

Eliot Spitzer is a Terrible but Qualified Human Being

By: Reihan Salam – July 8, 2013

The fact that Eliot Spitzer is a hypocrite who abused his authority as governor deserves to be taken seriously. So is the rank opportunism that characterized his tenure as attorney general. Spitzer has a reputation for arrogance that would greatly undermine his ability to get things done as, say, mayor of New York city. But I wouldn't dismiss the possibility that he could do a decent job as city comptroller, not least because he'd have something to prove.

Walter Olson of the Cato Institute reminds us that the prostitution scandal that brought down former New York Gov. Eliot Spitzer was about much more than marital infidelity:

In all seriousness, some of the prime memories to keep fresh about the 2008 scandal are: 1) Spitzer not only prosecuted those who engaged in the same behavior he was up to, but cynically led a public campaign for longer sentences for "johns"; 2) he engaged in the white-collar offense of structuring or "smurfing," deliberately keeping financial transactions below a reportable threshold, after prosecuting others based on the same sorts of bank reports; 3) he then used expensive lawyers to beat the rap on both counts, even as smaller fry continue to be convicted for both; 4) from what I can tell – I invite correction if I'm wrong – he's done approximately nothing in the years since to work toward relaxing or removing legal penalties for small-fry (or for that matter big-fish) johns and smurfers.

These are extremely serious charges, and they demonstrate a deep moral failure and a dereliction of duty on the part of Spitzer, who was once considered a serious Democratic presidential aspirant. It is also true, however, that Spitzer has a knowledge base that is relevant to the job he is now seeking, that of New York city comptroller. The comptroller serves as a fiscal watchdog, as Daniel Gross of *The Daily Beast* explains:

New York City, along with New York State and many other jurisdictions, engages in the practice of putting crucial financial and money-management decisions in the hands of elected officials, rather than in the hands of career bureaucrats. And because of the city's size and financial heft, there's a lot at stake. The comptroller oversees the city's five public-employee pension funds, which combined have about \$140 billion in assets and manage money on behalf of 237,000 retirees and 344,000 employees of the city and related entities. The comptroller also helps deal with bond issuance. New York City has about \$41 billion in general-obligation debt outstanding. In 2012, the city issued \$8.1 billion in new-money bonds, and sold another \$6.6 billion in bonds to refinance existing debt at lower interest rates.

The stakes are extremely high. The costs of poor management in these areas are massive, for all taxpayers.

The skills required to navigate this landscape successfully are scarce, and there is no good reason to believe that an election is the right way to identify the best candidate for this particular, highly specialized job. Research by Alexander Whalley suggests that appointive treasurers tend to do a better job than their elected counterparts. But as long as New York city has an elected comptroller, it would be foolish to prematurely dismiss a qualified candidate. I can't say whether Spitzer is the best candidate for comptroller. His opponent in the Democratic primary, Scott Stringer, the Manhattan borough president, has a good reputation, and as Smith recently observed, he seems to have drawn on the work of Alon Levy to highlight waste and inefficiency in local infrastructure spending. (But during his brief tenure as governor, Spitzer made a real effort to curb overspending at the Port Authority, as Stephen Smith recounts in his sobering chronicle of cost overruns at the new "Transportation Hub" at the World Trade Center site in Lower Manhattan.) The Republican candidate, John Burnett, has a respectable CV. Unfortunately, downballot races in monolithically Democratic cities like New York are largely a matter of party ID. So I say we let Spitzer make his case.

P.S. See Josh Barro for more on why Spitzer might be right for the job. The big takeaway:

He's an outsider who doesn't owe anything to the city's unions, contractors, health care interests, real estate investors, or anybody else. He has a public profile that will rival the next mayor's, whoever that is. And he isn't a mediocrity.

Spitzer told the *New York Times* yesterday that he intends to broaden the role of the comptroller, by auditing not just the city's finances but the effectiveness of government policies overall. In other words, it sounds like he intends to set up a shadow mayor's office.

Stringer, in contrast, might be more cautious, as a more aggressive posture might alienate local labor unions.