

# More Needs to be Done

**An Interview with Leo Hindery Jr.,  
Managing Partner, InterMedia Partners**

**EDITORS' NOTE** Formerly CEO of AT&T Broadband and its predecessors, Tele-Communications, Inc. (TCI) and Liberty Media, Leo Hindery chairs the U.S. Economy/Smart Globalization Initiative at the New America Foundation. He is once again Managing Partner of InterMedia Partners, LP, which he founded in 1988. He is a member of the Council on Foreign Relations, and the author of *It Takes a CEO: It's Time to Lead with Integrity* (Free Press, 2005). He was Senior Economic Policy Advisor for U.S. Presidential candidate John Edwards from 2007 to 2008, and later unofficial economic advisor to now President Barack Obama. He is a graduate of Stanford Business School and Seattle University.



Leo Hindery Jr.

**COMPANY BRIEF** InterMedia Partners is a New York City-based private equity firm that makes control investments in media companies. Currently investing its seventh fund, InterMedia ([www.intermediaadvisors.com](http://www.intermediaadvisors.com)) is focused on media content catering to underserved audiences.

**Were you surprised at the severity and speed of the economic crisis? Where are we in terms of recovery today?**

We began to see back in 2005 that the number of unemployed women and men who were being uncoun- ted was quickly growing to equal the number of women and men being counted. Since 1947, there have been 10 recessions and this is the first time that the uncoun- ted have ever equaled the counted; the worst it had ever been before is one-third. So we began to see deep in the middle class a massive problem arising.

Today, 15 million women and men are officially unemployed, but there are 15 million uncoun- ted unemployed. So you have to find 22 million jobs for these 30 million workers to be fully employed in real terms, which is an almost unfathomable number. And we have to find them today. It is going to require a systemic overhaul of the U.S. economy to fix this.

We're in what's called a jobless recovery and the tragedy is we're masking that from so many people. The women and men who are unemployed and have lost all income in their households know these numbers. But in truth, all American workers are being lied to about the full extent of the problems.

We're misleading not only our nation but also the world by suggest- ing that the Great Recession of 2007 is over. If you're still one of the em- ployed, you could be deluded into some very dangerous behaviors, like entering back into excessive consumer credit.

Quite simply, we need a jobs pol- icy for this nation.

**Is a jobless recovery even possible?**

It is if you define recovery as positive GDP growth. Yet half of the nation's income is earned by 10 percent or less of the nation's wage earners and the other half from the other 90-plus percent.

The wealthy are back being wealthy – we're seeing profits on Wall Street that are greater in 2010 than they were the year before the recession. The economy in the eyes of Larry Summers, the President's Chief Economic Advisor, has, as a consequence, recovered. The Recession is techni- cally over according to him – except that it's jobless for millions of unemployed workers.

The proof is that there were roughly 30 mil- lion people unemployed in real terms a year ago, and roughly 30 million are unemployed today.

**Where will the new jobs come from?**

Since the Recession started, U.S. businesses have accumulated \$2 trillion in cash, but a lot of them are afraid to spend it.

So the government's first task is to help them become courageous again because creat- ing 22 million jobs is a very heavy lift. There are roughly five million out-of-school youth that are unemployed, so you are going to have to help them find jobs. You're going to have to rebuild the infrastructure in this country, which would create a tremendous number of jobs.

If you had a jobs policy, then you would not tolerate unfair trade practices that are cost- ing us manufacturing jobs. Government and business have to be partners, because neither of them can do it on their own.

**With regard to reform on Wall Street, is enough being done?**

The just-passed finance reform is better than nothing, but 10 years from now, without any equivocation, we will have another melt- down, because we didn't stop the speculative trading in derivatives and the too-big-to-fail premise that underpinned the last disaster.

**Has the U.S. lost its competitive edge?**

We've been losing it every day for the past 30 years.

When Ronald Reagan went into the White House, there were two conscious decisions made: one is that a handful of very rich people at the top was good enough for the country economically; and that we could, as a country, prosper with only about 10 to 12 percent of our people making things.

Yet we're a very large, diverse, and geo- graphically far-flung country. If roughly 20 to 25 percent of American workers aren't in manufac- turing, we will fail to be the dominant economy.

The concern I have is that we've also seen massive trade cheating by the developing na- tions. There is nothing wrong with free trade as long as it's fair free trade. There is some- thing highly dangerous and ethically abhorrent, however, about unfair free trade that is based on illegal subsidies, currency manipulation, and child labor and environmental practices that will destroy not just our country but the world.

**Is it tough to be optimistic? These are issues requiring real leadership.**

The leaders are out there – the system just doesn't let them lead. And as long as there is no campaign finance reform in the U.S., it is likely the Congress is going to remain a deadlocked institution where social and selfish taxation is- sues prevent the kind of balance, fairness, and reemployment that are imperatives.

I became even less optimistic when the Supreme Court said recently that corporations can spend unlimited amounts of money but the common individual is restricted.

**What is the global landscape going to look like 20 or 30 years from now? Are we going to be just another player?**

We'll be the third or fourth largest econ- omy – China will undoubtedly be the largest. The rest of Asia will aggregate itself and be number three. India will be number two, and we'll be either three or four, depending on how you consider Asia sans China.

**You were in the hospital recently with a serious illness but then came right back to the office. Why are you unable to rest?**

Frankly, even my hospital experience was disheartening. I thought health care reform was about giving equal quality medical care to this nation. I didn't think it was going to allow me to continue to have much better health care than the women and men elsewhere in the hospital simply because I have resources, but it did. ●