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E-COMMERCE DISRUPTIVE INNOVATIONS IN CHARITY AND NON-PROFIT FUND RAISING

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ABSTRACT

Philanthropic fund raising has evolved into a major business activity. Traditional models utilize one-on-one contact, direct mail, and telephone bank fund raising. The transaction costs of these models are extremely high often representing more than 50% of contributed funds. Nor are these methods very effective. The high transaction costs and limited effectiveness offer a comfortable cost umbrella for e-philanthropy, web based fund raising systems. Many business models have evolved into a set of opportunities that promises to disrupt traditional fund raising models. Our purpose in this paper is to examine the disruptive potential of e-philanthropy. We will propose value propositions and architecture of processes appropriate for web based non-profit fund raising. We will classify, compare, and evaluate various business models that promise to change the nature of philanthropic fund raising.

INTRODUCTION

A survey in 2001 found that only 1% of those surveyed donated using the Internet. Since September 11, 2001, relief charities took in online more than $215 million USD of the over $2 billion collected, or 10.8% (Wallace, 2002). One third of what the September 11th Fund received came in through the Internet; with an average size of $10 USD more than traditional methods (Wallace, 2002). In this paper we will use the term "e-philanthropy" to include e-giving, online charity or gift-giving, intranet workplace giving, or online donations; terms that are all more or less synonymous with each other. Austin (2001) describes e-philanthropy as the use of the Internet to raise money and recruit volunteers. The concept allows individuals the ability to setup donation pledges and facilitates the electronic transfer of funds to the charity or organization of one's choosing. E-philanthropy services have the potential to reduce the fund raising costs of philanthropic fund raising to Non-Profit Organizations (NPOs) and to disrupt the business models of commercial fund raising organizations that utilize direct mail or telephone marketing.

THE E-PHILANTHROPY INDUSTRY

This section discusses issues of concern to the user/donor, and service-providers in the e-philanthropy industry. Donors utilizing e-philanthropy want to know their funds are being transferred directly to the charity or non-profit organization (NPO) they choose, and that the information they pass on is secure and private; that they can trust the service or organization and the electronic funds transfer (EFT) process. The industry is not well regulated and the percentage of donations that actually reach NPOs from commercial fundraisers varies from 60% down to 3%. Thus, many donors have learned not to trust traditional mail or telephone solicitation services.

A new way of thinking is needed in providing an e-philanthropy service. Organizations (both for-profit and non-profit) starting online giving programs will be far more successful if they offer well-designed websites and innovative marketing (Hruby, Blum, and Voelz, 2001). Another issue is that NPOs have been slow to accept electronic programs, in part because many online-giving websites were founded by persons with no NPO experience (Fix, 2001). We would expect the e-philanthropy industry to be influenced by several economic factors that commonly exist in other high-tech or knowledge-intensive industries. Whether the network effect will work in the e-philanthropy industry is an empirical question. Nevertheless, it can be understood that people give to what they believe to be successful programs (Blau, 2001). The question is whether more users of an online-giving website, will be perceived as more value from the donors. Network effects might be expected to be acting if particular websites develop a reputation for representing good and effective NPOs. That would reduce search costs for donors and increase their confidence in the utilization of their donations.

Utilizing a service for accepting donation electronically is not a high cost endeavor, nor is updating online information that could reassure potential donors that their money will be properly utilized towards the cause they seek to support. Porter and Karmer (2002) point out that individuals rarely have the time or expertise to undertake such serious due diligence when it comes to uncovering who and what benefits from their donation. If individuals are able to see how their donations are spent and charities are able to promote how they spend money, a much more level playing field could emerge. Differentiation would come down to what service supports the charity in question more efficiently, not necessarily who has the most popular brand name.

E-PHILANTHROPY IS A DISRUPTIVE STRATEGIC INNOVATION

E-philanthropy is an innovation in the Digital Economy, i.e., the use of new knowledge (both technological and market) to offer products or services that customers want. E-philanthropy is not a radical innovation but it is disruptive in that the traditional organizations (e.g., NPOs) lacks the necessary models of competitive architecture and organizational capabilities, and is therefore unable in critical ways to do what must be done (Miller and Morris, 1999). Nor are traditional fundraising organizations equiped to utilize e-philanthropy. Typically, a disruptive innovation presents a different package of performance attributes – attributes that, at least at the outset, are not valued by existing customers (Bower and Christensen, 1995). The performance attributes that existing customers do value improve at such a rapid rate that the new innovation can later invade established markets. In general, disruptive innovations create an entirely new market through the introduction of a new kind of product or service (Christensen and Overdorf, 2000). Charitou and Markides (2003) extend the concepts of disruptive innovation and strategic innovation (Markides, 1997) to introduce the concept of disruptive strategic innovation. According to Charitou and Markides (2003), disruptive strategic innovation is a specific type of strategic innovation. It is a new way of competing in the industry that is both different from and in conflict with the traditional way. Online brokerage trading and Internet banking provide two good examples of disruptive strategic innovation.

