



STATE OF NEW JERSEY
OFFICE OF THE GOVERNOR
CN-001
TRENTON
08625

JIM FLORIO
GOVERNOR

JON SHURE
DIRECTOR OF COMMUNICATIONS

MEMORANDUM

1

To: All Cabinet Members

From: Jon Shure JS

Date: November 27, 1990

I thought you might enjoy these two articles.

JS/la
Attachments

cc: Sam Crane

The dominant fact of New Jersey public life during Jim Florio's first year as governor was the firestorm of protest ignited by his fiscal policies. But what was remarkable about the so-called tax revolt was not the discontent itself—Americans have been grumbling over the high cost of government since Benjamin Franklin aphoristically equated death and taxes—but its fierce public expression and the electorate's apparent belief in the possibility of radical change.

Politically, New Jerseyans have tended to be a cynical, even a disillusioned lot. Indictment or conviction of public officials customarily gets treated as a ho-hum commonplace. By that standard, for a candidate simply to promise no new taxes, as Florio did, and then to eat his words would seem scarcely worthy of notice.

Yet posters, placards, and petitions urging his impeachment, recall—or worse—popped up everywhere in the discontented summer of 1990. Rallies in Trenton drew crowds of thousands. For months, among a public accustomed to fast forgetting, a barrage of bumper stickers, do-it-yourself signs, and letters-to-the-editor urged vengeance against Florio and his allies. The first chance to retaliate will not come until the Legislative elections of November 1991, a long time for voters to hold a grudge. Still, whatever the ultimate political impact of the protest, it was astonishingly widespread and passionate.

"This is a unique political drop in the twentieth century in New Jersey," says Professor Emeritus Heinz Seelbach of Rutgers-Newark about Florio's opinion-poll plummet. "The only thing I can think of that is remotely comparable is Woodrow Wilson's losing this state in the 1916 presidential election, and that was mostly attributable to machine politics in both parties."

As the mutiny seemed to subside into sullenness this fall, the state's all-shook-up opinion leaders, from lawmakers and lobbyists to senior managers of the news media, agreed that something remarkable had happened. But they were, and remain, deeply confused over exactly what it was. Theories, of course, abound.

One holds that the reaction was somehow linked to the governor's personality, that Florio's problems rose from his curt, aggressive personal style and his pledge-laden gubernatorial campaign. He was certainly guilty of making a promise that he didn't have to in order to get elected. It was, moreover, a promise that ill befits the natural itch of a New Deal Democrat: to look for social problems and then to devise ways—usually costly—to solve them. Moreover, it was abysmal public relations on Florio's part to ram his program through the Legislature without adequately selling it to the electorate first. Much of the public's anger surely stemmed from a feeling that the battle was over before the common people even sniffed the gunpowder.

In devising his tax and budget policies, Florio also violated three cardinal rules of politics: First, you never take away from

people something they already have, such as homestead rebates or state school aid. Second, people will not believe you if you take their money now but promise to return it later. Third, voters will blame you for direct extractions from their pocketbooks but will not credit you for indirect aid that theoretically reduces what their taxes might have been.

Another theory holds that the uproar in New Jersey had little to do with events here and was, instead, part of a national fury spurred by the savings and loan scandal, the Japanese purchases of American real estate, the fear of recession, and the high jinks in Washington over the budget deficit. The Reagan decade seemed to end back where it started, not with a new dawn in America but with a twilight of national power and honor. The country was on the skids again, and our leaders, who were supposed to ensure hegemony, let us down, then lied about it.

New Jersey wasn't the only state where the residents were up in arms. Democratic voters in liberal Massachusetts scorned their progressive past and chose to nominate for governor a combatively conservative Democrat who slurred blacks as addicts and criminals. In Louisiana, a former Ku Klux Klan leader with a populist appeal drew 44 percent of the total vote, and a majority of whites, in a U.S. Senate race. In Oklahoma and California, voters flocked

to resolutions placing limits on the tenures of state legislators. In Nebraska, voters opposed a school spending plan similar to Florio's. Public outrage against new taxes led a majority of Congressional Republicans, in an act of almost unprecedented insurrection, to reject their President's budget plan. All in all, the past year was a bad time for incumbents.

It may be that New Jerseyans felt both a particular indignation and their share of the general one.

