

Brad Abelow Interview (October 29, 2018)

Rick Sinding: Hello. I'm Rick Sinding. It's Monday, October 29th, 2018 here on the campus of Rutgers University at the Eagleton Institute of Politics. With me today for the Center on the American Governor is Brad Abelow who served first as State Treasurer and later as Chief of Staff in the administration of New Jersey's 54th Governor, [Jon Corzine](#). Brad Abelow, welcome to Eagleton.

Brad Abelow: Thank you for having me.

Rick Sinding: I know you worked with Jon Corzine when he was the CEO of Goldman Sachs before he went on to the U.S. Senate and, later, to become Governor of New Jersey, but tell us a little bit about what you did before that, where you grew up, where you went to school, how you ended up coming to Goldman Sachs.

Brad Abelow: Sure. I grew up in New York, New York City, and went—I'll fast-forward to going to college. I went to a small liberal arts college in the Midwest called Carleton College in Northfield, Minnesota. I'd never been there until the day I got there and it was a great shock. There's a big billboard when you enter the town that says "The land of cows, colleges and contentment" and I was like "Oh, my God. What am I doing here?" As a liberal arts college, the first class I had was a freshman seminar and they said "What are you interested in?" I said "Oh, I think I'm interested in political science." And so my professor for my seminar and adviser was a guy named Paul Wellstone who went on to become a United States Senator. I can't quite remember what made me be interested in political science, but I had some interest. Whatever interest that was, was kindled by Paul, who was a remarkable teacher and even more remarkable person and, as I say, later went on to become a United States Senator and I guess he must have been a Senator when Corzine was a Senator as well. They must have been colleagues there. Subsequent to being at Carleton, I actually worked in politics on some different campaigns.

Rick Sinding: In Minnesota or back in New York?

Brad Abelow: In Chicago, actually. I worked on a state representative campaign and I worked on a mayoral campaign for a guy named Harold Washington, who became Mayor of Chicago, and I did a variety of other kinds of organizing work, working with low income people and on issues of access to food, both in Chicago and in Minnesota.

Rick Sinding: What took you to Chicago?

Brad Abelow: I went on an urban studies program. I had two years of cows, colleges and contentment and then that was enough. I thought I needed to see a building and have cement under my feet and so I went to Chicago and then bounced back and forth, with work and school, between Chicago and the Twin Cities. Then at some point I decided, well, I should get more education and my recollection is of being a little bit confused. I applied to the Kennedy School of Government, to Rabbinical Seminary, to an urban planning program, and to the School of Management at Yale, which at the time had kind of an indeterminate program of management in the public sector, the private sector, and the non-profit sector. So I thought, "Okay. This will allow me—this was almost created for someone who doesn't know what they want to do, so I should go there." And I ended up at Yale and I got a degree in management and, as a summer intern, I got a job at Goldman Sachs. I said "I'd like to see what these people actually do." I'd heard about investment banks. So, I went to work for the summer at Goldman and much to my surprise, they wanted me back full-time. So, I went there and started there in investment banking and at the time, Jon Corzine, later to become governor, was running the fixed income division: bonds, sales and trading of bonds. And then for reasons that again are somewhat mysterious to me, I ended up being moved from banking to what Goldman Sachs calls "the back office," areas like operations. So, I was responsible for things like security and the cafeterias and—

Rick Sinding: Well, your degree was in management. That seems to make sense.

Brad Abelow: Exactly. So I was at Goldman for, I think, 15 or 16 years and that's where I first crossed paths with Governor Corzine.

Rick Sinding: So you're in the back office, essentially management functions of Goldman Sachs.

Brad Abelow: Yes.

Rick Sinding: He goes on to be CEO of Goldman and then runs for and gets elected in 1990 to the United States Senate. You were not involved at all in his campaign or in the politics of that period?

Brad Abelow: Well, when he was running for office, I was in Hong Kong. I had been sent to Asia by Goldman and so, in the period in which he was chairing the firm and leaving and then deciding to run for office, I was in Asia. I do recall that he was always comfortable coming to people and asking people who he thought would be supportive of his candidacy or other democratic candidates, coming and asking for help, and that we reach into our pockets. So, I definitely recall that happening. He may not, because as I say, he was prodigious in this.

Rick Sinding: What were you doing in Hong Kong?

Brad Abelow: I was responsible for operations, technology and finance for Goldman Sachs in Asia.

Rick Sinding: For Asia?

Brad Abelow: Yes.

Rick Sinding: How long were you there?

Brad Abelow: We were there almost five years. It was a great experience. One of my children was born there.

Rick Sinding: It's one of my favorite cities.

Brad Abelow: It was a great place to work. I very much enjoyed the opportunity to live outside the United States. I'd never done that before.

Rick Sinding: And this was before Hong Kong was turned over to China?

Brad Abelow: I was there when it—

Rick Sinding: Oh, it was in '97.

Brad Abelow: Yes, before and after. So, it was a fascinating thing to live through. I learned something about the media, because turn on the TV and it's like, "Oh my gosh, the world is coming to an end." And instead it's like a series of black-tie parties and dinners and people are saying "Well, wait, what? Which of these is real?" And obviously neither.

Rick Sinding: I was going to say, it must have been interesting because as the People's Republic of China took over Hong Kong, a financial company like Goldman Sachs would have been an anathema to Mao's China, but obviously was not to the incoming regime.

Brad Abelow: No, no.

Rick Sinding: So, you had dealings with and were working with the folks who were in—

Brad Abelow: Yes. I mean, I'd spent time in Beijing and Shanghai and working on things in China as well. But also I knew the people in our office who were Hong

Kong Chinese. There was obviously some apprehension but also enormous pride and I thought that was something that was not—I didn't see that in the international media coverage. So, it was a lot of mixed things going on.

Rick Sinding: So, when did you come back to the States?

Brad Abelow: I think it was 2000, because I know I was here September 11. So, I was back by 2001 for sure. My last job at Goldman was to be responsible for what they call Operations, which is the movement of cash and securities, maintenance of customer accounts and then all of those other things that I'd been responsible for before: the physical—the buildings, real estate, owned and managed real estate, cafeterias, making sure the travel worked, all those fun things.

Rick Sinding: I might have mistakenly before said that Corzine ran for Senate in 1990 and of course I meant 2000.

Brad Abelow: 2000, yeah.

Rick Sinding: I always get that decade mixed up.

Brad Abelow: The lost decade.

Rick Sinding: <laughs> That's right. The lost decade. Okay, so 2000. In 2001, you're back in the U.S. and Jon Corzine is in the United States Senate.

Brad Abelow: Yes.

Rick Sinding: By 2005, when he runs for governor and he's coming back to New Jersey, did you again dip into your pocket for him?

Brad Abelow: You know, I don't remember, right? That's a fair answer, is I just don't know. I had left—what I was doing was I had decided that I'd had a fulfilling and full career at Goldman and so I had told them that I was leaving and the then-Chairman, Hank Paulson, asked me to stay as a consultant and I was engaged in a year-long project to create a corporate social responsibility program for Goldman. So, that was what I was doing while he was running for governor.

Rick Sinding: Was that going to be a non-profit arm?

Brad Abelow: Hank had a personal interest in environmental issues. He's a birder by hobby and birders are concerned about things like climate change. It has a big impact on where birds go and when and so he wanted to see if there was a way for Goldman to be engaged around environmental and some other social issues. So I

spent that year sorting out how and what that would mean and so I had one foot or maybe one and a half feet out the door watching what was going on here.

Rick Sinding: So Corzine's running in 2005. Did you get involved in his campaign?

Brad Abelow: You know, good question.

Rick Sinding: <laughs> How did he end up choosing you to be the treasurer I guess is the question.

