

Fostering Opportunity

An Interview with
Maurice Greenberg, Starr Companies

EDITORS' NOTE Maurice Greenberg is the former Chairman and Chief Executive Officer of American International Group, Inc. (AIG). Under his leadership, AIG became the largest insurance company in the world and generated unprecedented value for AIG shareholders. During the nearly 40 years of his leadership, AIG's market value grew from \$300 million to \$180 billion. Greenberg is Honorary Vice Chairman and Director of the Council on Foreign Relations. He is also a former Chairman and current member of the U.S.-Korea Business Council, Vice Chairman of the board of directors and member of the Executive Committee of the National Committee on United States-China Relations, and a member of the Business Roundtable. In addition, Greenberg is a member of the U.S.-China Business Council. He received his pre-law certificate from the University of Miami as well as a J.D. from New York Law School. Greenberg has been admitted to the New York Bar and has been granted honorary degrees from a number of institutions, including New York Law School, Brown University, Middlebury College, and The Rockefeller University.



Maurice Greenberg

COMPANY BRIEF Starr Companies (starr.companies.com) is a global, privately held insurance and investments organization. Through its operating insurance companies, Starr Companies provides commercial property and casualty, and accident and health insurance products worldwide, including underwriting in the U. S. excess and surplus marketplace for certain lines of business. Starr Companies underwrites a wide variety of specialty and international lines including aviation, marine, energy, environmental, crisis management, and excess casualty insurance, accident and health, and political risk insurance.

How strong is the U.S. recovery today?

The recovery is not that strong. We have some fundamental problems that won't be cured overnight; some we just have to live through.

The employment numbers look better, but are they really better? How many people have left the employment market that will never return? This is not because of government policy, although there are some issues there. The technology world has exploded with respect to its impact on companies and jobs, and technology replaces employees. This will continue.

It's people in their 20s and 30s who are bringing about this revolutionary change within industries. You don't want to add jobs where technology can replace employees.

If you have a smaller group of employees because some have left the market, it looks like unemployment has improved.

The other issue is that entitlements are not the way to get the economy going. They have to be paid for by taxes, and the higher the tax rate is, the more difficult it is to get the economy in high gear.

The issue is the global market we operate in: things are not great around the world in places like Brazil, Argentina, and Turkey; China has slowed down, and the Middle East is a mess and will be for some time. All of these have an effect.

Finally, on trade agreements, we seem to be absent from that discussion. The Majority Leader in the Senate is not for trade agreements.

So you wonder where we're going to go with that. We need trade agreements – every other country is involved in doing this.

Are the emerging markets just experiencing natural growing pains?

China's growth has slowed – not dramatically but it has slowed. So that is a current problem. Will it be long-lasting? It's tough to say. It depends on how they deal with it.

But they have a lot of flexibility. They can start some infrastructure projects and their GDP will go up quickly.

China has a longer term problem – they have to become more of a consumer market. They know that and they are working at it, but you can't solve that issue overnight.

There are a lot of emerging markets that have a problem. Turkey has a problem, mostly political; you have turmoil in Thailand; and economies in Brazil and Argentina have slowed down dramatically. There is currency flight in many countries.

On the foreign affairs side, we are no longer the same country we were with respect to foreign policy and our influence around the world.

Why isn't there more movement in terms of trade agreements?

President Obama wants to negotiate and complete very quickly the TPP (Trade Pacific Program) and 12 countries acknowledge that they would join. The problem with TPP is that the terms for joining are so demanding that few countries are willing to comply.

We should have been negotiating a free trade agreement with the ASEAN countries some time ago. The ASEAN is important and they have negotiated free trade agreements, including with China. We should have considered exploring a free trade agreement with China. It would take many years to complete, but the very fact that we would be negotiating the agreement would bring to the forefront many issues; some we would be able to agree on and some would take years to find a solution, but we would be talking and negotiating. That alone would bring about a better understanding of each other's issues and solutions. It took us seven years to negotiate a free trade agreement with Korea and that wasn't easy. There were many obstacles. We began those discussions at the urging of the U.S.-Korean Business Council whose members worked hard to persuade our government to undertake that objective. Free trade agreements dismantle barriers affecting foreign trade.

Do you have a vision for where you want Starr to be?

We start here with an advantage: we have people who have worked together for many years and know exactly what we want to accomplish. We know the world and have operated throughout it for many years.

Product innovation is one of our strengths. If the world is changing, insurance needs are changing. Our strength is in the large risk area. We have the ability and experience to overcome new issues that arise, which could affect that class of business.

It's not easy but we're good at it.

How can we imagine and broaden opportunities for the future?

Political views affect our economy and are certainly more hardened today than any time in recent history. Regardless of your political views, it would be nice if everyone in our country was successful and lived happily thereafter, but that just isn't practical. We all want people in our country to have opportunities. It is important that they be prepared, as has been true throughout our history. Some people work hard to succeed and others less so. Government can only do so much. Individuals must take the initiative and make the effort.

It is important to have an atmosphere that creates investment and, by and large, this has always been true in this country. This topic is much broader and is currently being debated in Washington in both Houses of Congress and the Administration. It is not the first time we have had this debate, and it won't be the last. ●