



Letters to the Editor

Vol. 8, Nos. 3-4 Economic Development Policy

I enjoyed your article, "The Job Training Spectrum: From the Classroom to the Boardroom," in the April 1986 issue of *North Carolina Insight*. I think you did an excellent job of reporting what we are trying to accomplish in new industry training. In fact, I enjoyed all the articles because of my deep interest in economic development and the future of our state.

J. Reid Parrott, Jr.
President
Nash Technical College
Nashville, N.C.

Congratulations on the excellent April issue of *Insight* magazine. The articles on transitions taking place in our economy, economic development strategies, and job training were right on target. They not only pointed out key issues facing our state, but also provided a valuable guide for public policy discussions.

In fact, our Commission on Jobs and Economic Growth is now using that issue of *Insight* as a reference document in its deliberations. We share the concern over how our state is making the transition to more capital intensive agriculture and manufacturing production, as well as the shift to more employment in services and trade. We realize that our state faces real challenges in pursuing continued economic growth in the face of unprecedented competition from abroad and from other states. And we agree that our labor force should be the primary focus for state economic development strategies. To be competitive in the new labor markets our major asset—our people—must be equally or better trained than our competitors. The old days of low wage, labor intensive production have given way to higher wage, more capital intensive production, and for our labor force that means attention to training.

Another key to economic development is the

need to invest in infrastructure—especially transportation, water and sewer, and schools and others. Estimated to need upwards of \$25 billion by the year 2000, infrastructure investments are also critical to our future economy. Combining our attention on labor force and infrastructure with jobs creation strategies will provide the basis for a comprehensive economic development strategy for our state.

Again, congratulations on an excellent issue.

Billy Ray Hall
Executive Director
N.C. Commission on Jobs and
Economic Growth
Raleigh

I would like to commend the Center for its April 1986 [issue of *Insight*] on economic development in North Carolina. You present a good review of some of the basic issues facing North Carolina's economy, and you raise a number of important questions concerning the role of state government in providing both leadership and support for private development initiatives.

However, I am troubled by your easy generalizations about rural and urban growth in North Carolina. Not all of our rural counties are depressed and not all of our metropolitan counties are doing very well when compared to the norm for the Southeast and the nation. Nor is the phenomenon of urban/rural disparity a new one. It dates back to agricultural revolution in the 16th century. Nonetheless, the fact remains, we know very little about what has been happening recently in our local economies across the state. You are correct in pointing out that some far-reaching changes are taking place. But we need to know much more about what contributes to the economic stability and well-being of both rural and urban counties before we can presume to frame a comprehensive development strategy.

We also need to take a hard look at what the role of state government *ought* to be in fostering eco-

conomic growth and well-being. Automatically stepping onto the void left by the federal government—as you seem to suggest—is a formula for disaster. We need to begin by recognizing that the power of state government to affect the economy—for good or for ill—is very limited.

The North Carolina economy, and thus economic development, is at a crossroads. The national movement of branch plants to the Sunbelt and North Carolina in particular is slowing down. The almost automatic attraction of new industry to our state cannot continue with the change in national trends. Coupled with the potential of fewer new industries moving to North Carolina is the potential for a decline of employment in some of our traditional industries—agriculture, textiles, and apparels.

It is obvious that our industrial recruitment efforts must become more sophisticated. We must target industries that are well suited to our state and concentrate our efforts to maximize the strengths of North Carolina. At the same time we cannot expect to improve our income gap relative to the nation as a whole by putting all of our effort into chasing Fortune 500 investments. Much of the economic growth of the future will come from helping existing business expand, adopt a new technology, find seed capital to put a new product into production, or adopt improved personnel and management techniques to help make it more profitable.

Since small businesses generate proportionally more jobs, pay higher taxes, realize higher after tax profits, and are more likely to innovate than large corporations, we must realize the importance of small business to economic growth. As we develop an economic strategy for the future, small business must become a focal point.