Brad Abelow: I'm not sure I've ever asked him that because I had a series of conversations with [Dick Leone](#) before I sat down and talked with him about it.

Rick Sinding: Leone was the transition chair.

Brad Abelow: He was and Dick was a wonderful friend and mentor.

Rick Sinding: How would you come to know him?

Brad Abelow: You keep asking me questions that I can't quite answer. I don't know and I think again it may be that I don't know the answer to that in part because I spent so much time with Dick in that period of transition and afterwards.

Rick Sinding: Well, he also, I should point out, had been the state treasurer way back in [Brendan Byrne's administration](#).

Brad Abelow: And it was a central concern of the campaign, of the governor, of Dick: the [State's financial health](#). And I think that there was an expectation that the governor had created in the campaign and through his inauguration that he had a set of skills that could and should be applied to addressing those fiscal issues. And I was part of that. I never asked the governor what conversations he had, and with whom, at Goldman that made him think that he could rely on me.

Rick Sinding: But you think that he, in fact, had suggested to Dick Leone that he talk to you?

Brad Abelow: I'm sure that he or someone else from the Goldman world must have. And people knew—and I think [Corzine] knew—that I was interested in public office, public life, public service. And I suspect that if he'd started asking people about me at Goldman, they would've said, "Well, look, he's a reasonably smart guy but you can be pretty sure that whatever you ask him, you'll get a straight answer." I think that's something that he values in people.

Rick Sinding: It's interesting. I don't know this for sure, but I suspect that there's some sort of political mythology out there that suggests that you were sort of a henchman for Corzine at Goldman and that he dipped into Goldman and brought out one of his guys.

Brad Abelow: Yes.

Rick Sinding: But you make it clear that that's not at all what happened here.

Brad Abelow: Well, I don't think either he or I ever thought it was particularly in our interest to dispel that, nor do I recall doing anything to. I mean, I recall being somewhat mystified by it, that lots of things happen when you come from Goldman Sachs and people think you have a prior relationship. But people assume all kinds of things about the stuff that you know about things that of course you don't know until you actually find out about them. So I spent a lot of time fighting back against that.

Rick Sinding: I can imagine. But you had no particular experience in politics or government before you took on what was arguably the hottest seat in Trenton at the beginning of 2006?

Brad Abelow: Yes, I think that's fair to say.

Rick Sinding: Were you prepared for that?

Brad Abelow: Well, I like to tell people that I stopped work at Goldman on Friday and came to Trenton on Monday. So, I had the weekend to get ready. [Laughter] People have asked me about this and so I've answered the question and I've thought about it and I don't know what the right preparation is. I mean, I think it was so central to what the governor wanted to do that we not be bound to preconceived ideas of how things should be done, or what the problems were and how they should be solved. So I think it was something of a benefit to have fresh eyes.

Rick Sinding: That's certainly how you would've gone about looking at fiscal issues prospectively, but you also walked into a situation on day one where you were facing a projected \$3.6 billion deficit in the current fiscal year's budget. So you immediately had to confront a situation where you had to make revenues and expenditures match over a course of the next roughly five and a half months.

Brad Abelow: Well, yes. I think first budgets are really hard.

Rick Sinding: Especially if they're not yours. You're inheriting it from the previous administration.

Brad Abelow: Every new administration that shows up faces this challenge and I think it's particularly true if the parties are switching or if you're not on the best of terms with the team that was there before you.

Rick Sinding: Now, just to interrupt you for a second, this is the only administration, at least in my memory, and I think you have to go back to the 1950s perhaps, where a governor was coming in succeeding a governor of the same party rather than of the opposing party.

Brad Abelow: Yes, but these were extraordinarily unusual circumstances.

Rick Sinding: They were <laughs>.

Brad Abelow: That is true, without a doubt, but how [Governor \[Dick\] Codey](#) had come to be there was unusual. I think there was always a question of how he actually felt about having vacated the seat. There were enough reasons for there to be tensions across the team.

Rick Sinding: There was certainly tension, although certainly less than acrimony, which I think would have described some of the previous transitions.

Brad Abelow: That's right, but I think—look, we need to talk, because it's appropriate to talk, about the budget and the holes in the budget, but I think it's important to take one step back, which is that the governor was intent on changing how business was done. And I think that that colored the transition, as well, that he really thought that there needed to be a culture change in Trenton. That had enormous implications for me because not only did I have to deal with preparing a budget, but I had to decide who to rely on in thinking about what the choices we had were, what information to rely on and at the same time had to come to grips with managing a Treasury Department, which does a wide range of things and again, to figure out who in that office did I want to have there, who was I not as comfortable with and why, and a set of assumptions about how business was done.

So, let me give you an example. It was not obvious to me. I mean, there were historic ways, when contracts were being let, as to who would have access to Treasury as we were looking at those contracts and our view was, well, something's out to bid. We should let that bid process work and we'll look at it. I don't really need to talk to a lobbyist about it while we're evaluating a bid. Sending that message within Treasury was very different from what people had seen before. For some people it was liberating, I think—letting professionals do their jobs, which

they found refreshing maybe, and sometimes scary. And for some people, they wanted no part of it. So, there were lots of complicated things going on as we were trying to come to grips with these numbers and we knew in the transition period—we had a sense of what we were facing and I think that it's a set of realizations. This is how big the hole is and what you have to deal with and then the next sort of horrible set of realizations is about the choices that you have and how unsatisfactory [they are]. I think this is axiomatic, but if they were easy things to do, people would have already done them, so that's when you start to sleep badly.

Rick Sinding: And that's certainly reflected in the first budget presentation that Governor Corzine made, which was mostly—I mean, I lived through the early budgets of the [Florio administration](#) and, again, it was freezing state jobs, eliminating positions, raising the sales tax, finding bits and pieces here and there that you could cut. Later on in the administration, I guess by the second budget, I think you had begun to look much broader at restructuring, but at this point you were dealing with crisis-of-the-day kind of development of that first budget and, interestingly, that first budget did not draw a tremendous amount of opposition out of the Senate, where Senator Codey—who had been his predecessor—came, but out of the Assembly where it faced tremendous resistance.

Brad Abelow: Yes. And that was really around the use of revenues to address the budget hole. [We were here \[at Eagleton recently\]](#) talking about it with a group of people. I think these are different institutional interests that come to play. As a new administration, you know that as a political matter, the best opportunity you're going to have to do what really needed to be done, which was to have more revenues, is going to be in that first budget. And if you're in the Assembly, you know you're going to face the voters two years before the governor does, and be held to account for raising taxes, which people don't think is popular.

Rick Sinding: And the message from the 1991 mid-term of Jim Florio was still very much in the minds of members of the Assembly, I assume, at that point. That you raise the taxes, they're very unpopular and you're going to lose your seat.

Brad Abelow: Yes. I mean, I get that. I lived that. [Laughter]

Rick Sinding: There was also, it seems to me, and correct me if I'm wrong, a north-south issue going on, was there not?

Brad Abelow: Yes. I mean, there are both issues and perceptions of issues and pure political power and desire to control that are all getting played out against this backdrop. And I would say that the administration I was a part of was significantly less interested in that than pursuing its own agenda and I think history might say that we should have been more concerned with that.

Rick Sinding: Did that jockeying and opposition come as a surprise to you, or had you had enough experience from your political science studies and experience in the field to have a sense that that was part of it?

