# Interview with Bill Clinton; Interview with Salman Rushdie - Part 1

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FAREED ZAKARIA, CNN HOST: This is GPS, the Global Public Square. Welcome to all of you in the United States and around the world. I'm Fareed Zakaria.

We have a blockbuster show for you today. For much of the show, we have an extended conversation with President Bill Clinton. We'll talk about the presidential race, Iran's nuclear ambitions, the U.S. economy, the jobs problem and much more.

Then, Salman Rushdie, the author who lived under a death sentence from Iran's Ayatollah Khomeini for a decade. Who better to talk about the current strife?

Also, Romney and Obama seem to agree on outsourcing. They both hate it. Actually, they should both embrace it. I'll tell you why.

But, first, here's my take. Over the last week, as we watch rage and protest in the Muslim world, people have asked why it's happening and because we're in a campaign season, that question has become a political one.

Some Republicans say it is President Obama's policies that have produce this atmosphere. He has projected weakness, offered olive branches and been naive.

But, think about it, had President Obama kept 100,000 troops occupying Iraq, would

that have made people in the Middle East happier with America?

Had he given a more combative speech in Cairo three years ago, would that have made radical Islamists stay at home last week? The truth is President Obama, nor any American president, has much to do with the outbreak of protests over the last two weeks.

It might be instructive to recall that after the 9/11 attacks, many asked the question why is there so much anger in the Arab world? Why do they hate us?

And many serious scholars and journalists, myself included, wrote extensively about the stagnation and repression in Arab countries that had produced bitterness over their failings, anger with the West and a search for a solution in Islam.

The UN's Arab Human Development report documented the region's backwardness. Please understand those conditions, economic dysfunction, illiteracy, female subjugation, still exist. Indeed, some have gotten worse.

These are long-standing trends that have caused, in many Muslims, a sense of humiliation and then rage. They are not a response to some specific speech or even a particular president.

Does anyone think Ronald Reagan's policies caused the death threats against Salman Rushdie? Does anyone think that George W. Bush caused the violence in the wake of the publication of the Danish cartoons of Muhammad?

Now, some longstanding U.S. strategies do play into the grand and angry Muslim narrative. For example, our decades longs support for Arab dictators and monarchs, our policies towards the Palestinians, our concern about oil supplies.

But the frustration being unleashed in the region today is a response to much longer term trends. Some of it is the result of powerful, internal political struggles that have begun in Arab countries between moderates and radicals as they vie for power in new and fragile democracies.

There is a kind of bipartisan arrogance that is often at work in Washington where both sides believe that everything happening in the world is a consequence of American power and policy.

If only we had made a different speech or implemented a different policy or sent out a different Tweet, but the truth is what's happening in the Arab is not about us. It really is about them.

For more on this, you can read my column in this week's Time Magazine or on Time.com. Let's get started.

President Clinton, thank you for joining us.

BILL CLINTON, FORMER PRESIDENT OF THE UNITED STATES: Glad to do it, Fareed.

ZAKARIA: I can't not ask you about politics. Do you think what Mitt Romney said about the 47 percent had an element of truth?

Do you think there is a problem that a growing number of Americans are dependent on various forms of government subsidies or benefits in various ways?

CLINTON: No. Do I think there are some Americans who are trapped in a cycle of dependency? Yes, I think that is a problem. That's why I supported welfare reform, to change it from an entitlement system to a work-based system, to an empowerment system.

But the money we spend is not out of line with other advanced countries. In fact, we spend a smaller percent of our GDP than almost any other country.

And the 47 percent, those that are adults, they do pay taxes. They pay Social Security taxes. They pay Medicare taxes. They pay state and local taxes.

I saw a graph just today which said that basically if you break us down into quintiles, 20 percent, 20 percent, 20 percent, then you break the top 20 percent into 10, 5, 4, 1, we actually wind up paying pretty much in proportion to the amount of income that that groups takes out of American every year.

So I think that's overstated. We should always be trying to promote empowerment over dependency.

But the American people can easily be misled, it may be too strong of a word, but confused now because whenever you have a recession this deep, spending goes up on things like unemployment and food stamps and Medicaid for health care and revenues drop because people aren't making as much money.

