

## **Carl Van Horn Interview** (November 12, 2018)

**Rick Sinding:** Hello, I'm Rick Sinding. It's Monday, November 12, 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 Carl Van Horn, a distinguished professor of public policy at the Edward J. Bloustein School of Planning and Public Policy here at Rutgers. Carl has also served as a policy advisor, both formally and informally, sometimes paid but usually not, in service of at least three New Jersey governors: Jim Florio, [Jon Corzine](#), and the current governor, Phil Murphy. Carl, thanks very much for sitting down with us today.

**Carl Van Horn:** Good to be with you today, Rick.

**Rick Sinding:** Now, this is not the first time you and I have had a conversation about your role as a policy advisor to a New Jersey governor. Folks who are familiar with the Center on the American Governor may recall that five years we had a conversation about your position with the [Florio administration](#). Our focus today is going to be on Jon Corzine and the work that you did with him, first as the vice chair of his transition team, and also as a policy advisor. Ok, this part is going to be redundant for people who saw the Florio interview, but let's talk a little bit about who you are, where you've come from, where you went to school, what you did before you got involved in New Jersey politics and public policy.

**Carl Van Horn:** I was born in Pittsburgh, Pennsylvania, and got my Ph. D. at Ohio State University and migrated east to SUNY Stony Brook. Then in 1978 I joined the faculty of the [Eagleton Institute of Politics](#). About 15 years later, when the Bloustein School was created, I moved over there and I also founded the [Heldrich Center for Workforce Development](#)—that's the other hat I wear—and so now I teach there and I also run a research center there.

**Rick Sinding:** I know that most people associate you or affiliate you with Jim Florio, that you were an informal policy advisor to him for much of the time that he was in Congress, and then formally joined his administration when he came to become governor of New Jersey. Had you had any previous involvement in any kind of political activity?

**Carl Van Horn:** No. As I always like to say, I don't really do campaigns. I'm a policy person and if anybody's interested in my advice, I'm happy to provide it. I am a professor at a state university and I think that's part of our role, to advise state officials. I also work on the national level. I had spent time as an advisor to the Joint Economic Committee when I took a leave of absence for a year. So if you want to call that political, fine, but it's really a policy focus.

**Rick Sinding:** Or government service.

**Carl Van Horn:** Government service, for sure.

**Rick Sinding:** That would be the other, better way of putting it.

**Carl Van Horn:** Yes.

**Rick Sinding:** So you served as policy advisor to Jim Florio, and then as the director of policy for two years in the Florio administration.

**Carl Van Horn:** Three.

**Rick Sinding:** Three?

**Carl Van Horn:** Exactly, right.

**Rick Sinding:** How quickly times flies.

**Carl Van Horn:** Yes.

**Rick Sinding:** Then [Christie Whitman](#) comes in. She's the governor, then Jim McGreevey, [Dick Codey](#), and I know you did have some informal relationships in all of their administrations.

**Carl Van Horn:** Yes.

**Rick Sinding:** But with Corzine, it became a more formal thing, as vice chair of his transition team. But let's go back to when you first got to know Corzine. How did you get introduced to him? What kind of relationship did you develop before he was elected governor?

**Carl Van Horn:** When he was a U.S. senator, he asked to meet with me to talk as he was thinking about running for governor, and I did. As a matter of fact, [Dick Leone](#) and I and Governor Florio went to meet with him, the three of us.

**Rick Sinding:** He had defeated Governor Florio to become the United States Senator.

**Carl Van Horn:** Yes, in the primary.

**Rick Sinding:** In 2000.

**Carl Van Horn:** Yes, exactly. So this is five years later. And so we met in his office in Newark and he started talking about the fact that he was thinking about running. This would be the year before the election. He said that he was interested in having me provide some policy advice to the team he was putting together, should he decide to run. He shortly after that did decide to run, and so during the campaign I helped recruit some people to work for him, folks that I knew such as Ed McBride, who'd been a student of mine and who is now a judge, and others. Then after he was elected, he asked me to help put the transition together along with Dick Leone.

**Rick Sinding:** And Leone was the chair of that transition team.

**Carl Van Horn:** Yes, and Dick and I were great friends and had known each other for many, many years. So it was a pleasure to work with Dick, of course.

**Rick Sinding:** Boy, <laughs> I'm sorry, that takes me aback. There are not many people who have said that it was a pleasure to work with Dick Leone. Everybody admired him and respected him greatly but he was a difficult person to work with.

**Carl Van Horn:** Well, remember that he, in effect, reported to Governor Florio through me when he was the chair of the Port Authority, and so we developed—I oversaw the Authority's units, among other things in that administration, and Dick and I worked very closely together on advancing the governor's priorities for the Port Authority. And I would say it was a mutual admiration society, so therefore whatever difficulties other people had, that's not my experience at all.

