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Governor Chris Christie's Full Speech at the George W. Bush Institute Conference on Taxes and Economic Growth

Friday, April 13, 2012 • Tags: [Taxes](#)



Video & Transcript

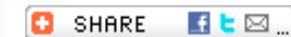
Governor Chris Christie's Full Speech at the George W. Bush Institute Conference on Taxes and Economic Growth

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Transcript - April 10, 2012

New Jersey Governor Chris Christie: Good morning everybody and thank you for having me today Mr. President. Thank you for the invitation to be here today and I am always, will always be proud, no matter what else I accomplish, in my career to say that I was a proud member of the Bush Administration for seven years as the United States Attorney for the District of New Jersey, and now taking a demotion to be Governor of New Jersey. If you don't think it's a demotion, then you go ahead and lose grand jury subpoena power. Any time you do, it is a demotion. For some of you that comment's more significant than for others. But I am happy to be here this morning and talk to you a little bit about our experience in New Jersey, and I agree with the President that the most important thing that you can do as a governor for your economy is to try to institute pro-growth policies that grow the pie and that are optimistic.

However, optimism was a thing that was a little difficult to find in January of 2010 in the state of New Jersey and here's why. In the eight years before I became Governor our state raised taxes and fees at the state level 115 times. In the decade before I became Governor, New Jersey had a zero private-sector job growth decade, a decade where we had net zero job growth in the private sector. Yet in that decade before I became Governor we became the state in America that had the most government workers per square mile in their state. That is an enormous achievement, and one that took incredible work by eight years of three Democratic governors and a fully Democratic Legislature.

And so when I came into office in those last few weeks of January of 2010, you would think to yourself that given that plate coming in, that the news couldn't get worse, and I was assured by my predecessor Governor Corzine that he was leaving me a budget that was, as he said to me in our first meeting post-election, on a glide path for the rest of the

fiscal year. I guess he and I have a different definition of the term glide path because in my second week as Governor my Chief of Staff and my Treasurer came into my office and said that if we did not cut \$2.2 billion in spending in the next five weeks, that New Jersey would not meet payroll for the second pay period in March. Now imagine that: 60% of the fiscal year already gone, 60% of the money out the door, in a \$29 billion budget, and we had to find \$2.2 billion not in cuts to projected growth, in money that we essentially had to sequester, that had already been appropriated, that was being counted on being spent across the state in order to meet payroll. Not in order to meet some lofty goal like cutting taxes—in order to meet our payroll in what is the second-wealthiest state per capita in America. If you need any greater example of what happens to an economy when a state government overtaxes, overspends, overborrows, and overregulates, come to the New Jersey of January of 2010. That even with the second-wealthiest populace in America per capita, we were going to be unable to meet payroll for the second pay period in March.

And so I had two choices: now to keep it in mind, I still, despite having won the election in November 2009, the Democrats retained healthy majorities in both houses of my Legislature. And so I was dealing with a Democratic Senate President, a Democratic Assembly Speaker. And so we had two choices on the cuts. Sit down and negotiate with the Legislature or because of New Jersey's unique constitutional structure, we could, my Attorney General argued, cut this spending through executive order.

Now for those of you who have watched me for the last two and a half years, if you believe I made the first choice, then you need to leave now. So we sat in a room over the course of three weeks and we went over all 2400 line items in the budget and we cut \$2.2 billion in the budget. And then we asked for a joint session speech in front of the Legislature, my first one as Governor. So I went in there and I'll take what was a forty-minute speech and break it down to thirty seconds, which some people say I should have done in the first place. But here's basically what it was. I said I came into office; you gave me this problem; you did nothing to fix it. I just went in my office, I cut \$2.2 billion in spending. Here are the cuts. I signed an executive order. They're now in effect. I fixed your problem. Thank you very much. See you later. And we left.