A lot of those people who don't pay ordinary income tax would love to be back paying ordinary income tax. They'd love to have a full-time job instead of a part-time job or any job at all or be able to get a pay raise.

And, as this economy begins to improve, those numbers will go down some simply because their incomes will go up and they'll go back into tax brackets again.

ZAKARIA: Do you think this is a game-changer for Romney?

CLINTON: Well, I think it puts a heavier burden on him in the debates to talk about what he meant. I do think a lot of the Tea Party believe that. They think it's the government versus the private sector.

The problem with their paradigm, as I've said many times, is that if you look at every successful economy, if you measure the economy by per capita income, declining inequality, increasing social mobility, your chance of getting a pay raise year-end and year-out and doing better than your parents, there is no evidence that anywhere that's going on, and it is going on, that they have a weak government

and even lower taxes than we do.

Of the 33 countries in the biggest economies in the Organization for Economic Cooperation and Development, richer countries, we rank 31st in the percentage of our income we devote to taxes. So their theory doesn't work.

If you had a government-centered economy, it would fail. Market economics works better, but it works better when there are limits on destruction, like requiring banks to have a certain amount of capital.

And it works better when people are empowered to succeed in it through education programs and training programs and having a decent health care system.

ZAKARIA: If you look at the numbers, Obama is now leading in pretty much all the swing states. And if you assume these polls are reasonably accurate, it could translate into an electoral landslide. Do you think that's possible?

CLINTON: It's possible, but we still don't know who's going to vote. You know he won an enormous victory among people under 30, but they are disproportionately likely now to be unemployed or stuck in part-time jobs, to be frustrated. I think, for all kinds of reasons, they're unlikely to vote in large numbers for Governor Romney. But will they vote?

How much will the vote be lessened or reduced by the fact that in Florida, except for four counties, the pre-election voting, the advanced voting's been cut down to eight days and doesn't include the Sunday before the election, which is an arrow aimed straight at the heart of the African-American churches who pull up the church buses on the Sunday before election and take elderly people who have no cars or people who are disabled to the polls so they can vote.

How much will those things work in Ohio where the legislature and the governor eliminated advanced voting unless the local election council voted for it?

In the Republican counties, the three Democratic commissioners, because they're not hypocrites, voted with the Republicans to allow advanced voting.

And, in Cleveland, the three Republican commissioners voted against the Democrats so they can't have advanced voting. How much is all that going to affect the turnout?

I'm never -- in my lifetime, nobody's ever done anything quite this blatant so I still think you have to assume it's going to be a close race, assume it's a hard fight and then fight through it.

But I think the president has the advantage now. We did have a very good convention. He got a good boost out of it. I think people kind of get that we were so damaged that we couldn't be back to full health in four years.

So the real question is whose got the better plan for the future? I think he'll win that

argument.

ZAKARIA: In your last book about jobs, which was really about how to create jobs in American, but really in any rich country, one of the things that struck me was you really are quite passionate about the importance of ending a 30-year battle against government, what you call a, "30-year assault on government."

Why do you think that's key to growing jobs in America?

CLINTON: Because there simply isn't a successful country in the world that doesn't have public-private cooperation.

You look at the countries like Germany, which is, of all the countries on Earth, gets the higher percentage of their income, GDP, from manufacturing and, of all the rich countries, get the highest percentage of their GDP from exports.

And, after the financial crisis, they did the best of any Western country in penetrating the Chinese market again. Why? Because they have a system supported by the government to get small and medium- sized manufacturers, not just their mega manufacturers, back into those foreign markets.

Look at Singapore, a country the Republicans profess to admire because it has an overall tax burden that's fairly low, partly because their prosperity is new-found and they don't have embedded Social Security obligations for example.

They spent $3 billion -- a country with 5 million people, spent $3 billion to try to take the lead away from the United States in biotechnology.

That was government money, but they're not going to create government jobs, they're going to create private sector jobs for researchers and new drug companies and new medical device companies.

So what works out there is a high level of cooperation not this kind of constant conflict and treating the government like everything they do hurts the private sector.

What's one of the biggest problems we've got in America today? We have lots of open jobs for people in the STEM fields, in science, technology, engineering, mathematics. Where are they going to come from?

