percent of our wage growth.

So you have to keep looking for that. The obvious candidate in this decade was the pursuit of clean, independent energy through efficiencies and new technologies, and we declined to do that.

Look at the performance of the countries that did embrace that economic approach. Look at what Great Britain did, the European economy most like ours. No increase in inequality. Lots of new jobs. Denmark, 25 percent of their electricity from wind. Sweden's economic performance until the recent collapse, a much heavier tax than ours, but they're going to meet their targets. Look how Germany kept up its manufacturing base. Look at the come-back of Spain and Portugal leading the world toward large

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solar technologies.

We didn't do that. You had too much money chasing a narrow target: Housing. It was the only thing growing. Forty percent was in housing. The rest was in consumer spending and finance, which should explain to you one of the most distressing statistics pre-September 15th, which is 90 percent of the growth of the last decade was going to only 10 percent of the people, and over 40 percent, to the top one percent. We were cramming too much money down too narrow a funnel. That made us more at risk when we had too much leverage, poor risk evaluation, and poor regulation.

But the manifestation of this is entirely different in every person's life. The real economic problem now is declining asset values, because when the homes started to collapse and nothing was done to stem the home mortgage process a year and a half ago, when my favorite Republican, Sheila -- (inaudible) -- and

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2 when Hillary and two or three other
3 members of Congress were begging to
4 intervene to stop the mortgage collapse,
5 we didn't do it.

6 What happened was, it brought on,
7 along with the failure of financial
8 institutions, a general crisis in asset
9 values. I think it's very important --
10 at least this is what I think, you don't
11 have to agree with me, but you have to
12 know what you think the problem is before
13 you can fix it -- I think the fundamental
14 problem for all Americans is that the
15 precipitous decline in home prices -- and
16 some of it was good, we needed some
17 decline in home prices in America -- but
18 it couldn't be stopped.

19 It's gone down so much and caused
20 so much dislocation. The average
21 foreclosure costs the economy a quarter
22 of a million dollars. That seeped into
23 other things.

24 Suppose we were in manufacturing,
25 bought a \$10 million piece of equipment,

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2 and borrowed \$9 million of that. And we
3 got the loan in anticipation of our
4 ten-year record of increasing our sales
5 15 percent a year, and instead, our sales
6 dropped by 25 percent.

7 So that equipment is not worth \$9
8 million anymore, but the loan is for \$9
9 million. The equipment is worth six and
10 a half now. So other prices are being
11 driven down.

12 That has been aggravated to some
13 extent by what was otherwise a salutary
14 development, which was called
15 mark-to-market accounting, designed to
16 keep banks from shielding bad loans and
17 bad assets in normal times so you
18 couldn't tell a good bank from a bad
19 bank; a good loan from a bad.

20 In a deflationary time it makes the
21 problem worse. Once you buy a car, it's
22 not worth what the loan is the next day.
23 It's a used car.

24 If you require all these loans to
25 be written down in this time, what

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2 happens is, banks, then they have no
3 subprime mortgages, no bundled mortgage
4 securities. They're reluctant to make
5 you a loan because they're afraid the
6 loans on the books, already perfectly
7 good when they made them, will be bad
8 form because they won't look good, and
9 they'll need the cash they've got to
10 cover their bad loans, and if they loan
11 it to you for a good purpose, they're in
12 trouble.

13 We have to stop the decline in
14 asset values.

15 So President Obama's economic
16 team -- I think they're quite good -- has
17 got a hard thing to do, because to do
18 this, you have to spend money. And for
19 us to spend money, we have to borrow it
20 now because we doubled the debt in the
21 country in the last eight years for no
22 good reason, as far as I can see.

23 We have no jobs to report for it.
24 We had big trade deficits which we have
25 to run in order to get all this capital

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in here to finance our behavior.

So he's got to do all this, the President and his economic team. Borrow money, because the whole world is in trouble. Ironically, we can still borrow money in large amounts because people think, in the end, America is a good bet.

