

New Hampshire's Success Story

New Hampshire is back on top of Cato's *Freedom in the 50 States* survey, taking first place in the nation's only comprehensive review of both personal and economic freedom. The state's governor, **Chris Sununu**, also took first place in Cato's *2020 Fiscal Policy Report Card on America's Governors*. Behind much of that success are the state's unique constitutional structures and political culture, as Gov. Sununu explained at Cato Club Naples in early February.

I do a press conference every single week, partly to give information to the citizens about what's going on specifically around COVID, but other stuff as well. But one thing I am very insistent on doing is I never leave until the press has literally no more questions. I've never walked out with somebody saying, "We have one more question," which is a point of personal pride. It means I'm exhausting them.

Two things happen there. It's being super transparent, and we'll talk about the value of transparency and what it does for your constituency. But it also lets me know what is really out there. And one thing I try to tell people all the time in the statehouse, a lot of people think the leaders of the state house and senate and the governor are going to get together and provide some answers and solutions for the state. No, we're not. We are the tools. You guys have the answers. The citizens understand the problems. The citizens are actually dealing with the barriers of a broken system. And so our job is to hear back from the citizens about what is actually happening, and then we're the tools to actually get something done and break down those barriers.

And that's one of my fundamental philosophies of how to approach government. I don't have all the answers. I'm just a means to get something done. But you've got to be very open and really champion the individual. You got to ask, "What is happening in

your business or your school or with your kids or with your health care or with your veteran services? What is happening with you? And where's the system not working for you?" Because chances are, if it hasn't worked for one person, it probably didn't work for ten thousand other folks, too. So let me dive into that.

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I tend to be very, very detail oriented. It's a lot of work, but boy, it allows us to really dig into issues at a fundamental level. It's the engineer in me; I designed a lot of systems. And one thing you learn on day one at MIT, as long as you get through that first physics class, is that you never design the system perfectly the first time. You just don't. It would be incredibly arrogant to think that way.

So, one thing I also try to bring to government is flexibility. Say if we're going to write a bill, we have an idea, and want to do these five things. But let's first make sure that we know if those five things don't work, so if so, we're not stuck with it for five years.

Depending on what we find, we could pivot, we could move the funding, we could move the infrastructure, we can explore all those options. There could be external factors we hadn't considered. We could have had a great idea and just missed the mark a little bit. Well, let's not call it good enough and just suffer along with that. That's something Washington does a lot, and it's absolutely terrible. And most states actually don't do it very well, either, but I try to take that engineering mindset into the job every day, so that we build that flexibility and focus on the individual. So we can always tinker with it a little bit. And that's a good thing. You always want to be able to tinker with something.

As was mentioned, we don't have sales tax or income tax. I got to be honest, as you probably know, my dad was governor back in the '80s. But he's good about not giving me unsolicited advice, because as he says, "I could give you all the unsolicited advice in the world, but no one ever takes unsolicited advice. So when you have a question, call me, I'm always here for you."

So I call him during the budget. I said, "I'm going after the interest and dividends tax." New Hampshire doesn't tax income in general, but for a long time we've had a tax on dividends income. And he just started laughing. He said, "Good luck. You can't do it. It's too entrenched. All the wealthy people that come up for the summer end up paying a lot of that tax." But then when I got it done, guess who I called first? We're rolling that from five percent down to four, then three. It'll be at zero in a few years, totally phased out, and then we can truly say New Hampshire has no income taxes at all.

But it wasn't just about getting another tax-cut win. By forcing fiscal responsibility, we create the incentives to be efficient. Other people who might not be completely like-minded with me about decentralizing

government and getting it back to local control, they now have to work with us on that because we just don't have the revenue coming in.

Now, we have other sources of revenue, of course, in New Hampshire. Most of the tax you pay is property tax. We have pretty high property taxes, to be sure. But the beauty of that... well, I don't want to say the beauty of a tax, but the beauty of that system... is that I live in a town of 1,500 people. If I don't like how my taxes are being spent, I know the first name and the cell number of every one of my town selectmen and my budget committee. And if I don't like it, I'm going to see Art in aisle seven at the grocery store. And I'm going to give Art a piece of my mind for not passing the right budget and balancing it. So there's great accountability in that. You know folks by first name in your community who are really controlling the bulk of your taxes. So it's a very different system, but it allows the individuals and the families and the citizens to have so much say in that process. I believe very much that as a governor, I shouldn't be pulling in more power. I should be decentralizing power, and that's a big part of what's worked so well for New Hampshire.

Somebody asked me earlier about Chris Christie in New Jersey. Chris and I have been friends for a long time, but New Jersey constitutionally has just about the most powerful governor you could have. The governor of New Jersey, whoever it might be, with a swipe of a pen can do pretty much whatever they want, and it's designed that way in their constitution. It's actually terrible. Constitutionally, you could say, I am one of the weaker governors. I have an executive council that checks all my contracts. Get this: in New Hampshire, every two weeks, every contract over \$10,000 is openly debated with the five executive counselors and the governor in an open and public meeting anybody can come to, and we talk about every single contract. It's an unbelievable process.

This is something that goes all the way back to 1680, under King Charles II. They

didn't want any of the governors, or often they were called presidents of the colonies at the time, to have too much power. So every state had an executive council to check the financial and fiduciary responsibilities of the governor. Well, most states got "smart" and found ways to get rid of theirs. We're one of the only states that still has one, and definitely the only one that still uses it so extensively.