You can imagine the reaction to this on the floor of the state Legislature after I left. The press descended on the floor and the Democratic leadership had their say, and they were calling me all kinds of names. Julius Caesar, Napoleon Bonaparte, all those great leaders of the past I admire so much. And you know the next day I was coming into the Statehouse at the same time as the Senate President. Now the Senate President in New Jersey is a good guy, a friend. His name is Steve Sweeney. Steve's from the southern part of our state and Steve is the president of the ironworkers' local in New Jersey. And so he's a big guy like me and we came walking in together and I saw him and I said Steve I read all that stuff you said about me in the newspaper today, Julius Caesar, Napoleon Bonaparte. I said you know you turned me around. I'll go upstairs right now. I'm going to vacate that executive order and I'm going to send this problem down the hall. You guys can fix it. This will tell you all you need to know about politics in New Jersey. He looked at me and said hey Governor wait a second now. No reason to overreact.

So we then swiftly within three weeks of that speech I had to present my Fiscal '11 budget that had a projected \$11 billion deficit on a \$29 billion budget, a 37% deficit by percentage the largest deficit of any state in America. And now my Democratic friends thought now was the time to move in for the kill. And they went back to their favorite thing. The

President will be talking about it today. We're going to have a millionaire's surcharge to help to balance the budget. Now I want to make sure you understand because people mess this up. You think that's a millionaire's tax. You see in New Jersey we already had a millionaire's tax. And this is a special millionaire's tax in New Jersey. See here's how it went. In New Jersey they said the millionaire's tax applied to everyone who made \$400,000 a year or over. Now that's called New Jersey math everybody. And see I tried to use it as a selling point early in my administration. I said to the people of the country, listen, we all aspire to be wealthy. We all aspire for success, and if you are not a millionaire, but you'd like to feel like one, come to New Jersey. Even if you're not a millionaire we will tax you like one. So now what they're talking about now is that millionaire's tax was 9%, 9% on everything \$400,000 and over. Now what they wanted was 10 ³/₄% on everything 400,000 and over. So we had a little discussion and debate about that in the context of my budget, and they decided before they even considered the budget they were going to pass that tax. And so they did. And with great fanfare the friend of mine I talked about, Steve Sweeney, he passed the bill in the Senate, he called all the cameras and marched himself from the Senate Chamber down towards my office. Now you know, everybody growing up, if you're lucky, has a good mother. I had one. She always taught me to be polite. I know your mother did too Mr. President, and I think we have very similar mothers in that respect. So I put my coat on and came out to greet the guests who were coming. And he handed me the bill and I forget what it was called, you know, but Democrats always call these tax increases something other than tax increases. The Freedom and Equity for America Act or something like that so they think maybe they can slide it by. Well, Freedom and Equity for America, I'm for that. Sure. Where do I sign? But he came in with all the TV cameras and handed me the bill. 'Governor, here's the bill.' I said 'OK.' I said Steve 'wait one second. Why don't you sit down for a second? I just want you to wait.' And I sat down at a little table I had out there and I took out this pen and I vetoed it right there and I handed it back to him and I said 'here. Take it back. Because this is not where we're going in New Jersey anymore.' And he said 'we'll be back' and I said 'we'll see.'

And then we went ahead and proposed a budget that balanced the budget without any tax increases, that cut spending—not projected growth. Baseline spending from the year before by 9%. Because we cut every department of state government, every one of them. Everything got cut. Everyone shared in the sacrifice. And so they said that budget was dead on arrival. But that's fine. We decided we believe, especially in this Easter season in resurrected life. And so we resurrected that budget and in fact the Legislature wound up passing it, a Democratic Legislature wound up passing it with 99.8% of the line items exactly as we sent it. For the first time in a decade New Jerseyans had had a budget passed that did not increase taxes, that did not increase fees, that did not increase the cost of their government to them.

