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Indiana, Gov. Pence score high on Cato's limited-government index

By Stephen M. King
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The Cato Institute, a Washington, D.C., libertarian policy think tank, recently released its “2014 Fiscal Policy Report Card on America’s Governors.” The results are positive for Indiana.

The goal of the biennial report is to grade and comment on all 50 governors’ “fiscal policies from a limited-government perspective.” Only four governors received an A: North Carolina’s Pat McCrory (R), Kansas’ Sam Brownback (R), Maine’s Paul LePage (R) and Indiana’s Mike Pence (R). No surprise that the bottom eight governors are Democrats from traditionally liberal states.

Cato’s grading mechanism revolve around seven variables: two on spending, one on revenue and four on tax rate. The goal is to measure a governor’s success “at restraining taxes and spending since 2012.”

Consistently, Republican governors in traditionally red states scored highest, meaning that conservative Republican governors (Earl Ray Tomblin, Democrat from West Virginia, was the exception) such as Gov. Pence took a small- or limited-government approach to defining and implementing public policy.

Cato trumpeted Pence, describing him as a “champion tax cutter and frugal on spending.” In 2013, he proposed a 10 percent cut in individual tax rates with the Republican legislature approving 5 percent. He approved a repeal of Indiana’s inheritance tax and agreed to a reduction in the state’s corporate income tax rate to 4.9 percent by 2021. In addition, he called for lower property taxes imposed on local businesses.

Finally, Cato reported that Pence restricted total government spending, calling for only a 2.8 percent increase in the general fund. However, much to the dismay of fiscal and spending conservatives here, he supported Medicaid expansion through the Affordable Care Act.

What does this mean for the average Indiana resident and the average American?

From a microeconomic perspective, it means a lower personal income tax burden, thus more take-home pay to save, invest or spend. From a business perspective, it means that businesses will be able to invest more into their business, employees and communities.

From a macro-political perspective, particularly as a result of this year's midterm results — including an increase in total seats by House Republicans, Senate takeover by the Republicans, increase in state gubernatorial positions by Republicans, and small percentage increase in total state legislature control by Republicans — it means the strong possibility of national changes in tax reform, incremental repeal of nefarious and expensive components of the ACA and other legislative actions that may lead to reduced taxing and spending.

Changes at the national level, however, are often instigated by changes at the state and local levels, led by limited-government governors like Pence who desire to see greater individual and business freedom, coupled with pursuit of the public interest.

Much too often, voters and citizens overlook the importance and role of state and local governments in the initiation and development of critical cost-saving, tax reducing opportunities.

During these last years of Barack Obama's progressive agenda of large government and liberal social and domestic-policy re-engineering such as executive-order driven immigration reform and further executive tinkering of the ACA, it is refreshing to know that governors like Pence and state legislative bodies such as the Indiana General Assembly see the role of government through the lens of limited government, and see the importance of each individual.

If the Cato report is indication, however, there is a long way to go to ensure that all citizens are represented by public officials who do not place themselves or their ideology above the practice of governing.