**Rick Sinding:** That's terrific. I have to say, from a personal point of view, Dick was an admirable person, no question about it. So Corzine is elected. It's 2005. Here you are, back working in a transition team. Déjà vu for you, similar to a role that you played for Jim Florio when he came in. How did that transition go? How did that work? Was your responsibility primarily for finding policy positions, for finding people to put into administrative positions, or both?

**Carl Van Horn:** A bit of both. He had a strong policy staff during the campaign.

**Rick Sinding:** Who were those people?

**Carl Van Horn:** Monica Lesmerises was the director. Ed McBride, Curtis Fisher, who was a well-known environmental advocate, Allison Kopicki, who had worked in his senate office; and then of course his senate staff, [Heather Howard](#) and others who'd worked on the senate staff. So there was a very strong group of folks who had been working for him during the campaign or in his senate office. Of course there are constraints on what senate staff can do, both during the campaign and after, so most of the work was really done by folks who had been on the campaign

and then transitioned to the transition office. I was given the assignment, if you will, of helping organize what we called the Policy Management Advisory Committees. These were to chart an agenda based on the positions he'd taken during the campaign, to begin to put them into effect in state government. Now, the aspect of personnel is always important, so I also played a role in helping vet candidate for positions, cabinet and some sub-cabinet positions, as well as positions in the Governor's Office.

**Rick Sinding:** What were those primary themes that he had focused on as a candidate and that you were looking at to develop policy initiatives for him as governor?

**Carl Van Horn:** Well, during the campaign he had emphasized a great deal about ethics reform, campaign finance reform, the ideas of the role of lobbyists in government and what was called pay-to-play, which is the idea of making a contribution and then getting a favorable treatment with a contract from the government. He wanted to reform all those. In addition, as with most governors, governors-elect, he had a position about how to improve the state's economy. This was pre- the Great Recession, by the way, but there were, as there always are, issues about the economy that needed to be addressed, especially from a Democratic point of view, which would be different from where Governor Whitman was. He also had some important issues on healthcare reform and other matters that he was very concerned about. So he had been, during the campaign, very policy-heavy, I would say. In other words, some campaigns are really about personality differences and just both the party ID and so on, and others have more policy focus. I would say that Senator Corzine was much more focused on policy, and he had issued a number of papers and given speeches all over the state during the campaign. So there was a lot of material to work with there as we went into government.

**Rick Sinding:** Now, you're in the very, very unusual position in 2005, going into 2006, of a Democratic governor succeeding another Democrat. This almost never happens in New Jersey. We go back and forth between Democrat, Republican, Democrat, Republican, and so usually there is some sort of, if not adversarial relationship, there's a recognition that you're going from one party to another. In this case, you were going from one acting governor, Dick Codey, to another of the same party, but there was, to be blunt, no love lost between Jon Corzine and Dick Codey. First of all, how different was it to make the transition from Codey to Corzine, comparing it to [Kean](#) to Florio? How different was it, and how difficult was it because of the circumstances involved?

**Carl Van Horn:** Well, I think it's important to provide some context, which is that acting Governor Codey was also the Senate president at that time. We did not have

a lieutenant governor position. So when Governor McGreevey vacated the position, Senator Codey then became Senate president and governor. And he, I'm sure, was interested in ascending to be the governor. So there was some concern about the fact that this position might have been his had Senator Corzine decided not to run. So that's part of the context.

**Rick Sinding:** And it's the source of the conflict.

**Carl Van Horn:** Well, I'm sure that was part of it, right? Now, in addition to that, in terms of difficulty, I think one of the points of tension is that you have in place a Democratic administration—cabinet offices, staff, and so on and so forth—and now you're being succeeded by another governor who's a Democrat, and so there are many people in the government who would like to remain in those positions that they've been occupying for X number of years.

**Rick Sinding:** Normally in that transition, all of the previous cabinet members would resign and be replaced.

**Carl Van Horn:** There are always folks that think they can transcend. Seldom happens. It does happen. Department of Human Services is a case in point. But typically they don't go from Republican to Democrat or vice versa. In this case, there were many people who wanted to stay, and very few did. So that was a point of tension. The other point was that Governor Corzine's view, and I think the transition staff's view, of the state of the budget was less than positive, and so there were some tension points around that. The messages and what Governor-Elect Corzine saw as he looked at the budget versus what was the public understanding of it were quite different. So I would say those were the underlying issues. Now, I'd also say that the people, because they wanted to stay—many of them in senior positions—were very cooperative because they wanted to share information with us as much as possible and they were very helpful. But undoubtedly there was some tension. They weren't part of the campaign. They weren't part of Governor-Elect Corzine's retinue of supporters, and so therefore there was some conflict, I'm sure.

