

Straight Talk

An Interview with
Maurice R. 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 the former Chairman and a current member



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of the board of the U.S.-Korea Business Council and the U.S.-China Business Council. He serves as 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. 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. Greenberg was recently inducted into the French Ordre National de la Légion d'honneur for his participation in D-Day in World War II.

COMPANY BRIEF Starr Companies (*starrcompanies.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.

Do you see true economic recovery today? Is there really growth in this market?

The growth is not anything like what it should be. Even the increase in employment is at a lower level than it should be.

We have the highest corporate tax rate in the world, which means profits are squeezed. Since profits are lower, you don't hire as many people. So there is a choice: do you want the private sector or the government to create jobs?

Government-created jobs do not add the same value to the GDP as private sector jobs.

We need a corporate tax rate that is competitive. American companies are now buying and merging with subsidiaries offshore, where they become a non-U.S. taxpayer. That is not good for the U.S. economy.

Members of the current administration are saying they will pass a law to make this illegal. The problem is that everything is being designed to have jobs that are only being created by the government.

There is a division of thought in our country today. Some believe the private sector is the job creator; others believe the government should create jobs – this second option is not what America is all about.

Will the costs of doing business in New York prevent companies from coming here?

It's not only the cost but also the regulatory environment – it's so anti-business. Look at the damage the Martin Act has done in New York. The number of companies that have been brought to task over the Martin Act, which I believe may not even be constitutional, is incredible. You would have thought the legislature in New York in all its wisdom would have done something about it.

New York State used to have the best of everything. We had a legal system and judges who were equal to if not better than those in the Supreme Court of the U.S. We don't have that anymore – it has all been politicized and the political environment dominates.

Is the U.S. still the world leader?

I would challenge the notion that we're the world leader now. We may have the remnants of an economic system that still is the envy of many countries, but we have walked off the stage in many areas.

When our government says we're going to shrink the U.S. Army to what it was before World War II, what are you saying to potential problem areas of the world? We are encouraging leaders of other countries that have other aspirations to do something more.

We were recognized as the world leader but now we seem to be doing all we can to shrink that.

To be the world leader, there is a price you pay. It's alleged that the Americans are sick of war. I think it's a mistake to even say that. There is a price you pay for leadership and stability, and that price is less than actually having a war.

If we're not prepared to defend the kind of world we want to have and encourage other countries to join us in that, then we had better be aware of the Pandora's Box we're opening.

Why do people say China is such a difficult market while you've had such great success there?

It goes back many years. When China began to open up, several of us believed that it would not be as isolated as it had been. It had to become a member of the world trading system.

We knew getting China into WTO would accelerate the change. I worked hard at it, along with a number of others with the belief that bringing China into the world trading system would benefit the world, not just China.

At that time, many leaders knew we were helping to make this happen. They have long memories. This doesn't mean we now can do anything we want – we work hard in China and progress there takes a long time.

We now virtually own our own company – 93.5 percent. We're making a lot of changes, introducing new products, diversifying – we will build a great company.

Would you touch on the impact of The Starr Foundation in New York?

The Starr Foundation is one of the largest philanthropic organizations. It was established in 1955 and has donated more than \$3 billion. More than \$2 billion has been given to organizations in New York City and New York State.

New York-focused grants have included funding to a wide variety of programs including medical/healthcare institutions (Starr Cancer Consortium and the Starr Research Collaboration at the Tri-Institutional Stem Cell Initiative); education and development programs (Harlem Children's Zone); human needs and emergency food programs (Food Bank for New York City, City Harvest, and Citymeals-on-Wheels); art and culture (Starr Theater at Alice Tully Hall at the Lincoln Center); the environment (Starr Science Campus at the Wildlife Conservation Society/Bronx Zoo and the C.V. Starr Virtual Herbarium at the New York Botanical Garden); as well as international relations (Council on Foreign Relations and the Asia Society), and many others.

Has Starr Companies become what you had initially envisioned?

I have a vision for the company, and while I have an urgency, I know that you cannot cut corners. You have to be a disciplined organization. You have to surround yourself with people who share the same vision and have the same work ethic. ●