



Presidential White Paper #1

Is Arkansas Governor Mike Huckabee a Pro-Growth, Economic Conservative?

Taxes

The Club for Growth is committed to lower taxes across the board. Lower taxes on work, savings, and investments lead to greater levels of these activities, thus encouraging greater economic growth.

Governor Huckabee touts himself as an economic conservative, writing in his biography that he “pushed through the Arkansas legislature the first major, broad-based tax cuts in state history” and “led efforts to establish a Property Taxpayers’ Bill of Rights” early on as governor (*Arkansas Times* 09/22/05), but he only offers a small piece of the picture. It is true that Governor Huckabee fought for an \$80 million tax cut package in 1997 that was passed by the Arkansas legislature (Cato Policy Analysis No. 315, 09/03/98); cut the state capital gains tax in 1999 (*The Commercial Appeal* 02/29/99); and passed the Property Taxpayers’ Bill of Rights in the same year, limiting the increase in property taxes to 10% a year for individuals and 5% per taxing unit (*AP* 03/16/99). However, his record over the rest of his ten-year tenure tells a starkly different story.

- Immediately upon taking office, Governor Huckabee signed a sales tax hike in 1996 to fund the Games and Fishing Commission and the Department of Parks and Tourism (Cato Policy Analysis No. 315, 09/03/98).
- He supported an internet sales tax in 2001 (Americans for Tax Reform 01/07/07).
- He publicly opposed the repeal of a sales tax on groceries and medicine in 2002 (*Arkansas News Bureau* 08/30/02).
- He signed bills raising taxes on gasoline (1999), cigarettes (2003) (Americans for Tax Reform 01/07/07), and a \$5.25 per day bed-tax on private nursing home patients in 2001 (*Arkansas New Bureau* 03/01/01).
- He proposed another sales tax hike in 2002 to fund education improvements (*Arkansas News Bureau* 12/05/02).
- He opposed a congressional measure to ban internet taxes in 2003 (*Arkansas News Bureau* 11/21/03).
- In 2004, he allowed a 17% sales tax increase to become law (*The Gurdon Times* 03/02/04).

By the end of his ten-year tenure, Governor Huckabee was responsible for a 37% higher sales tax in Arkansas, 16% higher motor fuel taxes, and 103% higher cigarette taxes according to Americans for Tax Reform (01/07/07), garnering a lifetime grade of D from

the free-market Cato Institute. While he is on record supporting making the Bush tax cuts permanent, he joined Democrats in criticizing the Republican Party for tilting its tax policies “toward the people at the top end of the economic scale” (*Washington Examiner* 09/13/06), even though objective evidence demonstrates that the Bush tax cuts have actually shifted the tax burden to higher income taxpayers.

Finally, Governor Huckabee opposed further tax cuts at a 2005 gathering of Iowa conservatives (*AP* 09/17/05). On January 28, 2007, Governor Huckabee refused to pledge not to raise taxes if elected President, first on Meet the Press and then at the National Review Conservative Summit. The evidence suggests that his commitment to protecting taxpayers evidenced in his early gubernatorial years may be a thing of the past.

Spending

The Club for Growth is committed to reducing government spending. Less spending enhances economic growth by enabling lower taxes and diminishing the economically inefficient political allocation of resources.

Under Governor Huckabee’s watch, state spending increased a whopping 65.3% from 1996 to 2004, three times the rate of inflation (*Americans for Tax Reform* 01/07/07). The number of state government workers rose 20% during his tenure (*Arkansas Leader* 04/15/06), and the state’s general obligation debt shot up by almost \$1 billion, according to *Americans for Tax Reform*. The massive increase in government spending is due in part to the number of new programs and expansion of already existing programs initiated by Governor Huckabee, including ARKids First, a multimillion-dollar government program to provide health coverage for thousands of Arkansas’ children (*Arkansas News Bureau* 04/13/06).

These large increases in government borrowing and spending significantly impede economic growth.

Free Trade

Free trade is a vital precondition necessary for maximizing economic growth. In recent decades, America’s commitment to expanding trade has resulted in lower costs for consumers, job growth for exporters, and higher levels of productivity and innovation.

Governor Huckabee’s record on trade is limited, but positive. In 2003, he pushed for free trade with Mexico, calling for a “strong market of the Americas” and supporting NAFTA (*AP* 10/03/03). In 2006, he signed an agreement between Arkansas and a South Korea trade group, calling for increased commerce between the southern state and South Korea (*AP* 06/23/06).

Entitlement Reform

America’s major middle-class entitlement programs are already insolvent. The Club for Growth supports entitlement reforms that enable personal ownership of retirement and

healthcare programs, benefit from market returns, and diminish dependency on government.