So he's proposed to do two things:

In the short run, to pass the stimulus program. And -- I'm going to make this point later as I wrap up about the importance of books. But the things books do -- I would argue books are more important in the age of blog sites and tweaks and whatever else they call it -- I read a bunch of them -- because there's more information than ever before, but you can have all the facts in the world in your head. If you don't know how to organize and evaluate, construct an argument, get from A to Z, what you know in your head doesn't amount to a hill of beans.

We need perspective and linear

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2 argument. That's why I think books are
3 important.

4 But I heard more ridiculous
5 argument about this stimulus on the
6 television than I've ever heard in my
7 life. Even some of the people that were
8 on our side, that is, people who agreed
9 the President had done the right thing,
10 were basically booing. "Oh, my God.
11 Look how much they're spending, and
12 they're only going to create this many
13 jobs. Why don't we cut everybody a check
14 for \$50,000?"

15 The truth is, the stimulus was
16 designed to do three things: One, to put
17 money in people's pockets so they can
18 consume. That was the tax cuts, the
19 unemployment benefit extension, and the
20 food stamp increases.

21 The second thing it was designed to
22 do was to stop the problem from getting
23 worse by giving substantial chunks of
24 money to state and local governments who
25 cannot deficit-spend for operations so

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2 they wouldn't have to lay workers off,
3 principally in education and health care,
4 which would have done great social damage
5 to the country but also bad for the
6 economy.

7 The third part is about creating
8 jobs, infrastructure and energy-related
9 jobs. We don't have time here, but if
10 you want to debate something worth
11 debating, how can they maximize the
12 job-creating portion of that stimulus
13 devoted to energy? There are lots of
14 options about how that money is spent.
15 Some would literally create 10 times more
16 jobs than others.

17 For example, there's an unlimited
18 amount of efficiency work to be done. We
19 only are 75th in the top 100 countries in
20 the world economy in energy efficiency.
21 If you set up this money in loan
22 guarantee funds instead of direct
23 expenditures, then you could get -- I'll
24 get to that -- after-loan money, they
25 would finance these and pay off reduced

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2 utility. No college or hospital, no
3 level of government would have to pay
4 more money.

5 If utility bills didn't
6 materialize, the people organizing the
7 project would guarantee and the loan fund
8 would guarantee the second time, and so
9 banks would prefer these. We could
10 create 10 times more jobs.

11 You want to debate? Debate that.

12 Is there a problem with stimulus
13 and all this spending? Yes. When we
14 come out of this we will have put so much
15 money, borrowed money, into the economy,
16 we will be at risk of returning to the
17 1970s on steroids, days of stagflation,
18 where we will have to pay enormous
19 interest rates to keep the dollar from
20 collapsing. And we could have deflation,
21 anyway, because we won't be able to suck
22 enough money out of the system quick
23 enough.

24 Is that a risk? Yes. Is that a
25 debate worth having? Yes. Is it a risk

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2 the President and economic team had to
3 take? I think it is. We won't ever get
4 there if you don't stop this asset
5 deflation.

6 The time for those critics to weigh
7 in is when we come out of this. There
8 ought to be a serious debate about how
9 quickly we can tighten the screws and get
10 this money out of the system. But it's
11 over there. This stimulus is not the
12 answer to the problem, but it is a bridge
13 over troubled waters. It has to be done
14 because you cannot fix the banking system
15 and asset deflation overnight.

16 The economic plan is designed to do
17 two or three things on the financial
18 issues. Number one, the President has
19 proposed to rewrite approximately nine
20 million mortgages. I think that's a good
21 thing. If he'd wanted to do more, I'd
22 have been for it.

23 I know there's a problem of moral
24 hazard. You took out a mortgage, and you
25 paid your mortgage, and your neighbor was

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foolish to take out a subprime mortgage;
why should you subsidize him? The answer
is, every foreclosure costs the economy a
quarter of a million dollars, minimum.
We've got to stop this.

So there's 16 million homes today
where the mortgage is worth more than the
house. So that's the first thing.

