

# Leaders Examine New Jersey's Economic Future

*Panels of distinguished speakers address the question, "Is New Jersey in the game or on the bench?"*

## Attendees grade Governor Corzine a "C", the Legislature a "D" and President Bush an "F"

More than 150 of the Garden State's leaders of all political stripes gathered at the Trenton Studios of New Jersey Network on October 24, 2007, for Leadership New Jersey's (LNJ) annual Forum on the Future of New Jersey. A 20 year learning and exchange "laboratory" for state leaders from all sectors, LNJ's Graduate Organization chose as the topic for the 2007 edition the interactive forum: "New Jersey – A Leader in the Global Economy? In the game or on the bench?"

The day dawned dark and dreary, with high winds and driving rain hitting central NJ. Forum Co-Chair Dianne Brake (LNJ '90) from PlanSmart NJ began the Forum with provocative data showing recent economic trends, housing affordability by industry cluster, and growth incentives and restrictions. Introduced by Denise Monahan, Sr. Vice President, PNC Bank, the forum's morning keynote speaker, Chris Christie, United States Attorney for New Jersey, delivered a message that seemed to reflect the weather outside.

"Ever since September 11, officials have focused on guarding against terrorism," Christie noted. "Some maintain that this focus has hindered economic growth. In reality, however, there is little, if any, connection between efforts to prevent terrorism and economic growth."

So if the fight against terrorism is not to blame for hindering economic growth in New Jersey, what is? Christie, and a collection of other prominent NJ leaders -- including Gary Rose, Chief of the New Jersey Office of Economic Growth and Ralph Izzo, Chairman, President and CEO of PSEG -- offered different takes on the Garden State's economic outlook. Their addresses were interspersed with several panels of leaders from a variety of sectors.

As in past years, the forum stayed grounded in a way only possible through an LNJ event. The audience was stacked with state leaders eager to pose provocative questions and the format featured technology that enabled instant polling of sentiment among forum attendees. Twenty four percent of forum attendees were Republicans, 51% were Democrats and 25%

were independent. The vast majority were Caucasian (86%), from the suburbs (80%) and from Central NJ (65%), with 17% each from Southern and Northern NJ. The result: the LNJ Forum shed light on and provided a test bed for many critical economic issues facing the state.

"The main reason [for our economic challenges] is the lack of integrity among elected officials," Christie insisted. "People don't want to do business in New Jersey because they feel like they are being shaken down at the point of a gun. We don't trust our government officials and we have good reason not to."

He cited the five members of the Pleasantville School Board as a prominent example. Two members of the State Assembly, Alfred Steele and Mims Hackett, resigned after being charged with taking bribes.

Christie suggested that people in NJ pay a "corruption tax" -- and to foster economic growth it is imperative to clean up the political process. "We can't prosecute our way out of this mess," he insists. "Politicians don't think the public is watching and, when they get caught with their hands in the cookie jar, they act like children and blame everyone else. The public needs to take action and vote them out of office. The only way to punish corrupt elected officials is not to re-elect them."

### US Attorney Chris Christie



As Christie concluded his remarks, the weather began to clear and the first group of panelists took the stage... and their tone reflected the more promising climate outside.

## Real-Time Feedback from Real Leaders

A unique feature of the Forum is its use of interactive Consensor® touchpads, which allow attendees to express their opinions on issues. By answering multiple choice questions with the touch of a button, everyone can view the results as they are instantly projected onto a screen. Questions, some formulated in advance and others created as a result of something mentioned during the presentation, were asked following each speaker and the results were immediately displayed and recorded.

For example, a Consensor poll taken immediately after Christie's speech revealed that nearly 70% agreed that ethical issues are obstructing New Jersey's chances for competing in the global economy.

## The View From the Ground

The first panel discussion was moderated by Andrew Sinclair (LNJ'01) of Princeton Public Affairs Group ([www.ppag.com](http://www.ppag.com)). The panelists included Greg Bohn of Advanced Drainage Systems ([www.ads-pipe.com](http://www.ads-pipe.com)), Ken Traub of American Bank Note Holographics ([www.abnh.com](http://www.abnh.com)), Jim Hughes of the Bloustein School at Rutgers University (<http://policy.rutgers.edu>) and Ann Limberg, NJ President of Bank of America ([www.bankofamerica.com](http://www.bankofamerica.com)). The panel's topic was: "The Insider's View, On the Ground."