Brad Abelow: So, again, I've thought a lot about this. There's a series of things underneath that question that have been of interest to me. One is the broadest one of what happens when businesspeople go into government. I'll leave aside any evaluation of the governor himself in this regard, but I didn't come from a transactional part of the business. I came from a part of business that was process-oriented, that if you had a good day, not too many things went wrong and you come back again in the morning and start all over again. And I think that that was good preparation for Trenton. So I, from that experience, have modest expectations about flipping a switch and changing the world in an instant. I think that psychologically positioned me pretty well for a lot of stuff that happened. I do think that one of the things that was jarring to me and was a real adjustment was the kinds of sensible and productive conversations that you could have with legislative leadership behind closed doors and then to have those same people walk out of your office and stand in front of a bunch of cameras and say exactly the opposite. I was not prepared for that.

Rick Sinding: Why? That sort of thing doesn't happen in the private sector <laughs>?

Brad Abelow: Yeah, it just didn't. I just didn't see it. And so, again you see something and you live with it, you learn, you move on. I have a thick enough skin. I figured out pretty quickly, "I'm not going to take this personally. It's not about me." That took a little bit of learning.

Rick Sinding: That's a very important lesson, I guess, for anybody who wants to go into the administrative side of a government, to understand that an awful lot of what happens in public life is not personal, but is truly political. You learned that quickly?

Brad Abelow: Pretty quickly. I mean, that's one nice thing about—or I don't know if it's a nice thing. It is definitely that if you're the Treasurer, everybody is marching through—and that's true within the administration. People think about this in terms of the legislature and the budget.

Rick Sinding: Oh no. Every cabinet officer wants more money, too, of course <laughs>.

Brad Abelow: But before that happens, everyone is going to come through for whatever. Look, I never experienced doling out a lot more money. I only lived with

the other side. But if you're looking at where you're going to take money from, people are pretty passionate about protecting theirs and not above offering up their neighbor's.

Rick Sinding: Just about every Governor since [Tom Kean](#) in the 1980s has dealt with the same kind of situation that you've had to deal with, which was an extreme shortage of revenues compared to appropriated expenditures.

Brad Abelow: Yes and look, I think that one thing that I felt good about and I think if we looked back at the record—that the governor and I tried very hard to dispel lots of myths. Everyone wants the easy out with the budget. They think if we could just cut state spending, as if state employees somehow magically—if we could just cut everyone's salary, that everyone's overpaid by 10 percent. To explain to people that that actually is a tiny portion of what the state spends money on and that you start to peel back the onion and it wouldn't really make that big of a difference. I'm not saying that everyone is paid appropriately, but if you want to come to grips with the budget, you have to really look at what we actually spend money on. And he invested a lot of time in talking to people about that.

Rick Sinding: And in fact in later budgets—I don't think of the first one—I notice that there were significant cuts in aid to municipalities, aid to hospitals, restructuring of the school finances formula, because those were the big-ticket items in the state budget.

Brad Abelow: Look, that was my—it didn't take me long <laughs> to develop a conceptual model of what was going on. We're just taking in a lot of money through three big pools of taxes—income tax, sales tax and then corporate and sort of others, leaving property tax aside because that's not collected by the state—and then you're recycling that. And most of that is not going for the workings of the people who are at DMV that you actually—the few people that you actually see. It is actually just being pushed back out in the form of grants to things that we rely on. So, again, I think the governor made a real commitment to trying to talk to people about that and to be open and honest. I think if he had had his way, he would've sat in every living room or every kitchen in New Jersey and talked to people about that.

Rick Sinding: Before he had that opportunity, however, as the deadline approached on your very first budget, there was no consensus. You went past midnight of June 30 of 2016 with no budget.

Brad Abelow: Yes, we did.

Rick Sinding: And you had the first shutdown of government in state history.

Brad Abelow: Yes.

Rick Sinding: <laughs> You smile in that memory, but I don't think it was a happy time for you.

Brad Abelow: No. No, I think at the time and later people want to read politics into this, that we were trying to prove something. This was not something that we wanted and not something that we expected and I don't think we viewed it at the time as coup or success to have achieved this. This is not how you want to be remembered for posterity. On the other hand, I think, again, the governor, you haven't asked me about him directly.

Rick Sinding: Oh, we're getting there <laughs>.

Brad Abelow: I'm sure. But he's really smart. I mean, we can talk separately about the things that he's not as good at, but I would be hard-pressed to believe that any governor understood the budget as well as he did, as quickly as he did. He had a strongly held set of opinions about things that were important and things that were less important and we stood by them.

Rick Sinding: Well, at that point there had been no budget presented to him for his signature, as I recall.

Brad Abelow: That is correct.

Rick Sinding: So, the ball wasn't really in his court. It was up to both houses of the legislature to pass a budget by June 30.

Brad Abelow: Well, that is true as a practical—that is accurate. But we had presented a budget and we were very clear with the legislative leadership and the budget committee leaderships about what we wanted to see in the budget and there was no budget that moved because I think we had a hand in that, because we didn't want a budget that didn't reflect the things that we held as priorities.

Rick Sinding: Well, the budget that was ultimately signed bore a far greater resemblance to the one that Governor Corzine had proposed several months earlier, than to any of the alternative budgets that had been presented by the legislature. The big sticking point seemed to be the increase in the sales tax and that stood. You ended up getting that in that budget.

Brad Abelow: Yes.

Rick Sinding: A couple of months after this experience, the governor made a fairly dramatic plan, called for a special legislative session to deal with property tax reform, municipal consolidation, the school funding formula and including a modest \$2 billion—I say two billion and modest [laughter]. But in the overall scheme things it's fairly modest, a \$2 billion property tax credit proposal and the creation of the office of the comptroller.

Brad Abelow: Yes.

Rick Sinding: I would characterize this as the first step in the governor's desire to restructure the way in which the state budget process worked. First of all, how involved were you in helping the governor develop this particular proposal?

Brad Abelow: Well, is there a second part? [Laughter] I mean look, the answer is I am sure I was. I mean, these are all things that I would have been intimately involved in. I don't remember the specifics, and some of those things are things that emerged out of the budget impasse as being particularly important. The property tax situation is of critical importance to the legislators and I think it is appropriate that it be addressed. The governor had strongly held views on school funding and what we needed to accomplish in that area. So it was a mix of things. The comptroller initiative, which had been a campaign platform issue for the governor, really had to do with accountability in government. So it was a lot of things coming together, but I think you have to just view it as sort of the second half of the budget.

Rick Sinding: Okay, the natural extension of the—

Brad Abelow: Issues that had been opened up.

Rick Sinding: —issues that had arisen. Did anything come of that? I mean aside from the Office of the Comptroller, did anything actually come of that?

Brad Abelow: I don't recall legislation that was signed, but we did ultimately create and move a new school funding formula. So it did lead to other things and I certainly think that—I know I went through an evolution in my thinking around property tax credits.

Rick Sinding: How so?

Brad Abelow: Well, I think that there was a lot of suspicion always about the credits, that the state's not really willing to do or can't figure out what to do to deal with property taxes. So the best idea anyone has is to put a check in voters' hands right before the election.

Rick Sinding: That was the rebate.

Brad Abelow: Right. And then, maybe out of frustration with an inability to figure out what to do about property taxes. One thing that the governor always insisted on in everything that we did: he was interested in economic fairness and always wanted things—he always the used the term “means tested,”—that he wanted us to be sure that whatever we were doing was not going to disproportionately or unfairly impact lower-income people. And the one benefit to the credits is that you can actually target them so that they go where you want them to go.

Rick Sinding: Place limits on the income levels that people would have in order to qualify.

Brad Abelow: Yes, and so I actually came to—I mean look, this is a criticism of state government, that part of that big recycling machine is that we’re actually choosing to take from. I think that’s what distinguished Democrats from Republicans, that we’re a little more comfortable in taking from the rich and distributing it to the less wealthy. But I actually found the rebates to be helpful in achieving that objective.

Rick Sinding: There’s an inexorable connection between the state’s school funding formula and property tax relief.

