

Medical Liability Reform in N.C.: All Pain, No Gain

State in critical condition, AMA says; election lowers prospect for any change

By BOB FLISS

Contributing Editor

KERNERSVILLE

The best prospect for a solution to North Carolina's medical liability "crisis" may be to wait and see whether President Bush will be able to force some action out of Congress.

Although national tort reform legislation would no doubt come as a relief to the medical profession, it would also represent a radical departure from federalist principles. States have traditionally had a great deal of discretion over tort laws, including medical liability.

"The issue is whether we are going to become a progressive state — or one that addresses the liability issue after it begins impacting people's access to health care," said Bob Seligson, executive director of the North Carolina Medical Society, the state's largest association of physicians.

Seligson said that his organization forecasts that there will be steady increases in malpractice-insurance premiums for at least the next five years. Although many doctors would like to see a cap placed on "pain and suffering" damages, the physicians are not committed to any one plan, Seligson said. Rather, they will be open to "anything that brings stability, fairness, reason, and predictability back into the system," he said.

California first to cap damages

In a few states, legislatures have managed to bring a measure of peace between doctors and lawyers. California passed the nation's first cap on jury awards for on noneconomic damages — pain and suffering — in 1975. Economic damages, including recovery of medical fees and lost earnings, were not touched.

This \$250,000 limit hasn't been raised in nearly 30 years. Other than some pressure to index the amount to inflation, California continues to enjoy probably the most stable medical liability climate in the country. Its example is almost invariably considered whenever legislators in other states start talking about tort reform.



Carolina Journal Artwork by Kim Pickering

North Carolina is among 20 states listed by the American Medical Association as being in a medical liability crisis. Of the other 30, all but California and five others are considered to have serious problems. The trend is not good — Massachusetts was moved to the "crisis" column in July, while no states have been downgraded recently.

Despite a few islands of calm like California, the tendency around the country is that doctors and personal injury lawyers have dug into their positions and aren't about to budge.

Tort reform got an airing in the 2003 and 2004 North Carolina legislative sessions. But in both years the General Assembly went home having accomplished little.

In April 2003, a medical group called Access to Quality Healthcare Coalition staged a demonstration at the State Capitol in Raleigh. While the sight of more than 2,500 doctors in white lab coats was great for the television cameras, it didn't light a fire under legislators. A Senate bill capping noneconomic damages at \$250,000 failed in the House.

This year, the House formed a Blue Ribbon Task Force on Medical Malpractice that held a series of public meetings. However, it adjourned without taking any action. The group did consider drafts of eight

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Shortage of flu vaccine reflects over-regulation, withdrawal of producers

By BOB FLISS

Contributing Editor

KERNERSVILLE

This year's shortage of flu vaccine didn't come without plenty of warning. In North Carolina, state health officials have had to deal with a problem that they never had much control over in the first place.

Dr. Steve Cline, chief of epidemiology of the N.C. Department of Public Health, said that the state has managed to obtain small amounts of flu vaccine from Aventis Pasteur, and that it is doling them out to county health departments.

About 45,000 doses arrived in early November, Cline said. They will be rationed among those most at risk — the elderly, children ages six to 23 months, pregnant women, and people suffering asthma or other chronic conditions that might make them susceptible to pneumonia or other complications.

Cline predicted that this year's shortage will demand corrective action at the federal level.

"We should recognize that this is an important national interest that we ought to take charge of and assure we have vaccine available for all citizens," he said.

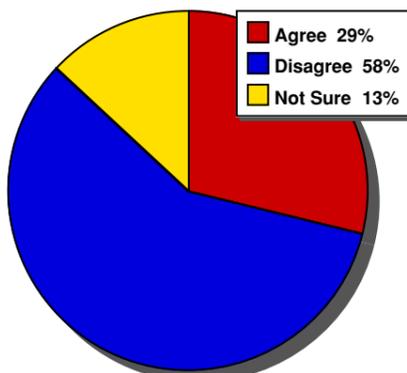
U.S. producers pull out

The federal General Accounting Office warned as early as 2001 that domestic producers were getting out of the market. Future supplies of what once was a cheap and common pharmaceutical could no longer be guaranteed. At the time, regulators were concerned over the fact that only four manufacturers were serving the U.S. market.

