

Janklow, Rowland get an A; Fs for Kitzhaber, Chiles, and Carnahan

Cato Hands Out Biennial Grades for Governors

September was not only back-to-school time for most of the nation's youngsters. It was also time for the Cato Institute to hand out grades to the nation's governors. "A Fiscal Report Card on America's Governors: 1998" (Policy Analysis no. 315) by Cato's director of fiscal policy studies Stephen Moore and fiscal policy analyst Dean Stansel measured the performance of the nation's governors according to an objective fiscal restraint index that reflects growth in spending and taxes.

Among the report's key findings: One, states that enacted tax cuts and spending restraints in response to the recession of the early 1990s have recovered a lot faster than states that raised taxes to balance their budgets. Two, governors elected in recent years "have tended to be more aggressive in cutting taxes than those first elected before 1993." Three, northeastern states in particular have moved in a most fiscally conservative direction in the last four years—reversing the tax-and-spend policies of previous governors.

Their grades indicate that most of the nation's governors need to sign up for "Fiscal Restraint 101." Only 2 of the 46 governors graded, Republicans William Janklow of South Dakota and John Rowland of Connecticut, received an A on Cato's fourth biennial fiscal report card. The 3 governors given an F were Democrats John Kitzhaber of



Fiscal policy analyst Dean Stansel discusses the "Fiscal Report Card on America's Governors" at the National Press Club.

Oregon, Lawton Chiles of Florida, and Mel Carnahan of Missouri. The average grade for Republicans was B- and for Democrats C-. The top-scoring Democrat was Gary Locke of Washington, who finished 10th. For the first time since Cato began publishing this report card, "party affiliation did seem to make a major difference in the governors' records of fiscal restraint," Moore and Stansel observed.

Governors who received high grades heaped praise on the report. Gov. Gary Johnson of New Mexico, who received the 5th highest grade, said, "I am pleased to be ranked 5th in the nation and am really thrilled by the fact that a prestigious think tank like the Cato Institute has recognized the hard work we have done."

Gov. Ben Cayetano of Hawaii, a Demo-

crat who finished 16th, was similarly pleased: "Compared with the D grade received two years ago, this B grade shows that the groundwork we laid over the past three-and-one-half years is beginning to pay off."

In the 1996 report, Moore and Stansel found that the states generally moved in a fiscally conservative direction starting in 1994, with most states cutting taxes and holding general fund expenditures at or below inflation in 1995 and 1996. In 1998 Moore and Stansel find that bloated budgets are being promoted even by Republican governors who won office in 1994 and 1995 advocating a tax-cutting agenda.

Not all governors were happy with their scores, as political opponents and critics used Cato's report card to bash governors with low or falling grades. Most notably, Republican Tommy Thompson of Wisconsin was unhappy with his grade, which fell from a B in 1996 to a C this year. When he proposed a tax cut a week after the report was released, Thompson was accused by a political opponent of making an "election eve conversion" in order to improve his score.

In a National Press Club news conference to announce the report's findings, Moore said, "I've discovered from this that all of the nation's governors seem to suffer from what has been called the Lake Wobegon effect, that is, they all feel as if they are above average."

Cato Policy Report is a bimonthly review published by the Cato Institute and sent to all contributors. It is indexed in *PAIS Bulletin*. Single issues are \$2.00 a copy. ISSN: 0743-605X. ©1998 by the Cato Institute. • Correspondence should be addressed to *Cato Policy Report*, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001. • INTERNET: [cato@cato.org](http://cato.org) • WEB SITE: <http://www.cato.org>

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