

NEWS & RECORD

Let freedom ring more in North Carolina

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The latest report card about freedom is out — and North Carolina shows progress in several areas. But some of our grades are still intolerably low.

The “Freedom in the 50 States” report, now published by the Cato Institute, uses hundreds of datasets to rank states by fiscal, regulatory and personal freedom. In the latest edition, which uses statistics from 2014, North Carolina ranks 19th in overall freedom, up from 23rd in 2012 and 26th in 2010.

That last year is when Republicans won majorities in both houses of the state legislature for the first time since Reconstruction. While much of the subsequent attention has been directed at the tax and budget decisions by GOP lawmakers and, later, Gov. Pat McCrory, North Carolina’s freedom ranking has not changed much in this category, in large part because the Cato study extends only to the 2013-14 fiscal year. Most of the tax cuts in question went into effect after that. Future editions of “Freedom in the 50 States” will likely show North Carolina improving its fiscal policy ranking substantially.

So what did go up? The key area is educational freedom, which measures the degree to which families can make their own decisions about how best to educate their children. Our state now ranks sixth in the nation, up from 22nd in 2012. The expansion of public school choice (by delimiting charter school growth) and private school choice (by creating “Opportunity Scholarships” for low- to moderate-income families) explains most of the jump.

Other areas where our state has gotten comparatively freer in recent years include campaign finance (we no longer force North Carolinians to fund politicians they don’t support), criminal justice (we now employ more alternatives to prison for nonviolent offenders) and the labor market (thanks to reforms of workers’ compensation).

Unfortunately, North Carolina still fares poorly in several freedom measures, especially when it comes to business regulation. We rank 37th in occupational freedom and actually worsened from 2012 to 2014. Much more than in most states, North Carolina requires those seeking to enter new professions or create new businesses of their own to get permission from state regulatory boards. Much of the time, these regulations have nothing to do with protecting consumers. They are simply impediments created by existing providers who don’t want competition from new ones.

Our markets for health, auto and other insurance also are more regulated than in the average state. To the extent regulation is warranted, its purpose is to protect against fraud and encourage a true “meeting of the minds” between consumers and insurers. Our rules go far beyond that. North Carolina’s freedom ranking also suffers because we require “certificates of need,” which

limit competition in the delivery of medical services, and because we lack good protections against the abuse of government's power of "eminent domain" to condemn and take private property.

If state and local policymakers were to make no further progress in the coming years, North Carolina's ranking in overall freedom probably would still rise into the mid-to-low teens by the next edition of the Cato Institute report. Tax cuts, regulatory reforms and other policies enacted in 2014, 2015, and 2016 would yield such a result.

North Carolinians ought not to settle for that, however. Why shouldn't we be a top-10 state in freedom?

To get there, policymakers need to address the regulatory mistakes I described above while continuing to reform our tax code and expand consumer choice in education and health care.

More fundamentally, we need to reach a common understanding of what freedom entails. As much as possible, individuals should be free to make their own decisions, on their own property, with their own resources, to accomplish the goals they choose for themselves. The flip side of freedom is responsibility. We all make good and bad decisions. We should strive to replicate the former and learn from the latter.

Even with the best of intentions, politicians should neither make our decisions for us nor remove us from responsibility for them. Politicians are not our parents.