E-philanthropy provides a new architecture to an existing service. It emphasizes different product or service attributes. With the increase in options for both organizations and users, along with the flexibility, speed, and fee alternatives, it also brings to market very different value propositions than had been available (Christensen, 1997), As would be expected, e-philanthropy started out as small and low-margin "businesses." Generally, disruptive strategic innovations under perform established mainstream products or services.

Lee (2001) identifies and discusses several disruptive attributes of the Internet and e-commerce, such as open platform, prosumption (Tapscott, 1996), digital assets (Rayport and Sviokla, 1995), virtual capacity (Afuah and Tucci, 2003), information sharing and exchange (Evans and Wurster, 1997), cost transparency (Sinha, 2000), industry scope, network connectivity and real-time interactivity, and the speed and frequency of technological and organizational changes. Lee (2001) argues that business executives must be able to capitalize on the key performance attributes of e-commerce innovation to improve overall business performance. This paper defines business model innovation in e-commerce as the use of new knowledge (both technological and market) that capitalizes on the disruptive attributes of the Internet to design and implement an innovative way of offering products or services that customers want. To understand the disruptive nature of an innovation or technology, one must first identify the unique attributes that make it disruptive to the traditional organizations or established markets. The following two functions can be applied to assist business executives or entrepreneurs in identifying and capturing the benefits of a disruptive innovation.

$$T_S(X_1,\ldots,X_n; Y_1,\ldots,Y_m)$$

$$T_D(X_1, \ldots,X_n; Z_1,\ldots, Z_l)$$

where T_D represents disruptive innovation and T_S represents sustaining innovation

Xs: common product or service attributes associated with both T_S and T_D

Ys: attributes associated with sustaining innovation, T_S

Zs: disruptive attributes

Utilizing the Internet to facilitate the process of contributing to charities brings with it many new attributes that are not presented in the traditional methods. Some of the most prominent disruptive attributes are, 1) pricing or fee structure - ultimately costing less per transaction, meaning more of the donation will make it to the supported cause or program. 2) Personalization of the process. Through the use of individual accounts, many options can be used to mold the process to the donors personal preferences. 3) Increased transparency - Up-to-date news information, financials, and ratings. Along with streamlining the process, moving it online creates the need for fundraisers, charities and NPOs to make public any and all information about how donations are used, the standing of the organization(s) managing it, and fees taken out of the original donation. 4) Virtually paperless. Funds are transferred electronically, occasionally a service provider may issue a check to a recipient but the majority of the process is electronic, even the donation receipts. 5) Customization. Fundraising campaigns, events and personal accounts are all viable options when a service of this type is implemented. Original setups can allow fundraisers and NPOs to easily create customizations needed for specific needs. If not setup originally, new services can be put in place that should take care of needs at little extra cost. 6) Increased efficiency. ETF is common, safe and fast, requiring little human input once a system is in place. Organizations could save on resources by implementing such a system or outsourcing it to a service provider. 7) Ability for smaller organizations to compete for donations. Smaller charities and NPOs can utilize this process and the Internet to inform and educate those interested and compete head to head with larger more recognizable organizations. 8) Knowledge base possibilities allowing NPOs the ability to perform campaigns customized for and targeted at specific markets.

BUSINESS MODEL INNOVATION IN E-PHILANTHROPY

A business model is the method of doing business by which a company can generate revenue to sustain itself (Rappa, 2003). It describes the basic framework of a business. It also tells what market segment is being served (who), the service that is being provided (what), and the means by which the service is produced (how) (Chaudhury and Kuilboer, 2002), as well as how the business plans to make money long term using the Internet (Afuah and Tucci, 2003). Lee and Vonortas (2004) argue that a viable business model in the Digital Economy must follow the fundamental economic principles (i.e., the underlying economic logic that explains how organization can deliver value to customers at an appropriate cost), and also capitalize on the "disruptive attributes" of the Internet and e-commerce. Customization in the online gift-giving market can be broadly broken down into seven different business models presently utilized by various NPOs and for-profit companies. Regardless of status, most garner a fee in some form or another for the processing of the funds transfer. Fundraising NPO's have not found effective models to prevent their disintermediation. They are able to make employee giving more efficient for employers. They have not converted their representation of community fundraising into portals. Many models take advantage of the transaction processing economies of e-philanthropy. A few are portals that could evolve into philanthropy search engine models. Another business model is emerging that treats e-philanthropy as a secondary service adjunct to commercial business. As this models grows, it threatens to disrupt traditional thrift stores.