Bohn initiated the discussion by recounting the reasons why his company, the world's largest manufacturer of smooth interior corrugated high-density polyethylene (HDPE) pipe, chose to locate their new plant in New Jersey in spite of its higher construction costs compared to some states in the Midwest. Two of the most important reasons were proximity to customers, saving about \$1 million a year in transportation costs, and the availability of skilled labor.

Traub discussed why his company consolidated its operations from locations in Pennsylvania, New York and Massachusetts to a single facility in Robbinsville, New Jersey. Again, the primary



reason was proximity to major markets such as credit and other transaction cards, bank notes and documents, pharmaceutical packaging, etc.

Hughes, who is generally regarded as New Jersey's preeminent economist, cited a number of reasons why New Jersey is a desirable place to do business. The first is its highly educated labor force, fifth among the states in the percentage of adults with Bachelor's or higher degrees and third in the percentage with a Ph.D. Its concentration of pharmaceutical companies and proximity to New York City, the dominant economic engine in the country, also makes it attractive to other pharmaceutical companies and their suppliers.

#### **Ralph Izzo: PSEG Chairman**



Limberg explained why New Jersey is such an incredibly important market for Bank of America, which derives over 60% of its revenue from consumer banking. She said the potent New Jersey market offers opportunities ranging from students needing loans to wealthy individuals with assets to invest.

In a Consensor poll taken immediately after the panel discussion, 49% of respondents cited location as New Jersey's most important asset, while 33% cited its skilled workforce.

#### **The View From 500 Feet**

The second panel discussion was moderated by Jack Lettiere of Nation's Port ([www.nationsport.org](http://www.nationsport.org)). The panelists were Bob Gross of the Delaware River Port Authority ([www.drpa.org](http://www.drpa.org)), Tom Carver of the Casino Reinvestment & Development Authority ([www.njcrda.com](http://www.njcrda.com)), Carl Goldberg of the NJ Sports & Exposition Authority ([www.njsea.com](http://www.njsea.com)), Joe Montemarano of Strengthening the MidAtlantic Region

for Tomorrow, SMART, ([www.smartstates.com](http://www.smartstates.com)) and Susan Bass Levin of the Port Authority of New York & New Jersey ([www.panynj.gov](http://www.panynj.gov)). Their topic was: "The Regional View, From 500 Feet."

Gross suggested that we need to focus more on competing with other states than on competing with each other. An underdeveloped asset, for example, is the port of Camden, which handled over 400 ships with 3.8 million tons of cargo last year and has the infrastructure already in place to accommodate explosive growth. In fact, Camden could easily accommodate a combination of retail, entertainment and shipping if we just learn how to work smarter.

Carver agreed that New Jersey's location is a great asset, but the challenge is to find ways to take advantage of it. North Jersey is already built out, so major growth will have to occur in the southern part of the state because that's the only place that has room for it. Camden and Atlantic City are both good examples. Tourism is already an important industry in New Jersey, but in order to make it even more so, the Atlantic City Airport, for example, must grow to be able to handle six million passengers a day.

Goldberg maintained that although North Jersey is pretty well built out, the Meadowlands area represents a significant economic growth opportunity, especially with a \$1.3 billion football stadium being built by the Giants and Jets. He suggested making the Meadowlands as much of a tourist destination as the Jersey Shore. One of the state's most important "eco-tourism" destinations, for example, is the 6,000 acres of the Hackensack River estuary, a salt marsh wetlands teeming with plants and wild birds. Unfortunately, housing in the area surrounding the estuary is very expensive and we need to find ways to give developers incentives to build housing, office space and retail in areas of the state where building is desirable.

Montemarano commented that the entire region, not just New Jersey, is under-prepared to compete against other areas of the country. The various sectors of our economy – pharmaceutical, biotechnology, information technology, military – all have their ups and downs, but not all at the same time. He suggested that we need to model ourselves after Silicon Valley where, if things don't work out at one company, you go across the street to another and don't have to move.

