

By Joel Samberg

Collective cynicism vs. comprehensive comfort

For New Jersey, 2009 is shaping up to be a year of strange political battles.

When the chips are down, New Jerseyans are fairly adept at reaching into their collective treasure trove of stats and surveys to pull out a face-saving promotional tidbit or two justifying their sticking it out here—usually citing the state's most famous people; most notable places; being first at this or that; or the fact that the Garden State features the newest, the oldest, the tallest, or the weirdest....

But at the close of 2008, economically and politically speaking—for the two are integrally intertwined, at least for now, at press time—there is no easy save. The chips are down, period. Even if we peek into that collective trove of information, what's new, as we edge toward 2009, is neither pretty nor comforting:

- New Jersey ranks last in the Tax Foundation's list of states with the most stifling corporate, income, sales, property and unemployment taxes.
- New Jersey ranks first in a Cambridge University study of states with people who have the most stress.

So much for current state facts and stats. Still, not everybody is giving up.

"New Jersey has terrific fundamental assets, such as its geography and its people, and we've excelled in the past," says Steve Lonagan, director of the state office of Americans for Prosperity (and a one-time gubernatorial candidate). "We can excel again—but only if we break loose of the shackles of government."

That's the sentiment of many people across New Jersey. And yet many of us stay.

"There's an awful lot of cynicism out there, and it's easy to be critical," admits Jerold Zaro, the new head of the Governor's Office of Economic Growth. But although Zaro acknowledges there are reasons for long faces, he doesn't have one. Why not? He points to Governor Jon Corzine's "broad and comprehensive package" for economic relief. The proposal, announced during a special joint session of the state legislature on October 16, includes measures to stop home foreclosures (including mandatory mediation sessions for homeowners and lenders),

for every new job they create, \$500 million in spending cuts (with low priority programs, consulting contracts, and equipment purchases being axed), and \$250 million in federal funds. Also, a few thousand jobs in Northern New Jersey are expected to be created through funding allocated for new roads, bridges, and schools.

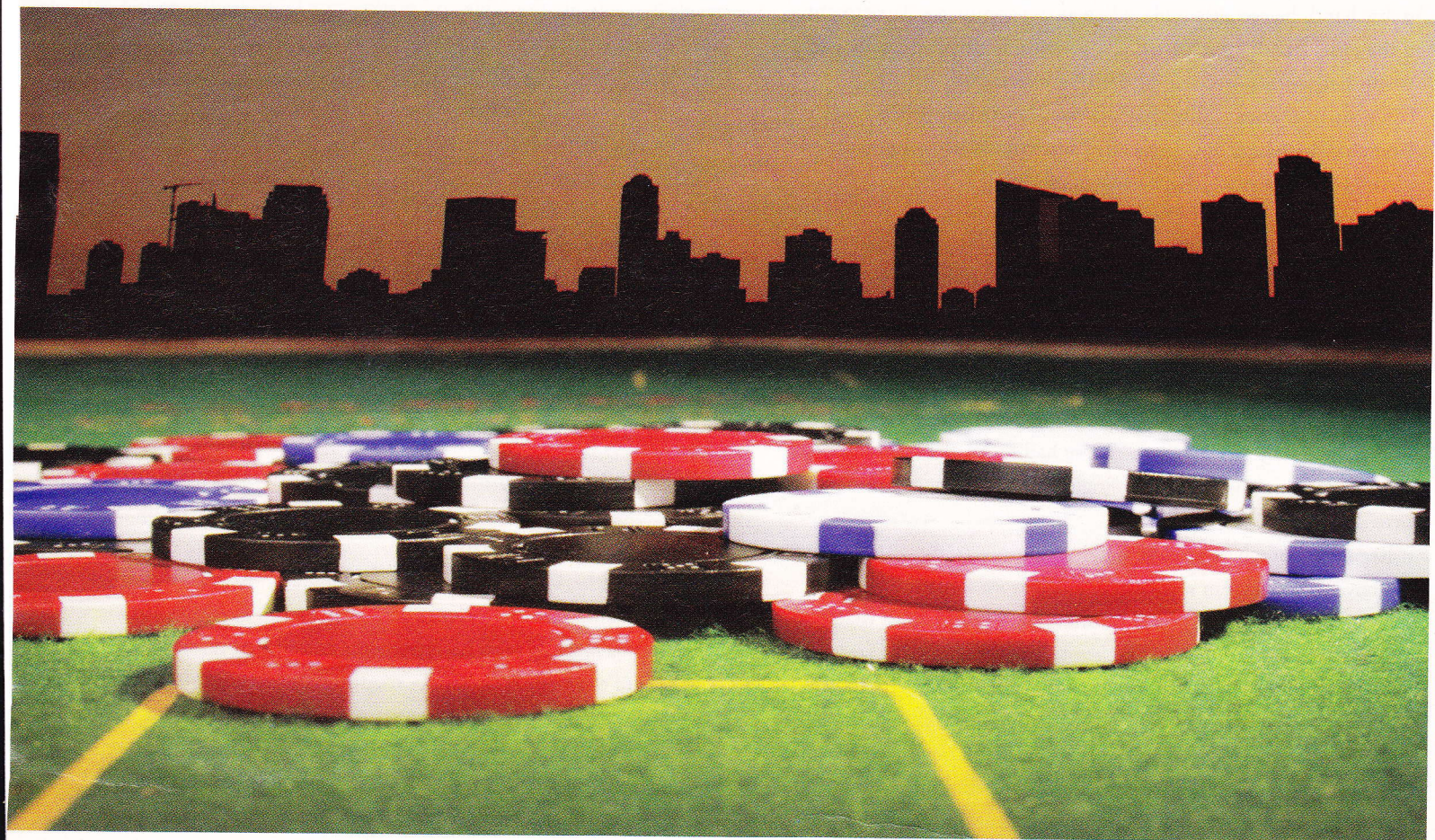
Zaro suggests that most of the state's economic problems are tied to the credit market calamity. But clearly it goes much deeper. New Jersey had problems long before the current crisis. Overspending and mismanagement, with a little bit of greed and duplicity thrown in for good measure, can also be added to the list of things that went wrong.