**Rick Sinding:** As much conflict or more conflict or less conflict that you faced when you did a similar transition for Governor Florio?

**Carl Van Horn:** There was not conflict in my view much at all between the Kean administration and the Florio administration. They didn't run against each other—I mean in that election. They had prior to that. And the staff, most of them did not expect to stay, didn't want to stay. So that wasn't present. There were differences about the budget of course. There always are. But I think that it was a fairly smooth transition, on one level, relative to the Codey-to-Corzine. But again, I don't think

we should too much emphasis on this. [Transitions are difficult](#). People's lives are in upheaval. They don't know what's going to happen next. A governor-elect has to take over in ten weeks. So there are always difficulties, but I would say they were different. They were just different points of tension. That's the way I would characterize it.

**Rick Sinding:** In the Florio transition, you had walked in the door and suddenly faced, what was it, a 600-million-dollar budget deficit? Coming in, Governor Corzine took one look at the budget and faced a 3-billion-dollar budget deficit. How difficult was it during the transition to focus on anything other than the fiscal crisis that was facing the government at that time?

**Carl Van Horn:** Well, what happens in governing is you learn how to compartmentalize, and I know that Governor Governor-Elect Corzine knew how to do that. So you have to do both. You can't just focus on the budget, although that was certainly a top priority. And again, for context, that was really related primarily to missed pension payments. So this was a problem brewing for a decade, at least, a combination of reasons which we don't need to go into. You could write a whole book about that. But anyway there were these problems, and then there was also school funding issues. So these were giant problems that needed to be addressed, but you also have to put the rest of the government together, and so you separate them.

**Rick Sinding:** Were some of the policy initiatives that he had considered hamstrung by the fiscal situation that he confronted?

**Carl Van Horn:** I don't think so. One of his top priorities was property tax reform: put differently, more generous benefits for people at the low and moderate income levels who were being priced out of their homes. He was able to accomplish that. He didn't make promises that were so far out that he couldn't fulfill them, because he was well aware of what was going on with the budget. This was not a secret. <laughs> It was publicly available and he had access to very good information during the campaign. So again, I don't think there were surprises at all, at least not from my view. And then Dick Leone, who had been a treasurer, certainly was scrubbing the budget during the campaign and during the transition, and we had access to the treasurer who was there at the time for whatever information we needed.

**Rick Sinding:** One of the other tensions that may have existed, if not during the transition then certainly shortly thereafter—and it seems to manifest itself in different ways in different administrations. It certainly is manifesting itself in the current administration of Governor [Phil] Murphy, is the tension between North Jersey and South Jersey. It definitely came up during the first year of the Corzine

administration, in the sense that it was largely a South Jersey group of Democrats who blocked the budget from being adopted and led to New Jersey's first shutdown in history. First of all, was that palpable in the transition to Governor Corzine? Were there North-South tensions already existing at that time that you were familiar with?

**Carl Van Horn:** I think there was some, but it manifested itself obviously more deeply as the year went on and it certainly did not dominate the conversations during the transition.

**Rick Sinding:** Where does the North-South split come from? A lot of people talk about differences between North Jersey and South Jersey. If you're from North Jersey, you root for the Yankees and the Mets, and from South Jersey, you root for the Phillies.

**Carl Van Horn:** And I guess the Eagles versus the Giants probably.

**Rick Sinding:** The "Iggles" and the Giants. That there's the Philadelphia orientation and the New York orientation, so sometimes it seems like two different states. But we're a small state, but politically it seems that alignments tend to focus around this North Jersey, South Jersey split.

**Carl Van Horn:** Look, there are regional differences in every state. There's rural versus urban. Look at New York City versus Upstate, so-called Upstate. I mean, if you think it's unique in New Jersey, you've never lived anywhere else.

**Rick Sinding:** No, but what I'm suggesting is that New Jersey is so small that you would think that it would not—I don't know that there's a Rhode Island—

**Carl Van Horn:** I'm not familiar with Rhode Island, but there certainly is in Massachusetts. There's Boston versus the rest of the state. So, yeah, I don't know. I'm not an expert on geopolitical differences, but just as a casual observer, I think it's pretty common that there are regional differences.

**Rick Sinding:** Did you have any interest in, or would you have considered, going into the Corzine administration as you did the Florio administration?

**Carl Van Horn:** No, absolutely no interest whatsoever, because at that time I was running a research unit at the university. I couldn't walk away from that. And frankly, when you've had the experience in Trenton, which is a tremendous opportunity, you don't need to repeat that. You want to do other things. And so I suggested to the governor—and others did, I assume—I play a different role as an unpaid advisor, primarily as chair of the state's Economic Development Authority,

which connects with my own academic interests and knowledge and experience I'd had before. He did ask me if I would be interested [in a full-time job] and I politely declined.