The second thing they're going to
try to do, they have to get these toxic
assets off the bank's balance sheets.
The bank has got plenty of money to loan.
This is a great time to be in banking.
If you've got \$100 million, you ought to
start a bank. You get the money for
nothing and you can charge high interest.
The profit spreads in banking are
enormous. It's just not a very good time
if you've been a banker for a while,
because you've got all these other loans.
But today you could make more money than
you could ever dream.

There's only two ways to do that.
The government -- you don't want to

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2 nationalize the banks and put the
3 mortgages off to the side. You have to
4 do what Roosevelt did with the houses and
5 take the truly toxic mortgages, loans
6 underwater, take them off the books, hold
7 them apart for a while from the bank's
8 balance sheet, and as the economy comes
9 up again, you can slowly dribble them
10 back onto the free market. That's what
11 the New Dealers did with the homes.

12 Or you can do what the
13 administration is trying to do. I'll be
14 fascinated to see if it works. By the
15 way, the problem with doing that,
16 particularly in today's economy, if you
17 did that, somebody in the government has
18 to set a value on all these toxic assets.

19 You can't pay 100 cents on the
20 dollar. The taxpayers would be outraged.
21 If you pay 20 cents on the dollar, then
22 the banks are still underwater. So the
23 valuation questions are mind-boggling.

24 To get out of that, the Treasury
25 Department has proposed to essentially

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2 backstop private investors, saying,
3 "Look. If you go into this market and
4 you buy these toxic assets for what you
5 can set the market for, we will guarantee
6 you will not lose any more money from
7 leverage than you actually invest. You
8 put one million at risk. If it drops,
9 you won't lose one. You get the profit
10 if you can make it."

11 What they're trying to do is put
12 less money at risk and to have the
13 private investors create a market for
14 these toxic assets and move them more
15 quickly.

16 If it works, there's a better
17 choice. If it doesn't, they'll kick
18 themselves because we'll have to go back
19 and do the other. It will take more
20 time. But I get what they're trying.
21 Valuation, what we did in the Depression,
22 is mind boggling.

23 Third, they will loan to the bank
24 if they promise to loan it. Congress has
25 put conditions. You can't hire foreign

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2 workers and all that. I don't think
3 they're helpful. I don't even care if
4 these guys make a good living. The men
5 and women who run these banks, the
6 conditions they ought to be thinking
7 about is how do you get the lending
8 system working again.

9 But on balance, I think they're
10 trying to bring it back. While we're
11 waiting for it to come back, that's what
12 the stimulus is supposed to do. It's
13 supposed to cover the spread of lost
14 opportunity and deflation while we're
15 waiting for the recovery. I think it's
16 the right thing to do.

17 I also think it's a very good thing
18 that the President is continuing to push
19 us to reform the fundamental systems of
20 the American economy. Over the long run
21 if we don't do something about health
22 care, we won't be competitive, and if we
23 don't do a better job with education, we
24 won't be competitive.

25 I personally think when you're not

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2 subject to normal fiscal rules that
3 restrain most Presidents, you might as
4 well try to take a big bite out of health
5 and education reform.

6 Yesterday he gave the education
7 speech. I spent an enormous amount of
8 time on that and the country wasn't
9 interested, ironically because we were
10 doing well economically.

11 I ran for President in 1992 with a
12 promise to spark charter schools to
13 measure. At the time there was one
14 charter state, Minnesota. Now when I
15 left office, we had 2,000 or 2200 charter
16 schools, with 3,000 paid for.

17 Today there are many times more
18 than that. When President Obama said
19 what he said about charter schools, I
20 thought it was important.

21 Charter schools are way better than
22 vouchers because the problem with
23 vouchers is, you spend a lot of money on
24 a few students. By the way, the
25 experiments are at best mixed about

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2 whether it helps. But even if it works,
3 you concentrate a lot of Federal money on
4 a few students.

5 Historically, Federal contribution
6 to education has only been seven or eight
7 percent. If his budget goes through --
8 in the short run, a lot more, but on the
9 permanent basis, he'd probably take it to
10 10 or 11. It's still not enough for us
11 to spend a lot of Federal money on a few
12 students if we can spend the same amount
13 of money on more students.

