

Presidential White Paper #1

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

Editors Note: Released on January 29, 2007, the Club for Growth's white paper on Mike Huckabee was the first in its presidential white paper series. As the presidential race developed over the past ten months, many readers have expressed comments and questions, and new information about Governor Huckabee's record has come to light. In order to ensure that our presidential white papers continue to be thorough and relevant, we are issuing an updated account of Mike Huckabee's economic record.

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,¹ 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;² cut the state capital gains tax in 1999;³ 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.⁴ 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.⁵
- He supported an internet sales tax in 2001.⁶
- He publicly opposed the repeal of a sales tax on groceries and medicine in 2002.⁷

¹ *Arkansas Times*, 09/22/05

² Cato Policy Analysis No. 315, 09/03/98

³ *The Commercial Appeal*, 02/29/99

⁴ *Associated Press*, 03/16/99

⁵ Cato Policy Analysis No. 315, 09/03/98

⁶ Americans for Tax Reform, 01/07/07

⁷ *Arkansas News Bureau*, 08/30/02

- He signed bills raising taxes on gasoline (1999), cigarettes (2003),⁸ and a \$5.25 per day bed-tax on private nursing home patients in 2001.⁹
- He proposed another sales tax hike in 2002 to fund education improvements.¹⁰
- He opposed a congressional measure to ban internet taxes in 2003.¹¹
- In 2004, he allowed a 17% sales tax increase to become law.¹²

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,¹³ 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,”¹⁴ 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.¹⁵ On January 28, 2007, Governor Huckabee refused to pledge not to raise taxes if elected President, first on “Meet the Press”¹⁶ and then at the National Review Conservative Summit.¹⁷ The evidence suggests that his commitment to protecting taxpayers evidenced in his early gubernatorial years may be a thing of the past.

Update: Governor Huckabee has taken to pronouncing his 94 tax cuts on the campaign trail as “proof” of his economic conservatism and of the Club for Growth’s “dishonesty.”¹⁸ While Governor Huckabee deserves credit for his modest tax cuts at the beginning of his tenure, several Arkansas papers have documented the fallacy of Huckabee’s “94 tax cuts” line. The *Arkansas Morning News* called it “another bloated pronouncement encompassing every penny-ante tax break the Legislature passed during his time.”¹⁹ These “94 tax cuts” include such minor tweaks as exempting residential lawn care from the sales tax, reducing taxes on bets made at Southland Greyhound Park, and exempting Arkansas Symphony Orchestra purchases from the sales tax.²⁰

Overall, Huckabee’s substantial tax hikes far surpassed his modest tax cuts, with the average tax burden increasing by a whopping 47% over his tenure.²¹ Huckabee will

⁸ Americans for Tax Reform, 01/07/07

⁹ *Arkansas News Bureau* 03/01/01

¹⁰ *Arkansas News Bureau*, 12/05/02

¹¹ *Arkansas News Bureau*, 11/21/03

¹² *The Gurdon Times*, 03/02/04

¹³ Americans for Tax Reform, 01/07/07

¹⁴ *Washington Examiner*, 09/13/06

¹⁵ *Associated Press*, 09/17/05

¹⁶ NBC, “Meet the Press,” 01/28/07

¹⁷ National Review Conservative Summit, 01/28/07, <http://robertbluey.com/blog/2007/01/28/mike-huckabee-wont-rule-out-raising-taxes/>

¹⁸ *CBS News Interview*, 11/02/07

¹⁹ *Arkansas Morning News*, 11/04/07

²⁰ *Arkansas Democrat-Gazette*, 10/09/07

²¹ *Arkansas Democrat-Gazette*, 10/09/07

argue that he did not sign all of the tax hikes, and while true, this fact does not absolve him of responsibility. In the case of a 1996 constitutional amendment to raise the sales tax for the state's conservation agencies, Huckabee campaigned vigorously for the tax hike, even taking a fishing trip down the Arkansas River to promote it.²² The amendment passed by just 8,284 votes out of 802,148 votes cast.²³

While Huckabee repeatedly claims that 80% of Arkansas voters approved the gas and diesel fuel tax increases that he backed,²⁴ the frequency of his repetition of this claim does not make it true. In fact, the claim is false. The Arkansas Legislature passed two bills in March of 1999 to pay for transportation projects, a gas and fuel tax hike, not subject to voter approval, and a bond issue that was contingent on voter approval.²⁵ Huckabee signed the gas and diesel fuel tax increases into law on April 1, 1999; the tax hikes began taking effect that day.²⁶ Voters approved the bond issue, but this referendum did not include the gas and fuel tax increases²⁷ and did not take place until June 15, 1999.²⁸ Importantly, the *Arkansas Democrat-Gazette* made this clear when it wrote, “the tax increases [signed by Huckabee] will stay whether voters approve the bond issue or not.”²⁹