Bass Levin discussed changes that are necessary in order to foster economic growth. The region's roads, bridges and tunnels are all operating far beyond capacity, for example. Some 72 percent of all new households in the

#### **Gary Rose: Economic Growth Chief for the State of NJ**



region will be created in New Jersey, and many of its residents want the jobs that are being created in New York. It will cost \$7.6 billion to build a new rail tunnel under the Hudson, but it will take thousands of cars off the roads.

A Consensor Poll taken immediately following the panel discussion showed that 58% of the forum attendees planned to be working in NJ and 52% planned to be still living here in 10 years.

#### **The View From 10,000 Feet**

The third panel discussion was moderated by Katherine Kish (LNJ '03) of Market Entry Inc. ([www.marketentryinc.com](http://www.marketentryinc.com)), a strategic marketing consulting firm. The panelists were Tom Tauke, EVP of Public Affairs, Policy and Communications, Verizon ([www.verizon.com](http://www.verizon.com)); Jay Biggins of Biggins Lacy Shapiro ([www.sbb-incentives.com](http://www.sbb-incentives.com)), a location economics firm; Tom Morr of Select Greater Philadelphia ([www.selectgreaterphiladelphia.com](http://www.selectgreaterphiladelphia.com)); and Nick Montalto (LNJ '98) of Diversity Dynamics ([www.usdiversitydynamics.com](http://www.usdiversitydynamics.com)). Their topic was, "The Global View, From 10,000 Feet."

Tauke pointed out that communications has made economic growth truly global, with people able to telecommute. New Jersey has a wealth of skilled, highly educated talent but is also a very expensive place to live and that talent could easily leave and go elsewhere. The primary problem, however, is that business taxes are very high, the state's reputation for being business friendly is terrible and regulations are oppressive. Echoing Christie, he confirmed that the state suffers from its reputation for corrupt government. However, New Jersey has a great communications infrastructure, with Verizon spending \$1 billion a year on fiber to the home to make New Jersey the most wired state in the entire country.

Biggins agreed that New Jersey has a reputation for being a place in which it is difficult to do business. The regulatory process in New Jersey is perceived to be unpredictable, with special interests having far too much influence. Even R&D, especially by pharmaceutical companies, is relocating to Pennsylvania, while financial services jobs previously in New York are now landing in Florida.

Morr noted that the entire Philadelphia/New Jersey region is a work in progress. The region is changing from a manufacturing to a service economy, but is still perceived as a declining rust belt area with a low income population and high unemployment. If the people who are leading the parade don't make the right decisions now, he insists, we need to be very afraid of where we will be in 20 to 25 years.

"We need to achieve a balance," Montalto cautioned, "between economic growth and quality of life. Not all environmental regulations are good, especially if they stifle economic growth. We also need to look closely at immigration because vibrant ethnic communities contribute to a strong arts and culture infrastructure."

A Consensor Poll taken after the panel discussion showed that 51% of attendees cited cost of living and 29% cited state regulations as the greatest obstacle to economic growth in the state.

## The State Speaks: What NJ Needs To Do To Win

Gary Rose, who is Governor Corzine's lead on all economic growth issues, stepped to the podium to learn that only 26% of forum attendees graded the Governor's term to date with a "B," while 43% rated the administration with a "C."

Introduced by Ann Limberg, NJ President of Bank of America, Rose began his remarks by noting that the state's strategic economic plan is based on four priorities: setting a new economic course to increase tax revenue, restructuring the state apparatus to become more efficient, getting some wins to change perception of the state as a loser, and regaining the trust of the business community that the state has lost.

Rose insisted that New Jersey needs economic growth, especially in view of the current deficits, but we need the kind of growth that will result in profitable companies and good jobs so that we can increase tax revenue, not just keep raising taxes. Regaining the trust of the business community is a long-term proposition. Decisions we make over the next few years will determine whether or not New Jersey remains a top tier state.

A series of Consensor polls after Rose's talk showed that NJ Executive Branch is perceived more favorably than the NJ Legislature (50% gave them a D, 32% an F), the President (81% gave him an F), and Congress (54% gave them a D).