Still another theory holds that angry residents hit upon "taxes" as a shorthand for all the arrogance and inefficiency of state and, for that matter, local government. Thus, they held Florio responsible, at least partly, for the sins of the Legislature (to which he did not belong) and for the shortcomings of the previous administration (which was not even of his party). To be sure, Florio painted himself as just another opportunist by making a promise he should have known he couldn't keep.

A deeper source of public anger, by this reasoning, was the nepotism, cronyism, and sleaze in Trenton and in county and local governments, which spend much of the average person's taxes and deliver (or mismanage) many of the services that shape his view of government. In that context, Florio and his tax plan were just flashpoints for accumulated disgust over every cozy zoning arrangement, every patronage appointment, every school-board finagle.

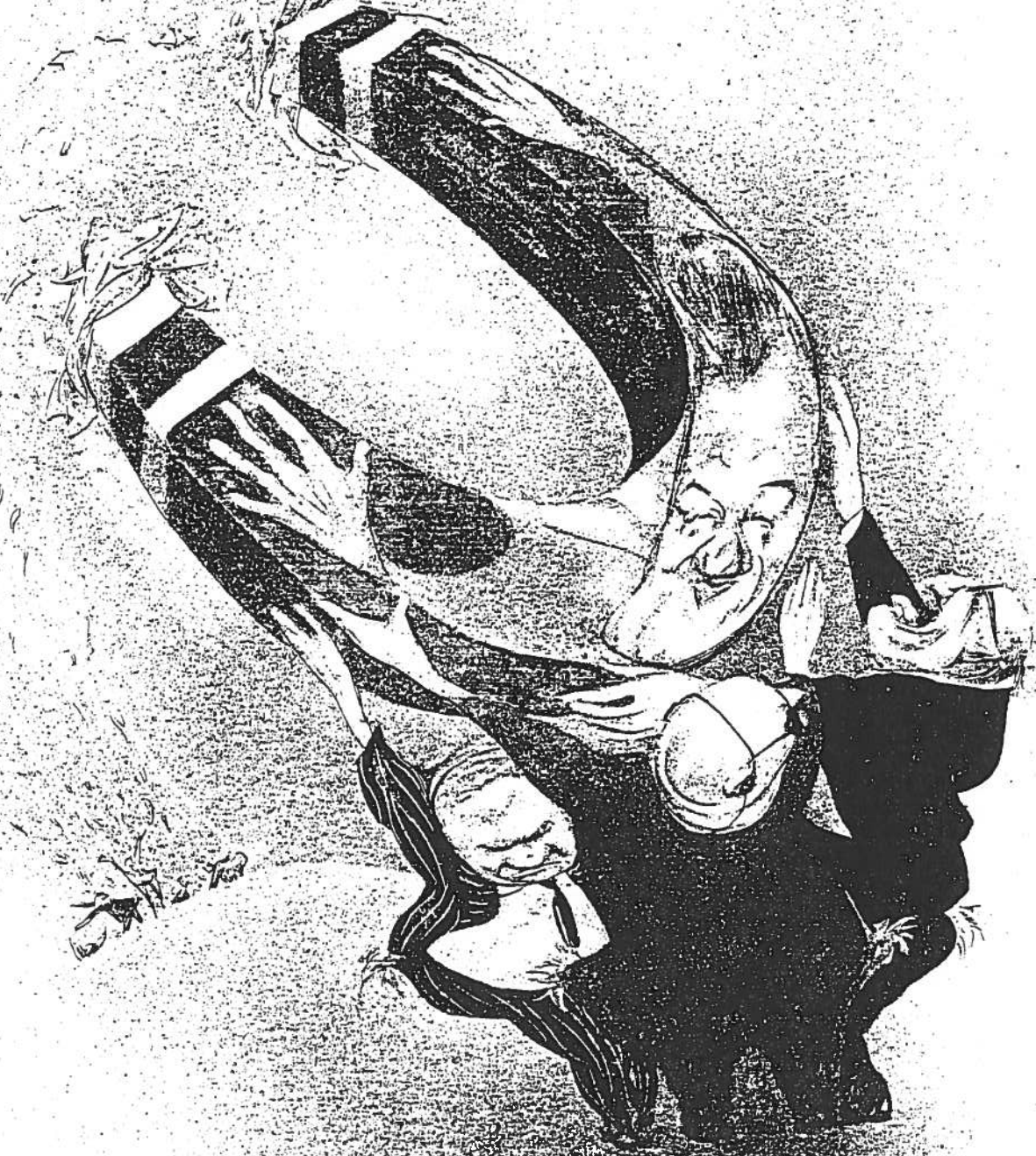
These various analyses make sense. But it is also clear that

