

# New Jersey Slasher

Budget-cutting Chris Christie is conservatives' new favorite governor.

By Michael Brendan Dougherty

NEW JERSEY GOVERNOR Chris Christie wasn't supposed to become a hero for the Right. He wouldn't even accept the label "conservative" during his campaign.

He was a washed-up local pol turned lobbyist but with enough connections to become George W. Bush's top attorney in Jersey. Christie made some headlines going after political corruption; to no one's surprise, prosecutable officials are more common than tollbooths in New Jersey. Then he beat an incumbent governor in a terrible year for incumbents. So what? Christie was an overweight, less heroic, bridge-and-tunnel version of Rudy Giuliani.

But soon videos of his confrontations with teachers, unions, and reporters began making their way onto YouTube, and Christie became a conservative sensation. The most recent has him calling the state's powerful teachers' union a bully, with children and taxpayers as its victims. "You punch them? I punch you," Christie threatens, pointing his finger. Former Bush spokesman Ed Gillespie says Christie's fight to tame the public-sector union "may be the most important public-policy debate in the country right now."

A tough, articulate, budget-cutting governor of a Blue State, Christie is suddenly batting down questions about whether he will run for president in 2012. But between now and a dreamed-of confrontation with Barack Obama, Christie has bloody battles to fight in Trenton with a heavily Democratic legislature and an aggressively liberal Supreme Court.

Christie, 47, was born into what he calls a "loud" home, with an Irish father and a Sicilian mother. The combination draws knowing laughter when he mentions it and is taken as a full explanation for his combative style. Raised in the multi-ethnic Ironbound neighborhood in Newark's East Ward, he was just 5 when the riots tore his city apart and started its long decline.

Except for his time at the University of Delaware, where he was class president, Christie has lived in New Jersey all of his life. He obtained his J.D. at Seton Hall University in 1987. He married Mary Pat Foster, and they lived in a one-room apartment in Summit, New Jersey while he pursued a career in corporate law at Dughi, Hewit & Palatucci and she sought one in investment banking, eventually building her profile at Cantor Fitzgerald.

Success in politics eluded Christie early in his career. He began forging connections and learning the political contours of New Jersey while working with his boss, Bill Palatucci, for George H.W. Bush's unsuccessful 1992 re-election bid. In 1993, he attempted to run for state Senate against then Majority Leader John Dorsey. His campaign failed to get enough signatures, and Christie was tossed from the ballot. The next year, he ran for Morris County freeholder, winning on his promise to end no-bid contracting. But even this victory had a sour aftertaste. His defeated opponent sued him for defamation. Christie had falsely said that his challenger was under investigation, and he settled out of court.

Christie reformed the bid process and banned gifts from contractors to public officeholders—just the sort of good government initiatives Republicans use to distinguish themselves in this Democratic-dominated state. For good measure, he fired an architect building the local jail on a no-bid contract, saving the county \$17 million. Naturally the dismissed architect sued for libel.

But Christie's ambition soon got the best of him. Three months into his term as freeholder, he decided to run for state assembly, and voters handed him a punishing loss. A negative mailer depicted him in diapers. In 1997, he came in last in his re-election bid for freeholder. And in what has become standard procedure in Jersey politics, Christie sued one of the victors, John Murphy, for defamation. Murphy reported later that the settlement proceedings, which were negotiated one-on-one with Christie, were "the beginning of somewhat of a friendship."

Christie returned to private law practice and registered as a lobbyist. Bill Palatucci reports that Christie was an anchor in the office, available to even the newest paralegals and secretaries for advice or a shoulder to cry on. "When he was in the office, morale was high. People wanted to be a part of what he was doing," says Palatucci. "It's the same way now." As a lobbyist, Christie worked for deregulation of the state's energy and gas industries and to get the online University of Phoenix licensed.

He and Palatucci also forged close ties with the Bush family. In 1999,

Christie and eight other top New Jersey Republicans flew to Austin to meet George W. Bush and Karl Rove. Christie continued to visit Texas and signed on as the campaign's lawyer in New Jersey. His fundraising earned him "pioneer" status.