They're going to come from our universities and from students, many of whom had to have student loans to get out of college. This is a cooperative enterprise. It's whether the society is doing well.

Different countries may do health care slightly differently. The Netherlands is doing well. They have 100 percent private system, individual mandate, but there are government subsidies to the people who couldn't otherwise afford the individual mandate.

You can't find a successful country that is not organized around a cooperation model.

ZAKARIA: President Clinton is obviously passionate about jobs and we are too. That's why I want to give you a programming note. Tonight at 8:00 p.m. and 11:00 p.m., Eastern and Pacific, you can catch a brand new GPS special, "Global Lessons: Putting America to Work."

We look around the world to figure out how to create jobs back home in America. Don't miss it. But, up next, President Clinton on Iran, peace in the Middle East and his optimism about the world.

(COMMERCIAL BREAK)

ZAKARIA: President Clinton, I'm going to ask you a few questions about foreign policy. Do you think Bibi Netanyahu is right that the United States needs to draw a clearer, red line with Iran with regard to its nuclear capabilities?

CLINTON: Well, because I was president and because my wife is Secretary of State, I have to be very careful what I say about this.

But what I know is that the idea that they are not working together is inaccurate. I know that the president and the prime minister talk all the time. I know what Hillary's doing. I know that the security services work together.

And I think this is the most difficult of all questions, how to handle this. There is no easy answer. All the scenarios for military action have huge collateral costs, which you yourself have noted in your columns.

And that explains why a substantial number of distinguished Israeli military and intelligence officials have said they don't think an attack is warranted.

I also think it's different what you say to countries in public, what you say in private. And so I think the president's desire to keep his public options open is the correct course at this time.

I think that when you say something in public, whatever it is, one or two things happens when the people call you on what you said. You either got to do something about it and deal with perhaps unintended negative consequences or you don't and people think you're weaker.

Better to have them wonder what you're going to do and communicate privately in more explicit terms.

ZAKARIA: Is Mitt Romney right that the only thing you can do with the Israeli-Palestinian issue is kick the can down the road?

CLINTON: No, it is accurate that the United States cannot make peace between the Israelis and the Palestinians. They have to do that. What we need to do is maximize

the attractiveness of doing it and minimize the risks of doing it. We can do that.

And if you look at it, President Bush, when he took office, the second President Bush, I'll never forget he said, "You know the names of every street in the old city and look what it got you. I'm not going to fool with this now."

And immediately the death rate went up among Israelis and Palestinians because there was nothing going on. Then, he got aggressively involved. Condi Rice practically lived on an airplane going back and forth to the Middle East.

And new possibilities opened up. They devised a negotiation around this roadmap concept. They didn't make peace, but meanwhile the Palestinian government was more stable, they produced more prosperity.

When the Israelis took the action in Gaza against Hamas, the West Bank was calm all because things were happening. And there was an understanding, a level of trust.

So I think kicking the can down the road is an error. I also think that, with all foreign policy conflicts, I like to say there's -- you got to decide whether a foreign policy problem is a scab on your knee after you fall down or an abscessed tooth.

With the scab, you want to let it alone. It will cure itself if you'll just let it alone. Time passing is good. With an abscessed tooth, all you're going to do is become sick and more infected if you don't deal with it.

So I have always believed that because of the demographic changes in the Middle East, generally among the Palestinians the population is growing faster.

And within Israel, you have more and more Israelis coming from other countries who are more disconnected to the history of the idea of a shared future that sooner is almost better than later.

And I still think that. And I believe that there'll be a new opportunity next year to reach an accommodation. I don't know when we're ever going to have a better Palestinian government to deal with than the one we have in the West Bank.

The Hamas problem is the Hamas problem. But I think the United States should be involved. We should always try to maximize the attractions of a peace agreement, minimize the risks and keep doing concrete things that give some hope to people.

ZAKARIA: We'll be back with more of my conversation with Bill Clinton, but, up next, What in the World, there's a new dirty word in politics: outsourcing. But the facts show it's not so dirty after all. Right back.

(COMMERCIAL BREAK)

ZAKARIA: Now for our What in the World segment. There's one issue on which Barack Obama and Mitt Romney are in agreement: outsourcing.

