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Report

TO MEMBERS

Pro-Growth Policies a Must In Face of Slow Job Growth

As 2006 draws to a close, it is clear that this will be one of New Jersey's weakest non-recession years for private-sector employment growth in a quarter century.

In the first nine months of the year, the state saw a net gain of 14,700 private-sector jobs, an increase of less than one half percent, according to official state labor data. This compares to an employment gain of nearly 1 percent nationally.

Unfortunately, weak job growth has been the rule, not the exception, in this expansion. As of September 2006, private-sector employment in New Jersey had barely surpassed the previous employment record of 3.43 million jobs, which was set way back in December 2000.

Private-sector employment growth nationally continues to outshine New Jersey. Over the last several years, it has grown nearly twice as fast as it has in this state.

To counter this trend, state lawmakers must keep economic growth at the top of their policy agendas. A quickly expanding economy produces new jobs and tax revenues that can support the goals of state government—without the need for tax hikes. Conversely, a stagnant economy prolongs state budget shortfalls and creates pressure for higher taxes.

New Jersey finds itself in the latter situation. Years of lackluster economic growth and state policies that have harmed our economic competitiveness have put New Jersey in a position where it ranks near the bottom of national business-climate surveys.

For two years running, the Tax Foundation has ranked New Jersey 48th in the nation for its business-tax climate. Corporate executives responding to a CEO Magazine survey said New Jersey is the fourth worst state in which to do busi-

ness. And the Milken Institute, in its annual relative cost of doing business index, found New Jersey to have the nation's 3rd highest cost of doing business.

Whether you look at the cost of health insurance, energy, regulatory compliance or taxes, New Jersey generally ranks at or near the top of every cost-of-business index.

Fortunately, Governor Corzine has made economic growth one of his highest priorities. With the establishment of an Office of Economic Growth and the release of his Economic Growth Strategy, Corzine has demonstrated his awareness that the economy does matter and that it needs well-defined goals and plans to succeed.

The state must become more business friendly. This means lowering the cost of doing business, decreasing regulatory burdens, and generally adopting a better attitude toward the state's private-sector employers.

The major omission in the Governor's Economic Growth Strategy is its failure to identify the state's manufacturing industries as a sector that both needs and deserves state attention and support. This sector of the state economy still supports, directly and indirectly, about half a million good-paying jobs.

It is also of the utmost importance that New Jersey lawmakers resist the impulse to impose costly new rules and mandates on its employers. Proposals mandating 12 weeks of paid family leave and requiring employers to pay a set dollar amount for employee health insurance are currently being circulated in the Legislature.

The mere fact that these proposals are being discussed will cement New Jersey's reputation as an anti-business state, and this in turn will continue to drive sorely needed jobs to other states—where the cost of doing business is lower and the attitude toward business is friendlier. ❧