CONCLUSION

The e-philanthropy revolution is here to stay, and it will transform charitable giving in as profound a way as technology is changing the commercial world (Austin, 2001). The facilitation of donations to NPOs and charities is an old market with new possibilities. e-philanthropy is a disruptive strategic innovation that has fundamentally changed the competition in the traditional philanthropic industry. This innovation will eventually overtake the traditional gift-giving market. The question is which new e-philanthropy business model or combination of models will come out on top. E-philanthropy comes in a variety of customizable tools that can be used individually or pooled with other innovative and traditional methods to fulfill specific needs. It allows a cost effective process to conveniently move money to a desired recipient, allowing more money to go to programs where it can do the most good. The benefits to the gift recipients should be larger portions of donations retained for the specified use, as well as an inexpensive route for them to solicit and receive money directly from individuals. There is a need for NPOs to look at new types of relationships with benefactors. The new philanthropist wants to be involved and emerge with self-gratification on a job well done. These relationships need to be cultivated and built into long-term partnerships, not just one offs satisfying someone's individual desire to do well.

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A PRIMER ON THE MUNICIPAL BOND MARKET

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ABSTRACT

With a market value exceeding $2.2 trillion, the municipal bond market offers many opportunities for the accounting researcher. Not only does this market side-step many of the common assumptions found in capital markets research, it provides numerous market sectors (by issuer, bond type, sales method, credit rating, etc.) for the researcher to consider. The 1999 issuance of GASB Statements 34 and 35 constituted a far-reaching overhaul of state and local accounting rules. In the wake of these changes comes a renewed interest in public sector accounting research – particularly in governmental capital markets. This paper presents an introductory overview of municipal bonds, from the initial offering preparations to the various security features.

THE USE AND MISUSE OF INSURANCE PREMIUM TAX CREDITS IN LOUISIANA

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ABSTRACT

In this study we examine use of four major credits used to offset Louisiana insurance premium taxes over the time period 1989 to 2005. The four major credits are: 1.) the investment tax credit (ITC); 2.) the Louisiana Insurance Guaranty Association Credit (LIGA) for property and casualty insurance; 3.) the Louisiana Life and Health Insurance Guaranty Association Credit (Llhiga) for life, accident and health insurance; and, 4.) the Louisiana Capital Companies Credit (CAPCO). These credits were created to provide a guaranty fund against company failure (LIGA and Llhiga) and to promote economic development (ITC and CAPCO).

Over time, insurers' use of credits in Louisiana has increased dramatically. Using 2005 constant dollars, total annual credits used rose from $81 million in 1989 to $198 million in 2003 and dropped slightly to $189 million in 2005. The use of the two guaranty fund assessment credits (LIGA and Llhiga) is trending upward after adjustments for inflation. The size of an insurer's LIGA and Llhiga's credits are not under its direct control; they are a result of assessments from independent boards. However, CAPCO and ITC credits are under the direct control of the firm. The use of CAPCO rose dramatically moving from $6.3 million (constant 2005 dollars) in 1993 to a high of over $56 million in 2000 and leveling out to $51.8 million in 2005. The most significant increase in the use of credits was with the ITC which was used to offset 21% of premium taxes due in 1989 and over 32% of aggregate premium taxes due in 2005. As a result of these firm-controlled credits, net premium taxes have declined over time.

The use of the ITC and CAPCO credits broken out by firms domiciled in or out of Louisiana was also evaluated. Insurers domiciled outside of Louisiana use of the ITC and CAPCO closely tracks that of all insurers since foreign insurers constitute more than 90% of all insurers in most years. Insurers domiciled in Louisiana use of both the ITC and CAPCO is variable and hence unpredictable.