**Rick Sinding:** I understand. You were chair of the EDA. I guess you were on the board of New Jersey Transit before this.

**Carl Van Horn:** During the Florio administration.

**Rick Sinding:** Ah, okay. Let's talk about EDA for a minute. This is a body that became increasingly important in New Jersey as a catalyst for economic development. What role does the board chair play in the development of that policy? I know we had some very strong EDA administrators over the years. As the chair of the board, did you pretty much let the EDA do its thing, or is there a significant policy responsibility invested in the board and the chair?

**Carl Van Horn:** Well, before I answer that, I need to again give you some context. The governor—then-senator—had laid out a detailed economic strategy, and we also had a different structure that we wanted to put in place. So he created an Office of Economic Growth within the Governor's Office that had a chief. There had never been such a unit before, and he eventually appointed Gary Rose, one of his former colleagues from Goldman Sachs, to direct that unit. The idea there was to bring the focus of the entire administration onto economic growth and opportunity.

**Rick Sinding:** That's not entirely different from what happened in the Florio administration, where much of that activity was placed in the treasurer's office, as I recall, under [Rick Wright](#), doing that kind of economic development.

**Carl Van Horn:** Yes. This was a much broader effort, and had a much larger staff. The Economic Development Authority was part of that enterprise, if you will. So Gary Rose and the entire administration, including the Economic Development Authority, developed a state economic plan—I mean, a very detailed plan—for the first several months, and then released that. The governor gave a big speech about that. And we were already doing some of those things, but some of them required legislative action and some of them didn't. So I guess I would say as the chair of the EDA, I was part of that process, and then the Authority itself, which has over 200 employees, is very significant. So to be the chair of that Authority is essentially every day you're doing something to work with the staff to advance the interests of the Authority, and then as necessary to have conversations with your other colleagues in state government around what we're doing.

**Rick Sinding:** Can you give us some examples of projects or activities that were undertaken during that time?

**Carl Van Horn:** Of course. One of the focuses of Governor Corzine was developing around transit hubs. It was less fashionable then than it is now, as we're talking in 2018, to do that. He got the legislature to approve an incentive program called the Urban Hub Tax Credit, which was initially designed primarily to give deep tax credits for companies who would develop within proximity of a major transit hub. This was consistent with his own vision of what to do in the state, but it also turned out to be a very prescient approach, because now we look at this and say, "Well, of course people want to develop in cities because that's where people want to live." Well, back then that wasn't the central view. So that was an important policy that came out of not just the campaign but then the deliberations during the transition and beyond. He also had a very strong emphasis on women and minority small business enterprises—again, consistent with a Democratic position about helping folks who haven't necessarily succeeded in the economy be entrepreneurs. So he stood up a large enterprise in that area. That didn't require legislation as much as the hub did.

But in addition to that, there was also a focus on connecting economic development and workforce development, which is probably one of the reasons why he appointed me to that position, because I see the intersection of those two very clearly. So, again, there was policy and then there's also transaction, which is: a company comes forward and says, "I'm thinking of moving somewhere," and then the staff works through that with the company and the board has to approve the awarding of those incentives. I should also say at that time, capital markets were different than they are now, let's say, in 2018. There was a lot less capital available to support small business enterprises, and so the EDA played an important role as a lender of what we call mezzanine financing, which is basically closing the gap between what they have and what a bank—so we would take a riskier position to invest in an urban community, and also support nonprofits that are working in those urban communities. So again, these aren't as splashy or flashy as when someone gets a large incentive and they have a big ribbon-cutting, but it was a very important role for the EDA. That, and also providing technical assistance to businesses of all sorts.

**Rick Sinding:** This is clearly an area in which you have particular interest and expertise.

**Carl Van Horn:** Yes.

**Rick Sinding:** Let's talk a little bit about the Urban Transit Hub tax credits. I think I got that right.

**Carl Van Horn:** That's right, yes.

**Rick Sinding:** The whole design here is to put people—well, part of the design is also to get people out of their cars and using mass transit, but also to redevelop

areas around train stations in particular. It seems to have worked in places in Metuchen, for example, and certainly there's been a lot of growth in downtown Newark.

**Carl Van Horn:** Harrison. East Orange. There are lots of places. The River Line, between Trenton and Camden. Generally speaking, when you build a transit station, they will come, and that's been proven over and over again. The initial investment, of course, was made decades ago for many of these hubs. So the question is how to optimize those. So look at what's happening in New Brunswick, where we are today. Much of it is as a result of having a major train station right in the central business district. So yes, absolutely. I mean, it's, again, now a more popular thought than it was then, but it also related to an environmental agenda, which is to limit sprawl into greenfields.