Brad Abelow: Yes, absolutely.

Rick Sinding: Maybe I should backtrack and say, did the changes to the school funding formula and the changes to the property tax credits come out of a special legislative session that the governor asked for, or did it come as a legislative response to his proposal?

Brad Abelow: Neither. It took a lot longer—

Rick Sinding: Yes, it did.

Brad Abelow: —to get a school funding reform package.

Rick Sinding: Which had to pass court muster as well as legislative.

Brad Abelow: Yes. I mean it took a long time for us to figure out what we wanted to do, a long time to work it through the system and to get it passed. So what I would say is that that was a forum to take issues that existed before we did the budget, emerged from it as unaddressed, to put them and keep them on the table and so they didn’t go away but I’m not sure that the special session—I mean I’m

skeptical about special sessions, right? We had them every day when the state was shut down.

Rick Sinding: Yeah, right. For the following fiscal year budget, the governor's budget message for the first time called for the monetization of certain state assets. This had to do primarily with privatization of lottery and toll roads and—well, explain what monetization is.

Brad Abelow: Let me just take one step back. One of the things that was obvious to us very quickly was that if you put into a pie chart the spending of the state, that an increasing portion of it, a bigger and bigger piece of that pie, was going to be devoted to various forms of paying for past obligations. Some of that is a form of interest and principal to pay off debt that the state has incurred, and some you can think of as having the same impact as the unpaid or unfunded pension liability and the state's responsibility for retiree medical care, which is not a funded obligation. You pay that as you go. But those three things, which are not money available—of all that money that's coming in, that money is not available to go out to pay for teachers in schools or providing access to healthcare for people, things that we would value more today. It's paying for the past.

Rick Sinding: Or in the case of pensions, for the future.

Brad Abelow: Yes, the past and the future. [Laughter] And the governor said to me, "Look, what can we do? How can we deal with this? I want to be talking about doing things that I think are important." He used to say that people used to say to him, "Why are you a Democrat?" He said, "Because I believe in government." He said, "Because I went to the University of Illinois. It's government that gave me a hand up. So how are we going to have more money to provide that hand up and get rid of some of this?" And so we spent a lot of time thinking about that, with very limited tools. If it's the private sector, you could sell stock. Well, you can't sell stock in the government. There are no shareholders in the state of New Jersey other than stakeholders, who are citizens. We could sell things that we own, divisions. Well, we're not going to sell the prisons. I mean, you can think of things.

Rick Sinding: Well, I don't know. [Laughter]

Brad Abelow: Some people might, okay. [Laughter] But we didn't have assets to sell. We looked at and did do what we could to accelerate the sale of abandoned property. Could we consolidate facilities and sell that land off? So there is a little bit of stuff on the margin, but not if you're talking about billions of dollars. I don't remember whether it was \$50 or \$60 billion. It's probably \$80 or \$100 billion today that you have to deal with. It's a drop in the bucket.

Rick Sinding: Well, I should point out that just shortly after the governor made that proposal in March of 2007, there was a very ominous report that came out that said that the teachers' pension and annuity fund had only 78 percent of the amount of money that was needed to cover retirement benefits for present and future teachers. So you were already beginning to face what has since become a far more critical problem.

Brad Abelow: And I do believe that we and the governor never received sufficient credit for—I mean, because in the second half of the administration, once we faced the overall fiscal collapse of the country, budgeting was a whole different matter. But prior to that, we made the first significant contributions in I don't remember how many years—10 or 20 years—to the pension. It wasn't enough. We were still falling behind, but at least we were doing something. I mean, I think we met 50 percent of the obligation in the first year, which was a lot. But the question is, what's the big thing you could do to reduce that indebtedness? And so one of the things that came to our attention was something that was in vogue at the time, which was privatizing roads and other public facilities. Illinois had sold off the Chicago Skyway. The state of Indiana had sold off their highway.

Rick Sinding: Very controversially, I might add.

Brad Abelow: And we spent a lot of time thinking about what had made sense about that and what didn't and so we came and gosh, I wish—well, there's lots of things I wish were different—but language is much more important that we ever gave it credit for. That should be another whole conversation in this context. But we decided that we didn't want to do what had been done in those cases, which was to let private industry—finance—make a lot of money off of this.

Rick Sinding: In some cases, as I recall, the Illinois toll road was sold to an Australian company, something like that.

Brad Abelow: Yes. But the one thing that you know for sure is that those people are going to make their money, right? That's what they do and they're really smart at it and they're really good at it and so whatever they're going to make is coming out of our pockets. And so the question was, how can we get value from these assets that we have and not fall into that trap? Highways for years have been funded through debt. Everyone, I think, thinks that's appropriate, that they're there for a long time so you can borrow against the tolls and the toll revenue pays for the debt. And the problem in New Jersey was that we couldn't sell bonds too far into the future because no one trusted the legislature to raise tolls. If the tolls were set at a dollar—just making this up, it's not what it was or what it would be—to run end to end on the Turnpike, that creates a revenue stream of some size X, and that is what you have to pay off the principal and the interest on the debt.

Rick Sinding: As well as maintenance of the road.

Brad Abelow: And you have to pay for, yes, everything else. So we said, "Okay. Well, we promise you we'll raise it by a quarter every five years. Inflation. That seems fair. Could we borrow against that quarter?" And they said, "No, because you're New Jersey, and we don't believe that you're going to do that." So our answer to that was, instead of selling these roads to the private sector, let's just figure out a way to let us borrow more money against it. They'll continue to be owned by the state. So we came up with the idea, which had been done in other countries, in Canada and a bunch of other places. Not so common. I think it has been done since in the United States: creating a public benefit company. We would transfer the right to raise tolls to that company. The directors would be appointed by the legislature, the governor. The road would continue to be owned by the public as it had been, but we would borrow a bunch of money against future toll increases.

Rick Sinding: That would not be subject to legislative approval. Got it.

Brad Abelow: Right. They would get the revenues in return for the right to control the tolling.

Rick Sinding: Gee, and the legislature didn't like this idea? Imagine that. [Laughter]

Brad Abelow: So we made a lot of mistakes. [Laughter]

So what I've just said to you is very complicated, way beyond the attention span of a legislator. [Laughter] And there were also issues that we just weren't as sensitive to as we should have been. Because I mean, first of all, it's not the worst idea in the world if you're a legislator in southwestern New Jersey whose constituents don't travel on the Turnpike. On the other hand, if you're right in the corridor where people are commuting, it's a problem. And I think it's a fair criticism and we raised this, unsuccessfully: why do we toll the Parkway and the Turnpike, but we don't toll I-80? And it's not fair, right? So there are a lot of issues around this.

Rick Sinding: I mean not to belabor this point, but doesn't that all go back to how the interstate highway system was funded?

Brad Abelow: It's got lots of complexity but the net of all this is that it was a big idea to try and solve in part a big problem, to be able to take some of that toll money and apply it against the state's indebtedness. Pay down some of that debt. Relieve the state of the obligation to make payments on an annual basis and spread that out over Turnpike users over a long period of time. Problems with that are complexity. Explaining what I just did is—who is going stay awake? And it's not

obvious—if on one hand getting a property tax rebate a month before the election is really obviously a good thing to voters, paying down the state debt is not so obvious. And so for the people in the legislature who are looking at it, it's not clear that this makes sense. And it wasn't purely, well, it was a partisan—no, it was a nonpartisan divide, right? No one thought it was a good idea. [Laughter] Republicans reflexively opposed it because it was our idea.

Rick Sinding: Although it is not far off of what Republican orthodoxy would suggest.

