

How governors measure up on taxing, spending

Governors' Report Card

America's governors have received their report cards—and a lot of them are failing, even grading on a curve. In the Cato Institute's 13th biennial fiscal report card, director of tax policy studies Chris Edwards examines each governor's state budget actions since 2014, using statistical data to grade the governors on their taxing and spending records. Governors who have cut taxes and spending the most receive the highest grades, while those who have increased taxes and spending the most receive the lowest grades.

Just five governors received an "A" in the report (although, again, grading on a curve): Paul LePage of Maine, Pat McCrory of North Carolina, Rick Scott of Florida, Doug Ducey of Arizona, and Mike Pence of Indiana. Ten governors received an "F": Robert Bentley of Alabama, Peter Shumlin of Vermont, Jerry Brown of California, David Ige of Hawaii, Dan Malloy of Connecticut, Dennis Dugaard of South Dakota, Brian Sandoval of Nevada, Kate Brown of Oregon, Jay Inslee of Washington, and Tom Wolf of Pennsylvania. Another 14 received "B"s, 7 "C"s, and 11 "D"s.

The paper examines the tax and spending actions of each governor in detail, and analyzes fiscal policy trends across the states. "State governments have been in an expansionary phase in recent years," writes Edwards. "Even though U.S. economic growth since the last recession has been sluggish, general fund revenues of state governments have grown 33 percent since 2010." Spending grew 4.1 percent in 2013, 4.6 percent in 2014, 4.1 percent in 2015, 5.6 percent in 2016, and Edwards projects it will grow another 2.5 percent in 2017. He also takes a look at the outlook for state budgets, with a focus on the longer-term burdens of debt and underfunded retirement plans, and suggests reforms. ■

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Cato News Notes

MOVE OVER, NETFLIX

Freedom on Trial, a new courtroom drama from Libertarianism.org, imagines a world where Philip Carvel, a small-town business



owner, is arrested and tried for paying his teenage employee Thomas less than the minimum wage. Two lawyers take on his case, and grapple with the government in a

battle that pits the unjust government law against economic law. The three-part series, available on Youtube and Libertarianism.org, brings the true costs of minimum wage regulations vividly to life. Libertarianism.org has also produced a series of accompanying videos with commentary from scholars and facts on related issues including inequality, the gender pay gap, and more.

ROSE AND BOURNE JOIN CATO

The Cato Institute has added two prominent scholars to its ranks, welcoming Flemming Rose as a senior fellow based in Europe and Ryan Bourne as the first R. Evan Scharf Chair for the Public Understanding of Economics. Rose is a Danish journalist and author of *The Tyranny of Silence*, published by the Cato Institute. He formerly served as an editor at the Danish newspaper *Jyllands-Posten*, where, in response to increasing self-censorship in Europe, he published cartoons of Muhammad that sparked an international controversy over free speech. He received the 2016 Milton Friedman Prize for his principled defense of liberal values in the face of constant harassment and death threats.

The Scharf Chair was set up in a bequest from longtime Sponsor R. Evan Scharf, who together with his wife Sue had supported Cato for many years and made a big difference in the fight for individual liberty at the Institute. Scharf wished to fund a chair at Cato so that a persuasive teacher could move "public opinion to support market economies in contrast to those of the command-and-control models that have failed and been so costly to human happiness, health, and productivity."

Bourne joins Cato from the Institute for Economic Affairs in London and holds a masters degree in economics from Cambridge University. Most recently, as one of the key "economists for Brexit," Bourne secured commitments for a free trade agenda from Britain's post-Brexit Conservative government.

"In this chair, I intend to both study closely why the general public is so often skeptical about markets and to highlight the fallacies and disastrous records that characterize command-and-control ideas," said Bourne. "It's more crucial now than ever that we start winning the battle of ideas that will shape the future."