You see you can't start pro-growth policies until you get your house in order. You have to first step up to the plate and do the difficult things so what do we do next? New Jersey has the highest property taxes in America, and in the ten years before I became Governor property taxes increased 70% in ten years. And so as they were passing that budget at about 2:00 am, the day before the constitutional deadline, I faxed them a little surprise. I faxed them letters from me using my constitutional authority to call them back into session on July 1st to say we are going to consider a 2% cap on property taxes before we leave for summer vacation. So they passed my budget and they went back to their offices and they found that letter. And they had to come back to work. You know this places a strain on a family because

they came back to work on July 1st and they said we're not doing anything on the cap Governor. I said OK. Come back on the 2nd. All of a sudden it's getting a little hairier because we're getting closer to the Fourth, and it was over a weekend. And all of a sudden, they didn't do anything on the second. Then the 3rd came. The morning of the third, spouses from all over New Jersey were calling their husbands or wives in the state Legislature saying listen, we're already at the Jersey Shore. We are waiting for you. The kids are driving me crazy. Give him whatever the hell he wants and get out of there. I am still indebted to the husbands and wives of Democratic legislators all over New Jersey. Because in the afternoon of July 3rd we came to an agreement on a permanent 2% cap on property taxes in New Jersey and then later in the year totally reformed the interest arbitration system that were driving salaries up 7 to 10% for public sector workers and put the same 2% cap on interest arbitration awards, so that unelected arbitrators could no longer drive property taxes up in a way that was unaccountable to the people, again done with a Democratic Legislature.

We had another big problem to fix thereafter. Because in the same way that Medicare, Medicaid, and Social Security are threatening the fiscal health of our country, state pensions and health benefit costs were threatening the health of our state's economy. In the fall of 2010 we had a \$54 billion deficit in our pension fund, and a \$67 billion deficit in our health benefit fund. \$121 billion combined. That would be four years of a state budget just to bring that to balance if we kept things in the same direction. And so I came out in September 2010 with a pension and health benefit proposal. Now on health benefits, the public workers in New Jersey when I became Governor paid nothing for their health insurance, from the day they were hired until the day they died. Nothing for their health insurance. And on pensions we had to make significant changes so we proposed increasing the retirement age, eliminating cost of living adjustments until the health of the funds were back at 80% of their targeted fund or higher. Ending early retirements for political appointees and increasing the penalties for retiring early for anybody. Now as you can imagine all those things and by the way a fifth, increase the contributions by public employees to their pensions. Now you imagine this went over extraordinarily popular and I went to put this proposal out in its first week to the firefighters' convention in Wildwood, New Jersey. Right on the Boardwalk. 4000 firefighters at two o'clock on a Friday afternoon. Lunch was not solid that day as I can tell you, and they were fired up and ready to go. And when I got introduced, it's a long walk. It seemed longer that day from the side stage to the front of the stage. And they were booing me like crazy. And I got up there and the guy running things said 'Governor I'm sorry. The guys are a little upset about your proposal on the pension.' I said 'Don't worry about it.' My staff had some talking points up on the dais for me and they were booing and so I had to do something dramatic and so I took the talking points out and I ripped them and I threw them away so they could see it. It didn't work; they booed more. Then I said 'come on. Let it out.' And they did, and they booed more and finally I said 'come on you guys can do better than that' and they did. So finally they exhausted themselves, literally exhausted themselves. I said 'here's all I have to say to you today. You know about my proposal. And I understand that you are angry and you feel betrayed and lied to. And the reason that you are angry and feel betrayed and lied to is because you have every right to be angry because you have been betrayed and you have been lied to. Because governors of both parties have come in here for the last twenty years and promised you things they knew they couldn't pay for. And they lied to you to get your vote and you voted for them and now you're angry. And I don't blame you. Here's the one thing I don't get though. Why are you booing the first guy to come in here and tell you the truth? Because you know there is no upside for me coming in here and telling you that. See our pension fund won't go broke

until 2018, and if I have two terms I'll be gone in 2017 so there's no political upside in me coming in here and telling you this but here's what I will tell you. If these reforms get passed, ten years from now when you retire and you're going to be able to collect a pension and get health benefits for your family, you'll be on the Internet looking for my home address to send me a thank-you note because somebody finally came in here and told you the truth.'