FLORIO BASHING for FUN and PROFIT

**How a Trenton newspaper
and radio station turned
political criticism into
a growth industry.**

By William A. Henry III

Editor
Mng E
Copy E
Style E
Ass't E
Staff V
Art De



100-1-7

wherever the public anger came from, it was inflamed and manipulated to some extent by the state's news media. What is particularly troubling is that the leading executives of the two media most responsible—the *Trentonian* newspaper and Trenton-based radio station WKXW—readily admit they were pursuing agendas apart from journalism's noblest calling: to educate the public. They were advancing their own ideologies and protecting their own pocketbooks from further taxation, all in the name of preserving a "middle" class that no one in their income brackets could claim to belong to. They were trying to carve out "niches" for their companies in a competitive marketplace. They were pursuing publicity and, thereby, better circulation or ratings. The rest of the state's newspapers and radio stations behaved better, for a while. But once the protest took off, many joined in the angst, often just picturing the anger rather than dissecting it.

At the *Trentonian* and WKXW-FM, those in charge actively exploited their misinformed readers and listeners as they whipped them into a frenzy. Again and again, those two media misled their consumers, or at least failed to correct misunderstandings, because they knew that many of their angriest readers and listeners were among those least likely to be hurt by the Florio program. And if those readers and listeners had discovered that fact, they might have calmed down and moved on to other concerns at a time when their anger had the greatest commercial value for the *Trentonian* and WKXW.

The *Trentonian*, originally founded as a weekly, then purchased in 1946 by labor unions as a strike newspaper, has boiled along ever since on the fringes of profitability as a parochial, often truculent voice of blue-collar populism. Its ownership has changed hands twice in recent years, and the paper is now, ironically, a property of the blue-chip banking firm E.M. Warburg, Pincus & Company, which has thus far made no attempt to give the tabloid any elitist respectability, leaving the high road to the crosstown rival, the *Times* of Trenton. Executives of both papers generally agree that only one can survive.

From the outset of the tax controversy and, for that matter, before, the *Trentonian*'s strategy has been to appeal to the baser emotions, making itself not an organ of information but a revitalized organ of entertainment. Its operative definition of news, according to a senior executive of its parent company, is whatever people talk about in barrooms. When H.L. Schwartz III, who likes to be called Sandy, took over as publisher in March 1989, he pushed the paper further downscale—à la *New York Post*—and proudly exemplified the new style with copious coverage of a severed human head found in Hopewell. The front page that Schwartz has chosen to frame, and that today hangs in his office, bannered the revelation HEAD HAD AIDS. Needless to say, a sober analysis of politics does not have much place in the *Trentonian*.

From the beginning, Schwartz, by his own description, has sought to challenge New Jersey's political establishment and to play on what he perceives as widespread citizen disaffection, even anger.

"I think the people of New Jersey think their government is corrupt and self-indulgent, and I think the rest of the press of this state has always tended to give the governor and the rest of Trenton too much of a free ride," he says.

Schwartz brags about such scoops as unearthing the size of the Legislature's daily catering bill, the number of cellular telephones and state autos its members control, and Assembly Speaker John Doria's issuance of police badges to legislators. "What do you do with one?" Schwartz asks. "I guess you flash it at the cop if you get caught speeding."

Of course, there is nothing wrong with watchdogging abuse of the

public's nickels and dimes. But the long-term impact of such stories is to convince taxpayers, falsely, that waste and corruption are the primary cause of the high cost of government. In fact, the real cost of government is the plethora of things we want it to do. Since the days of Lyndon Johnson's Great Society, every interest group has believed with well-nigh religious fervor that its pet project deserved to be subsidized, whether it was benefits for veterans, aid to the elderly, tax breaks for parents of college students, or grants to local museums. In fact, "extravagance in government" can be defined as any program that the person complaining about extravagance in government has no earthly chance of benefiting from.