But while Zaro refuses to wear a mask of gloom, other government officials won't go without one. "It's questionable whether the people of New Jersey will have much good economic news to celebrate in 2009," says state Assemblyman Richard Merkt (R-Morris), who plans to run for governor in 2009. "Trenton continues to ignore the fundamental changes in state policy needed to set the stage for our economic comeback. Just treating symptoms does not cure the underlying illness."

As everyone has heard far too many times by now, the symptoms of a sick economy are everywhere. In 2008, there were more than 50,000 home foreclosures in the state. Pharmaceutical firms including Johnson & Johnson and Bristol Myers Squibb have expanded outside the state. A PNC Economic Outlook survey shows that only five percent of New Jersey business owners are optimistic about the state's economy, while more than 25 percent believe their profits will fall between fall 2008 and summer 2009.

Whatever your opinion of Governor Corzine's proposals, it's too early to tell whether they will have a substantial impact on our immediate future. Like many stimulus and relief plans issued recently, the New Jersey proposals were still being hammered out even while the press conference was being held to announce them. Will the plan's details ultimately be feasible? Only time will tell.

Although many people get excited at the prospect of voting out all incumbents and trying again with a fresh slate of officials, as far as the Office of Governor is concerned, the gubernatorial election isn't



both sides of the aisle will begin in January, doubtlessly causing more fireworks between Democrats and Republicans, there may be very little friction among the Democrats because Corzine may go unchallenged by his own party.

So, at this stage, the potential for interesting new leadership choices looks limited. So what will it take to effect some serious and encouraging changes during the coming year? Well, among the remedies tossed around are strong state economic leadership, and an improved national economic picture. Strong state economic leadership sounds wonderful, but is always an uphill climb. And an improved

national picture is more or less out of New Jersey's hands, points out Peter Kasaback, executive director of New Jersey Future, a research and policy group that advocates community growth and revitalization.

"Sometimes when a crisis gets bad enough, people decide that they need to work together and attempt bold new ideas," Kasaback explains. "New policies are important, and the type of bold new policy directions necessary will come from advocacy group supported by corporate and private citizens."