An analysis of the largest 10 and largest 50 carriers' net effective tax rates shows that overall net effective tax rates tend to be higher initially for the largest 10 carriers but later drop below the overall tax rates. This might suggest that the larger insurers became more effective at using CAPCO and the ITC over time. A closer analysis of the larger insurers shows that we can attribute much of the decrease in the top 10 and 50 insurers' share of net tax to the increase in their share of the Investment Tax Credit used and that the volatility can be mostly attributed to CAPCO.

We use cross-sectional regression to further investigate the tendency of larger firms and firms with various mixes of business to use CAPCO and the ITC. Our findings have public policy setting implications as Louisiana legislators monitor the use of these credits to reduce premium tax revenues in the state. We find that CAPCO and ITC, ostensibly put in place to encourage the growth of the insurance industry in Louisiana, have not met their objective while causing large decreases in tax revenue.

ARE THE U.S. GOVERNMENT'S ACTIONS THAT IMPACT LOUISIANA FAIR AND ETHICAL?

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ABSTRACT

The entire story of Louisiana in the post-Hurricane Katrina era is not yet written, as the facts and events and ethical issues are still unfolding. At first, it may seem to some that this article is premature, because the whole story of New Orleans and the post-Katrina recovery is years away. Certainly new findings by engineers, economists and investigators are to emerge in coming years which may support or refute some of the conclusions that are considered to be at the forefront of contemporary discussion about who or what lies at fault for the tragedy at New Orleans in 2005.

In this article, three key events are identified which lay outside of the control and influence of the people of New Orleans; these events started New Orleans on an economic death-spiral. These events were the result of direct actions of the U.S. Government. While the breaking-point for New Orleans may be Hurricane Katrina, New Orleans has suffered an ever-increasing burden that the United States Government, by its actions, put upon the city. These three include the Cuba Embargo, Louisiana's share of offshore oil and gas revenues, and U.S. Government-controlled failures associated with Hurricane Katrina.

The disproportionate hardships imposed upon Louisiana by the United States via the Cuban Embargo when the Port of New Orleans lost a major shipping destination; the expectation of Louisiana to bear the burden of hosting offshore oil exploration efforts without sharing in the royalties from those efforts, and most recently, the catastrophe of the levee failures and the aid after Hurricane Katrina all indicate that Louisiana is not receiving ethical, fair treatment by the U.S. government. The census figures illustrate that New Orleans has not kept pace in population with the rest of Louisiana, with its neighboring Jefferson Parish, nor with its rival in size, Baton Rouge. The downward spiral is traced to the era of the Cuba Embargo, which started the process. Katrina in 2005 may be the coup de gras.

INTRODUCTION

In the wake of Hurricane Katrina, for many reasons, some in Louisiana wonder if they are somehow something less than a full partner in the United States; in what it is to be part of the United States. A year after the hurricane flooded 80% of the City of New Orleans, despite the U.S. Government approving billions of dollars of aid, the money has by and large not made it to the people. Apathy, Katrina-fatigue and detachment from the crisis has caused some in the country to turn their collective noses up in the air and ignore the ongoing cries for assistance. Moreover, the politically-connected, no-bid contracts that surfaced in the news seem ripe with at least the air of abuse of some of the funds that have made it to Louisiana. Given the failure of the money to trickle-down to the citizens, they wonder what the U.S. Government's response would have been, had a disaster of the magnitude of Hurricane Katrina befallen Washington D.C., San Francisco, CA, or Boston, MA.

THE CUBA EMBARGO

New Orleans has had long and historic ties to Cuba. In his online history of the Archdiocese of New Orleans, Nolan (2001) wrote, "Louisiana became a Spanish colony in the 1760s. Church jurisdiction was transferred to the Diocese of Santiago de Cuba and later Havana." (Para. 1). In 1771 Louisiana became part of the Diocese of Santiago de Cuba. In 1785, Cirilo de Barcelona was consecrated Auxiliary Bishop of Santiago de Cuba with his residence in New Orleans, with his responsibility, Louisiana and the Floridas. In 1787, the Diocese of San Cristobal of Havana is established; Louisiana and the Floridas become part of the new diocese." (Para. 8)

Varney (2005) summarized the trade, social and economic ties that are part of our shared histories. "At the beginning of the 19th century," Varney wrote, "trade, primarily in coffee, sugar and slaves, meant heavy travel between Cuba and Louisiana. There were periodic exoduses from one place or another, part of a churning of populations between Haiti, Cuba and New Orleans," citing a statement by Ariana Hall, "the executive director of CubaNola, an arts organization that seeks to expand cultural ties between the island and the city"(Para. 4).