Not long after the election, Christie was appointed U.S. attorney and was confirmed unanimously by the Senate, getting the vote of his eventual gubernatorial opponent Jon Corzine. "That was probably one of the wrong votes I made," Corzine later lamented.

Christie made political corruption his top priority, saying that there was more organized crime on HBO than in the real Jersey. He amassed an impressive collection of scalps, including former Newark mayor Sharpe James (wire fraud, conspiracy) and real estate magnate Charles Kushner (witness tampering, tax evasion). He also finished an ongoing case against Republican Essex County executive James Treffinger (extortion, fraud, conspiracy). His masterpiece came in 2009, when his office served 44 indictments to a network of state assemblymen, mayors, and orthodox rabbis involved in a multimillion dollar money-laundering scheme.

But when he set his sights on the governor's office, Christie's campaign proved less than inspiring. Though he made the appropriate Republican noises about tightening the state budget, Christie was widely considered the moderate candidate in the Republican primary. Steve Lonegan, the former mayor of Bogota who had also served as state director of Americans for Prosperity, was the darling of the free-market activists. Tea Partiers favored Lonegan and after his election began deriding Christie as "Governor RINO" (Republican in Name Only).

In the general, Christie faced the incumbent Corzine, a midwestern banker

turned Goldman Sachs CEO. Though he was elected on the premise that his financial experience was desperately needed in dysfunctional Trenton, Corzine turned out to be a mediocre governor. His attempts to turn management of the New Jersey Turnpike over to private enterprise foundered, along with his pledges to lower New Jersey's exceptionally high property taxes.

By 2009, Corzine was at once too out of touch and too well connected. The electorate wanted fiscal restraint; Corzine was pushing expanded health insurance and early childhood education programs. Garden Staters were already bitter toward Wall Street; Corzine had honeycombed the statehouse with Goldman drones. He spent nearly half his nights in Manhattan—a fact the Christie campaign never failed to highlight.

But Christie did little to reassure conservatives. He followed a conventional Republican tactic in the Garden State: he attacked Corzine for his inability to deliver, while offering little in terms of substantive policy. Corzine's strategy was less noble. He resorted to mocking Christie's corpulence in a notorious commercial about the state attorney "throwing his weight around" Trenton. "The 2010 election was a referendum on the Corzine administration," says longtime New Jersey Republican consultant George Ajjan. "There was frustration during the campaign that [Christie] wasn't being aggressive enough in laying out a plan."

Yet he was not without principles. Christie never wavered in his pro-life convictions, even though Jersey's Republican Party had long thought the sanctity of life was the kiss of death in a statewide race. He also promised to veto any bill that would institute same-sex marriage, saying he favors the civil-unions approach the state has already taken. He pledged not to approve one

revenue raiser—no new taxes, no new fees or raised tolls. "We had 115 of those during the McGreevy-Corzine years. It makes no sense to try another one," says Palatucci.

Christie's unwillingness to compromise was particularly evident in a memorable confrontation with a public school teacher. Rita Wilson, an employee of the Rutherford school district, explained to Christie that if she were paid \$3 an hour for each of the 30 children in her class, she would be earning \$83,000. She added that she made "nowhere near that." Waving her finger at Christie, she said, "You're not compensating me for my education, you're not compensating me for my experience." Christie dared her to quit: "You know what? You don't have to do it." The audience erupted in cheers. It turned out Wilson's base salary was \$86,389, plus benefits.

In that ugly 2009 election, Christie squeezed out a win with 48.5 to Corzine's 44.9 percent of the vote. Independent and potential Christie spoiler Chris Daggett earned less than 6 percent.

Christie decided to pick two difficult fights: taking on the teachers union, New Jersey Education Association (NJEA), and attempting to reshape an activist state Supreme Court.

The NJEA greeted Christie's proposed belt-tightening with \$6 million in attack ads. He was asking for a one-year teacher pay freeze and a contribution of 1.5 percent of their salaries to offset the cost of their health benefits. Teachers hounded Christie at public events, but he didn't hold back, telling them, "Your union said that [this is] the greatest assault on public education in the history of the state. That's why the union has no credibility, stupid statements like that."