## Other Survey Results from the 2007 LNJ Forum on the Future of New Jersey

*\*based on Consensor results from the 150+ attendees on October 24, 2007*

- 69% think that NJ should have regional tax sharing
- 98% think that we should regionalize safety services such as police and fire
- 71% think that we should shift local services to the county level.
- 81% think that we should tie the state's capital investment plan to its development and redevelopment plan
- 56% agreed that the State should lease assets to pay down debt, while 56% said it should do so to repair and build roads, bridges and tunnels; 73% agreed that it should do so to preserve open space
- To fund transportation improvements, 45% felt that we should raise the gas tax while 29% felt that we should cut other parts of the budget.

*Panel 2 : Jack Lettiere: Nation's Port (moderator), Susan Bass Levin: Port Authority of NY & NJ, Joe Monetmarano: SMART, Carl Goldberg: NJ Sports & Exposition Authority, Tom Carver: Casino Reinvestment & Development Authority, Bob Gross: Delaware River Port Authority*



## Leadership New Jersey helps leaders in New Jersey become leaders of New Jersey.

New Jersey's greatest resource is the quality of its leaders. Leadership New Jersey's goal is to expand and improve the pool of the state's civic leaders. The program, founded in 1986, honors men and women who combine a successful career with leadership in serving their communities. It challenges them to do more.

Each year, LNJ selects a new group of about 50 emerging leaders from all parts of the state and from diverse backgrounds in business, government, non-profits, the arts, health care, the professions, and labor. Their politics and philosophies differ, but they share a commitment to making New Jersey a better place in which to live and work.

LNJ Fellows enjoy a rare opportunity to develop their knowledge of state issues and hone their skills to solve statewide problems. In 10 monthly seminars, they travel across the state to explore the trends, forces and people shaping the state's future. Fellows complete the program having developed a network of new relationships with leaders across the state. They deepen their understanding of New Jersey's problems and opportunities, of its needs and resources. New Jersey benefits from the increased pool of potential leaders and from the heightened sense of civic concern that those leaders develop. After completing the Seminar program, Fellows join the Graduate Organization, with over 1,000 leaders from all sectors join to take on the challenges and opportunities facing New Jersey.

Leadership New Jersey is a not-for-profit organization of leaders of New Jersey's major corporations and smaller businesses, educational institutions, governmental entities, and non-profit institutions. It has received generous financial support from the Geraldine R. Dodge Foundation, ADP, Atlantic City Electric, JCP&L, Prudential, PSE&G, Schering-Plough, Verizon, and other Leadership members and sponsors.

## Energy and the Way Forward

PSEG CEO Ralph Izzo closed the day by noting that New Jersey workers are 25 percent more productive than the national average because of their high levels of skill and the way they work together -- but our future is highly dependent on energy. The new CFL bulbs, which save energy by replacing incandescent with fluorescent lighting, are an important contributor to energy efficiency but their higher initial cost is still a deterrent. We need to continue looking at renewable sources of energy like solar and wind power as the state's energy needs continue to grow.

Izzo used the forum to announce that PSEG has initiated the planning required for construction of up to 400 megawatts of new gas-fired peaking capacity -- which will represent \$250-\$350 million investment.

"We were very pleased by the substance of this conversation about our economic future," commented Tom Dallessio (LNJ '98), the executive director of Leadership New Jersey. "No other group brings together such a cross-section of state leaders to take on critical topics in the public interest. The perspectives of our speakers and audience participants combined to make this a very stimulating day of long-term reflection."

The event was made possible thanks to support from more than 20 sponsors, including lead sponsors Bank of America, BD, and PNC. The 2008 Forum on the Future of New Jersey will take place on October 15, 2008 at NJN Studios in Trenton, with details to be posted on [www.leadershipnj.org](http://www.leadershipnj.org).

### **LNJGO Forum Steering Committee**

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#### **Credits**

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## For more information, contact:

**Thomas G. Dallessio LNJ '98**

Executive Director, Leadership New Jersey

216 West State Street, Trenton, New Jersey 08608

Tel: 609.802.0880 x2 • Fax: 609.802.0883

E-Mail: [tom@leadershipnj.org](mailto:tom@leadershipnj.org) • Web: [www.leadershipnj.org](http://www.leadershipnj.org)