The Port of New Orleans enjoyed prominence in previous years as either the no. 1 or no. 2 port in the United States, competing for that honor with the Port of New York. "Ever since the end of World War II, commerce through the Port of New Orleans has steadily increased," per the New Orleans Port Record (1960, p.40). The Port of New Orleans' ties to Latin American trade were of tremendous importance. "In calendar 1960, the three traditional and leading export commodities of Latin America - coffee, sugar and bananas continued their dominant role, and together accounted for …80% of the total value of Latin American imports to the Port of New Orleans. These also "represented 45% of the total value of all imports at the Port of New Orleans." (Toledano, 1962, p. 11)

The June 1961 (p. 5) issue of the New Orleans Port Record, featured the address of Carlos Todd to a recent Mississippi Valley World Trade Conference. Todd, a native of Cuba. was the former political editor of the Times of Havana. He described the events away from New Orleans that changed the dynamic of its Port and the posture of the U.S. in Latin America. His prophetic warnings included perceptions by Latin Americans of U.S. policies toward challenges in the hemisphere.

Robins & Trujillo (1999) of Tulane University's Cuban Studies Institute wrote:

> *Prior to the revolution in 1959, Cuba had close trading ties with the U.S. Trade was very important to Cuba's economy, accounting for 57 percent of the GNP. The U.S. was Cuba's principal trading partner. In 1958, approximately one third of all goods passing through the Port of New Orleans were destined for Cuba. In 1958, Cuba was Louisiana's number one trading partner in imports and number seven (7) in exports, (Paragraph 8).*

Past issues of the New Orleans Port Record, a monthly journal of the Port of New Orleans, provide insight to its operations. Examination of past issues illustrates changes were taking place timed to the problems with Cuba. In the June 1961 issue (p. 64), the Monthly Report, Port of New Orleans showed that from May 1960 to May 1961, Total Cargo was down 23%; Inbound cargo was down 23% and outbound was down 25%. The schedule of sailings from the Port of New Orleans, January 15 through February 28, 1961, (New Orleans Port Record, March 1961, p. 58) showed a ship of the Cubamar Line sailing every Friday. The February 15 through March 31, 1961 schedule of sailings (New Orleans Port Record, April 1961, p. 58) and those thereafter do not show that listing again.

It appears that the loss of Louisiana's no. 1 trading partner, and the loss of the no. 3 destination of the Port of New Orleans, created a ripple effect. Table 1, featuring data from the U.S. Census Bureau, shows population trends of the State of Louisiana, and the parishes of East Baton

Rouge, Jefferson, and Orleans. From 1900 - 2000, the State of Louisiana and East Baton Rouge show continuous growth. From 1900 - 1960, all four indicators showed growth. However, after 1960, Orleans Parish showed continuous losses in population per decade, while neighboring Jefferson Parish showed only one decade of loss, but an overall gain in population for the period.

Prior to U.S. government policy changes toward Latin America in the 1960's and the Cuba Embargo, the Port of New Orleans was set for continued growth and expansion. The Mississippi River-Gulf Outlet (MRGO), known the Mister Go in New Orleans, opened on Thursday, July 25 1963. It was touted as New Orleans' second "Gateway to the Sea" and was seen as a "shorter route between the Gulf of Mexico and the heart of the nation's busiest port," (New Orleans Port Record, August 1963, p. 4).

The Cuba embargo since its inception proved to be a mixed-bag of success and failure. It has shown to be an inconsistent policy. Tyree (1997, p. A17) "…we're doing business like gangbusters with Communist China, which still has the same party and system of government in power that it had in the …1950's," while not doing business with our Communist neighbor 90 miles to the south.

LOUISIANA'S SHARE OF OFFSHORE OIL AND GAS REVENUES

On August 13, 2005, Scott Angelle, Secretary of the Louisiana Department of Natural Resources testified before the U.S. House of Representatives' Committee on Resources. In his testimony, he said:

> *Louisiana has a long and distinguished history of oil and gas production, both on and offshore. Currently, approximately 34% of the nation's natural gas supply and almost 30% of the nation's crude oil supply is either produced in Louisiana, produced offshore Louisiana, or moves through the state and its coastal wetlands…Together with the infrastructure in the rest of the state, this production is connected to nearly 50% of the total refining capacity in the United States.*

Little did anyone know on August 13, 2005 that merely a couple of weeks later, Hurricane Katrina (August 29, 2006) would be the worst natural disaster to hit the Gulf Coast and the state of Louisiana. Tidal surges, now had unfettered access to populated areas, because of the disappearance of hundreds of square miles of coastal marshes and barrier islands. Much of this disappearance stems from saltwater intrusion of fresh-water marshes thanks to canals dug to serve the oil and gas industry. Hurricane Katrina flooded vast areas of south Louisiana, including in particular the City of New Orleans and the parishes of St. Bernard, Plaquemines, Jefferson and St. Tammany.

