CONNECTICUT: AN ALTERNATIVE MODEL FOR THE FISCAL CRISIS?

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The elections of 2010 were a political cycle fundamentally shaped by the repercussions of the fiscal crisis that began in 2008. Across the country, including parts of New England, a Republican wave reversed many Democratic gains of 2006 and 2008. But the New England states may also be the seedbed of an alternative model, both in politics and policy, to the latest political earthquake. The primary example of a potential "fiscal alternative" is Connecticut, although the jury is still out on its ultimate success.

Connecticut's potential for policy leadership began with its 2010 elections results, a rare set of Democratic victories in a Republican tide. Unlike many state legislatures, including Maine's, Connecticut did not experience a decisive Republican shift in its state legislature. While there was a gain of more than a dozen Republican seats in the 151 member State House, this still left Democrats with a 2-1 advantage in that body. In the State Senate, Democrats also maintained a substantial majority of the 36 seats, although a handful of seats were gained by Republicans. A series of 9 special elections in February, brought about by a series of resignations for posts in the new gubernatorial administration, confirmed this countercyclical trend, with 7 of 9 seats being won by Democrats.

Connecticut's Congressional races also confounded the historic national shift to Republican candidates in somewhat unexpected ways. In the race to succeed Chris Dodd in the US Senate, at least some analysts had expected the combination of Linda McMahon's financial resources and Richard Blumenthal's political difficulties with statements about his (lack of) service in Vietnam to result in the possible Republican gain of Dodd's seat. But despite her record expenditure of $50 million dollars, Mrs. McMahon lost to now-Senator Blumenthal by 12 percentage points.

The 5 races for U.S. House seats also disappointed Republican hopes that had been high through much of 2010, particularly in the competitive 2nd, 4th and 5th districts. In these 3 districts, the Democratic incumbents beat back active challenges by well-funded opponents. Joe Courtney convincingly held the 2nd Congressional District seat he gained in 2006, as did Class of 2006 member Chris Murphy in the 5th District. Both had built strong reputations in their first 2 terms, and their victories reinforced their status. In the 4th District, the one where Republican hopes had been the highest, Democrat Jim Himes kept the seat he had taken from 12 term incumbent Chris Shays in 2008. Thus, Connecticut remained firmly in the Democratic column in Congress, although the loss of Dodd's seniority and the loss of Democratic control in the House have damaged the state's policy clout in Washington for the time being.

The Democratic victories in the national and state legislative races, while important politically, could have been only minimally important in policymaking in "normal" times in Connecticut. The state had experienced a long period of divided government, with (sometimes substantial) Democratic majorities in the legislature facing Republican governors John Rowland (1994-2004) and Jodi Rell (2004-2010), with policy results of stasis and compromise on a number of fronts. But the true political "counter-earthquake" in Connecticut in 2010 occurred in the governor's race, with political twists that few if any would have expected a year earlier, and a new policy dynamic that continues to play out in late spring of 2011.

In early 2010, many political analysts expected Democrat Susan Bysiewicz, then Secretary of State, to be a formidable candidate (both financially and electorally) to replace the retiring governor Jodi Rell. But when Attorney General Richard Blumenthal announced his bid to replace Senator Dodd, Secretary Bysiewicz unexpectedly withdrew from the Governor's Race and declared for Attorney General. Her loss of the nomination for that race would have been the major story in a "normal" election year, but in the end it was overshadowed by the now-transformed contest for governor.

With Secretary Bysiewicz out of the picture, the Democratic contest for governor became a contentious race between Ned Lamont and Dan Malloy, both of whom had lost hard-fought contests in 2006 (Lamont for the US Senate and Malloy for the Democratic gubernatorial nomination). While the polls had often indicated a potential Lamont victory, Malloy won a convincing 58%-42% victory in the summer Democratic primary, to face Republican Tom Foley (Himself a victor in an active 3 way Republican primary) in the general election. Thus, Malloy's confounding of expected trends began with his presence on the ticket (where some had expected to see Bysiewicz or Lamont).

The November election results for governor offered the truly historic outcome, however, on two levels. For the first time since 1986, Connecticut elected a Democratic governor to match its (frequently) Democratic legislature, ending a long period of divided government in the state. But Dan Malloy's victory was also narrow, initially contentious, and revealing. The margin of victory was so close that the results were not conclusively known for days, thanks to a nationally publicized set of voting difficulties in Bridgeport and a vote margin of half a percentage point statewide. While Foley carried the vast majority of Connecticut's 169 towns, Malloy's numbers and margins in Connecticut's large cities were enough to win the race. This outcome further reinforced the image of an urban/suburban divide in the state, with ongoing policy implications that may prove important in 2011.

With the election giving Connecticut a "unified" Democratic government (a singular rarity in a Republican sweep year), the state now faced a major $4 billion deficit crisis. Malloy's handling of the crisis thus far has been the other "countercyclical" phenomena, when viewed from a national level. He has been one of the only governors to propose a tax increase along with spending cuts, taking a substantial political risk and earning him the label of the "anti-Christie" (a comparison with budget-cutting Governor Chris Christie of New Jersey) in the national media. He is pursuing high profile concession discussions with state unions (still unresolved as of this writing), and is pushing the legislature for early approval of his budget and tax proposals. The legislature appears poised to accept his proposals with relatively minor amendment, a major contrast to the stalemates of recent years.

Thus, Connecticut has seen a season of (sometimes wildly) unexpected political change and potential policy redirection. For the first time in a generation, major political figures are out of office and one party enjoys unified control of state government, a control which bucked the 2010 national trends. The jury is still out on whether this political shift will result in a successful model of fiscal policy that will be equally challenging to national policy currents, offering the potential of a sustainable revenue and spending mix in a Tea Party era. We watch and wait with great curiosity.