I say again, the April 1986 issue of *Insight* raised a number of important questions. I think it is clear that we have only begun to search for workable answers. Virtually all the departments of state government have some responsibility for improving the economic well-being of North Carolinians. Moreover, state government shares with local governments and the private sector this enormous responsibility. The April *Insight* is a good beginning to this important dialogue.

R. Jack Hawke
Director
Division of Policy and Planning
N.C. Department of
Administration
Raleigh

Congratulations on your April issue of *Insight*, "North Carolina: An Economy in Transition." I found it both useful and timely, a valuable resource to North Carolina policymakers as they re-examine the state's approach to economic development.

The timing of the issue was particularly advantageous, coming between the release of the Southern Growth Policies Board's study, *After the Factories*, and our report, *Shadows in the Sunbelt*. Together these publications have focused considerable attention on the implications of structural economic change on the people of North Carolina—particularly for the many rural communities which are being left behind.

Today these issues are being studied intensively at the upper reaches of state government. In the Department of Commerce, Governor Martin's team is working to create an "Economic Blue Print" for the state. Likewise, the Lieutenant Governor's Commission on Jobs and Economic Growth has also been looking to devise a forward-looking plan for the state's economy.

Both groups should benefit from *Insight's* comprehensive inventory of current development activities and its insightful look into our needs for the future.

George B. Austry
President
MDC Inc.
Chapel Hill

Vol. 9, No. 1 In the Courts

I enjoyed reading your article entitled "Opening Courtroom Doors to Lawsuits Involving Latent Diseases" that appeared in the most recent issue of *North Carolina Insight*. I thought the article well [and] accurately stated the considerations underlying, and the effects of, the cases discussed. Keep up the good work.

Charles D. Case
Moore, Van Allen, Allen &
Thigpen, Attorneys at Law
Raleigh

N.C. Center Report on Special Provisions in Budget Bills

I have been informed of your recent request for my position on special provisions in appropri-

ations bills. I am opposed to such provisions in appropriations bills, for many of the reasons set forth in your [report], but I believe the following are the most significant problems:

1. Special provisions are used to enact substantive legislation without debate or public hearing.

2. Legislators are inhibited from challenging special provisions because the same leadership that allocates Pork Barrel appropriations inserts special provisions.

3. Legislators are often not even aware that such provisions are in an appropriation bill.

4. Special provisions, because of the nature of the procedure in which they are enacted, are much more likely than other legislation to be unconstitutional, create unnecessary new commissions and programs, and diminish the integrity of the Executive Branch.

5. The lack of a gubernatorial veto prevents any check on inappropriate special provisions. In this regard I note that 31 other states prohibit substantive legislation in appropriation bills.

It is my opinion that, while an amendment to the rules of each House or an amendment to the Executive Budget Act would be the first step in eliminating special provisions, it is necessary for our Constitution to be amended to prohibit special

provisions. Perhaps the General Assembly would consider submitting to the people a constitutional amendment prohibiting special provisions in appropriations bills at the same time as the people are allowed to vote on a gubernatorial veto.

James G. Martin
Governor of North Carolina
Raleigh

Editor's note: At his weekly press conference on July 24, 1986, Governor Martin reiterated his opposition to special provisions in budget bills and criticized the General Assembly for extensive abuse of special provisions in the short legislative session. The Governor, citing the Center's report, Special Provisions in Budget Bills: A Pandora's Box for North Carolina's Citizens, announced he would seek a constitutional amendment in the 1987 regular session of the General Assembly to prohibit special provisions in appropriations bills. Such amendments must receive a three-fifths majority vote in each chamber of the legislature and must be ratified by a majority vote of the people in a statewide referendum.

Thank you for the report on *Special Provisions in Budget Bills* prepared by the Center. The report provides a good review of the impact of special provisions in appropriations bills.

Sherwood H. Smith Jr.
Chairman/President
Carolina Power & Light
Company
Raleigh

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