Christie's chief weapon is his personality. He plays an Everyman constantly at

the far end of his patience. When discussing the judiciary, the press, or the teachers union, he'll give the Jersey eye roll. "Some people think I'm too blunt..." He pauses, lifting his eyebrows as if to add, "I guess that's a valid perspective." His gestures and facial expressions usually convey more than his words. A brow furrow means: *You follow me?* Jaw clench: *This is what I have to put up with.* Pushing his chin forward: *Just try me.* The words are cold red meat; the delivery makes it sizzle.

He has made ample use of the bully pulpit, pointing out that the NJEA collects \$126 million a year in dues from its teachers. He calls it the "monster on State Street." Like a good prosecutor, he draws logical and moral conclusions when he doesn't have the force of law. He recently pointed out that the government of New Jersey automatically deducts union dues directly from teachers' paychecks and wires them into the union's bank account. "That's the public's money," he says with some truth. "If the union is so committed to children, they can open their books, show us how the money is spent." And he keeps blasting: "That's the fight: who is going to run education in New Jersey? The parents and the people they elect, or the mindless, faceless union leaders?" No one is calling him Governor RINO these days.

"He came out of the box swinging pretty hard," Ajjan says. "A lot of people who were underwhelmed were very quickly put on board." Even Republicans who complained about Christie's lack of electoral coattails in 2009 have rallied to him.

The campaign to tame the NJEA and the counterassault have left both contenders reeling. Christie's approval rating has dropped to 44 percent, and his disapproval rating spiked from 21 percent to 42. He promised to govern as if he only had one term, but administration insiders believe they can turn the

numbers around after the budget fight. "The union attacks seem to be falling on deaf ears," says Palatucci, "the people are giving him the benefit of the doubt because they know these are structural problems he is trying to fix." Besides, Christie has made it clear that he is thinking long term.

"If Christie is going to make a lasting systemic change, we need to go back to constitutional government with three co-equal branches," says Senate Minority Leader Mike Doherty. "For the last three decades, the court has been the dominant force pushing an aggressive agenda."

New Jersey's Supreme Court basically decided that suburban voters would subsidize urban schools that are surrounded by homes with low property values. The court also mandated that every town in the state make room for subsidized housing. The liberal-dominated legislature has responded with grateful silence, happy to have its agenda implemented without putting skin in the game.

Christie is moving aggressively to change the composition of the court. The new governor broke with tradition and refused to name McGreevy-appointed Justice John Wallace to a second term on the bench, making clear he will select four new justices in his first term. In the view of Christie and his Republican allies, the court has usurped not only the power to set social policy but to raise taxes. Putting it back on a leash is the prerequisite to lasting reform.

Taking on public-sector unions and the activist court have earned Christie high marks with conservatives, but what has really sent their minds daydreaming about a presidential run is the way he has handled a hostile press. Asked recently about his "confrontational style" by liberal columnist Tom Moran, Christie fired back, "You know, Tom, you

must be the thinnest skinned guy in America. ... If you think that is a confrontational tone, you should really see me when I'm pissed." Christie explained that he was elected to office to have an argument. "They believe in bigger government, higher taxes, and more spending. I believe in less government, lower taxes, and empowering local officials elected by their citizens." He added with equal parts amusement and contempt, "That may lead to a disagreement or two."

The field of Republican candidates could use Christie. Sarah Palin walked off her job. Mitt Romney is ducking Obama's "thank yous" on healthcare reform. And Bobby Jindal is wading around in oil. By bringing out the fighter in Christie, New Jersey's liberal institutions have brought his latent conservatism to the surface. The stimulus, TARP, and the bailouts have failed to revive the stalled American economy, while adding to the public debt. And Christie is the one GOP governor attempting more than a trim here and a snip there. He is endeavoring to wrest control of taxation and spending from lobbyists and unions and give it back to the people and their representatives. He's also funnier than Mike Huckabee.