**Rick Sinding:** Which brings us to the State Plan. How much activity took place during the Corzine administration with respect to trying to implement the state development and redevelopment plan?

**Carl Van Horn:** I'd have to pass on that one. I think Heather would probably know the answer to that.

**Rick Sinding:** Okay. I'm sorry I didn't ask her when we had her on.

**Carl Van Horn:** Oh, sorry.

**Rick Sinding:** I'll have to bring her back to do that.

**Carl Van Horn:** There are probably other people who could talk about that, too.

**Rick Sinding:** I'm sure there are. In addition to EDA, you also served on the boards of a number of other boards and commissions, and you had a title after the transition of Senior Advisor, or Senior Policy Advisor, which I take it was a kind of informal role that allowed the governor to call on you whenever he so chose. How often did he? How frequently did you find yourself having conversations with him about policy initiatives during the four years that he was governor?

**Carl Van Horn:** I would say most of it initially related to the EDA and the Office of Economic Growth and the economic plan. Clearly, we also talked about workforce and higher education issues. It became much more intense when the Great Recession occurred, because we were facing a crisis in the country, and certainly in the state, and so we needed to radically adjust the plan that we had in place at the beginning of the administration to take action to essentially address the most critical issues. And so I was very involved in attempting to do the best we could and

give him advice about how we can manage this cataclysmic economic situation that was affecting the entire world financial community, let alone New Jersey.

**Rick Sinding:** One of his responses—I don't know if it was the only one—was a stimulus package for New Jersey. Were you involved in putting that together?

**Carl Van Horn:** Among others, yes.

**Rick Sinding:** What did that entail?

**Carl Van Horn:** Well, it basically had to do with two things. One is emergency support for people who were being financially devastated. So that would mean more earned income tax credit, food stamps—now called SNAP—programs to help the folks that are most in need who had lost their jobs. So literally we were, for a short period of time, loaning money to the state out of EDA to try to keep some of those programs afloat and some of the nonprofits afloat. But in addition to that, it had the usual measures that you take as a state, because we can't print money. So it's trying to have quick infrastructure projects that can be put in place that'll hire people, and obviously doubling down on the various incentive programs to try to grow the economy. There was also a separate initiative about cost-cutting, which I was only peripherally involved in.

**Rick Sinding:** That was a theme throughout the Corzine administration.

**Carl Van Horn:** Absolutely. Well, he had been the CEO of Goldman Sachs and he was well familiar with what happens in large organizations, that periodically you need to find ways to be more economical. So he certainly brought that sensibility to his role as governor.

**Rick Sinding:** How, in retrospect, would you compare and contrast the management styles of Jim Florio and Jon Corzine?

**Carl Van Horn:** I would say quite different, in the sense that Governor Florio was a policy wonk, I mean a person who loved to read memos and talk about them and so on and so forth, and get different points of view. I would say that Governor Corzine was more of a chief executive, in the sense that he would—he also preferred to have conversations with people as opposed to memo-reading. Not that he didn't read his memos; he certainly did. But he'd like to debate things. He also was very keen on financial analysis, as you'd expect. It's amazing the numbers he'd remember in a memo and he'd query people about them. So he was clearly focused on that, and certainly—others will talk to this—but his big strategy about selling the Turnpike in order to raise revenue was clearly a result of his financial analysis of

how to solve the crisis, the long-term crisis we alluded to earlier, of underfunding the pensions and so on and so forth.

**Rick Sinding:** I don't know how many people drew the parallel between the fact that the Florio administration did in fact sell a piece of the Turnpike.

**Carl Van Horn:** And I was involved in that. Yes.

**Rick Sinding:** Designating a certain part of Interstate 95 and taking the proceeds of the sale of the Turnpike to help bridge a budget gap.

**Carl Van Horn:** Yes, exactly.

**Rick Sinding:** I recall that that was controversial, but didn't have any great difficulty getting approved. How did that differ so greatly from what Governor Corzine tried?

**Carl Van Horn:** Well, it's interesting. In addition, under Governor Florio, the tolls were increased on both the Turnpike and the Port Authority without much fuss. That is to say, there wasn't a lot of pushback. The difference is Governor Corzine's plan enabled his critics—clearly, because it was a long-term implementation—to go to the worst point, which is, "Okay, 20 years from now, it's going to cost a hundred dollars to go from one end of the Turnpike to the other." I'm making those numbers up, but it was a substantial increase, right? Now of course in inflation-adjusted dollars, it probably wouldn't be that enormous, but that was something that really hit a lot of people. It turns out the Turnpike, given that it's I-95, is a corridor highway. Most of those tolls are paid by trucks and people who don't live in New Jersey. So the analysis makes sense, but politically it's easy to attack because you just go to that high number and say, "You don't want to have to pay this much to go visit grandma," and people get angry about it. It's hard to explain, whereas the other one was really by comparison very modest. I don't even think there was a toll increase when we added the extra five miles or whatever it was to the Turnpike. I mean, it was an independent Route 95 and the Turnpike purchased it. And they had a surplus too, so tolls weren't going to go up.