Brad Abelow: Sure, but look, if we'd had an R on our jerseys and suggested it, it would have been a good idea to them. That's all. And it really ran in the heart of some of our core D constituencies, into those districts. So that was a challenge, and then you add to it that how we went about communicating about this was really a problem.

Rick Sinding: Well, you had the initial problem in communicating in that within two weeks of that announcement the governor was nearly killed in a traffic accident.

Brad Abelow: Yes. There was an intervening thing, by the way, which is another thing that I actually think he's never gotten credit for. And this is complicated for lots of reasons. But even before—between the budget and before his accident, we signed an agreement with labor. That was significant because it resulted in changes in healthcare and pensions and other changes that were the first time that I could find that—we never use the word “concession,” but we slowed the rate of growth in benefits for state employees. I thought that was a huge achievement. The governor never liked talking about things that he had done successfully. He had a term for that.

Rick Sinding: That's anti-political, isn't it?

Brad Abelow: It is. He called it “grandstanding” and he just wanted to move on to the next thing. This was a constant battle. You need to go out and for eight days talk about nothing but this, but he absolutely refused to do it.

Rick Sinding: And I assume it was his press people urging him to do so.

Brad Abelow: Absolutely. And he just thought that was a waste of time and a waste of his—if he was going to talk to people, it should be about things that we faced, not problems that have been solved.

Rick Sinding: Would you characterize that as a failing of the governor, a political failing?

Brad Abelow: Well, it's noble. I think it makes it a lot harder. I understand why he felt that way, but I think that is how you accumulate goodwill. If you think of this exercise as one of accumulating and spending goodwill, that's how you recharge the battery. And so I think the failure to do that enough has a big cost over time. So yeah, that's how I, at least, think about it.

Rick Sinding: It's interesting because Dick Leone, getting back to the transition chair, was one of the firm believers in the notion that you have accumulated what he called political capital at your election, and the time to spend it is immediately because then you have many opportunities to recapture it as your term goes by.

Brad Abelow: But the governor didn't focus on the recapture side, so that's a challenge. So then I think that agreement with labor was mischaracterized by people and he never had a chance to defend it. Both because I'm not sure he would have because I think he thought, look, I got these folks to sit and negotiate and give us something and I'm not going to—

Rick Sinding: Although the rank and file were not appreciative.

Brad Abelow: Well, I think that was part of it. I think he had no desire to rub their noses in it, because his view was that the leadership had taken enormous risk.

Rick Sinding: This is the leadership of the state employees union, right?

Brad Abelow: Yes. Yes, CWA and AFSCME and the other union.

Rick Sinding: The public employees, I think.

Brad Abelow: Yes, public employees and the teachers.

Rick Sinding: Right, and NJEA, as well.

Brad Abelow: Yes, and so there are a lot of things that you're balancing in how you talk about that, but I think it was a shame that he never got the credit for what I thought was the right strategy: to treat those folks with respect and to negotiate and not bully them, and that they rewarded him by—not giving us everything we asked for because that's not the way negotiations go—but by taking real risk.

Rick Sinding: Even if he had wanted to go out and (A) tout the agreement or (B) tout the monetization plan he was laid up for several months in April of that year.

Brad Abelow: Yes, no doubt. No doubt.

Rick Sinding: He almost died. How did government function in those, I would say what, three to six weeks? Certainly, the first three weeks were very touch-and-go and then afterward when it was clear that he would survive but it was still unclear how quickly he would return, how did government function during that period?

Brad Abelow: First of all, I would say several things about this. You do have an obligation. I think it is an obligation to reassure people that things are fine. That can confuse you over time. You keep saying to people, "It's fine." Okay, everything's fine. And it's not. It's a lot harder. There were definitely stages in this because in that first period it was not easy to communicate with the governor. And then it was progressively easier to involve him in more and more conversations. Even though he wasn't at the State House, it was okay. We would meet up at Drumthwacket and we could see him. So there was an evolution. I think, again, that there was the historic—there was no lieutenant governor, and so it was the Senate President, Senator Codey.

Rick Sinding: Who again stepped in, this time on an acting basis.

Brad Abelow: Yes, and so that raised a whole other set of challenges. And it was unusual because he'd sat in the chair before, so he had his own ideas about it. And Senator Codey behaved, I think, with extraordinary discretion.

Rick Sinding: Just about everybody we've talked to has said that he was magnanimous in the way in which he dealt with this.

Brad Abelow: Terrific, really. I would just say, I mean look, I enjoyed very much working with Senator Codey and both professionally and personally. I've always found him to be terrific.

Rick Sinding: He also had a really, really competent staff that had been around for a long time and understood, among other things, the budget process very well.

Brad Abelow: Yes, and were helpful to me. I didn't talk about this before, but this is New Jersey, so some of the people who were helpful to me in that first budget were quickly out of the senate and the chairman of the Senate Budget Committee had to step down. But I think the best of our legislators understand some aspect of government very well, and so I benefited a lot from the knowledge of some of our legislators and some of their staff. Everyone has different levels of interest in different things.

It is very, very difficult to lose your leader, and there's no doubt that the governor was the forceful center of gravity and so it's not easy to figure out how to replace that. And so that is a significant challenge when, unexpectedly—it's not a trip to

Germany or wherever the governor has just come back from to drum up business—it's an unexpected thing. And certainly for some of the governor's staff who had been with him as staff for a long time, I think it was also very personally and emotionally difficult. It was hard. It was a bad situation. So those are significant challenges to mobilize around. I think, though, that over time you sort of figure out a way forward. It limits the boldness with which we were prepared to act, but I had been working for a while with Tom, with Maggie.

Rick Sinding: Tom Shea, [Maggie Moran](#).

Brad Abelow: Yes, with a group of people, so we kind of kept doing what we were doing and collectively kept pulling the ship forward.

Rick Sinding: Do you think the fact that whatever sympathy there might have been for the governor following the accident in April of 2007 or, as you indicated as sort of, not a lack of momentum, but in the next six weeks or eight weeks you didn't unveil any dramatic new fiscal ideas—that the budget that was adopted in June of 2007 was a fairly smooth process without any of the rancor that had taken place in the previous budget, at least publicly.

Brad Abelow: Well, yes. Look, I don't think anyone wanted to relive that. I think we learned a lot about—we didn't talk about the so-called Christmas tree items that were added to the budget at the end.

Rick Sinding: Which the governor strongly opposed, as I recall.

Brad Abelow: We were not happy about it.

Rick Sinding: And he did line-item veto some of them.

Brad Abelow: We did. We did, but that was the cost. It was a smaller Christmas tree than there had ever been before and it was the cost of getting it done and then certainly they were unhappy because they thought that that full Christmas tree was part of that deal and so they were not happy with those vetoes. But we, at the time, said, "We're not going to do this anymore." So at least some things were cleared out of the way going into the subsequent budgets that were—we don't have to fight about where the Christmas tree items are going if we're not going to have them.

Rick Sinding: Well, a lot of that, as I recall, and I think it's probably still true today, is okay, the legislator who put in the Christmas tree item can go back to his constituents or her constituents and say, "Look, I did everything that I was supposed to do. Everything would have been fine for us. Blame the governor."

Brad Abelow: Look, I think that we could have a separate debate as a matter of governance about the value of having those items. What you've given up is power and leverage with the legislature when you don't have those items. But our view was, if you want a grant, it should be subject to a state program that is a non-budget program and that people apply for, and that's the way we should handle it. I think, again, these were fundamental things that were driven by the way—this was sort of like the governor's Midwestern moralism or something. This is like, "I don't do business this way." And there were other things like this that we had a lot of conflict, certainly with the media, about. I remember not just with media, with the legislature. Dual officeholding, where we actually moved legislation that ended dual officeholding, but did grandfather in people who were there. I understood the cry, "If it's wrong, we should be getting rid of it." But that was the price of getting it done and after having dual officeholding for however many years, to have eight people stay for the rest of their careers—now who would have known that a bunch of them would still be there. [Laughter] Actually, I shouldn't say that. I could have told you about those guys. And they were so mad about this. They were so angry.