Market conditions got even worse over the following three years, until only two manufacturers remained. The French firm Aventis Pasteur produces vaccine in Pennsylvania, and it has become the principal supplier in this year's tight market. California-based Chiron Corp. is a relative new-

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PARTING SHOT

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Calendar

Locke Foundation to Host Fred Barnes Luncheon in January

On Monday, Jan. 24, the John Locke Foundation will host a luncheon featuring Fox News Channel Fred Barnes, political analyst and executive editor of *The Weekly Standard*.

The Weekly Standard, cofounded by Barnes, is a leading conservative magazine that began publication in September 1995.

Barnes is also cohost, with Morton Kondracke, of "The Beltway Boys" on Fox News Channel. He also appears regularly on Fox's "Special Report with Brit Hume."

Barnes has appeared on "Nightline," "Meet the Press," "Face the Nation," and "The McNeil-Lehrer News Hour." From 1988 to 1998, he was a regular on "The McLaughlin Group," where he was known for his humor and sharply worded exchanges with the other panelists.

The Media Guide awarded Barnes four stars, its highest rating, and said he was "a great political reporter-columnist" whose material is "exquisitely timed."

Insight magazine said Barnes was "a trendsetter... Without slitting a single throat or having to change his hat size, he has quietly become one of Washington's most prominent pundits."

In 1984, Barnes was chosen as a panelist for the first nationally televised debate between President Reagan and Walter Mondale after more than 100 journalists had been vetoed by the two campaigns.

Barnes is a graduate of the University of Virginia and was a Neiman Fellow at Harvard University. He covered the Supreme Court and White House for *The Washington Star* before joining the *Baltimore Sun* in 1979, where he was the *Sun's* national political correspondent. He also wrote the "Presswatch" media column for *The American Spectator*. From 1985 to 1995, he was



Journalist and TV personality Fred Barnes

senior editor and White House correspondent for *The New Republic*. Barnes has written for *Reader's Digest* (for whom he is a roving editor), *The Public Interest*, *Policy Review*, *Virginia Quarterly Review*, *The New York Times*, *The New York Times Review*, *The Wall Street Journal*, *Washingtonian*, *The Spectator*, and both *The Sunday Telegraph* and *Sunday Times* of London, *The National Interest* and *International Economy*.

At the luncheon, Barnes will preview what to expect from the newly elected Congress and President Bush's second term. He will also analyze the president's State of the Union address.

The cost of the luncheon is \$20 per person. The event will begin at noon at the Brownstone Hotel in Raleigh. For more information or to preregister, contact the Locke

Foundation at (919)828-3876 or events@JohnLocke.org.

"Carolina Journal Radio"

The staff of *Carolina Journal* co-produces a weekly newsmagazine, "Carolina Journal Radio," which is syndicated on 20 radio stations across North Carolina. You can visit CarolinaJournal.com to locate an affiliate in your area. Also, subscriptions to a monthly CD containing selected episodes of the program are available by calling (919) 828-3876.

"The Locker Room"

Every weekday, and sometimes on the slow news days of Saturday and Sunday, staff and friends of the John Locke Foundation pontificate about breaking news on an Internet weblog called "The Locker Room." President John Hood and *Carolina Journal* writers and editors monitor political and cultural developments in North Carolina and across the nation, and write short commentaries throughout each day and post them on the website immediately. To get a conservative perspective on breaking news daily, visit "The Locker Room" at www.johnlocke.org/lockerroom.

Shaftesbury Society

Each Monday at noon, the John Locke Foundation plays host to the Shaftesbury Society, a group of civic-minded individuals who meet over lunch to discuss the issues of the day. The meetings are conducted at the John Locke Foundation offices in downtown Raleigh at 200 W. Morgan Street, Suite 200. Parking is available in nearby lots and decks. *CJ*

Tort Reform Lags While Cost of Practicing Medicine Soars

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tort reform bills. Proposals range from such standbys as a California-style cap on non-economic damages to less familiar ideas such as offering doctors a tax credit for part of their malpractice premiums.