In 2005, Governor Huckabee defended President Bush's proposal for personal Social Security accounts. Unfortunately, however, Governor Huckabee qualified his support, saying, "I don't think anyone pretends it solves the long-term issue of solvency. It's trying to address methods to improve the system and broaden the base of how it is funded" (*Arkansas Democrat-Gazette* 02/04/05). More disturbing is Governor Huckabee's support for the 2003 Republican-initiated Medicare prescription drug plan, a huge unfunded liability shouldered by taxpayers across America (*Humanevents.com* 02/28/06). The specific details of his position on Social Security reform and his positions on other entitlement programs remain unclear. We look forward to hearing his proposals on these important issues.

Regulation

Excessive government regulation stymies individual and business innovation necessary for strong economic expansion. The Club for Growth supports less government regulation as a critical step toward increasing freedom and growth in the marketplace.

Governor Huckabee has consistently supported and initiated measures that increase government's interference in markets, thereby impeding economic growth. He told the *Washington Times* he supports "empowering people to make their own decisions," but many of his key proposals have done just the opposite (*Washington Times* 03/01/05). These measures include:

- Raised the minimum wage in April 2006 from \$5.15 to \$6.25 an hour and encouraged Congress to take the same initiative on a national level (*US Newswire* 08/03/06), a proposal that President Bush and most congressional GOP members oppose.
- Sought to take revenue from his tax hike proposal to be used on economic development projects in 2002 (*AP*, 11/22/02).
- Threatened to investigate price-gouging after 9/11 if gasoline prices went up too high (*Arkansas Democrat-Gazette* 09/12/01).
- Ordered regulatory agencies in Arkansas to investigate price-gouging in the nursing home industry (*AP*, 06/15/01).
- Signed a bill into law that would prevent companies from raising their prices a mere 10% ahead of a natural disaster. Services like roof repair and tree removal were targeted (*Arkansas Democrat-Gazette*, 03/07/97).

School Choice

The Club for Growth supports broad school choice, including charter schools and voucher programs that create a competitive education market including public, private, religious, and non-religious schools. More competition in education can only lead to higher quality and lower costs.

Governor Huckabee's record on school choice is mixed. On the one hand, he fought hard to protect the rights of parents to home school their children and was a vocal proponent of charter schools (*Arkansas Time* 09/22/05). In 1997, he supported a proposal that would expand charter school eligibility to include public and private universities, governmental agencies, and nonprofit organizations (*AP* 02/12/97). He signed legislation in 1999 that allowed for as many as 12 charter schools to be established in Arkansas, an important achievement given the state's onerous laws governing charter schools (*Time* 07/10/00).

On the other hand, Governor Huckabee is on record opposing the most important element of genuine school choice—voucher programs that allow poor students in failing public schools to attend private schools and inject much needed competition into a decrepit public education system—because of a concern about government control of parochial schools (*Arkansas Times* 09/22/05). He also called No Child Left Behind “the greatest education reform effort by the federal government in my lifetime,” (*Washington Times* 03/01/05) a program that stripped schools of local control and increased federal spending on education by 48% over three years (*Heritage.org* 11/09/06).

Political Free Speech

Maximizing prosperity requires sound government policies. When the government strays from these policies, citizens must be free to exercise their constitutional rights to petition and criticize those policies and the politicians responsible for them.

Governor Huckabee is on record criticizing the McCain-Feingold campaign finance reform, though the majority of his criticism has focused on discriminatory measures that allows senators to transfer money from Senate committees to presidential runs, but deny governors the same freedom to move state funds into federal accounts. While he called for less restrictions and more disclosure regarding campaign contributions (*The Hill* 11/29/06) and okayed unlimited soft money provided full disclosure (*Arkansas Democrat-Gazette* 03/10/00), Governor Huckabee is also on record favoring limiting individual, PAC, corporate, and political party contributions to state candidates (*votessmart.org* 2002).

Tort Reform

The American economy suffers from excessive litigation which increases the cost of doing business and slows economic growth. The Club for Growth supports major reforms to our tort system to restore a more just and less costly balance in tort litigation.

In his 2003 State of the State speech, Governor Huckabee called for “action immediately to limit the abuse of malpractice litigation” (*Arkansas Democrat-Gazette* 01/15/03) and followed up a year later, signing the Civil Justice Reform Act which set a \$1 million limit on punitive damages in civil cases in Arkansas. He rightly hailed the measure as an important step towards achieving “affordable health care and help[ing] the state attract and keep businesses” (*AP* 04/20/04).

Summation

Governor Huckabee's record on pro-growth, free-market policies is a mixed bag, with pro-growth positions on trade and tort reform, mixed positions on school choice, political speech, and entitlement reform, and profoundly anti-growth positions on taxes, spending, and government regulation.

While Governor Huckabee's record displays some flashes of economic conservatism, especially during his early years, the overwhelming evidence of his record and rhetoric over the past ten years leaves the Club for Growth and economic conservatives around the country to wonder if a President Huckabee would espouse the relatively pro-growth policies of Governor Huckabee circa 1997 or the anti-growth policies of Governor Huckabee circa 2004. While the Governor has made a concerted effort to defend his record, calling oneself an economic conservative does not make one so. His recent refusals to rule out raising taxes if elected President—the cornerstone of a pro-growth platform—perhaps indicate which path he would choose.