Rick Sinding: The legislators were.

Brad Abelow: Oh, my gosh. And then to get beaten up for not going far enough.

Rick Sinding: Even further.

Brad Abelow: I went, "Okay." I think that those were the kinds of things that without the governor there to fight for himself, it's very hard. And I don't think he was ever very—he was never willing to devote a lot of time to—He would put time into what he cared about, figuring it out, and getting it done but not to then trying to tell people what was right with what he'd done or wrong. He just didn't.

Rick Sinding: That's a very interesting insight into what some would certainly characterize as a "small p" political failing, that he didn't understand or recognize the importance of going out and touting what he had done.

Brad Abelow: Yes, and look, I've gone back and forth about this in my mind a lot. But other things like this that we had a very hard time—and maybe every governor, I'm sure that the current governor would say the same—with, things like judicial appointments and prosecutor's appointments. And one of the reasons—there's a push and pull as to whose appointments those are to make. But the governor was very insistent that those two bodies, that those appointments should more closely reflect the population of New Jersey. That it's just unlikely that every eligible attorney is an older white ethnic male. It just isn't. And so it wasn't that we were saying to the legislature, "We've got to appoint your judges." It was like, "Look, this is what we need you to do," and they didn't always do that and then we got stuck.

Then they were angry about that. And that led to the narrative that he was politically “ineffective” or didn’t work with them. I don’t know.

Rick Sinding: The textbook says, and most people have reiterated, that New Jersey’s governor is one of the most powerful if not the most powerful governor in the country, in large part because he has a line-item veto, which is really an astonishing bit of power. But he is, or at least was until there now is lieutenant governor, the only elected statewide officeholder. Every other position in the state is appointed. All the cabinet positions except for the secretary of agriculture are appointed directly by the governor with advice and consent. All of the prosecutors. All of the judges. So it’s a pretty extraordinary level of power. But what you’re describing suggests that the legislature—or perhaps because of the fact that the legislature perceives the governor as being so powerful—is looking at every opportunity to insert its own prerogatives. And this, I guess, has taken place in every administration.

Brad Abelow: Absolutely. From what I can tell. It continues, so. I think that I would say one other thing. This is personal about the governor and I think carried through to people who worked for him: he doesn’t punish easily. He will forgive people and try and move on to the next item, and so if you’re not prepared to offer your friends lots of jobs and other carrots or you’re going to take Christmas tree items away so we’re not going to give you these budget things, and we’re not actually going to fire people and punish people, how you navigate that—those relationships becomes much trickier.

Rick Sinding: In the political realm, absolutely.

Brad Abelow: That’s the reality.

Rick Sinding: All right. In August 2007, two months after this second budget is approved, the governor promptly announces that you’re going to become the chief of staff. Your predecessor is leaving. You’re moving out of treasury to become chief of staff.

Brad Abelow: It’s next door.

Rick Sinding: Right. And it’s interesting, having just gotten to know at the beginning of this interview, that your background was in management and process and so forth, that seems to me to be almost a likelier position for you in an administration than the more fiscally oriented responsibilities of Treasury.

Brad Abelow: Look, I really, really, really liked being treasurer. I enjoyed it. I do like managing things and so I enjoyed the time that I spent working with people who were running the lottery or doing actually—

Rick Sinding: Yes, I think a lot of people don't understand that there are an awful lot of agencies that come under the umbrella of the Department of Treasury because they don't belong anywhere else.

Brad Abelow: So I would have been very happy to have stayed there.

Rick Sinding: Did you give any pushback on it?

Brad Abelow: I did. I said to the governor, "Look, I'm not saying I'm a good treasurer, definitely not a great one, but I seem to be competent at this. We don't know how I'm going to be as chief of staff. We don't know who's going to replace me as treasurer, so that seems like, well, wouldn't we be better off with me just staying there?" And he said, "No."

Rick Sinding: And that was the end of that conversation. [Laughter]

Brad Abelow: Tom [Shea] has, I think, a unique relationship with the governor and I think [Corzine] knew I wasn't going to play any games with him. I didn't want to sit in his chair and he could trust me. I think that was important. And I think also for the rest of the senior staff, I was neutral. I was not a threat to them. And I think that he has such an active mind and an unusual management style that it can be, I think, a little bit scary to people. You don't know when the governor is going to call you—if it's the governor at the other end of the line, and he knows something about something you're doing like two levels below where you are. And it's like, "Oh, my God, how does he know that? Why does he know that?" It's kind of terrifying and it can also be sort of destabilizing. So I think people thought that I could help provide more structure to sort of protect them from some of that. It's a matter of style and the fact that he has an extraordinary ability to retain huge amounts of information, but it scares the heck out of people and so they're always hoping that someone is going to protect them from this.

Rick Sinding: I don't think I've ever heard the chief of staff's position described quite in the way you've just done. How much of a personal relationship had you developed with the governor by this time?

Brad Abelow: I'm not sure. What do you mean by personal?

Rick Sinding: I think one would characterize the relationship between him and Tom Shea, is that Tom Shea would be able to sort of anticipate every next move

that Jon Corzine would make. They had been together for so long, and they had the same sort of instincts. Do you feel as though you had begun to develop any of that kind of relationship with the governor?

Brad Abelow: I think so. I guess I would say not to the same degree as Tom [Shea] nor do I think that Tom or I—it's one thing to be able to anticipate what Jon's going to think or say or want to do, but to actually impact that is a whole other step. And so I think that I wouldn't ascribe any special powers to myself and they would be not as great as Tom's, but Tom's also weren't. So those are two different things. So again, I always felt very good about my ability to speak with Corzine, to have him take seriously what I said—not to do what I asked him to do, but to be open and honest with me. So I felt good about that relationship in that regard.

Rick Sinding: To take the reverse side of what you described earlier as perhaps insulating some folks down in the trenches from the governor's inquisitiveness, most of the time a chief of staff is also thought of being the gatekeeper to the governor from the folks who are trying to get there.

Brad Abelow: Yes, and I would say this. The one thing that I think that Tom and I share is that neither of us had a lot of ego. Sometimes that's really important and it's a separate conversation, about the things that you want the governor to know and the things that you need to deal with without them knowing about. There's all kinds of subtleties to this. But I never saw Tom and I know for me, it never bothered me if people who worked in the administration—I never needed to know. I remember saying to people, "You don't need to ask me if you want to see the governor. Don't put me in the position where he's going to come to me and say, 'Why is he or she doing this?'" and I don't know about it. So I want to know what you're talking to him about, but I don't need to be there." I don't have an ego involvement in protecting him. That's internal. Being a gatekeeper externally is a different matter.

Rick Sinding: That's a totally different story.

Brad Abelow: And that's a critical function. But again, I would not ascribe great success certainly to myself in doing this and I would give Tom higher marks but still limited, that I think another important function of the chief of staff is to help organize the governor's time and what the governor focuses. That is, in some ways, the most precious thing you've got, is his or hers attention. And that is a robust challenge with Corzine.

Rick Sinding: That's a robust challenge with any governor.

Brad Abelow: Yeah. So all of those are aspects. I think with this governor, I do think that it's fair to say that he didn't always leave conversations with the person who had come to see him with a crisp understanding of whether the answer was yes or no.

Rick Sinding: From them, or they didn't leave without knowing?

Brad Abelow: They didn't leave with that. And so as chief of staff to this governor, there was a lot of, "Well, what happened? What actually happened at this meeting?"