None of these measures seems to have gotten enough traction that anyone is willing to bet on tort reform having much of a chance when the legislature reconvenes next year.

Democrats and trial lawyers

Indeed, with the Democrats back in control of both houses after the 2004 election, the prospects for reform dropped a notch. In North Carolina, as around the nation, trial lawyers are heavy donors to the Democratic Party. Democratic lawmakers have returned the favor by maintaining the status quo that allows "jackpot" damage awards and the heavy contingency fees that go along with them.

Even at the national level, the chances for reform look cloudy as long as Republicans are short of a 60-seat supermajority in the Senate. Republicans got a taste of filibuster power this spring as tort reform legislation that had passed the U.S. House was talked to death by Senate Democrats. Considering that there are few remaining moderate Democrats who might cross the aisle on a cloture vote, the next Congress promises more of the same.

This still leaves open the possibility of some creative arm-twisting and judicious expenditure of political capital. Although national security trumped every other issue, Bush throughout his campaign managed to touch on the need for tort reform. Bush occasionally sneaked in a jab at the Democratic vice presidential candidate, North Carolina Sen. John Edwards, who made a fortune off high contingency fees that will likely be a target in any reform proposal.

In his first weekly radio address after his re-election, Bush said: "We must continue to confront the junk and frivolous lawsuits that are driving up the cost of health care and hurting doctors and patients."

So how many of these lawsuits are really junk?

Here's one thing on which both doctors and lawyers agree. A variety of sources said that perhaps 10 percent of malpractice lawsuits ever got to a jury. Of the rest, about half were settled, and the rest were thrown out of court.

But of those that go the distance, the chances for a jackpot damage award have increased. In North Carolina, the number of settlements greater than \$1 million increased from six in 1993 to 19 in 2002.

Doctors, insurers team up

Despite the fact they're paying more, doctors appear to have little anger at their insurers. One advantage the reform movement has is that doctors and insurers will present a united front against their presumed enemies, the trial lawyers.

Naturally, there have been attempts to drive a wedge between doctors and insurers. The North Carolina Academy of Trial Lawyers has accused insurers of price gouging and charging doctors to make up for their own bad investment decisions. The lawyers group offers graphs that purport to show that malpractice rates have closely tracked the rise and fall of the stock market.

However, insurers counter that their premiums are based on their forecasts of both the investment markets and claim activity. Premiums aren't raised just to re-

coup bad investments or big claims.

Seligson said that it should be obvious that the insurance companies aren't reaping unfair profits. The trend has been for insurers to get out of medical malpractice, leaving a few specialist firms. Indeed, most of North Carolina's doctors are insured by only two firms.

Another argument by trial lawyers that seems more defensible is that malpractice premiums aren't causing doctors to flee the state. It is true that the number of physicians has grown faster than the population.

Some specialties attract lawsuits

But there is also evidence that suggests insurance considerations might be keeping some young doctors out of certain vital but high-risk specialties.

According to the Medical Mutual Insurance Company of North Carolina, which provides malpractice insurance to more than half of the state's physicians, base premium rates skyrocketed from 1995 to 2003.

Because some specialties are sued more than others, not all doctors pay the same premiums. According to Medical Mutual, emergency-room physicians endured the largest percentage increase from 1995 to 2003. Their rates rose 153 percent to \$24,000 a year.

Nearly all doctors agree that OB-GYN specialists are at the greatest risk of being sued. Edwards made a large share of his reputation and fortune by suing doctors who delivered babies afflicted with birth defects such as cerebral palsy. Edwards was able to persuade juries that these conditions were the result of mistakes made during the delivery rather than some unavoidable genetic defect.