Thus there are big and costly items that may look to you or me like extravagance but that recipients see as a natural, necessary purpose of government. Cutting those programs, at the state or national level, is something legislators lack the political will to do. The unstated but all-important correlative is that the public also lacks the political will.

So, given a choice between big government that includes one's pet items and small government that doesn't, most of us settle for big government, albeit grumbling all the while. The sheer size of what we protect out of self-interest dwarfs any amount of legislative sandwich-ordering, junketeering, or cellular-phone calling. As Pogo said, "We have met the enemy and he is us."

Schwartz, of course, knows this. In an interview, he won't quite concede so, but he admits that the paper does not have a master plan for how to run New Jersey and maintain popular services without new revenues. But he knows he couldn't sell many papers

telling people to calm down and pay taxes or turn puritan and pay for their own services privately.

Last June 21—a fateful day for Florio—the *Trentonian* ran a front-page editorial headlined GREEDY ASSEMBLY FEATHERS OWN NEST, STICKS IT TO TAXPAYERS. That editorial, augmented by the sounds of pigs oinking at the trough, was read aloud and discussed all afternoon by disc jockeys John Kobylt and Ken Chiampou at WKXW on their afternoon drive-time "John and Ken Show." At one point in their on-air tirade, they challenged an equally irate caller, John Budzash, to do something, and he, in turn, proposed what became "Hands Across New Jersey."

The rest of the state's press was slow to join the attack, but one by one the newspapers caved in to public ire.

"I don't think the New Jersey press has been at all fair on this," says Professor Seelbach. "There is some justification for what Florio is doing, and the plan is carefully designed to target particular economic interests, and those points are not being made at all."

Today, while claiming indirect responsibility for launching the protest, Schwartz tries to distort history. "As the movement unfolded," he says, "it was never a tax protest. It was a protest against governmental arrogance and waste."

That description might fit the *Trentonian*'s editorials but would come as news to a majority of those who actually signed petitions or made posters to denounce Florio's fiscal policies. Pressed, Schwartz admits, "On the surface, it was, 'You're picking my pockets.' But not once you look at it more closely."

Schwartz concedes that the Florio plan itself will probably work much as advertised. In an astonishing burst of candor, he admits, "The people in the tax protest, in all honesty, weren't going to get hurt by the increase. We kept [the protest] going. But we didn't want to get too far out front. We let WKXW do that."

Why didn't the *Trentonian* emphasize the basic accuracy of the governor's claims, enhancing public understanding instead of running such subsequent "news" headlines as ANOTHER FLORIO FLIM-FLAM? Schwartz sidesteps that question but answers opaquely, "It has to do with the definition of middle class and overtaxed." As he speaks, he seems to be embracing that description for himself, although he is a scion of New York's august Livingston land-grant clan and now maintains a horse farm in Pennsylvania for the pleasure of his wife, a competitive equestrian.

Advised that the standard economist's definition of middle class is those households whose incomes fall between 75 percent and 125 percent of the median household income—a group essentially unharmed by Florio's income taxes—Schwartz harrumphs, changes the subject, and instead talks about how "high taxation" is "killing" the American economy.

This notion that the "middle" class includes physicians, attorneys, and high-paid media executives may seem innocuous, but some see their inclusion under the "anti-tax" umbrella as a pernicious trick by which to protect the advantages of the well-to-do. In an October *New York Times* op-ed page piece, THE MYTH OF CLASSLESSNESS, Amherst College professor Benjamin Demott argued that "Gov. James Florio dared to present a fresh, pertinent vision of New Jersey, a vision of a state prepared to acknowledge the realities of our class system and committed to broadening educational opportunity and narrowing the gulf separating rich and poor. The protest against his program is strongest in the richest suburbs, but it has significant working-class backing. How could it be otherwise, given the huge resources that have been poured into the campaign to persuade us that we're all one, that each has access to all, that serious inequities simply don't exist?"

The *Trentonian's* partner in hysterics, radio station WKXW, went on the air with its new format in March 1990, as a station specifically pitched to baby boomers, combining sixties rock with shrill talk about New Jersey issues and lifestyles. "We won't do anything about Iraq except as it may be felt here," says program manager Jay Sorensen. "Our topic is this state." Florio's tax plans were a "minor" issue on the air in April and May, Sorensen says, "although we were all talking about the subject privately, and what we were hearing was 95 percent against what was happening in the capital."

