

May 28, 2010

# Our Little Greece

By Mona Charen

At a New Jersey town meeting, Gov. Chris Christie, the newest YouTube star for the limited government set, was reproached by an unhappy teacher. The governor, facing a budget shortfall of \$11 billion, has proposed, among other economies, a one-year salary freeze for New Jersey teachers. Her voice raised in anger (that's a normal speaking voice in my home state), Rita Wilson protested that she should be paid \$83,000, the only reasonable compensation in light of her "education and experience." Christie's reply got an ovation: "Well, you know what? Then you don't have to do it."

Meet the newest conservative hero: The Trenton Truth-Teller!

That exchange with the teacher, along with other greatest hits available on YouTube of the blunt yet friendly governor's first five months, highlight a political opportunity for Republicans.

First, the problem: How can smaller-government Republicans win elections when more and more Americans are receiving government benefits while fewer and fewer are paying taxes? In 2010, 47 percent of Americans paid no income taxes at all. Among those who do pay taxes, most pay comparatively little. Both parties have agreed to make the tax code more steeply progressive in the past two decades, to the point where the top 20 percent of earners, those with incomes above \$100,000, pay 70 percent of all taxes. Accordingly, the tax issue has lost some of its political purchase.

But as Christie is demonstrating, voters are open to a new fairness argument. Whereas Barack Obama and his party invoke "fairness" as a license to take property from productive people and transfer it to the unproductive, Christie is inviting voters to consider the unfairness of our current arrangement in which government employees enjoy better salaries and benefits than private-sector employees. Economic historian John Steele Gordon points out that, "Federal workers now earn, in wages and benefits, about twice what their private-sector equivalents get paid. State workers often have Cadillac health plans and retirement benefits far above the private sector average: 80 percent of public-sector workers have pension benefits, only 50 percent in the private sector. Many can retire at age 50."

Christie spelled it out:

A retired teacher paid \$62,000 towards her pension and nothing — yes, nothing — for full family medical, dental, and vision coverage over her entire career. What will we pay her? \$1.4 million in pension benefits and another \$215,000 in health care benefit premiums over her lifetime. Is it 'fair' for all of us and our children to have to pay for this excess? (Is it) fair to have New Jersey taxpayers foot the bill for 100 percent of the health insurance costs of teachers and their families from the day they are hired until the day they die? Is it fair that teachers have a better, richer health plan than even state workers and pay absolutely nothing for it?

New Jersey has been overspending for decades — when the state had the funds and when it didn't. "Even as we speak," Christie told the town hall crowd, "it continues in New Jersey at the local level, despite the economic downturn. Consider this fact: In 2009, we lost 121,000 private-sector jobs in New Jersey, while the municipal and school board payrolls grew by 11,300 jobs. The private sector shrank ... while the government grew. That's exactly backwards from how it's supposed to be."

That, from a northeast governor! New Jersey's unfunded pension liability is officially estimated at \$32 billion. But Andrew Biggs of the American Enterprise Institute warns that this figure is based on flawed measures. The true number, he says, is closer to \$145 billion. The state of New Jersey, in other words, is a little Greece.

Christie's proposed economies — in addition to the one-year salary freeze, he wants teachers and administrators to contribute 1.5 percent of their salaries to the cost of their medical coverage — have provoked thousands of teachers to take to the streets, Athens style. They've started a Facebook page that excoriates the governor to the delight of its 68,000 fans. And the NJEA has spent \$1.8 million on an anti-Christie ad campaign since January.

Still, when the question was submitted to voters in April, 60 percent backed Christie's reforms. His popularity ratings are in dispute (Rasmussen pegs him at 53 percent approval, whereas a Fairleigh Dickenson University poll has him at 43 percent), but he is gaining traction in a state with a 700,000 Democratic registration advantage.

This is one to watch.