Finally, Huckabee argues that the 2003 historically high sales tax hike was mandated by the state Supreme Court and that he refused to sign the final product.³⁰ This is a blatant misrepresentation of the facts. The Arkansas Supreme Court did not mandate a tax hike. It simply mandated that the state spend more money on education and distribute that money equitably.³¹ Reducing state spending in other areas in order to increase education funding would have been a perfectly acceptable remedy for the court ruling, but it is one that Governor Huckabee did not embrace. Instead of cutting spending, the Legislature opted to raise taxes by historical levels.³² While Huckabee allowed the bill to become law without his signature, his opposition was not due to any philosophical opposition to tax hikes; rather, he opposed it because the Legislature refused to adopt his school consolidation plan,³³ telling the *Associated Press* through his spokesperson that “He doesn't want to obstruct the wishes of the Legislature but still believes we should have obtained a more-significant level of reform for this size tax increase.”³⁴ While Huckabee did not sign this tax hike, as he did many others, his refusal to fight for lower spending

²² *Arkansas Democrat-Gazette*, 11/07/96

²³ Arkansas Secretary of State, Election Results, 1996,

http://www.sos.arkansas.gov/elections/elections_results/1996/ballot_results.html

²⁴ “Meet The Press,” 01/28/07, “This Week,” 02/11/07, & Fox News Presidential Debate, 05/15/07,

http://www.clubforgrowth.org/2007/11/huckabee_fibs_on_gas_tax_hike.php

²⁵ *Arkansas Democrat-Gazette*, 04/25/99

²⁶ *Arkansas Democrat-Gazette*, 04/02/99

²⁷ Arkansas Secretary of State, Highway Election Results for 1999 Highway Bond Issue, 1999,

http://www.sos.arkansas.gov/elections_election_results.html

²⁸ *Arkansas Democrat-Gazette*, 06/29/99

²⁹ *Arkansas Democrat-Gazette*, 04/25/99

³⁰ Townhall.com, Hugh Hewitt, 11/01/07

³¹ *Associated Press*, 02/02/04

³² *Arkansas Democrat-Gazette*, 02/07/04

³³ *Associated Press*, 02/02/04

³⁴ *Associated Press*, 02/06/04

and his ambivalence in the face of the largest tax hike in Arkansas history³⁵ is certainly reason for concern.

It is also true that since our initial white paper in January, Huckabee has signed Americans for Tax Reform's anti-tax pledge³⁶ and embraced a Fair Tax proposal on the campaign trail.³⁷

These are positive steps in a vacuum, but they lack credibility given his tax-hiking record and the vigor with which he defends those tax hikes. It is hard to take Huckabee seriously when he says he will not raise taxes as president when he continues to vigorously defend the tax hikes he initiated and supported as governor.

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.³⁸ The number of state government workers rose 20% during his tenure,³⁹ and the state's general obligation debt shot up by almost \$1 billion, according to Americans for Tax Reform.⁴⁰ 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.⁴¹

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

UPDATE: Huckabee is the only Republican presidential candidate to refuse to endorse President Bush's veto of a vastly expanded and expensive SCHIP program.⁴²

Free Trade

³⁵ *Arkansas Democrat-Gazette*, 02/07/04

³⁶ *Associated Press*, 03/07/07

³⁷ http://www.fairtax.org/site/News2?page=NewsArticle&id=8703&news_iv_ctrl=1441

³⁸ Americans for Tax Reform, 01/07/07

³⁹ *Arkansas Times*, 09/21/06

⁴⁰ Americans for Tax Reform, 01/07/07

⁴¹ *Arkansas News Bureau*, 04/13/06

⁴² *CNBC/Wall Street Journal Debate*, 10/09/07

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.⁴³ 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.⁴⁴

Update: As Governor Huckabee fleshes out his thoughts on trade, his seemingly positive record has taken a sharp turn for the worse. While he has not articulated a full-fledged trade policy, he has adopted protectionist rhetoric and suggested his opposition to the recent trade agreement between the United States and South Korea,⁴⁵ (the largest free trade agreement since NAFTA that would eliminate over 90% of tariffs currently plaguing U.S. exports to South Korea).⁴⁶

Instead of talking about the well-documented economic benefits of free trade, Huckabee has taken to talking about "fair trade," while focusing on what he believes to be the negative consequences of free trade.⁴⁷ Make no mistake about it: These are not the words of a free trader.

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."⁴⁸ 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.⁴⁹ 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.