14 I really do like the charter school
15 part of his program.

16 The other thing he did was to
17 address what I thought was the biggest
18 flaw in Leave No Child Behind, which was
19 the need to upgrade and standardize the
20 state testing.

21 I think Leave No Child Behind had
22 too many tests and they weren't
23 referenced to a national standard. That
24 is, you have a test every year between
25 third and eighth grade. You get a lot of

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PROCEEDINGS

people teaching to the test. It did a lot of good for the 10 percent of the students that were lowest-performing, and we ought to give President Bush that and the Education Department credit for the very low-performing schools. It helped, because you had people that couldn't even read.

But it was a real pain for everybody that was average and above because they had to take a test every year because the states were told their Federal money would depend on the performance of the kids on the test, and then the states were winked at, "But you get to pick the test and the passing score."

That's the second thing President Obama tried to address yesterday. If they don't want to have a national test -- which is what I proposed and it was beaten by a bipartisan coalition that said it undermined -- blah blah, it was just an excuse -- then they have to have

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2 national standards.

3 You can't give people Federal money
4 based on their performance on the test
5 and say, "You get to choose" -- you'll
6 reward the people who game the system.
7 He addressed that. That's really
8 important. We should all appreciate
9 that.

10 Then he talked about the
11 pay-for-performance. I have to say it's
12 wildly popular now, but -- I'm not
13 against it exactly, but it's not as easy
14 as it sounds, pay-for-performance. It
15 needs to be done in a way that, at least
16 on a school-by-school basis, the
17 principal and faculty sign off on the
18 system, because I would be 100 percent in
19 favor of it in every school that had
20 decent base pay. But we still have too
21 many teachers -- we're trying to get the
22 brightest of our young people to teach
23 school in vicinities where the base pay
24 is terrible.

25 So if you don't do a good job

1 PROCEEDINGS

2 recruiting in the first place, it's a
3 real problem. On balance, I thought it
4 was a very good set of recommendations.
5 He deserves a lot of credit. I think
6 it's worth paying for, even when we have
7 to pay for it instead of borrowing the
8 money for it. There's nothing more
9 important.

10 I just got back from Haiti. I went
11 with the Secretary General of the United
12 Nations. I've got a long-standing
13 interest in the country and we're trying
14 to help put it back together.

15 The best program I saw was started
16 by a young American raising \$5,000 for
17 college education and room and board.
18 Any valedictorian of any school could
19 apply. The Clinton Global Initiative, we
20 raised enough to give 200 instead of one.
21 I met electrical engineers -- agronomists
22 who are figuring out -- all these bright
23 kids. Intelligence is equally
24 distributed.

25 There are kids just like that in

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2 the South Bronx today. And you can go --
3 I can take you to Harlem and we can go to
4 three high schools within a mile of each
5 other and you would be shocked at the
6 disparity in performance. So I'm all for
7 what he's doing.

8 Let me just leave you with one
9 final thought about this education
10 business. It's not all science. It's
11 some art. And effort matters, but it
12 needs to be organized in the right way.
13 Smart effort.

14 I know of no place where kids from
15 difficult backgrounds consistently do
16 well unless there's a good principal.
17 Eli Brode from Los Angeles has spent an
18 enormous amount of his personal fortune
19 trying to train people for alternative
20 careers; to train people to be good
21 principals. There has to be a culture in
22 every school of expectation and
23 performance.

24 Since we're talking about books, I
25 think that Malcolm Gladwell's last book

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2 is by far his best, and I like the
3 others. But Outliers makes the point
4 that even geniuses need opportunity
5 created by culture, time, and
6 circumstance.

7 And he argues that Chinese,
8 Japanese, Taiwanese, and other Asians are
9 better at math not because their IQs are
10 higher but because they grew up in rice
11 cultures where people were comfortable
12 working long hours and making complex
13 calculations that required them to think
14 in a certain way and to expect that they
15 can master factual complexity and
16 difficulty and be comfortable with it.

