

Interview

Lessons From an Overhaul

An Interview with Steven Rattner, Founder, Quadrangle Group LLC



Steven Rattner

EDITORS' NOTE Steven Rattner is also the former Counselor to the Secretary of the Treasury and lead auto industry advisor (popularly known as the "car czar"). He began his career as a reporter with The New York Times before becoming an investment banker at Lehman Brothers and Morgan Stanley. In 1989, he joined Lazard Freres as a general partner, and in 1997, became Lazard's Deputy Chairman and Deputy CEO. Rattner left the firm in 2000 with three other managing directors to found Quadrangle Group. While at Quadrangle, Rattner managed the personal and philanthropic investments of Mayor Michael R. Bloomberg, a role that he again occupies. He is a graduate of Brown University.

COMPANY BRIEF With offices in New York and Hong Kong, Quadrangle Group (www.quadranglegroup.com) is a global private investment firm with more than \$3 billion in assets under management. Founded in 2000, the firm focuses on direct investments in the communications, media, and information industries around the world and seeks to partner with superior management teams in companies where Quadrangle's experience, expertise, relationships, and presence can create long-term value.

Why did you write your book, *Overhaul*?

Because I felt the government's decision to intervene in the automobile industry, how we went about it, and the success that resulted from this government intervention was an important

historic moment and needed to be chronicled for the future. It was controversial, but in the end, it was clear the government did the right thing and I wanted to be sure everyone understood that.

Why should someone read your book?

I deliberately tried to write a book that was both significant and accessible, written in a lively and engaging way; it's not a dry policy book – it tells a story.

I was a journalist for eight and a half years at *The New York Times* and I still have something of a journalist's eye for detail, the people, and the characters. So I tried to bring to life, not just the President, Larry Summers, and Tim Geithner, but a lot of other people I worked with, and give readers as intimate a sense as I could of what it's like to work in the White House, in the Treasury, and to be at the center of the largest industrial restructuring in history that involved a historic company like General Motors.

So the goal of the book was both to give people something very engaging but also something where they would come away feeling they learned things about business, the government, and the intersection of the two.

Now that you've written the book, what are you focused on?

What I intend to do is spend most of my time managing Mayor Bloomberg's personal and philanthropic money, which I did before I went to Washington. I have enormous respect and affection for the Mayor and the great things he does, and I enjoy working with him.

With the rest of my time, I intend to do a mix of nonprofit things. I had a lot of nonprofit involvement before I went to Washington as well as writing and speaking out on the issues I care about.

With your financial experience, how are you best able to contribute to solving the fiscal crisis in the U.S.?

The best way I can make some hopefully meaningful but inevitably small difference in these areas is by writing and speaking about the issues. Having been in Washington, it's hard for anybody, right up to the President, to make a difference. What we have to do is convince the people of this country that there is a problem and the nature of it.

The last election and all the polls that have come out of it suggest that people finally get the idea that the deficit is a huge problem. What they don't seem to get yet is the fact that without either cutting spending or raising taxes, or a combination of both, you can't solve the problem. So we have to go to the next step and have people understand

the basic aspects of fiscal responsibility and what is involved in living up to our obligations.

With every great success, there comes frustration and oftentimes the need to deal with public legal battles. How do you feel about having recently dealt with it?

If you choose to live your life in a way where you're somewhat in the public eye, then you have to take both the good and the bad that comes with it. In more than 35 years in business, I never before had my honesty or integrity questioned. It's not fun having that happen, but I feel comfortable about my character, so if you work through it and defend and explain yourself, in the end, most people will see it for what it was.

What advice do you have for young people feeling discouraged by the headlines?

Broadly speaking, the global economy is growing and will continue to grow, and that will find its way to people all over the world. It won't be distributed as equally as it should be and that is a problem. There are still too many people living in poverty who don't have the kind of mobility to lift themselves up from wherever they are.

But the world is going in the right direction, certainly within the emerging markets. I'm optimistic about the U.S., at least in the short to medium run; our recession is over, the economy is growing, and unemployment will start to come down.

In the U.S., our biggest problem is our fiscal irresponsibility, and if I was a young person in the U.S., I would be upset with my parents' generation and the state of the federal government's budget deficit, and the national debt that is being left to me to deal with.

If I lived in Europe, I would want to see the economies become more flexible and open, and more growth-oriented rather than preserving the status quo.

And if I was in the emerging markets, I'd want to make sure that this enormous progress that is being made in areas like India and China is distributed in a reasonably equitable way.

Is your work fun for you?

I have plenty of fun. It's what my friend Chuck Schumer calls the Monday morning test: that is, if you don't wake up on Monday morning excited about your work week, then you're probably doing the wrong thing.

I have never in my career been able to do a job simply for money or because it seemed like the right thing to do. I have only been able to do jobs where I woke up on Monday morning excited to do them. ●