⁴³ *Associated Press*, 10/03/03

⁴⁴ *Associated Press*, 06/23/06

⁴⁵ *American Spectator* Newsmakers Breakfast, 04/23/07

⁴⁶ *New York Times*, 03/31/07

⁴⁷ [Mike Huckabee for President](#)

⁴⁸ *Arkansas Democrat-Gazette*, 02/04/05

⁴⁹ [Humanevents.com](#), 02/28/06

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.⁵⁰ 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, a proposal that President Bush and most congressional GOP members oppose⁵¹
- Sought to take revenue from his tax hike proposal to be used on economic development projects in 2002⁵²
- Threatened to investigate price-gouging after 9/11 if gasoline prices went up too high⁵³
- Ordered regulatory agencies in Arkansas to investigate price-gouging in the nursing home industry⁵⁴
- 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 targeted⁵⁵

Update: Huckabee has continued to support big-government measures as a presidential candidate, including his support for a federal ban on smoking in the work place,⁵⁶ and his oft-heard call for a federally mandated arts and music curriculum in schools across America.⁵⁷

While Huckabee stopped just short of endorsing government intervention in setting CEO pay, he denounced corporate salaries and argued that "the line between capitalism and greed has to be very clearly delineated."⁵⁸ One wonders just where Huckabee would make that delineation and what he would propose the federal government do about it. Unfortunately, it is becoming clear that Huckabee deems himself worthy of deciding what qualifies as an appropriate expression of capitalism and what is, in Huckabee's words, "sheer unadulterated greed."⁵⁹

⁵⁰ *Washington Times*, 03/01/05

⁵¹ US Newswire, 08/03/06

⁵² *Associated Press*, 11/22/02

⁵³ *Arkansas Democrat-Gazette*, 09/12/01

⁵⁴ *Associated Press*, 06/15/01

⁵⁵ *Arkansas Democrat-Gazette*, 03/07/97

⁵⁶ [MSNBC](#), Lance Armstrong Presidential Cancer Forum, 08/27/07

⁵⁷ [Sioux City Journal](#), 11/08/07

⁵⁸ New Hampshire Public Television, "[More than Money: Myron Kandel and the Presidential Candidates](#)," 10/17/07

⁵⁹ [MSNBC](#), "Hardball," 08/08/07

School Choice

The Club for Growth supports broad school choice, including charter schools, voucher programs, and tax credits 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.⁶⁰ In 1997, he supported a proposal that would expand charter school eligibility to include public and private universities, governmental agencies, and nonprofit organizations.⁶¹ 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.⁶²

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.⁶³ He also called No Child Left Behind “the greatest education reform effort by the federal government in my lifetime,”⁶⁴ a program that stripped schools of local control and increased federal spending on education by 48% over three years.⁶⁵

Update: As mentioned above, Huckabee's education proposals put greater emphasis on government intervention in the education system instead of calling for greater choice and competition. According to the *Sioux City Journal*, “Huckabee said he would make arts and music education tested curriculum and provide federal funds to do so.”⁶⁶

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 allow senators to transfer money from Senate committees to presidential runs, but deny

⁶⁰ *Arkansas Times*, 09/22/05

⁶¹ *Associated Press*, 02/12/97

⁶² *Time*, 07/10/00

⁶³ *Arkansas Times*, 09/22/05

⁶⁴ *Washington Times*, 03/01/05

⁶⁵ Heritage.org, 11/09/06

⁶⁶ [Sioux City Journal](#), 11/08/07

governors the same freedom to move state funds into federal accounts. While he called for less restrictions and more disclosure regarding campaign contributions⁶⁷ and okayed unlimited soft money provided full disclosure,⁶⁸ Governor Huckabee is also on record favoring limiting individual, PAC, corporate, and political party contributions to state candidates.⁶⁹

Update: Huckabee continues to rail against McCain-Feingold, not because of blatant First Amendment violations, but because “the McCain-Feingold act has created a new level of moving us toward a plutocracy.” When asked whether he supports public financing of political campaigns, Huckabee responded: “My first reaction is no, because I hate to see taxpayers involuntarily squeezed for money to give to politicians, but I’m telling you, I’m so frustrated with the system as it is that I’ve almost come to the point where I’m thinking, it couldn’t be worse than what we have now.”⁷⁰ These comments raise more questions than they answer. Among them, has Huckabee changed his position to now favor taxpayer financing of campaigns? Is his frustration with money in politics such that he would go further than McCain-Feingold’s attempts to regulate it? Does he have any qualms about McCain-Feingold’s abridgement of free speech rights?

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”⁷¹ 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.”⁷²

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.

⁶⁷ *The Hill*, 11/29/06

⁶⁸ *Arkansas Democrat-Gazette*, 03/10/00

⁶⁹ Votesmart.org, 2002

⁷⁰ New Hampshire Public Television, “[More than Money: Myron Kandel and the Presidential Candidates](#),” 10/17/07

⁷¹ *Arkansas Democrat-Gazette*, 01/15/03

⁷² *Associated Press*, 04/20/04

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.

Update: Over the past ten months, it has become abundantly clear which path Governor Huckabee has chosen, and it looks more like the path of John Edwards than it does a limited-government, economic conservative. Huckabee himself admits that he is a “different kind of Republican,”⁷³ a code word for more government involvement, less personal freedom, and greater dependence on government bureaucrats. Huckabee is proud of his tax hikes, his spending increases, and his regulatory expansions as governor, and he has not indicated that he would govern any differently as President. Nominating Mike Huckabee for president or vice-president, would constitute an abject rejection of the free-market, limited-government, economic conservatism that has been the unifying theme of the Republican Party for decades.

⁷³ [Boston Globe](#), 08/18/07