

Tobacco, Politics and the New Economy

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Political and social changes in North Carolina over the past few decades have had a direct bearing on tobacco-dependent communities. We must understand these changes—the altered landscape of North Carolina—if we are to improve the lives of people living in these communities.

First, it is important to recognize that economic growth and political power are increasingly found in urban areas rather than rural areas. Urbanization is a growing, global phenomenon. In speaking of North Carolina in particular and the South in general, I would substitute ‘metropolitanization’ for urbanization—to signify not dense urban centers as in the Northeast and Midwest, but rather sprawling suburbanized cities. The migration toward cities is evident all over the world, and here in Eastern North Carolina is no exception. Slowly but surely, people drift to cities. People move to cities because of jobs, which tend to cluster in metro areas. People will always move for job opportunities, whether it involves crossing national borders or crossing state lines. Political power follows these people, at least in the case of a democracy.

North Carolina has had two, perhaps three decades of robust growth, with exceptional growth in metropolitan areas. The number of jobs in Raleigh, Durham and Chapel Hill grew by 113% in the 1980s and 1990s. The number

of jobs in the Charlotte metropolitan area grew nearly 75% during the same period. The Triad and the Hickory area each grew by about 40 to 50%. Although often unrecognized by the public, Hickory is the fourth largest metropolitan statistical area in the state.

Politically, fifteen counties contribute 51% of voter-turnout statewide. In the most recent presidential election, fifteen counties cast more votes than the other eighty-five combined. Of those fifteen counties, only one, New Hanover, is east of Interstate 95 and only one, Buncombe, is west of Interstate 77 (Iredell is slightly west of Interstate 77 but the highway feeds the county). As evident in the re-districting process, there is an ever-increasing consolidation of electoral power in a small collection of rapidly growing, Piedmont-area metropolitan counties. Another political phenomenon that has transformed the context for policy making in North Carolina has been the dissolution of the one-party South. For most of the 20th century, the Democratic Party controlled the region. Beginning in the mid-1970s, we had a surge of Republican strength across North Carolina. Although conventional wisdom holds that we have a two-party system, the state actually has a three-party system.

The Democratic Party typically claims 38 to 40% of the population. This figure is based on how people respond to pollsters, who ask

them to identify themselves regardless of how they are registered to vote. Approximately 36 to 38% of people in North Carolina identify themselves as Republicans. Twenty percent of respondents say they are Independents. That is the third 'party'—not an organized unit, but a force in the state politics nonetheless. Although Democrats and Republicans control the Legislature, and the organization of elections, there is no majority party in the state. We have gone from one-party rule to no majority party, which is important when considering the political context of tobacco and development.

The lack of a majority party has led to significant two-party competition and division. We have one Republican senator and one Democratic senator. We have a Democratic governor and most of the Council of State members are Democrats; but we have a Republican majority on the Supreme Court. We have a Democratic majority in the State Senate but an extremely divided State House. Although power is consolidating in the Piedmont, it is not cohesive, as it was during the time of the one-party South. North Carolina is characterized by 'fluid politics,' which now makes it difficult for a governor or any political figure to build a majority coalition. Any new policy initiatives or changes in law, particularly when it involves something as important as tobacco, requires significant political effort in the state.

Although political power in the state is increasingly fluid and concentrated in urban areas, there is a lingering heritage of ruralism. First, rural power has survived, if only because many of us think of ourselves as having come from rural areas. Second, the state has had a succession of governors who have fought for and made investments in rural areas. I am speaking of Governor Martin from Mecklenburg County, who decided to put the Global Transpark in the eastern part of the state. I am also referring to Governor Hunt, who set up the Rural Prosperity Task Force. This task force led to activities such as the Internet Authority and the new Dogwood Investment Company.

Governor Easley, while he was Attorney General, helped organized the tobacco settlement, conceiving what eventually became the Golden LEAF Foundation. A certain amount of ruralness still sells politically.

How do the changes that I have described shape some of the decisions and policy options facing tobacco-dependent communities? At MDC, a nonprofit research firm in Chapel Hill, considerable work has been devoted to the decline in rural communities. MDC made a big impact in the mid-1980s with its "Shadows in the Sunbelt" report, which called attention to rural areas being left behind in the Sunbelt boom. Since then, the public and policy makers have come to realize that economic development is not a one-dimensional issue or challenge. Economic development is not just about developing water, sewer, and highways—although they are important. Development is also not simply about replacing a closed textile mill with another one, or replacing tobacco with another crop, although that may be part of the plan. As MDC points out in its State of the South 2002 report, subtitled "Shadows Revisited," development is about addressing a multitude of issues at once, including worker training, civic culture, civic strength, cultural heritage, and leadership development. Building successful communities requires placing not just one building block, but a series of blocks. Policy makers increasingly understand this and our communities need to understand it as well.

Please allow me to suggest five issues for us to think about. First, I would like to add my voice to those who call for the preservation of the Golden LEAF Foundation. There is a real danger that the Legislature, under budgetary pressure, will try to raid the funds that came out of the tobacco settlement. The Golden LEAF Foundation gives us an opportunity for sustained, long-range economic development, to address all of the building blocks of economic development. In addition to conferences such as this one, the Golden LEAF Foundation has the authority to fund health and poverty alle-

viation initiatives. When is the last time the Legislature passed something specifically for poverty alleviation? The Golden LEAF Foundation has a broad and progressive mandate, and should be preserved.

Second, I think the state should be open to raising the cigarette tax as an alternative source of revenue. Political support could be garnered for such a tax increase, given recent budgetary woes. Other states have raised their cigarette tax, and cigarette companies have already raised the price one or two times a year for the last several years. The tobacco settlement itself requires raising the price of cigarettes. If North Carolina raised the tax a quarter or thirty cents, or even fifty cents per pack, it would have little impact on—do no serious further harm to—the overall tobacco economy.

Third, policy makers and communities need to establish stronger connections between rural counties and urban counties. Rural counties are not all equal. They are not all falling behind and, in fact, some have done quite well. Prosperous rural counties are caught up in the orbit of the major metro areas. Increased connections can come in the form of transportation, Internet connections, business-to-business linkages, and, of course, job opportunities.

Fourth, North Carolina has to invest more money into community colleges. Community colleges are bursting at the seams right now, because we have an economic slowdown, and

out of work people are going back to school to upgrade their skills. Community colleges are essential to meeting the state's need for a workforce well trained for advancing its economic transition.

Finally, universities increasingly need to serve as engines of regional development. I am delighted that East Carolina University is sponsoring this forum, for example. Large universities such as UNC-Chapel Hill and N.C. State tend to be seen in economic terms because of the Research Triangle. Yet, we have to start viewing our regional universities, and our regional universities have to increasingly see themselves, as critical players in economic and regional development. Here, I would like to read from MDC's "State of the South 2000" report: "Universities must lead and foster critical thinking and the development of new ideas. They are the institutions charged with creating and transferring knowledge in the new economy. They are more important than ever. Government, business and philanthropy must work with universities to define areas of research deemed most critical to the South's continued progress, and provide special funding for programs of study and research in those areas." The state needs chancellors, deans and department heads who think of themselves as more than narrow-gauged academics, but also as real catalysts for community betterment in the rural and metropolitan areas of this state.