Decisive, to be sure, but is such thinking nothing more than wishful? Kasaback says he bases his optimism on New Jersey's

history of progressive policy thinking. He also says that New Jersey residents “must learn to live within our means, economically and environmentally. Our political leaders could be very helpful in working with our citizens to impose this discipline.”

As far as economic leadership is concerned, can Zaro—nicknamed by political insiders as the economic czar—really make a difference? On one hand, he recently replaced an entire commerce department. On the other hand, even Zaro’s new position is already seen by some as just another soon-to-become-bloated bureaucracy.

Not so, says Zaro. “This position was already here when I was appointed,” he points out. “An entire department was eliminated and replaced by one person. That’s a test of efficiency.”

His job, he asserts, is to help economic measures, belt-tightening proposals, and growth initiatives cross borders between many governmental departments. “My goal,” Zaro says, “is to bring some of the private sector entrepreneurial spirit and know-how to a bureaucracy.”

But over at the state office of Americans for Prosperity, Lonegan remains skeptical. “You can trace everything back to failed governmental policies,” he says. “We’ve had 40 years of promises of government solutions, and every single time they’ve made things worse.”

Regardless of where anyone stands, solutions to the state’s economic mess have to come from somewhere—and from someone.

Several observers and prognosticators have pointed out that improved transportation could be key to strengthening the state’s economy, primarily because more than 60 million U.S. citizens are within a four-hour drive of New Jersey—and Governor Corzine’s plans include several highway projects. Others argue that, with 23 Fortune 500 companies located here, simply raising the minimum wage and reducing corporate taxes will keep business booming in the Garden State.

Another potential fix for our economic woes is connected to the quality of our communities. Both Bill Dressel, executive director of the New Jersey League of Municipalities and New Jersey Future’s Kasaback believe that having strong, effective townships, and thus improved local quality of life, can lead to statewide success. However, says Dressel, such an approach contains its own challenges because local municipalities, as small and interpersonal as they can be, are nevertheless seen as little governments.

“The biggest challenge for our local governments is combating the notion that they have to be run like private businesses—they’re not businesses,” Dressel says. “They do not operate on the profit

motive. They deal with citizens, not customers. Decisions made by local officials are not directed toward doing better financially than the competition. They’re directed toward the common good.”

New Jersey Future is working on several programs, including a plan to provide financial incentives to towns that zone for newer communities near transit hubs or existing downtowns, which could result in a mix of affordable and market-rate housing that would cut auto dependencies and put people closer to their jobs. Kasaback says he’s hoping that 2009 can be the year in which New Jersey fixes what he calls “a hopelessly broken system for providing affordable housing.”

But can anything hopelessly broken be fixed? How can we reasonably expect New Jersey to look after November 3, 2009? Perhaps like a landscape still covered in fallen chips, but also rooted in entanglements of Shakespearean proportions.

“I expect it to be a classic battle between those who want a limited government, low taxes, and a conservative administration, and those who want government planners to be in charge,” Lonegan predicts.

The players are already lining up. On the Democratic side, Jon Corzine will almost certainly seek reelection. On the Republican side, besides Merkt, there’s Chris Christie, originally a partner in a Cranford-based law firm specializing in securities and appellate practice, who’s been noted as a probable candidate since being appointed U.S. Attorney in 2001.

Lou Dobbs, CNN anchor and commentator, is another strongly rumored contender. An independent populist, he’s created some controversy recently with his statements concerning immigration and foreign aid to Israel. Four-term Congressman Mike Ferguson of the seventh district may also run, as might state Senator Tom Kean, Jr. of Union.

Since Ferguson leans right on some issues and left on others, he can be a bit difficult to pin down. He is known, however, as a staunch advocate of reducing taxes. Kean, son of a former governor, has an interesting political history: appointed to the New Jersey General Assembly in 2001 to fill out an unexpired term, he was elected to a full term later that year, then appointed to the Senate to fill out another unexpired term in 2003, and elected to fill the seat later that year. He’s known as a strong proponent of ethics reform.

Reflective of the national political mood, says Merkt, “The people of New Jersey want change in Trenton because they no longer trust state government’s ability to solve problems. People sense a lack of leadership and are looking for a brighter vision for our future. Fortunately, we have a chance to help chart a new course for New Jersey’s future, if we want to.” ■■