Rick Sinding: Translating to the people who were leaving the meeting what they should come away with.

Brad Abelow: Yes. And sometimes I think that's appropriate. You could say, why would you ever want to have a job like this, but I really did believe it to be the case that he should deliver all good news and as chief of staff you should deliver all bad news. The principal should never have to. That might sound like a shitty job and there's a reason why chiefs don't last that long, because it is a hard job and that's not fun. And that wasn't always possible with him, either, because you just never quite know what's going to happen.

Rick Sinding: Well, you came into this chief of staff job and now, instead of dealing primarily if not exclusively with financial and fiscal issues, you're dealing with paid family leave, abolition of the death penalty, developing a new affordable housing plan. But you're still—and the state is still—facing what the governor is now calling a fiscal crisis. Just in retrospect, how much of your attention as chief of staff would you say was still ending up being devoted primarily to the state's fiscal condition?

Brad Abelow: I can't tell you exactly how much, but it was still such an important part of everything. And it is today. It's never going to stop being a central part of what is going on. I do remember—I think this is a real memory, not apocryphal—that when the governor had had his accident, right after he had the accident, he was scheduled for a town hall. And his town halls were crazy because he wouldn't allow us to pack the audience and he never wanted to fix a time on them. He was like, "Okay, people come. They can ask a question. I will stay until they're done." So they were really crazy because anybody could show up and ask anything. So he has this accident and he's got this town hall scheduled. Should we cancel it? No, no, we should go ahead and do it because it's the right thing to do. So who's going to go? Well, send him. Send me. I was the treasurer. So I wound up somewhere in the northwestern part of the state—

Rick Sinding: Oh boy.

Brad Abelow: —the least friendly to him and I was okay. I knew I could handle any budget-related question. Of course, the first question is about the bear hunt. I'm like, "Oh, my God. I know we have a position on bears. What is it? Well, I'm opposed to bears," and then I remembered that we had had this great conversation where Lisa Jackson had said at senior staff [meeting], that they were thinking about noninvasive forms of birth control for bears.

Rick Sinding: We should point out that Lisa Jackson was the DEP Commissioner.

Brad Abelow: DEP, correct. So the first thought that came to my mind was, oh right, we're going to have a "Just Say No" campaign for the bear and then I thought, no, no, no. This is going to end up that I'll never get out of here.

Rick Sinding: No, you better not go there.

Brad Abelow: So I mean I had always been exposed to—part of being treasurer is you do see everything.

Rick Sinding: So what did you say?

Brad Abelow: I don't remember. But I'm here so it was, I mean it's fine. Look, Jay Webber is running for Congress so who knows?

Rick Sinding: Right. [Laughter]

Brad Abelow: Anything is possible. [Laughter] I was interested in a wide array of issues and so that was a great thing about both being treasurer and about being chief, was those things that I care about and trying to make the world a little bit better place.

Rick Sinding: To what extent would you say that you were devoted or attended to policy versus administrative actions, or can't you separate the two?

Brad Abelow: Yeah, I can't really separate them.

Rick Sinding: I mean there is an Office of Policy in the governor's office and that presumably is where the governor turns for direction in policy.

Brad Abelow: Yes, I mean and there's a tension between what the agencies are doing, and the commissioners all think that they have a reason to be there and so there's a lot of tension around that. But this was a governor who had a lot of interests, and every kind of rock was another—he used to always say these things.

"If you can't figure out what to do, just do the right thing." Okay, that's easy enough, and he wanted to solve problems. That was the reason to be there.

Rick Sinding: Did he routinely turn to you for policy advice?

Brad Abelow: No, I don't think he ever turned to me for policy advice. I don't know if he ever turned to anybody for policy advice.

Rick Sinding: Did you offer?

Brad Abelow: I think that I've had what I think was the privilege and good fortune to work with not only this governor but some other people. Hank Paulson became a [United States] Treasury Secretary. People of great accomplishment. And my view has always been for all of these folks that the best idea you're going to have is one that they're sure was their idea. So I don't know if I gave him any advice but if I did I would never admit to it.

Rick Sinding: Oh, interesting. Perhaps not coincidentally, after you have arrived as chief of staff and the governor then announces what I would characterize as a big push for the complete restructuring of the state's finances: freezing the state budget at current levels all the way out; requiring dedicated and identifiable funding sources for all new programs; requiring voter approval for future state borrowing. Certainly significant changes. And perhaps most controversially, increasing the tolls on state highways and monetizing the proceeds by borrowing against future toll revenues, which we've talked about. And within weeks, not days, within weeks he had what I would characterize as the Florio treatment. Radio station 101.5 organizes a rally against the toll increases in front of the State House. Every interest party and his or her brother or sister is out there campaigning against this, that, or the other thing. And within a matter of weeks, the governor announces that he understands that this is dead on arrival in the legislature. How disappointing was that for you?

Brad Abelow: I mean look, I don't really remember. I am sure that I was disappointed. I am sure he was deeply disappointed. These are issues—fixing the budget and the fiscal situation of the state of New Jersey was never the reason that he wanted to be governor or that I wanted to be treasurer. It was something that he thought and I thought—and think—needed to be done to be able to build a better future. As I said earlier, it was about being able to collect and point resources at where we thought they would have the greatest value and to redirect where spending was. And so I think it was very disappointing and very frustrating but you get up and you go back to work and you deal with the next day. Pick up and keep going.

Rick Sinding: I can deal with the next crisis, which the next crisis turned out to be the great recession.

Brad Abelow: That's the thing. You don't know what it's going to be but you know it's going to be there and so there's not time to be too disappointed.

Rick Sinding: From September 2008 to the end of the governor's term, was there anything to focus on other than the state—not only of the state's but the nation's financial crisis?

Brad Abelow: No. Within that, there are obviously things. We spent a lot of time talking about, what do we do about foreclosures? What do we do about the banking system here? But those were all an outgrowth of what's going on, but trying to figure out what we do in response to things that are problems that are created outside of our control.

Rick Sinding: To what extent was the governor's re-election defeat a function of the nation's imperiled financial situation at the time or his, well, as you described it, his unwillingness to go out there and blow his horn, tout his own accomplishments?

Brad Abelow: It would take a better analyst and pollster than me to pick apart how much each of those things contributed. They all did. That's a tough election. The way the cycle works here, after a new president you're the first one up. It's going to be a tough election. In the teeth of what the country was facing and the state was facing, that's literally unprecedented, so that's hard. His relative diffidence. Then the fourth piece: it's not a secret is, I think, that people had a hard time understanding and relating to him. To me this has always been ironic. If you saw him give a set speech, behind the lectern, someone once said, "It sets speechmaking back by decades." It could be hard. It wasn't his natural thing. But then if you go into a diner with him, he loved it and I think people really, really liked sitting at a table and talking to him. But I think his wealth, just his character and how he ended up being portrayed was not relatable to lots of people. Not that that's dispositive when it comes to Election Day, but all these things together, there wasn't anything to fall back on. And I guess in some ways, looking back on it, the real surprise is that it's as close as it was, given all of that that was going on.

Rick Sinding: You had left the administration by then, right?

Brad Abelow: Yes.

Rick Sinding: Where did you go?

Brad Abelow: I don't remember what I did right away. I think I took some time off and rested and introduced myself to my children and my wife, who wanted to go back to being herself and not my wife. So that took some time. Then I actually went and was a founder of a private equity firm investing in alternative energy and trying to encourage the adoption of—boy, this is really a laugher, right? Think about this. With the idea that there must be things you could invest in that would save the world from global warming that didn't rely on public policy, that would be economically fine, without policy intervention. It turned out there was nothing like that.

Rick Sinding: Because it all required policy intervention?