The pressure on OB-GYN practitioners shows in their insurance bills. Medical Mutual reports that an OB-GYN specialist can expect to pay \$100,000 in annual malpractice premiums, an eight-year increase of 137 percent.

The nightmare scenario painted by the AMA and other physician groups is that medical liability will become so expensive that doctors will relocate their practices to other states that have friendlier laws.

Dr. Conrad Flick, president of the North Carolina Academy of Family Physicians Inc., said that he hasn't observed many doctors fleeing the state, if for no other



reason than they have the same motivation as anyone else to sink roots in a community. Flick works in a private group practice in Raleigh.

However, there is already a considerable attrition occurring in ways that are less obvious than doctors taking down their shingles, Flick said. Liability concerns have led many doctors to drop high-risk specialties from their practices.

"Few family practitioners will deliver babies anymore because of the liability exposure," Flick said. Rural areas where a few family doctors have to provide all the primary medical care will be hardest hit. Where delivering babies was once a basic competency of the old-time country doctor, rural residents will increasingly have to travel to find obstetric care.

Even family physicians who don't do obstetrics saw their premiums rise 115 percent, to \$9,000 annually, according to Medical Mutual. Another high-risk group is general surgeons, who can expect to pay \$40,000 a year for malpractice insurance, a 127 percent increase, according to Medical Mutual.

Lawsuits to multiply, expert says

The country has become so litigious that it's likely that most doctors will be sued at some point in their careers. In a new study for the John Locke Foundation, Michael Krauss, professor at the George Mason University School of Law, said that it's no longer possible to blame malpractice cases on a handful of "bad apples" among physicians. In fact, 55 percent of emergency-room physicians, 62 percent of obstetricians, and 70 percent of general surgeons average at least one malpractice suit filed against each of them.

Krauss emphasizes that the tort system was never intended to become a substitute for insurance, or to make good every mis-

fortune suffered by innocent people. "Rather, the essence of tort law is to reallocate risks when one person has wrongfully and without consent caused harm to another," Krauss wrote.

Unfortunately, juries don't always see it this way. Krauss mentions a 1997 North Carolina case in which the parents of a neurologically handicapped child got a jury award of \$23 million. Krauss tartly observes that even the plaintiff's lawyer "seemed to concede that his case was not really about proving physician wrongdoing so much as it was about getting money from an insurer to take care of the upbringing of a handicapped child."

Reacting to legal threats

With the legal system targeting whom ever is presumed to have the deepest pockets, doctors have learned to practice "defensive medicine." To avoid second-guessing by lawyers, many physicians will order unnecessary tests. Family practitioners will refer cases to specialists that ordinarily would be well within their competency.

"The doctor who has been sued... learns to treat his or her patients as future adversaries. Overuse of knowingly needless and expensive procedures... is just one way in which med-mal's costs filter down to the entire population. Demoralization of the healing arts is another way in which this misdeed is done," Krauss wrote.

Krauss isn't terribly optimistic about many of the ideas that have been mooted for reining in malpractice premiums. He believes that a California-type cap on pain and suffering is economically and legally sound, although \$250,000 may be too little. On the other hand, he sees a "hard cap" on both economic and noneconomic damages, such as Virginia instituted a few years ago, as unfair. A limit on economic damages means that a patient with a legitimate case might end up stuck with huge medical bills and lost wages. Meanwhile, those with relatively minor claims would have a good chance of recovering 100 percent of their losses.

Krauss also doesn't think much of another idea that surfaces in most debates on malpractice — capping lawyers' contingency fees.

The North Carolina Academy of Trial Lawyers has maintained that any crimp on the percentage a lawyer can earn from a case would only restrict the people's access to the court system. Many plaintiffs don't have the money to sue, and medical malpractice cases are notoriously expensive to try, requiring many hours of preparation and the hiring of expert witnesses.

A typical contingency cap might limit lawyers from collecting more than 30 percent of the first \$250,000 and 10 percent of anything above that. But Krauss noted that the only effect of such a cap would be to induce lawyers to jack up their demands for damages still further. cj

Bacteria Contaminated Batches of Vaccine

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comer to vaccine production, having acquired a plant in the United Kingdom as a sideline to its other pharmaceutical businesses in 2003.