"My tone, my combativeness? Listen, everybody plays to their part; this is who I am. Like it or not, you guys are stuck with me for four years," Christie said in May, defying both the media and the polls. "I'm going to answer directly, straightly, bluntly. Nobody in New Jersey is going to have to wonder where I am on the issues." If conservatives judge a man's virtues by the enemies he has collected, Christie is the GOP's most admirable executive. ■

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# Inflating War

Central banking and militarism are intimately linked.

By Thomas DiLorenzo

“ONE CAN SAY without exaggeration that inflation is an indispensable means of militarism,” Ludwig von Mises wrote. “Without it, the repercussions of war on welfare become obvious much more quickly and penetratingly; war weariness would set in much earlier.”

This explains why American politicians have always resorted to the legalized counterfeiting of central banking to finance wars, the most expensive of all government programs. If citizens had a clearer picture of the true costs, they would be more inclined to oppose non-defensive intervention and to force all wars to hastier conclusions.

Government can finance war (and everything else) by only three methods: taxes, debt, and the printing of money. Taxes are the most visible and painful, followed by debt finance, which crowds out private borrowing, drives up interest rates, and imposes the double burden of principal and interest. Money creation, on the other hand, makes war seem costless to the average citizen. But of course there is no such thing as a free lunch.

As a general rule, the longer a war lasts, the more centrally planned and government-controlled the entire economy becomes. And it remains so to some degree after the war has ended. War is the health of the state, as Randolph Bourne famously declared, and the growth of the state means a decline in liberty and prosperity.

As Robert Higgs wrote in *Crisis and Leviathan*, among the effects of World War I were “massive government collusion with organized special-interest groups; the de facto nationalization of

the ocean shipping and railroad industries; the increased federal intrusion in labor markets, capital markets, communications, and agriculture; and enduring changes in constitutional doctrines regarding conscription and governmental suppression of free speech.”

Inflationary war finance inevitably leads to calls for price controls, which inflict even greater damage on the private enterprise system by generating shortages of goods and services, which are falsely blamed on capitalism. The state uses this excuse to grant itself even greater central-planning powers. Inflating the currency as a method of war finance is often a first step in the adoption of what is essentially economic fascism.

Paper and printing were invented in China, but American politicians were the first to use government paper money. It was adopted by the colonial government of Massachusetts in 1690. As Murray N. Rothbard wrote, the Massachusetts government was “accustomed to launching plunder expeditions against the prosperous French colony in Quebec.” The loot was typically used to pay mercenary soldiers, but when one of the expeditions failed and the soldiers threatened mutiny, the Massachusetts government printed 7,000 British pounds in paper notes to pay them. The government promised to redeem the paper money in gold or silver, but took 40 years to do so. Meanwhile, the public was so suspicious of the notes that they depreciated by 40 percent in the first year.

By 1740, every colony except for Virginia had followed Massachusetts’ lead in issuing fiat paper money. The results

were dramatic inflation, boom-and-bust cycles, and depreciated currency.

During the Revolution, a form of centralized banking was adopted when the Continental Congress issued “the Continental” in 1775. Because it was not backed by anything of value, the Continental depreciated so severely that it was virtually worthless by 1781. “Not worth a Continental” became a popular slang.

Some of the states attempted to deal with the inflation caused by the massive printing of Continentals with price-control laws. The predictable effect: shortages so severe that George Washington’s army almost starved in a field in Pennsylvania. The situation became so desperate that the Continental Congress issued a resolution on June 4, 1778 urging all the states to abolish their price-control laws: “Whereas it hath been found by experience that limitations upon the prices of commodities are not only ineffectual for the purpose proposed, but likewise productive of very evil consequences—resolved, that it be recommended to the several states to repeal or suspend all laws limiting, regulating or restraining the Price of any Article.” Within three months, “the army was fairly well provided for as a direct result of this change in policy,” write Robert Schuettinger and Eamonn Butler in *Forty Centuries of Wage and Price Controls: How Not to Fight Inflation*.

Despite the economic calamities caused by America’s first foray into centralized control of the money supply, at the end of the Revolutionary War the nation’s first central bank—the Bank of North America—was created, with