**Rick Sinding:** And the toll increase came later, not necessarily as a direct result of that.

**Carl Van Horn:** Well, the toll increase came before that.

**Rick Sinding:** Oh, it did? Oh, okay.

**Carl Van Horn:** Yeah, absolutely.

**Rick Sinding:** I didn't recall that. Oh, okay. The timing may have had something to do with the success of that.

**Carl Van Horn:** And the toll increase that came before that was to widen the highway from Exit 9 north. People today would be thinking, "Well, there was a widening south of Exit 9," but it was really mainly to widen it. We added another two lanes, I believe.

**Rick Sinding:** My recollection is that there was also the need at that time for environmental purposes to put in an HOV lane, which had not existed before that. So that may have been part of it as well. Let's talk a little bit about school funding, because that was a major issue in the Florio administration. I know from firsthand knowledge how much time you spent pouring over numbers with [Henry Coleman](#) and Tom Corcoran for the Florio administration Quality Education Act formula. Governor Corzine revamped that as well. How involved were you in the development of that approach?

**Carl Van Horn:** I was, I would say, peripheral to that, in that I was busy with my other assignment. But during the campaign we had conversations about this, about what I had learned from the previous experience, and there's no shortage of advice about that.

**Rick Sinding:** Politically or policy?

**Carl Van Horn:** No, substantively. He didn't need my political advice.

**Rick Sinding:** What were the policy implications? What were the policy lessons learned from that previous administration?

**Carl Van Horn:** Well, I think partly it's how difficult it is to get it right, because it's a moving issue. You want to reward communities that have need, but those communities aren't stagnant. They change. Some of them become affluent, whereas before they weren't, and some new ones become poor, where before they weren't. So it's just understanding you need some flexibility in that. Also I think the other important lesson was showing the results, that actually—notwithstanding some of the public chatter—the results were actually quite positive in terms of children's education advancement. And then the third, of course, is that no matter what you do with property taxes, they're going to go up, because it's a state/local issue. Because of home rule, the locals are going to raise their taxes as they see fit, whatever their constituents will tolerate. But I was trying to keep the focus on what is educationally going to be beneficial. What kinds of programs? And that gets into preschool and so on, getting young people prepared to learn when they get into grade school so that they can succeed and graduate and so on and so forth. And I

don't think there's any question that those investments the state has made over decades has had a very positive effect. Not perfect, but absolutely positive.

**Rick Sinding:** It's interesting. I had never thought until this point that the two administrations whom you served, in both a formal and informal capacity, were one-term governors. We have rehashed over and over again the reasons why Jim Florio lost reelection. What, in your judgment, were the reasons that Jon Corzine was not able to be reelected?

**Carl Van Horn:** Well, I think you have to start with the fact that the worst recession in 70 years—governors bear the burden for that. Whatever's going on in the economy, they get the credit, whether they deserve it or not, in either case. So even had he been in every possible way successful, it would have been very, very difficult to get reelected under those circumstances. Again, it had nothing to do with his policies that the state and the world financial system was falling apart, but he was there. The second point is he had a horrific auto accident— he nearly died—and it put him out of active governing for months. And so that clearly made it very difficult for him. He did come back in time to campaign, but that was extremely difficult. So he lost a lot of momentum. And the third is that in this environment, some of his policy ideas, which would have been more well regarded in perhaps another time—we talked about the asset monetization—was probably a bridge too far, pardon the pun, to do that in the circumstances of that economy and that particular situation.

**Rick Sinding:** Were Jim Florio and Jon Corzine too liberal for New Jersey at the time that they were governor?

**Carl Van Horn:** No, I don't know that I'd say that. I don't think I'd say that at all. And by the way, Governor Florio also was governing during a recession. It was not anywhere near what we experienced in 2007 and 2008, but it was still a significant recession. And so, again, both those individuals came very close to being reelected, which shows you—the flipside is the power of the chief executive's position, that they did come close, even given all of the other difficulties they had.

**Rick Sinding:** The legislature, it seems, bristles at what you describe as the power of the chief executive and Governor Murphy is already facing what Governor Corzine did in his first year, which was a pushback from the legislature of trying to assert its own prerogatives. Is this just a natural progression of things in the first year of any administration? I mean, it seems to be particularly pronounced in the first year of the Murphy administration.

**Carl Van Horn:** I don't know. There's no thermometer that we can put on that <laughs> that's precise. I think the conflict between the legislature and the chief

executive is sui generis. I mean, it's always like that—Congress and the president, and state legislatures and governors—except in cases where the governor is very weak, where essentially the legislature really runs the show and not the governor.