(BEGIN VIDEO CLIP)

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: We do not need an outsourcing pioneer in the Oval Office. We need a president who will fight for American jobs.

(END VIDEO CLIP)

(BEGIN VIDEO CLIP)

MITT ROMNEY, GOP PRESIDENTIAL CANDIDATE: If there's an outsourcer-in-chief, it's the President of the United States not the guy who's running to replace him.

(END VIDEO CLIP)

ZAKARIA: Every week, politicians on both sides of the aisle bash outsourcing. Each accuses the other of shipping jobs to China. But, hang on. What is so bad about outsourcing?

Let's look at the facts. A common misconception about outsourcing is that it is a zero-sum game. By that I mean that when an American job is moved to China, we tend to read the score as China +1 and American -1.

But a recent study from the London School of Economics' Center for Economic Performance reviewed 58 American industries between 2000 and 2007. They found that instead of limiting jobs for Americans, immigration and off-shoring actually improved the domestic job market.

You can understand why. If a company can lower its costs by outsourcing, it is likely to survive and flourish and, thus, eventually hire more workers in America.

Outsourcing is actually a fancy word for a simple, ancient idea. People should specialize at what they do best. Adam Smith described it as far back as 1776. He wrote in the Wealth of Nations, "If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them."

The concept dates even further back, perhaps right back to the first rudimentary marketplace. Buyers always look for the best deal on the market.

The difference today is the market is a highly global, competitive space so for a company to survive, it needs to seek out the best place to make its goods.

And hundreds of millions of consumers benefit. They get cheap goods and services. Everything from iPhones to airline tickets would be a lot more expensive if not for outsourcing.

U.S. companies don't simply ship jobs out to China or India because labor is cheaper there. They do so also to gain a foothold in growing emerging markets. And, as new

economies rise, they buy more American products and services and they invest their capital in the United States.

When the North American Free Trade Agreement was being implemented in 1994, many feared the deal would result in hundreds of thousands, millions of lost American jobs.

People though cheaper Mexican labor and goods would replace American-made products. But all those years later, most economic studies show that NAFTA's net effect on jobs was negligible. Instead, NAFTA helped both the Mexican and American economies to expand.

Now, outsourcing and trade can be misused. If corporations ship production off-shore to avoid taxes or do it in a short-sighted way. Companies need to recognize that American workers, high-wage workers, can produce quality goods efficiently, as they do in Germany for example.

But the reality is that, as a concept, outsourcing is not only useful, it is inevitable. It's never easy to see a job move from one country to another. But jobs are lost by automation too. Does that make progress bad?

The answer isn't to criticize outsourcing. Instead, we need to find ways to build on its advantages. By being negative about a pretty standard and age-old global practice, both political parties are masking a lack of real ideas.

What we need is a smart debate about how to create jobs which you will find on the premiere of our special tonight, "Global Lessons: Putting America to Work." Tune in at 8:00 p.m. Eastern and Pacific and then 11:00 p.m.

And, up next, back to my conversation with former President Bill Clinton.

(COMMERCIAL BREAK)

CROWLEY: I'm Candy Crowley in Washington. "Fareed Zakaria GPS" will be back in 90 seconds, but first a check of the headlines.

Mitt Romney is promising to reinvigorate the U.S. space program. The Republican presidential nominee says President Obama has weakened NASA and conceded America's position as the leader in space exploration. Romney says his administration would implement a four- point space plan that would include having NASA focus more on national security.

First lady Michelle Obama says it's important to make sure no one is denied the right to vote. Her comments of last night's congressional black caucus's annual banquet come as more than a dozen states have voter I.D. laws that critics say are unfair to minorities, the elderly, and college students.

The election isn't until November Sixth, but ballot casting starts before then in some states. Early voting begins in Iowa Thursday. It is already under way in Idaho and

South Dakota.

And you probably heard about that ancient piece of papyrus that refers to the wife of Jesus. It has caused a stir, but a new testament scholar says it looks more like a forgery. He says the papyrus could be authentic, but that the writing on it is a modern translation of old Coptic language and that the message may have gotten mixed up during that translation.