17 We don't have time to go through
18 the argument of the book. That chapter
19 alone is worth reading. That one and the
20 one about my culture: Why the Hatfields
21 and McCoys dominate the clannish argument
22 of everyplace from Southern Pennsylvania
23 down through the South.

24 I think this is important.
25 Education is important. I hope all of us

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2 can support that.

3 Let me just say one final thing. I
4 do not believe that there will ever be a
5 time in the interdependent world when we
6 won't need a more vigorous civil society,
7 more charitable giving, not just money,
8 but of time and expertise. We're not
9 about to repeal the market economy
10 entirely and it is not about to solve all
11 the inequalities of the modern world.

12 Even if you have the best
13 government policy, there will be
14 limitations on what you can do.

15 The interdependent world suffers
16 from three big problems. It's unequal,
17 it is unstable, as we've just seen, and
18 it is completely unsustainable because of
19 global warming.

20 And therefore, whether it's in your
21 work running the publishing company, or
22 in your work as a citizen trying to
23 figure out how to be a good voter, be a
24 good advocate, run for office or support
25 somebody, or in that third space, the

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2 civil society space, what do you make
3 contributions to every year? Do you give
4 any free time? What resources does your
5 company have to solve the social
6 problems?

7 I believe the 21st century
8 citizenship and communitarian model
9 requires all three, which is why I do
10 what I do now.

11 And in a funny way, the main
12 purpose of the civil society sector, the
13 nongovernmental groups, is to answer a
14 question that government too often
15 ignores. Most of the time when I was in
16 politics, all the debate and all the
17 press coverage was about two questions:
18 What are you going to do, and how much
19 money are you going to spend on it?

20 Remember the debate on the
21 stimulus? Democrats said, "Invest money
22 in new jobs." Republicans said, "No, cut
23 taxes. Give it to the business people
24 and they'll create the jobs." Then they
25 would argue about how much they would

1 PROCEEDINGS

2 spend on each.

3 There is a third question that has
4 received too little attention. How are
5 you going to do this? If you cut the
6 taxes, what is the best way to cut them
7 to guarantee that jobs will be created?
8 And if you spend the money, how would you
9 spend it in a way that would maximize job
10 creation?

11 I spend all my time in the "how"
12 business now. I predict to you that
13 there will be a big demand in the future
14 for books that deal not with how to
15 become a millionaire in 36 days or two
16 and a half hours. Not those. Serious
17 "how" books. Books that answer the "how"
18 question. How do you turn your good
19 intentions into positive changes in other
20 people's lives so that our common life is
21 better for our children and
22 grandchildren? The "how" question.

23 That's basically what I do today.
24 I've got a great climate change plan. We
25 figure out how to reduce energy for

1 PROCEEDINGS

2 efficiency in a way to spend as little
3 money as possible. We have the world's
4 lowest-cost AIDS medicine going to the
5 world's poorest -- (inaudible) -- two
6 thirds of children in --

7 Primarily the "how" question.

8 All of you can answer a "how"
9 question. I read Steven Johnson's
10 fascinating book about Joseph Priestly
11 and all the things going on in
12 18th-century science, and I realized
13 while Priestly apparently wrongly gets
14 credit for being the discoverer of
15 oxygen, most school children do not know
16 that he had the first experiment that
17 showed us our symbiotic relationships on
18 Planet Earth between animals and plants.
19 And they breathe in what we breathe out
20 and vice-versa.

21 He found it out by accident. He
22 was seeing how long animals could live in
23 a vacuum glass that he covered them with,
24 and he tried not to kill them. But when
25 they collapsed, he'd take them out.

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2 He put the cover over a little
3 plant and he expected that the animal
4 would die more quickly, but in fact it
5 lived longer because the plant was
6 emitting more oxygen and therefore it
7 wasn't used up as quick.