**Rick Sinding:** That's certainly not the case in New Jersey.

**Carl Van Horn:** No. In states where you have a strong governor constitutionally, there is going to be conflict. My point about the power of the governor is that he or she appoints every important position in the state of New Jersey, from the cabinet to judges to prosecutors, and so on and so forth—with advise and consent—but nonetheless, they play an extremely powerful role. And in a state that is now, and in the Corzine era was, a bit of a media desert, living between New York and Philadelphia, that's the only person that people know anything about. They don't know who a state legislator is, except in rare circumstances. I'm sure some people know who the presiding officers are, but that's it. So people know what the governor is doing. He is out there and visible, for good or ill, depending on their political favors at the moment, but it's understandable why that's an important position and why they often get reelected, unless there's an economic crisis, and then they're in trouble. Or a scandal, which there were no scandals of any huge consequence in the Corzine administration.

**Rick Sinding:** You have served as an informal policy advisor to Governor Murphy. Did you do this in his campaign, or during the transition? In what capacity?

**Carl Van Horn:** Well, before he decided to run, he created a nonprofit organization called New Start New Jersey and he asked me to serve on the board of that. So I met him during that period. The purpose of that organization was to talk about what are the issues in New Jersey that will help people achieve better economic opportunity. I had met him before that, but that's where I began to engage with him. And then he and his wife funded a program at the Heldrich Center to support the assistance to long-term unemployed older workers with free services online and counseling, which had been an issue that had been a critical topic of my research over quite a long period of time. The fact that they were struggling—New Jersey still has one of the worst rates of long-term unemployment for older workers in the United States. Despite the fact that overall economy is good, you still have this large number of people that are struggling. So he and his wife have a foundation and they invested in that. So I met him through that, and then when he decided to put a transition team together, he asked me to begin to work with him, and Jose Lozano was one of the other people that worked on that—he was the director—and of course Matt Platkin and several others who had been on the campaign. So beginning in about August, I would think, before the election, we began the planning for that, and the initial vetting of potential candidates for senior positions.

**Rick Sinding:** Do you have any sense of, again, management styles, or political styles or personal styles, of comparing and contrasting Florio, Corzine, and Murphy? Let's throw Murphy into the mix here.

**Carl Van Horn:** I'd say the main difference probably is that Governor Murphy is a person who enjoys the public sphere, public communication and so on, a bit more than Governor Corzine. He's a gregarious individual. He was a diplomat. I'm sure that helped shaped his view and his behavior, but it's also just who he is as a person. Being part Irish myself, I can understand that. He's an Irish guy from Boston, so he likes doing that.

**Rick Sinding:** Was Corzine more reserved?

**Carl Van Horn:** I think so, yes. He's a Midwesterner, a bit more reserved, yes. But I think in terms of their public persona, there's a bit of a difference there, clearly. I think in their policy terms, I think they're both progressive Democrats, and so was Jim Florio, but the times are different and so the progressivism today that makes sense is not the same as it would have been ten years ago 12 years ago, in the sense of receptivity of the public. You think about the way people's attitudes have changed on certain issues, you're going to get different results out of progressives across that dimension.

**Rick Sinding:** Elaborate on that a little. More progressive or less progressive?

**Carl Van Horn:** Well, I think the appetite for progressivism in a Trump era in a blue state is palpable, right? In this state, people want to see their Democratic governor taking a different position, as he has on just about everything you can imagine, whether it's diversity or environmental policy or minimum wage or paid family leave, or any of the issues that would now be on the progressive agenda. And so [Murphy] did not run and is not governing as a centrist Democrat; he ran and is governing as a progressive Democrat. He describes himself as a pro-growth progressive, and I think that's an apt description. That is to say, given his business experience and understanding, he certainly knows how capital markets work and how businesses make decisions, so he clearly is grounded in that, but he also is a progressive by instinct and by his campaign and his commitments. So he did that in the way he put together the cabinet. He did it with the issues that he initially advanced in his inaugural message, and has in the first year.

**Rick Sinding:** Let's talk a little bit about your role as the founding director of the Heldrich Center for Workforce Development.

**Carl Van Horn:** Got a couple hours on that?

**Rick Sinding:** Well, I'm particularly interested in the thesis that where American labor is moving, where American businesses and labor are moving, is changing much faster than government policy toward workers is changing.

**Carl Van Horn:** Yes.

**Rick Sinding:** We're moving extremely rapidly from a situation where people had long-term employment security to the point where people are doing short-term projects and being consultants and having two or three different jobs, and that seems to be the wave of the future. And it has all kinds of implications in terms of unemployment, particularly in terms of healthcare and who's going to pay for healthcare. To what extent are you working on getting government policy or public policy to catch up to what's actually happening in the workplace?