The Chiron plant near Liverpool was supposed to produce 46 million to 48 million doses of vaccine to fill nearly half of this year's anticipated U.S. demand. But the manufacturer reported in August that it had found some batches of vaccine were contaminated by bacteria and that ship-

ments would be delayed. By early October, British regulators decided to suspend Chiron's license.

According to published reports, the problems at the Chiron plant affected only a few batches of vaccine. Most of the vaccine was untainted. However, a regulatory decision was made to condemn all of Chiron's vaccine production for the year.

It might be asked whether regulators weighed the risks correctly. By suspending Chiron's license, regulators assumed the possibility that something might be wrong

with one of the clean batches of vaccine was a greater hazard than the certainty that there wouldn't be enough vaccine for everyone.

However, Food and Drug Administration officials said that they reviewed reports by British regulators and would have taken the same action.

The industry's problems have urged more coordination between private manu-

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Around the State

Before the election, polls showed health care to be one of the top three issues for voters, as candidates debated the effects of medical malpractice trends on rising costs.

North Carolina, like other states, is considering important modifications to its common law of tort, and especially to that subset of tort known as medical malpractice. This is because malpractice insurance premiums for North Carolina physicians are apparently increasing at a rapid rate, which allegedly imperils the quality of medical care for North Carolinians. Proponents of tort reform insist that such reform is the only way to ensure that quality medical care remain affordable in the Tarheel State. Opponents of tort reform say that fluctuations in interest rates, and the "insurance cycle" in general, account for premium changes and that tort reform would imperil the health of North Carolinians by "subsidizing" negligent physicians.

Michael Krauss, a professor of law at George Mason University and a nationally known expert on medical malpractice, is the author of a new policy report by the John Locke Foundation that seeks to separate political rhetoric from reality in North Carolina.

Although not in as bad a shape as some states' systems, Krauss concludes that "the malpractice situation is clearly worsening in North Carolina and the time for reform is ripe." He provides a blueprint for reform in the state that addresses such issues as mediation and arbitration, contingency fees, the collateral-source rule, caps on noneconomic damages, and no-fault compensation proposals.

In particular, Krauss offers both praise and criticism of specific elements of a reform bill that passed one chamber of the General Assembly last year. If passed without modification, he said, the bill "may do some good, and will certainly do some bad," pointing to a proposed excess-liability fund in North Carolina as "an incoherent answer to whatever problem the legislators were addressing."

In the paper, Krauss answers some common objections to medical-malpractice reform, which is opposed by many trial lawyers and some consumer advocates. Noting that insurance premiums in North Carolina soared by 115 percent to 153 percent (depending on the medical specialty) from 1995 to 2003, Krauss dismisses the notion as "political demagoguery" that the increases are caused by insurance company gouging.

Because "the insurance industry is among the most competitive in the land," he said, "there is simply no chance to 'gouge' when any pricing inefficiency will be competed away by another firm.

"Indeed, it is estimated that 80 percent of all practicing North Carolina physicians are either insured by a mutual insurance company [that] they co-own or are employees of an institution that is substantially self-insured. Nor is it true that 'a few bad apples' among the doctors are causing the problem in North Carolina."

CJ

State, federal officials investigate possible coverup

Ferry Service in Corolla Was Doomed From Start

By DON CARRINGTON

Associate Publisher

RALEIGH

Federal documents indicate that the N.C. Department of Transportation's Currituck-to-Corolla passenger ferry service that was to start May 1 this year was doomed from the start. A May 2003 feasibility study presented to the General Assembly by Ferry Division Director Jerry Gaskill failed to mention past problems in obtaining a dredging permit at the Corolla end of the route.

