A day after he was inaugurated as Governor of New Jersey, Chris Christie issued an Executive Order which reduced the state’s maximum contribution to public employee pension funds. This was not a surprise. In his campaign for Governor, Christie had blamed public workers for the state budget deficit. Trade unions knew through leaked memoranda even before Christie was inaugurated that his advisors were planning to divide the labor movement, which has historically been strong in New Jersey, by pitting public employees against other workers.

Christie proclaimed his own version of a “class war” with the comment that there are “two classes of people in New Jersey: Public employees who receive rich benefits and those who pay for them.” Christie’s demagoguery has most sharply been directed against teachers and their unions. He called the National Education Association (NEA) the “National Extortion Association.” His style, which is both crude and extreme, is reminiscent of Senator Joe McCarthy’s verbal attacks during the Red Scare of the 1950s.

The reality of course is that New Jersey public employees are neither living high through their pension benefits, nor are they the cause of the state’s complex fiscal crisis. In terms of income, public sector employees earn less than their counterparts in the private sector. This, however, is balanced out by their health and pension benefits, what many Europeans called “social incomes.” The pension “crisis” in New Jersey, as in other states, has been the result primarily of the larger stock market crisis and the raiding of pension funds. States and communities have been “skipping” payments to these funds in order to balance budgets. As of 2009, when Christie took office, all public pension funds in New Jersey were underfunded by $46 billion.

When Governor Christie’s Executive Order was thrown out by the State Court of Appeals because he had usurped the powers of the legislative branch, he began to seek other ways to implement it, including the passage of new legislation. This required him to seek allies among Democrats who control the majority in both houses.

With the help of strategically placed Democrats and with a united Republican party behind him, Christie succeeded in passing “reform” legislation, that would limit the pension system to full-time employees who work 35 hour weeks at the state level and 32 hour weeks at the local level, base pensions for new employees and teachers on their five highest salary years rather than their three highest years; change the formula used to determine pensions for new employees, and push new
employees as much as possible into 401K plans. In addition, new state workers would have to work a minimum of 35 hours a week to receive health benefits and municipal and school employees 25 hours.

Governor Christie also signed into law a 2 percent “cap” on property tax increases for communities, although Democrats were able to have health care, pensions, debt repayment, and existing contracts with public employees exempted from this cap. Although Christie routinely denounces “big government,” he has demanded that communities “renegotiate” existing contracts with public employees and threatened them with cutoffs of state aid.

So far, the Democratic Party has pursued a policy of retreat. Their leaders seem to hope that Christie will over extend himself and that the disastrous consequences of his policies will lead voters to turn against Christie and the Republican party. The consequences of waiting for Christie’s failure may be disastrous. New Jersey may experience the breakdown of education and social services. It may lose through retirement or exodus outstanding teachers, police, and other municipal employees, who see their pension and health care rights eroding.

The New Jersey trade union movement is united and both public and private sector unions are challenging Christie’s policies. They have been supported by some outstanding exceptions among the Democrats—most prominently Assemblywoman Linda Greenstein, who is currently running for a state Senate seat with strong labor support but with a lot of Republican money aligned against her.

Among other anti-union and anti-worker proposals Governor Christie has made is calling for a 30% co-pay for health benefits for all public employees and retirees covered by the New Jersey State system. This would mean thousands of dollars in out of pocket expenses for employees and constitute a large de facto wage cut and extreme hardship for many older people.

Governor Christie has also come forward with a series of reform proposals called a “tool kit” which would devastate the civil service system, eliminate gains that public employee unions have made over decades, and lead to major income and benefit reductions for public employees. It is feared that he plans is to replace full-time employees with part-time employees so new hires would not be eligible for pension or health care benefits. This would probably have the greatest impact on lower income employees. If Christie has his way, New Jersey will be transformed from a state that currently has the highest per capita income in the nation into a cheaper labor state. How such a work force can run schools, police forces, municipalities, state agencies, does not seem matter to him.

Meanwhile, Governor Christie’s policies offer no solution to the pension problem in New Jersey or the crazy quilt system of pensions funded by regressive payroll taxes that we have in the U.S. A comprehensive solution to these questions has to be carried forward at the federal level.

Right now in New Jersey, Christie is using the pension and health care fiscal crisis an attempt to divide and conquer the labor movement. In response, the New Jersey labor movement is fighting him in the courts, in elections, and in the communities at every level. Defeating Christie’s economic proposals in New Jersey is essential not only to the defense of teachers and other public workers in New Jersey, but as a lesson to all of the “little Christies” that the policies Reagan-Bush eras that produced the
present economic crisis will not be recycled as a “phony” solution to that crisis.