



Henry McMaster Gets National Acclaim For Fiscal Conservatism?

October 12th, 2018

South Carolina governor Henry McMaster is one of only five governors in the United States to receive an “A” grade from the libertarian-leaning Cato Institute on its 2018 “Fiscal Policy Report Card on America’s Governors.”

Wait ... *what?*

McMaster? The glad-handing, guffawing caricature of a status quo politician this news outlet has been referring to as “fiscally liberal” for months?

He is one the most fiscally conservative governors in the nation?

So the Washington, D.C. think tank would have you believe ...

By contrast, Cato gave former South Carolina governor Nikki Haley a “D” on its report card back in 2016, her final year in office.

Before we address McMaster’s grade in detail, here is what Cato had to say about South Carolina’s Republican incumbent in its 2018 report (.pdf) ...

Henry McMaster of South Carolina is off to a fiscally conservative start as governor since 2017. He vetoed a bill that raised gas taxes and vehicle fees. And he proposed cutting individual income tax rates by 1 percentage point, which would reduce the top tax rate from 7 percent to 6 percent. If passed, the bill would provide more than \$400 million in annual tax relief. On spending, McMaster proposed a restrained budget this year, and he is calling for an overhaul of the state’s public pension system to cut costs.

Sounds good, right? Yes ... and on the surface, *all of it is true*. Dig just below the surface, though, and McMaster’s real record comes into focus.

Cato’s scholars didn’t dig, though ... which is disappointing.

Ordinarily, Cato is the gold standard when it comes to assessing limited government policy. We have cited its experts on numerous occasions in the past, and our founding editor Will Folks even traveled to the organization’s resplendent Washington, D.C. headquarters a few years ago to meet with several of its experts on various policy matters.

On most issues, we find ourselves in ideological alignment with the organization ... often invoking it as a contrast to less reliable “conservative” think tanks like Heritage Foundation.

Accordingly, it gives us no pleasure to debunk the group on this particular report ... *but debunk it we must.*

Let’s take the Cato analysis of McMaster point-by-point, shall we?

As this news outlet has meticulously documented, McMaster’s 2017 gas tax veto was the classic Columbia, S.C. “wink and nod.” Political theater.

“A charade,” we called it at the time.

McMaster didn’t lift a finger in support of his veto, before or after he issued it. He simply checked off the box, knowing he was going to be overridden. Even worse, he failed to give lawmakers who were hoping to sustain his veto the time they needed to rally support – from either the public or from their fellow legislators.

One authentic fiscal conservative, state senator Tom Davis, referred to it as a “drive-by veto” – arguing that if McMaster had simply waited five days there was a good chance the gas tax could have been defeated in the State Senate.

McMaster refused to wait even five minutes ...

Davis, incidentally, did lift a finger to block this tax increase – filibustering it three years in a row.

In the aftermath of McMaster’s veto being overridden, one liberal mainstream media columnist noted gleefully how McMaster “could have made it a lot harder to override his veto.”

Actually, he couldn’t have made it any easier.

The cherry on top of this dog-and-pony show? McMaster turned around and hired the chief executive officer of the group that lobbied *for* the gas tax hike as the political director for his 2018 campaign.

Oh, and while this news outlet has been fighting in court to have this law overturned on constitutional grounds, McMaster has not said a single word in support of our efforts – or uttered so much as a syllable calling attention to the obvious unconstitutionality of the legislation.

Still think he deserves credit on this issue?

On the question of tax cuts, we supported the limited relief McMaster proposed back in January – although we argued it should have been “much, much more.” Also, Cato neglected to point out that much of the relief included in McMaster’s budget would have actually gone toward plugging a hole created by the elimination of a state tax deduction contained in the new federal law.

As a result, the actual net tax relief envisioned by his budget came out to \$140 million, not \$400 million.

Given the mindless growth of government in the Palmetto State over the last decade-and-a-half, *neither amount is sufficient.*

Speaking of spending, Cato claimed in its report that McMaster proposed a “restrained budget.” That may be true, but for two years in a row he has rubber-stamped massive spending increases approved by the fiscally liberal S.C. General Assembly – refusing on two occasions to wield his veto pen in defense of taxpayers.

What is the point of proposing spending cuts if you have no intention of fighting for them?

By far the most egregious misrepresentation contained in the Cato report, however, was its praise of McMaster for “calling for an overhaul of the state’s public pension system.”

McMaster did in fact propose sweeping changes to the state’s pension fund last summer – long-overdue reforms that news outlet has been championing for the better part of a decade. Unfortunately, his proposals were offered mere months after he signed into law an \$826 million annual tax hike that subsidizes (in perpetuity) the failed system he is now getting credit for trying to fix.

We wonder ...

Did Cato miss that tax hike (one of the largest in state history)? And does it fail to see how McMaster’s approval of that massive levy totally kneecapped the bid to fix the pension fund?

Once again, the state’s true fiscal conservative leader – Davis – called McMaster out.

“Remember back in 2017 when the legislature passed (over my objection) and governor Henry McMaster signed into law a bill that increased taxpayers’ annual contributions to public-employee pension from \$1.36 billion to \$2.18 billion?” Davis wrote in the spring of 2018, when the governor’s promised pension reform was a distant memory. “Remember how they insisted on this 60 percent increase without requiring new public-employee hires to participate in a defined-contribution plan, instead of the fiscally unsustainable defined-benefit retirement plans, and how they promised instead to make that critical plan reform in 2018?”

Not surprisingly, McMaster’s “reforms” failed to even get a subcommittee hearing ...

Again, it gives us no pleasure to expose Cato’s “A” grade as a sham. *But that is exactly what it is.* Henry McMaster is in no way, shape or form “off to a fiscally conservative start” as governor of the Palmetto State. In fact the anemic outcomes for South Carolina workers and earners are proof the opposite is true.