On September 7, 2005, Scott Angelle was again in Washington, D.C., appearing before the U.S. House of Representatives Committee on Energy and Commerce hearing on Hurricane Katrina's effect on gasoline supply and prices. He raised the issues of the disparity when landlocked states like Wyoming, New Mexico and Colorado host drilling on federal lands onshore, they receive 50% of the revenues in direct payments, thus receiving revenues to support the drilling infrastructure. In contrast, coastal states provide the infrastructure for OCS drilling on federal lands, but they receive little compensation to fund their support. Angelle testified, "…for example in 2001, of the $7.5 BILLION in revenues produced in the federal OCS area, only a fraction of one percent came back to those coastal states." He further testified that, "Production off Louisiana shores alone contributes an average of $5 BILLION dollars a year to the federal treasury, its second largest source of revenue."

U.S. GOVERNMENT FAILURES ASSOCIATED WITH HURRICANE KATRINA

Warrick & Grunewald (2005), at a point eight weeks after Katrina stuck New Orleans identified that the three major levee breeches looked, "Less like acts of God and more like failures of engineering that could have been anticipated and very likely prevented" (p. A01). Stromberg (2006) identifies the (U.S. Army) Corps as having supervised the design and construction of the failed levee system in the 1960's (p.2). Vartabedian (2006) describes an unheeded report from the 1980's that the US Army Corps. of Engineers in the 1980's conducted tests and knew at that time that levees in New Orleans would fail, citing a study by the National Science Foundation that pointed to an unheeded study by the Corps. of their own work. In the tests by the Corps., a sample wall tilted and opened a gap when put under hurricane-type forces, much like the failures of the actual levees in New Orleans (p.4). According to U.S. Congressman Bill Jefferson, "The Army Corps of Engineers has acknowledged that they failed the people of New Orleans and the Gulf Coast who trusted that the levees the corps built would keep us safe. Unfortunately, the designs were flawed, leaving us vulnerable to the high winds and high tides of Hurricane Katrina," (Alpert, 2006 p. 9). Congressman Jefferson has filed a bill titled, "Federal Engineering Accountability Act of 2006, which would waive immunity from lawsuits enjoyed by the U. S. Army Corps of Engineers since 1928 (p.9). The United States Senate passed a bill requiring independent oversight of the U.S. Army Corps. of Engineers in the aftermath of the failures of the New Orleans area levees during Katrina (Alpert 2006 p.1) In addition to potential litigation against the U.S. Government if the barriers to litigation are lifted, contractors are concerned about their own exposure to lawsuits. Landers (2006) states, "many public officials and government agencies enjoy sovereign immunity," but expressed concerns of contractors who, "might be held liable for work it conducts at the behest of government entities" (p. 2).

Despite bearing the brunt of houses damaged, another state is getting more money for housing than Louisiana: Louisiana had; Mississippi had 61,386. Yet, data reflecting Federal grant money for housing shows a huge disparity: Louisiana has received $6.2 Billion with 204,737 homes with major or severe damage while Mississippi has received $5.3 billion with 61,386 homes with similar damage (Russell, 2006, p. 1). These concerns about the distribution of Federal funds have been attributed to the relative political strengths of the states receiving aid

CONCLUSION

The disproportionate hardships imposed upon Louisiana by the United States via the Cuban Embargo when the Port of New Orleans lost a major shipping destination; the expectation of Louisiana to bear the burden of hosting offshore oil exploration efforts without sharing in the royalties from those efforts, and most recently, the catastrophe of the levee failures and the aid after Hurricane Katrina all indicate that Louisiana is not receiving ethical, fair treatment by the U.S. government. The census figures illustrate that New Orleans has not kept pace in population with the rest of Louisiana, with its neighboring Jefferson Parish, nor with its rival in size, Baton Rouge. The downward spiral is traced to the era of the Cuba Embargo, which started the process. Katrina in 2005 may be the coup de gras.

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