Those are your top stories. "Reliable Sources" is at the top of the hour, but now back to "Fareed Zakaria GPS."

ZAKARIA: The Clinton Global Initiative starts today. You've got 50-odd head of state, former heads of state coming. It's like a mini- U.N. before the U.N. begins. What are you hoping to accomplish?

CLINTON: Well, first I think it's important that this year we're focusing on much more rigorously on how to do these things everybody wants to do. The design for impact sounds like a disembodied slogan, but what it really means is if you think about every objective you want to achieve before you build a building, set up the supply route, start a social program, it makes a big difference. And in the opening session, we're going to have some heads of state and the Secretary General of the U.N., head of the World Bank, but Mike Duke, the president of Wal-Mart is going to be there because Wal-Mart is the number one deployer of social -- I mean, excuse me, the solar power of all the corporations in America. They even have wind mills at a couple of their stores. They think this is a good investment, so they're glad they're on the cutting edge of the fight against climate change, but they think it will save them money, save their customers money, create more jobs, and they designed it from the beginning. They planned in the beginning to do this. So that's what we're going to emphasize. And then, of course, we have some very exciting potentially political developments because of the leaders of Egypt and Libya are coming.

ZAKARIA: You have a cover story on "Time" magazine. You are the cover story of "Time" magazine.

CLINTON: Yes.

ZAKARIA: You -- It's called "A Case for Optimism." Most Americans are going to look at the situation therein and think, you know, everyone tells them this is the weakest recovery since the Great Depression. Why are you optimistic?

CLINTON: Well, first of all, the recovery is slow because the damage was global and deep. And unemployment here is lower than it is in the Eurozone. Job creation here is better than it is in the U.K. So, for all of the problems, I think we're moving in the right direction. It takes a long time to get over one of these financial crashes, but I think if you look around the world, if you look at just how the spread of elementary technology is generating wealth and opportunities, Haiti, where I do a lot of work, where Digicel has allowed all the cell phone owners in Haiti to do banking transactions over the cell phone, because the traditional banking system doesn't work for them. That's creating wealth, it's facilitating the movement of money in a

way that increases productivity. It makes a huge difference. All over the world wherever you increase cell phone penetration by ten percent in a developing country, it increases GDP output by six tenths of a percent. So, I think if you look at the impact of technology, what one laptop for a child movement can mean for bringing world-class educational materials to children who otherwise would have had to wait decades to get that kind of support, what it might even mean for poor schools in America, you have to be optimistic about it.

ZAKARIA: You have approval ratings right now that are the highest since you left the presidency, basically the highest of almost any former president. You went through some rough times during the presidency. At the lows did you think you would get back to being this high?

CLINTON: You know, I never -- I didn't think about it that much. My belief is you decide what you should do in life and you get up and put one foot in front of the other, and after you take enough steps something good happens. But in general, all former presidents see their approval rating go up, because they're out of the line of fire, they don't threaten anybody else's ambitions, they don't thwart anybody else's plans and if they're doing what I think they should do for America, they're out there trying to do good things, so their numbers go up. In general that's what happens. But I'm touched by it, gratified by it. I love my country. I love being a president, I love what I'm doing now. But I think that a lot of it is just being out of the line of fire and trying to do good things. I also believe ...

ZAKARIA: Are you amused by all these Republicans who say they love you when they once were trying to impeach you?

CLINTON: Yeah. It's interesting. Even way before that, I mean just the stuff that went on, but they remember, too, that we actually did things. But they didn't ask for surrender once they realized there would be no surrender. There was an action-forcing event, remember the government shutdowns, we had about a year that was lost to action and then the public rendered a judgment. They thought I was right on that, not to give in to the pressure and so we began to work together. We had five good years working together, even through all the other controversy, we kept getting things done. We really haven't had an action-forcing event like that. I believe the election will be that event. I expect the president to win and I think if he does after this happens, then you will see the logjam beginning to break. I think it will strengthen the hand of, for example, Speaker Boehner, who would make an agreement if his -- the most right wing of his caucus would let him. I think they will have to think about the consequences of not doing that. I think the same thing will happen in the Senate. I think you will see the gravitational forces on American politics pushing us toward an agreement on the budget and a number of other things.

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