And so we went from there and did thirty town hall meetings across New Jersey arguing the point that this was not just pro-taxpayer. It was pro-New Jersey economy, and it was pro-union worker, and believe it or not, in June of 2011 with only one-third of the Democrats in the Senate and one-third of the Democrats in the Assembly, along with all the Republicans, we passed that pension and benefit reform package, saving \$132 billion over the next thirty years for the taxpayers of our state and securing the future of the pension and health benefit programs for the people who they've been promised to. We did that because my friend I mentioned before Steve Sweeney was courageous, who stood up with a minority of his caucus. He sponsored the bill and he posted the bill and he made sure it got the votes. And Sheila Oliver, African-American woman from Essex County, our most Democratic county in New Jersey stood up, voted for the bill, posted the bill with only one-third of her caucus supporting her. And that day they said they did it because we're partnering with the Governor to do the right thing for the people of our state. I agree with Steve. Leadership counts. Leadership does count.

And so now what do we see in New Jersey? Well, we're now in a budget situation where we're not dealing with multibillion dollar deficits. Instead I was able to propose a budget this year that's proposing the first income tax cut in New Jersey in over fifteen years. A 10% across-the-board income tax cut. And here's the amazing thing: You expect the Democrats would be arguing with me about it. But the majority of Democrats are now saying 'yep, we have to cut taxes.' They're just arguing with me about how to cut the taxes. Well for people like all of you here and for the folks at the Bush Institute you know what that means: we've already won the argument. Now we're just dickering over the details. What matters, what matters is we've changed a place like New Jersey to understand the very principles that the President was talking about when he stood up here a few minutes ago. That if you want to grow jobs in New Jersey you have to leave more money in the hands of the people who create those jobs. And so since I've become Governor we've created 75,000 new private-sector jobs in New Jersey. And we've cut the public sector. There are fewer public employees on the state payroll today than when Christie Whitman left office in January of 2001 to join the Bush Administration as EPA Administrator. Less government workers than eleven years ago. You have to do both. If you want the private sector to grow you have to take money out of the public sector. We can't run deficits at the state level. All my fellow governors who are here today know that. So we have the obligation to make those tough choices and we're trying to set the example for the rest of the country. See, because if you can do it in New Jersey—I mean look at, come on. Haslam and Fallin sitting up here from Tennessee and Oklahoma. I love them both. They're great governors. But come on. Seriously. I mean, you know, I would trade my right arm to come deal with Tennessee and Oklahoma rather than deal with New Jersey. LePage knows in Maine. I have a little more sympathy for him. A little more. Not a lot Paul but a little more sympathy for him. But if you can do this in New Jersey, you can do it anywhere. Most importantly you can do it in Washington, DC. And what we need again is some leadership that is not going to take no for an answer. Leadership who understands that these things happen in New Jersey not just because our ideas were right and they are, but because we developed relationships with the other side of the aisle that allowed

them to trust us, and that doesn't happen overnight. Day after day after day you have to sit with your colleagues and convince them of the goodness of your spirit and of the understanding that compromise is not a dirty word.

See as governors what we know is that there is always a boulevard between compromising your principles and getting everything you want. Now in New Jersey I abandoned the getting-everything-you-want thing a long time ago. But I refuse to compromise my principles so when they want to build a tunnel to the basement of Macy's and stick the New Jersey taxpayers with a bill of three to five billion dollars over, no matter how much the administration yells and screams, you have to say no. You have to look them right in the eye no matter how much they try to vilify you for it you have to say no. You have to be willing to say no to those things that compromise your principles. But I think governors find all the time that there is a boulevard. Sometimes it's more narrow. Sometimes it's broader between getting everything you want and compromising your principles. It's our job as leaders to find the way onto that boulevard, and to never forget that what we got sent into office to do was to get things done. Not to send out press releases, not to just posture and pose, although I love all three of those things, but we can't just do that. At the end of that you have to find a way to make progress.