Once Kobylt and Chimpau started reading the *Trentonian's* invective aloud and adding their own (plus sound effects of oinking hogs), says Sorensen, "We couldn't change the topic if we wanted to." He readily concedes that callers of limited income were not always informed that the Florio plan could not hurt them and might indirectly help. His explanation? "Radio hosts are personalities, not journalists, and their job is to express their own opinions, not to report the news. Besides, everyone knew that anyway if they listened to our news reports. And not everyone in New Jersey is a 33-year-old single mother."

Like Schwartz, Sorensen believes that high taxes are "killing" the state and national economy, and he is openly ideological about it: "How much can they keep taxing us? When and where will it stop?" And despite his claim that the assault on Florio was innocent and spontaneous, a credible source asserts that the attack was planned from early on as part of a master strategy for drawing attention to the new format and giving the station a distinctive identity. The technique had worked at least once before, in boosting the visibility of Boston radio station WMEX, which fulminated in the eighties against Governor Michael Dukakis's tax and spending plans. But it is still pretty much a novelty.

"There have been media that built circulation by taking a policy position, like William Randolph Hearst's promotion of the Spanish-American War, or by going after a corrupt politician," says George Rodman, a professor of radio and television at Brooklyn College. "But making a station known by condemning a political figure, simply because he seems to be unpopular, well, if that's what they set out to do, it's basically new."

Viewed purely as a marketing technique, the onslaught against Florio worked. During the three months of salvos leading up to the June 21 cannonade, WKXW jumped to an average audience share of more than 8 percent. "It has definitely increased since," Sorensen says, although official ratings were not available at press time.

Kobylt and Chiampau, in turn, became local stars, visible enough to be in demand as featured speakers, for example, at a Greater Cherry Hill Chamber of Commerce luncheon, which touted them as the "instigators" of the tax protest. The station itself has enjoyed almost boundless free publicity, though not all of it friendly, in such national publications as the *Wall Street Journal* and the *New York Times*.

The impact on the *Trentonian* has been harder to assess because the paper and its new, raffish style have been around longer. But circulation has increased from 68,000 since Schwartz's arrival in March 1989 to 74,000 now, a 10 percent jump when most papers have been hard-pressed to stay even. "We kept growing right through the summer," says Schwartz. "The tax protest was only part of the reason, but it certainly helped. Not long ago the *Trenton Times* had a chance to knock us off for good; now it doesn't."

What happens next? WKXW's Sorensen believes the protest is dying but will flare anew. If not, he adds, it will be the competitive hostility of other news media, pooh-poohing the story, that will kill it. Says the *Trentonian's* Schwartz: "There's nothing for the protesters to do right now, so by a natural process the advantage has shifted to Florio. But given his personality, I don't see him coming back from this." Will the antitax drumbeat again pre-occupy either the *Trentonian* or WKXW? Of course, say Sorensen and Schwartz. That is, if the public seems to want it, meaning, if it sells.

One cannot give journalists the sole credit or blame for this year's tax insurrection, however. All the tub-thumping imaginable will not persuade an inert electorate to see scandal where it perceives none, or to regard an issue as vital if it looks like business as usual.

But it is the role of leaders, including opinion leaders, to lead. One has to wonder, for instance, how much the Greater Cherry Hill Chamber of Commerce served the cause of public understanding—or better business—by inviting Kobalt and Champiou to address it. It is even more troubling to ponder those in attendance at a Morris County Chamber of Commerce luncheon last October. The guest speaker, a noted economist for a major New York bank, opened his talk on the New Jersey economy with the following joke: "Question: If you were in a room with Muammar Qaddafi, Saddam Hussein, and Jim Florio, and had a gun with only two bullets, what would you do? Answer: Shoot Florio twice and make sure he's dead."

It was bad enough to make a joke even suggesting political assassination. What was worse was that the assembled executives smiled and nodded and, in some cases, roared with laughter.

There's no question that a lot of New Jerseyans were genuinely angry about something in 1990. But it is a staggering measure of media failure in this state that when the shouting died down, we knew almost less than ever about why it had started in the first place.

Pulitzer Prize-winner William A. Henry III is a senior writer at Time.

