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One Reason Why John Kasich Might Be a Great CEO for America: Money Management

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Don't be fooled by the fact that John Kasich's resume includes a seven-year stint at **Lehman Brothers**: He may still be the most fiscally responsible of the Republican presidential hopefuls.

While the Ohio governor served as a managing director at the failed investment bank -- which is often viewed as the domino whose fall touched off the worst of the 2008 financial crisis -- his tenure as a managing director belies a successful career as both a thrifty fiscal planner and bipartisan deal maker.

"The next president is going to face an extremely serious budget situation," said Chris Edwards, the director of tax policy studies at the libertarian **Cato Institute**. "And Kasich knows the federal budget better than all the other candidates."

As chairman of the House Budget Committee, Kasich helped reach across party aisles in 1997, working with Congressional Democrats and President Bill Clinton's administration to create a fiscal plan that balanced the budget for the first time since 1969, according to Edwards.

If the role of president is somewhat akin to that of a corporate CEO, Kasich's aptitude in controlling costs may be the most important of the skills he could bring to the job. While he has never been a corporate CEO, along with his work in finance, he has served as Ohio's chief executive since 2011.

In that role, he reduced the state income tax by 16% and eliminated the so-called "death tax" under which the state collected a portion of household and small-business assets when they were included in inheritances.

Whether success in an executive position translates to success in the Oval Office is an open question -- one that has become prescient as more candidates with a corporate background try to make the jump. Mitt Romney, perhaps, got the closest in modern times to parlaying a successful business career to a stint in the White House when he became the Republican nominee but lost in the general election in 2012.

His campaign, in part, focused on the idea of bringing a more business-like approach to government. But he didn't invent the idea: George W. Bush has an MBA; George H.W. Bush is a former oil executive; Jimmy Carter owned a peanut farm; and Herbert Hoover was a mining engineer and business consultant.

Two of those people were also former governors: George W. Bush held the role in Texas, and Jimmy Carter in Georgia. And Romney had served as governor of Massachusetts.

In this election cycle, with Donald Trump and Carly Fiorina -- both successful in business but with no political experience -- vying for the Republican nomination, corporate experience has been a vital component of political discourse. In response, *TheStreet* is using that lens to evaluate the candidates in a series of articles measuring qualities such as leadership, energy and intelligence valued in both CEOs and presidents.

Financial management, of course, is among them. It's an area in which Kasich's skill appears particularly relevant, with the U.S. on pace to reach a \$1 trillion deficit by 2025, based on its present spending and debt. That could be further complicated by a recession, which typically hits the country every six to seven years, Edwards said.

"I think there is going to be an emergency fiscal situation or even crisis within a decade, and it seems to me that we want someone who knows a little about balancing budgets," he said in a phone interview.

Kasich's campaign for the Republican nomination emphasizes cutting the corporate income tax rate to 25% from 35%, largely to prompt domestic production, promote employment and innovation and discourage the practice of "tax inversion," in which corporations with significant U.S. operations set up a headquarters overseas to reduce tax payments.

His only substantial spending hike as the governor of the Buckeye state, in which he has reduced taxes by roughly \$5 billion, has been Medicaid expansion. At the same time, Kasich is an advocate of repealing the Affordable Care Act to stimulate competition and curb healthcare costs, he says.

While his stint at Lehman Brothers, where he was a managing director in the investment banking unit from 2001 until its collapse in 2008, has been fodder for criticism, Kasich has said his leadership responsibilities there were quite limited. He was one of 700 executives with the title of managing director, and he worked out of a two-person office in Ohio, the Cleveland Plain Dealer reported.

The role is "par for the course" for departing congressmen, who often move to consulting, lobbying, or financial roles after their terms end, according to Edwards.

On the upside, Kasich says his time at Lehman allowed him an opportunity to travel the country and learn about the entrepreneurship and innovations of Silicon Valley.

A key plank of the Ohio governor's campaign platform is establishing "job-friendly policies," a plan similar to his Common Sense Initiative in Ohio in which an oversight group is charged with reviewing and trimming regulations that stifle employment growth.

In November, he announced plans to shut down the Department of Commerce, which he views as a bureaucratic "mishmash of unrelated functions," according to his campaign website. His proposal, essentially, is to transfer its resources to the states, a move he says illustrates his broader policy of cutting extraneous federal spending.

"Americans would save money, and it would send a huge signal to Washington that business as usual is over," Kasich said in a statement. "My plan for Commerce is a template I would take to all federal agencies -- shrink, consolidate, shut down and send responsibilities back to us in our states and communities."