See because the 4% solution, 4% growth is not going to be achieved if we don't deal with Medicare. 4% growth is not going to be achieved if we don't deal with Medicaid. 4% growth is not going to be achieved if we don't deal with Social Security. 4% growth is not going to be achieved unless we can credibly advocate for pro-growth tax policies because we have our fiscal house in order. And so for all of us who believe, who know in our heart that the policies that the President advocated and that he spoke about today are the right policies for an America that's optimistic. We know that job one is to be credible with the people of our state and the people of our country, that we will be responsible stewards of the money they already send us, and I would contend to you that we're still a distance from making that case. Governors like Haslam and Fallin and LePage and others are making that case on a state-by-state basis and they're showing success. But we have a lot more work to do, a lot more work to do, and in the end, in the end for the people of my state, they don't always agree with everything I do. They certainly don't always agree with the way I always say it. But what they know is I'm telling them the truth as I see it. I'm not looking to be loved. You see I think politicians get themselves in the biggest trouble when they care more about being loved than being respected. That's why we've run up these deficits we've run up. That's why we can't say no to anything because we care too much about being loved. I'm loved enough at home, believe me. On occasion. And it's not what I'm in this for. My mother told me a long time ago, 'Chris, if you have the choice between being loved and being respected, take respected. Because if you're respected true love may happen but love without respect is always fleeting.' Of course she was talking about women. But I think it applies equally to politics. If you get people to respect you, that you're willing to say no, but that you're also willing to listen, that you're willing to stand hard on principles that you've articulated to the public, been elected on, and believe in, but willing to compromise when those principles will not be violated, then respect will come. And in New Jersey I think respect is coming for us because even those who don't agree with me know that when I look them in the eye and tell them I'll do something I do it regardless of the political cost, and if I tell them I'm not going to do something I won't regardless of the political expediency.

On the door of my senior staff's offices, the inside of their door, they have reprinted a headline from a *New York*

magazine profile they did on me. I'm always worried when New York, anything New York does a profile on me when you're a Republican. But the headline on the story was "The Answer is No." They blew that up to about this size and they put it and they taped it on the back of their doors so when the lobbyists come in and interest groups come in and they close the door to have the meeting and they start asking for something they say turn around and they look at it and they go that's from the boss. We start off with the answer being no until we get ourselves in the right fiscal condition. And then we can say yes to the right things. To cutting taxes. To lowering regulation. To empowering the people of our state and our country to be optimistic again. I've never seen a less optimistic time in my lifetime in this country. And people wonder why. I think it's really simple. It's because government's now telling them stop dreaming, stop striving, we'll take care of you. We're turning into a paternalistic entitlement society. That will not just bankrupt us financially. It will bankrupt us morally. Because when the American people no longer believe that this is a place where only their willingness to work hard and to act with honor and integrity and ingenuity, determines their success in life, then we'll have a bunch of people sitting on a couch waiting for their next government check. New Jersey moved in that direction. We are moving away from that direction. And I would urge all of you that the only way to fix that is by electing strong leaders in every statehouse across America to set the example and to set a fire underneath Washington DC that they will not be able to ignore. I'm trying to do that every day in New Jersey. We know we'll be judged. We're comfortable in being judged, and we'll be judged on the basis of the decisions we've made and the record we've created. And I hope that we're going to be one of the flagships in the Bush Institute's 4% growth plan because if we are, and if we've done it in New Jersey that means it'll be growing at 8, 9% in Tennessee with Haslam. So he'll be really happy and the most popular politician in America. But more importantly it'll mean there'll be more money, more hope, more aspirations, in the hearts of our children and grandchildren than there are today. And that's what will make the 21st Century the second American Century. That more than anything else will allow the United States to export hope and liberty and freedom around the world not by just saying it but by living it every day in the way we conduct ourselves and in the way we govern ourselves.

So Mr. President thank you for setting that example. Thank you for inspiring a whole new generation of conservative Republican leaders who you helped to create. So many of us who sit in the statehouses today are products of your leadership, your willingness to give us a chance to make a difference in our country in your administration, and now to make a difference in our states, in our country and in the world because of the opportunity you gave us. Thank you all very much.

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