**Carl Van Horn:** That's a great tee-up to advertise the book that I just edited, <laughs> which is called "Investing in America's Workforce." It is a three-volume book. We launched it on Friday of last week, on November 9 [2018] in New York, at the New York Fed. It's a project of the Federal Reserve System and the Heldrich Center and the Ray Marshall Center at the University of Texas. I have been a visiting nonresident scholar with the Federal Reserve Bank since 2013. So this is really the focus of all that work, is to change the view from an industrial situation where most people have jobs that are "permanent," and even when they're laid off, they're going to come back—think 1950s—to today, in which most layoffs are permanent and people struggle to get access to well-paying jobs that help them support their families. So there are a number of different policy changes. The U.S. government, the Congress—this is an indictment of Democrats and Republicans—have been very slow to respond to these changes. We have basically a lot of public policies that were put in place during the Great Depression. So here we are 70 years later, with still a lot of the same policies. States are innovating, and there's no question about that, and I think you will see and already have seen innovations in places like New Jersey and Massachusetts, which is governed by a Republican governor, by the way. So this isn't really a partisan issue; I think a lot of states are seeing this and they're trying to change. But until the federal structure changes—for portable benefits and so on—that recognize that the economy is very different and that people are going to go through multiple transitions, they're going to continue to struggle. And so this also is a grounding of the inequality that we see in this country. So absolutely, we are knee-deep in that.

Essentially, if you wanted to describe what the Heldrich Center does in terms of its research interests, in one word, I'd say it's transitions. So in other words, we're looking at transitions from high school to work, from work to work, from high school to college, and so on and so forth, because those are the difficult pain points for

people. And it's not in any way under their control, but they can do things and the government can do things to make those transitions more effective.

**Rick Sinding:** Work-to-work seems to be the greatest difficult transition now, in the current economic climate.

**Carl Van Horn:** It is, and it will continue to be, so we just have to adjust our policies to understand that. So just to give you one data point, we spend less on education and training after high school and college than any other industrial country in the world. All the other OECD countries, which is in that club, spent much more of their GDP on that. We are at the bottom, and that's a function of both a lack of vision and also an arrogance of primacy. In other words, "We don't have to worry about that," right? And anybody who pays any attention to the global economy knows we should be worrying about that. We should be addressing it. And that's why people are angry. It's one of the things that helps explain Donald Trump and other—Bernie Sanders. I mean, they're in that same space politically of responding to people's frustration and anger about their economic future.

**Rick Sinding:** I'll make a plug for Jim Florio's book. One of the points that he makes in his book, which I had never thought of before, is the economic disadvantage that American businesses face compared to businesses around the world.

**Carl Van Horn:** Because of healthcare costs.

**Rick Sinding:** Because of the fact that they have to pay, or do pay, a significant premium of employees' healthcare costs because that's how we fund healthcare insurance in America.

**Carl Van Horn:** Sure.

**Rick Sinding:** Is that, too, part of your work?

**Carl Van Horn:** Yes, and we made a big step with the Affordable Care Act, but not a big enough step. But it's helping. I mean, that's one of the portable benefits that we need. But if people don't have a good income, they can't even afford the copays. I mean, that's part of the problem. It's a Band-Aid, but it's not a real solution. It's more than a Band-Aid. I would say it's significant, but it doesn't solve it, for many people.

**Rick Sinding:** I'm surprised that more people who have been promoting either single-payer healthcare or the Affordable Care Act have not focused on the disadvantage to American businesses, that the burden of paying for health

insurance is placed upon them. It seems to be that would be a resonant argument to a whole group of people who are sort of unalterably opposed to any government interference in the health delivery system, or the health insurance system, I should say.

**Carl Van Horn:** Right. But it's not. <laughs>

**Rick Sinding:** Evidently. Any final thoughts about your experience with Governor Corzine, what he did wrong, what he did right, what were his triumphs, what were his disappointments?

**Carl Van Horn:** Wow, that's a big set of questions there. <laughs> I guess I want to go back just a little bit about how he staffed the government. I think that's important. I think he did a terrific job of attracting talented people, partly because of his network, in the Senate, and his role in national politics and Goldman. I mean, all those things combined, it really helped him attract very talented people. He had a very good staff in the Senate and he brought a lot of those people in, and then he also did a terrific job, I think, of bringing people into government, people like [Brad Abelow](#), whom you've already interviewed, and Heather Howard, and so on. And others—I don't want to leave anybody out. Lots and lots of people; Lisa Jackson at DEP in New Jersey. And that is, ultimately, when you're the governor of the state, one of your most important responsibilities: to get talent there. Because beyond policy, it's about managing and leading, and I just think he had some really talented people in those positions, around him, and also in the different departments.