8 And that explains why we probably
9 should change our thinking about what to
10 do about the carbon dioxide component of
11 global warming. Almost all the debate
12 today on carbon -- and I've been part of
13 it -- is on the dilemma we face because
14 the only known big storage site in the
15 world where carbon won't come back and
16 surface is in that vast stone cave off
17 the North Sea where the Norwegians are
18 pumping CO2.

19 It's a dangerous operation but very
20 well done. It's physically dangerous for
21 the workers. There's enough space there
22 with enough weight on rock that's hard
23 enough, not permeable, to hold all of
24 Europe's CO2 for a century. It's
25 amazing.

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2 But it's just Europe. China and
3 the U.S. are now the world's biggest
4 emitters. They'd have to have elaborate
5 pipelines going all over everywhere to
6 take it there. We've been trying to find
7 some sites. There's one in Pennsylvania
8 that might work, believe it or not. Not
9 that big. There's one in Western
10 Australia. And there's one or two more,
11 including one in the Atlantic nearer to
12 the Netherlands but smaller than the one
13 in Norway.

14 Increasingly, people are saying,
15 "Why don't we recreate Priestly's
16 experiment on a vast scale?"

17 One person proposes to build huge
18 glass towers next to coal-fired plants
19 and fill them with algae and just hook up
20 the CO2 emissions and plow them into the
21 plant; let the algae absorb the CO2, in
22 sunlight conditions -- they have to be in
23 sun, I don't want do get into weeds.

24 There's one place where people are
25 growing bio material in the dark, but

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2 it's messy. You have to do it in the
3 sunlight, and when the algae breathes,
4 you release the oxygen in the air.

5 Obviously there are problems with
6 scale here. And we may have a planet
7 covered in algae unless we prepare to use
8 it in biofuels or otherwise some
9 constructive way.

10 The point I'm making is, you
11 wouldn't even think about that if you
12 never read a book; if you had no sense of
13 history; if you were under the illusion
14 that because you were on the Internet
15 everything about you was new and
16 everything was special and all that
17 mattered was what you blurted out in the
18 moment that was on your mind.

19 So I will say again, I think this
20 is an exciting time. I wish we didn't
21 have to go through the economic mess. If
22 we mess it up, we'll be in trouble.

23 I hope that the economic conditions
24 don't make political violence in the rest
25 of the world more likely. The events in

1 PROCEEDINGS

2 Ireland are particularly heart-breaking
3 to me because I worked so hard for peace
4 there.

5 But in general the world is moving
6 toward greater interdependence, and the
7 question is whether it will be, on
8 balance, positive or negative.

9 If we get through this economic
10 crisis, and we in America reform our
11 education and health systems, I'm
12 basically very upbeat.

13 When we come out of this we'll be
14 way better off than when we went in, with
15 better shared prosperity, and we'll make
16 money by investing in services and
17 products that people need instead of
18 building sand castles in the air.

19 But the public, meanwhile,
20 including people who are working hard and
21 don't have a lot of disposable income,
22 still need access to books. They need
23 them for entertainment and release, but
24 they need them for perspective. Facts
25 are not enough.

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So I leave you with that thought.
You ought to feel that you're in a noble
profession. You ought to pollute it as
little as you can and still make enough
money to keep going.

Remember, I don't care what happens
in technology; we'll all still need to
read things that take more than five
minutes to read and more than five months
to write.

Thank you very much.

(Time noted: 12:20 p.m.)

1 C E R T I F I C A T E

2

3 STATE OF NEW YORK)

4 : ss.

5 COUNTY OF NEW YORK)

6

7 I, MARLENE LEE, a Certified Shorthand
8 Reporter, Certified Realtime Reporter and
9 Notary Public within and for the State of New
10 York, do hereby certify:

11 That the above transcript is a true record
12 of the proceeding held.

13 I further certify that I am not related to
14 any of the parties to this action by blood or
15 marriage, and that I am in no way interested in
16 the outcome of this matter.

17 IN WITNESS WHEREOF, I have hereunto set my
18 hand this 12th day of March, 2009.

19

20 _____

21 MARLENE LEE, C.S.R, C.R.R.

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