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If anything, in New Hampshire, we keep giving them more power, the executive council. We keep giving them more control as opposed to the governor having unilateral power because they are such a good check and balance. We don't have financial shenanigans in New Hampshire, because it's so open and public. And it's partly because you can come to that meeting, and sit right next to the attorney general, or the commissioner of health and human services in the

crowd, because we don't get separated, we all sit in the public area. You can literally walk right up to the governor in that meeting and just start a conversation if you want. There's an amazing citizen power in that process because it tells the individual that they have a voice and that I as an elected official have to listen.

You see that in our legislature, too. We have more people in our state legislature, by far, than any other state. In fact, it's one of the largest legislatures in the world. We have 400 state representatives representing 1.4 million people! Four hundred of them, and they only get paid a hundred bucks a year. I mean, it's like herding cats. Don't get me wrong, it has its ups and downs. But that's one state representative for about every 3,000 people. Like town selectmen, your representative in Concord is going to be somebody you know, somebody you see at the grocery store, somebody you can easily reach and who can hear you. It's very different from other states where you have one person representing a district with tens or hundreds of thousands of people. And then we have a senate that's much smaller, it's 24 senators. So we really get the benefits of having both a larger representative body that's close to the people and a smaller, more deliberative body that can make sure we get the details right.

There is another amazing part of our system. We all have to get elected every two years. We're one of just two states that do that; it's me and Phil Scott from Vermont who have two-year terms instead of four-year terms like most states. I have to get elected every two years, and it sucks! It's terrible. It's really hard, but it's also wonderful. Because the citizens have all the say: "Do your job, and if you want to keep it and you get results, then by God, we'll hire you again. But if you don't, we're going to fire you faster than anybody. And we're going to get someone in there that understands the power of the individual and the power of the citizens." And it really is great that way. It really is.

I'm a big anti-tax guy and I've never raised

a tax. I've never made an excuse for raising a tax. And we got a lot of that going around. There's always, "Well, we had to raise this one here," and, "Well, that tax only affects out-of-staters . . ." No. Cut taxes, period. Force your legislature to do more with less. Force your executive branch to do more with less. It's what we do in New Hampshire, and we've been incredibly successful.

My job isn't to solve all your problems with a new program. My job as governor is to create as many doors of opportunity for your business, for your family, for the services that we're providing, and then you do you. You pick whatever door you want, what best fits you and your needs. We fought tooth and nail for 30 years to get school choice done in New Hampshire. Last year, we got it done. Charter schools obviously are very strong in New Hampshire, and we're now on the leading edge of school choice.

So, of the 400 representatives in the legislature, did I have some supermajority to get that done? No. I had 208 Republicans, 192 Democrats. Razor-thin margins. And to be fair, about 20 to 25 of those Republicans were really super . . . I'll be nice and call them

super hardcore libertarian. They vote with the other Republicans most of the time, but they can be pretty difficult on a few issues some of the time as well, right? I'm sure you can understand that at Cato.

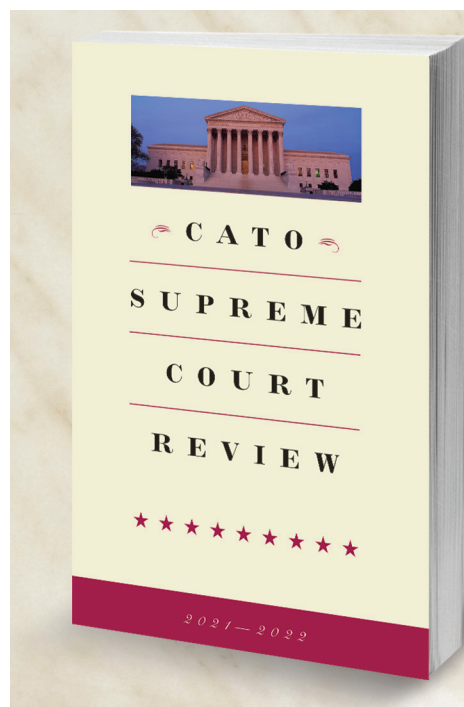
But again, that's part of the checks and balances, and it works. We were able to make the right arguments and focus on the families that are most affected. In that case, with school choice, it was a lot of low-income families in the inner city, people of color who just figured their kid was stuck in this terrible school, and they had no other choice. Not any more. Now the state money that goes to that school is yours, because it ain't my money. It's your money, and it's that family's money. I've just been given the responsibility of trying to manage it, and the best way to do that is to give the control back to the families.

There's no greater responsibility in all of public service than managing somebody else's money. I think that goes for every private CEO too. That's a great trust they're giving you, and you've got to take it very seriously. I wish everybody had that mindset. For school choice we thought, well, maybe 300 or 400 families might take that oppor-

tunity. It's been thousands in the first year, and we're not even through the first year yet. It just started in September.

That's what school choice is about, untapped potential, and my job is to create another door of opportunity so you and your kids can walk through it and untap that potential.

I think by doing that and championing the individual, empowering the local communities, is also why when we have extra money at the state level, we send it back to cities and towns to lower those property taxes. We send it back to the actual taxpayers. We were able to cut all these taxes, and yet we're one of the fastest growing states in the region. Businesses are falling over themselves to come here! So instead of falling because we cut taxes, my revenues are actually going through the roof. We literally have more money than we know what to do with right now. So the good news is that I'll cut more taxes, right? We'll just keep cutting them, because we're showing that you can do more with less. It's a hard thing to get at, and I think from a leadership position, you got to dig into those details sometimes. But that's the fun part of the work. ■



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