



North Carolina Has Become Much More 'Free' Over the Years

John Hood

February 4, 2020

North Carolina has become a freer state over the past decade. But if we want to make our license plate slogan “First in Freedom” more than just a lofty aspiration, there is still plenty of work left to be done.

I am using the term “freedom” here in its political context. To be free is to enjoy the right to make your own decisions, to transact business and associate with other free people at your discretion, and to live according to your own values. America’s founding creed captures it well, that we all enjoy equal rights to life, liberty, and the pursuit of happiness.

While the government obviously poses a significant threat to our freedom, it can also help us defend and exercise it. Our rights are more secure when law enforcement and the courts offer protection and the fair adjudication of disputes. And to the extent government is involved in financing education or other public goods, it can either shove us around or maximize our freedom to choose service providers that best match our particular needs and values.

When I say North Carolina has become freer over the past decade, then, here are some examples of what I mean.

Taxes are necessary to fund basic government services. But excessive taxes, and taxes applied selectively in an attempt to engineer economic or social outcomes, have the effect of reducing our freedom.

Three nonpartisan think tanks — the Tax Foundation, the Cato Institute, and the Fraser Institute — issue regular rankings of state tax codes. According to all three, North Carolina has improved its ranking since 2010. In the Tax Foundation’s State Business Tax Climate Index, for example, North Carolina was far below average at the start of the decade. Now, we rank 15th. On the Fraser Institute’s tax measure, North Carolina improved from 39th in 2010 to 19th in the most recent year available (2017).

Another key indicator is educational freedom — the extent to which states regulate homeschooling and private education and enable or constrain parental choice and competition among schools. According to the Cato Institute’s reckoning, North Carolina now ranks 6th in educational freedom, up from 15th in 2010.

When it comes to freedom in the workplace, North Carolina gets mixed marks. We are a right-to-work state where employees cannot be compelled to join unions. That’s one reason the Fraser Institute ranks North Carolina 9th in labor-market freedom, up from 19th in 2010.

On the other hand, our state makes it harder than the average state does to choose your line of work. Thanks to strict licensing laws and other regulations, North Carolina ranks 37th in Cato's occupational-freedom index, worse than our 33rd ranking in 2010. Other areas where we tend to fare poorly in national rankings include the freedom to make, sell, and consume alcoholic beverages (35th) and restrictions on health insurance (30th).

While I recognize that other values matter in public policy, I place the highest priority on maximizing freedom. I do so for both foundational and practical reasons.

In the first case, North Carolina's constitution explicitly authorizes institutions of state and local government so that "the great, general, and essential principles of liberty and free government may be recognized and established." Among the "inalienable rights" of North Carolinians protected by the state constitution is "the enjoyment of the fruits of their own labor." In other words, limiting government to maximize freedom isn't just a possible policy direction. I believe it to be the responsibility of all constitutional officers of the state.

The practical argument for freedom is simply this: it works better. People usually make better choices for themselves than politicians and bureaucrats can make on their behalf. Freer economies grow more rapidly and produce higher living standards over time. Freer societies give people greater opportunity to opt into the communities and relationships that are most consistent with their deeply held beliefs and values.

Fair warning: I plan to keep pressing my case until North Carolina is truly First in Freedom.