Brad Abelow: Yes, which there's been none, so that's why we're in the mess we're in, or at least part of it.

Rick Sinding: Not to get too far off the subject, but as I understand it, solar energy, for example, has come so far down in price that it actually is competitive in the marketplace.

Brad Abelow: Yeah, that's thanks to the Chinese, who make the panels. But yes, that's true.

Rick Sinding: So there is a market-based approach to this?

Brad Abelow: Sort of, yes.

Rick Sinding: Getting back now to the subject at hand, why did you leave before the end of the administration?

Brad Abelow: I had really decided, I think before I moved over to being chief that I was going to leave [before] the election.

Rick Sinding: Once it got into election mode, you were out of there?

Brad Abelow: Yeah, I was there because I wanted to do things and that year is one that's focused on the election and so it was a fine time for me to move.

Rick Sinding: You didn't play any role in the re-election campaign?

Brad Abelow: I spoke, when asked to, to groups, and I spent some time with the governor and the team, but not a lot.

Rick Sinding: Not in any official capacity.

Brad Abelow: No. And I felt good—great—about my successor, only, of course, to have it that she lasted what, six days or something? Lisa Jackson was my successor.

Rick Sinding: Oh, right. She was successor as chief of staff.

Brad Abelow: Before I'd even left, she was like, "Look, I got this call from this guy. He's the president [of the United States]." I was like, "Yeah. Well, you got to go." [*Lisa Jackson was named as Abelow's successor as chief of staff to Governor Corzine on December 1, 2008. On December 10, 2008, President-elect Barack Obama selected her to be Administrator of the federal Environmental Protection Agency.*]

Rick Sinding: Go be [U.S.] EPA administrator.

Brad Abelow: That has always been something I was taught very early as a manager: you're not successful unless you've replaced with someone better than you. So I was like, this is great. I've done it. Then, it blew up.

Rick Sinding: In treasury, you did replace yourself with a well-respected—or were replaced by a respected person, when [Dave Rousseau](#) came in.

Brad Abelow: Yes. Dave understood the budget better than I did.

Rick Sinding: He'd been around a lot longer, right?

Brad Abelow: Yes, and that was good. That was good for me. That was good, a good working relationship with Dave.

Rick Sinding: Oh, sure. I can imagine. In retrospect, you have touched a couple of times on Corzine's management style. Summarize it for us, if you will. It sounds as if, the way you've described it up to this point, is that he approaches issues with his own very clear idea about what he wants to do but also invites others to, if not to give him advice, at least to kick things around.

Brad Abelow: I was trained at Goldman Sachs to deal with people like him, that there's no point in your being there unless you have an opinion and so you have to be willing to voice that opinion. I think he would never—he would have been horrified at the thought that anybody who worked for him wouldn't have felt free to offer whatever opinion they had. That said, he's an awfully intimidating figure, so I think that that has to be balanced and, again, I think that his extraordinary recall, which is a form of intelligence, can be intimidating and affects management, that it's scary. Most people don't expect their bosses to know more about what they're

doing than they do. It is very upsetting sometimes when they know a lot about it, and so that—it can all be kind of vaguely unsettling.

Rick Sinding: Did you or anybody else ever suggest to him that maybe he shouldn't show that he knows that much, that it does intimidate people?

Brad Abelow: Yeah, I don't know if I ever said that to him, but it wouldn't have been—I mean, he's just trying to get to the bottom of it and chase down the problem. So it's a balancing. It's a hard balancing to then be sure that that's not shutting down debate. I think that he attracted fierce loyalty from people around him, and I think the reason for that is because of the core of who he is, that it wasn't really about policy. It's that he's a good person and that people thought that and felt that very strongly. They were a highly motivated group of people. I think we might have accomplished more if we'd been better organized at times and that's easy to say and really hard. He was very, very ambitious.

Rick Sinding: It's often said as an axiom that government should function more like a business, which I've always thought was a lot of bunk, but you come from, he came from, other folks in the administration came from, a background in business. How well or poorly does management experience in business translate into management experience in government?

Brad Abelow: It depends. It really depends on what the position is and who the person is, and so as I said earlier, I think I benefited from being not in a transactional business. So I don't know. I say that like, gosh, it would really be a bad idea to have, say, a governor or a president who is in the real estate business, right? [Laughter] That would seem to me to be the worst possible idea. I could explain that, but it's not great experience, it seems to me. But the tools are totally different. I was responsible for about the same number of people, about 8000 people at Goldman Sachs and about 8000 people in the treasury, when I came to Trenton, but they weren't unionized at Goldman Sachs. At Goldman Sachs, people's bonuses are a significant portion of their compensation, so once a year you get to say to people, "I don't like the way you did this, and your check is half the size it would have been if you'd done it differently," and you know what, people are pretty darn responsive to that. Those tools are not available, different set of ways of motivating people. People talk about efficiency. In general, I guess it's possible that you're going to have some great idea that's going to make business or government more efficient, but it's highly unlikely. Usually, efficiency is a product of spending money on technology. There's nothing that makes less sense to a sitting legislator than investing in a system. When I was in treasury and we had the shutdown and we were like, "Well, we can't pay people. How do we instruct the payroll system?" We couldn't. It had an on-off switch. It was like 50 years old. So I don't think that there's a business way of doing things that should be applied to government and I

don't think that the tools that you use as a manager are going to be exactly the same.

Rick Sinding: You don't think that private enterprise operates any more efficiently than the public sector does?

Brad Abelow: It does some things more efficiently, but it depends on what. No.

Rick Sinding: Are there things that you have taken away from your public sector experience that you have found useful to apply in the private sector?

Brad Abelow: It's hard for me to distinguish about what came from where. I certainly understand better than I did the challenges of government and also have deep respect for a lot of people that I worked with who are our state employees, who are professionals. It really bothers me a lot the way people talk about government employees. I'm not immune to it, to go to the DMV and you have these limited interactions and you can be frustrated. But I think there's a misunderstanding. I remember giving a talk at a law firm or somewhere to a group of lawyers. It was right after I left being chief and they wanted to talk about health benefits for state employees and I was like, "Look, we have this massive problem as a country where people don't have health insurance. So if you're saying to me that in government I should be about taking it away from people who have it, I just disagree. I think we should give more. We should take it away from state employees when we have public health insurance that covers everybody. Then, I'm good with it." And so I think that there are a lot of misconceptions, and I get it. We pay taxes. People are frustrated. And I think we haven't done and I didn't do and the governor didn't do a good enough job of explaining the things that we as government do and provide and are important in people's lives and that people rely on.

Rick Sinding: If you had to sum up Jon Corzine as governor in, oh, I don't know, 25 minutes—no, in a few sentences, what would you want people to know about him and about his term as governor?

Brad Abelow: I should have thought about this.

Rick Sinding: No, I'd rather have a spontaneous answer.

Brad Abelow: I have enormous respect for the risk that he took in terms of trying to do things that are politically unpopular and cost him his re-election, arguably, because they were investments in the future. He did things in terms of improving the integrity of how things were done within government that had a cost politically in the State House and he did them over and over and he knew he was doing it. He

put a high priority on—the highest priority—on building a tunnel across the Hudson. It's going to have to get built someday and it's going to cost multiples of what it would have cost and he would not have been governor to reap the benefit for commuters of doing it and he paid a price for doing it. And he is enormously proud, and I am enormously proud, to have been part of an administration that ended the death penalty. That had a cost. Other things didn't happen because of that, believe it or not. But he did it because he thought it was the right thing to do and so that's what I think is distinctive about him, was his willingness to take those kinds of risks.

Rick Sinding: Well, Brad Abelow, thanks very much for being here today.

Brad Abelow: Thank you.