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GOP 2014: Republican governors cite their economic stewardship

Creating jobs, cutting taxes seen as paths to re-election

By Seth McLaughlin
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Heading into the 2014 election, the GOP is casting its slate of governors as turnaround artists, saying they've led their states out of recession by embracing lower taxes, putting people back to work and ensuring businesses are helped — not hampered — by their policies.

Republicans, who face the daunting task of defending 22 of the 36 governorships up for grabs this election cycle, are eager to build on the success of 2012 — when they picked up 12 of the top slots — and they think voters will see that they've been taking care of business.

They point, for instance, to the latest jobs report from the Department of Labor that showed 10 of the 15 states with the lowest unemployment rates have Republican governors. Of the five states with the lowest unemployment rates — North Dakota, Nebraska, South Dakota, Minnesota and Iowa — four of them are run by Republican governors.

GOP governors also run the five states with the lowest debt per capita — Tennessee, Indiana, Wisconsin, South Dakota and Arizona, according to State Budget Solutions.

“Republican governors across the country are cutting taxes, lowering spending, balancing budgets, reforming education and making their states engines of economic growth,” said Jon Thompson, spokesman for the Republican Governors Association. “Republican governors are working hard to implement pro-growth, pro-business policies to make their states more competitive. And those policies have produced incredible results.”

For the 10th consecutive year, Texas has been named the best state to do business in a survey of more than 500 chief executive officers, and the other nine states at the top of the list are all run by Republicans, according to the survey by ChiefExecutive.net.

The same rankings showed that four of the five worst states to do business — Massachusetts, New Jersey, California, New York and Illinois — are led by Democrats. The states were graded on tax policy, regulatory issues, the quality of the workforce and the quality of the living environment.

And the top five spots on CNBC's annual rankings of the "Top States for Business" also were held by states with Republican governors — Georgia, Texas, Utah, Nebraska and North Carolina.

"Some politicians just talk about creating jobs and reviving struggling economies, but Republican governors are actually doing it," New Jersey Gov. Chris Christie, chairman of the Republican Governors Association, said recently. "The result is stronger, more prosperous states that work."

Democrats counter that the GOP is peddling a false storyline and that its governors have embraced policies that have hurt the middle class.

"Republican governors have prioritized tax breaks and special deals for the wealthiest and corporations and paid for them by raising middle-class taxes and gutting investments in education," said Sabrina Singh, spokeswoman for the Democratic Governors Association. "Those aren't pro-growth policies — they simply shift the burden from the rich to middle-class families, seniors and students who are working hard to succeed."

Chris Edwards, an economist at the libertarian-leaning Cato Institute, warned against reading too much into the role that either of the parties has played in reviving their state economies.

"State economic policies help drive each state's relative prosperity over the long term," Mr. Edwards said. "Factors such as union laws and tax rates either repel or attract investment and entrepreneurs. However, many forces outside of state policymaker control can have a large impact, such as changes in global markets, technological breakthroughs such as fracking, and federal mandates that hit states unevenly, such as environmental rules."

Whatever the case, Republicans say, they are delivering on the state level.

"Conservative governors and their partner legislatures are enacting bold reforms, challenging entrenched special interests and enacting growth agendas that are bringing fiscal sanity back to statehouses across America," said Jill Bader, spokeswoman for the State Government Leadership Foundation, which is a strategic partner to the Republican State Leadership Committee.

Of the 36 gubernatorial races in November, six of the 10 considered tossups, including Florida and Wisconsin, are now controlled by Republicans. Election analysts predict Republicans will easily hold 23 of their seats and that Democrats have a handle on 17. They also say the gubernatorial races arguably could be more important than the battle for control of the U.S. Senate because of the ongoing debates at the state level over taxes, voting rights and the expansion of Medicaid under Obamacare.

With that as a backdrop, Mr. Christie, one of several governors eyeing presidential runs, has raised boatloads of cash. RGA officials have vowed to spend \$100 million over the final 100 days of the campaign, as it looks to protect some of its most vulnerable governors, including Govs. Paul LePage of Maine, Tom Corbett of Pennsylvania and Rick Scott of Florida.

Republicans hope the dissatisfaction with the Obama administration, combined with signs of improving state economies, will strengthen their electoral hand.

Along those lines, the RGA has touted how Florida's unemployment rate has dropped 5 percentage points on Mr. Scott's watch, 2 percentage points under Mr. LePage in Maine and more than 2 percentage points under Mr. Corbett in Pennsylvania.

The dip in unemployment rates has put Democrats running against GOP incumbents in a bit of a bind because they are trying to downplay the same news on the jobs front that President Obama and Congressional Democrats are touting as a success story.

"Democrats are cross-pressured on the economy," said Darrell West, of the left-leaning Brookings Institution. "Nationally, they want to emphasize the sharp reduction in unemployment and [credit Obama's policies]. Yet in key states, Democratic challengers point toward poor performance by GOP governors and argue their policies aren't working. It is hard for both arguments to be successful."