In 2002 Currituck County officials said a ferry service was necessary because Currituck public school students on the Outer Banks would no longer be able to attend the closer Dare County public schools. They said the bus ride for students to the mainland would be too long. With State Senate President Pro Tem Marc Basnight of Dare County as the driving force, the legislature appropriated \$834,000 in June 2003 for the project. That appropriation was based on Gaskill's study that said, "the proposed ferry service is feasible, assuming the appropriate permits can be obtained." But in the study, Gaskill failed to address two previous unsuccessful attempts by Currituck County to obtain a dredging permit for the Corolla location.

The new ferry service has been plagued with problems. The 50-foot, 50-passenger pontoon boat has been delivered to the state shipyard in Manns Harbor, but service cannot start because the boat has nowhere to operate at Corolla. The plans for the project called for a floating concrete dock to be attached to an existing pier at the Currituck County property known as the Whalehead Club.

In addition, state and federal agencies have launched investigations into illegal dredging by the Ferry Division. The Corolla landing was damaged in May 2004 by a Ferry Division workboat that used its propeller to cut out a large section of the sound bottom. N.C. Department of Transportation documents show that dredging at Corolla was necessary and was in the project budget, but neither NCDOT nor Currituck County have applied for a permit from the U.S. Army Corps of Engineers.

Gaskill told newspapers that the incident was an accident and happened when the boat got stuck marking the channel. If intentional, the process is known as "kicking" a channel. The new channel is estimated to be 700 feet by 30 feet, and 5 to 6 feet deep. Previously the area was 2 feet deep.

In response to the "accident," the N.C. Division of Coastal Management issued NCDOT a violation notice in June 2004 for dredging without a permit. The Corps of Engineers, the U.S. Environmental Protection Agency, and other government organizations are investigating the incident.

The 1996 application

The Whalehead Club was originally developed as a private hunting and fishing club during the 1920s. The centerpiece of the property is a large home, but the Corolla lighthouse is adjacent to the site. A 36-slip boat basin was built in the late 1980s, but because of shallow water in the Currituck Sound only shallow-draft boats can enter the basin.

Currituck County acquired the property in 1992 after a private developer went bankrupt. Hoping to attract tourists, the



Carolina Journal Photo by Don Carrington

A 50-foot passenger pontoon boat sits at the state shipyard in Manns Harbor.

county continues to make improvements to the site.

In July 1996 Currituck County applied to the Corps of Engineers for authorization to dredge an access channel to the basin, place rocks along the shoreline, and place fill material into wetlands. As standard procedure, the Corps circulated the application to several state and federal agencies for review and comment.

In August 1996 the National Marine Fisheries Service of the U.S. Department of Commerce recommended to the Corps that the dredging permit be denied. "We have determined that this work would result in an unacceptable loss of habitat that supports NMFS trust resources of national importance and recommend that federal authorization of this project not be granted," wrote Assistant Regional Director Andreas Mager, Jr.

Also in August the state Division of Coastal Management put a hold on the dredging project until Currituck County prepared an environmental assessment. Those events put the entire request on hold, so in September 1996 Currituck County withdrew the dredging request from the permit application. The other two components were permitted.

The 2000 application

In June 2000 Currituck County applied again for a permit to dredge a channel at the same site in Corolla, and again state and federal agencies opposed the project.

The U.S. Fish and Wildlife Service objected to the dredging. "If permitted, the proposed activities will have irreversible and significant adverse impacts on important fish and wildlife resources and aquatic resources of national importance," said Ecological Services Supervisor Garland Pardue in a letter to the Corps. The National Marine Fisheries Service of the U.S. Department of Commerce also disapproved the project because it would harm commercial fishing.

The EPA also wrote the Corps, saying, "The State Field Investigation Report states that there are no records of dredging in Currituck Sound, Whalehead Bay, or at the Whalehead Club. Therefore, EPA does not believe that this project proposal constitutes maintenance dredging, and it should not be considered such. It is the opinion of EPA that this project, as proposed, may result in substantial and unacceptable im-

pacts to aquatic resources of national importance. We request that authorization for this project be denied."

Based on "a significant adverse impact to fisheries resources," the N. C. Department of Environment and Natural Resources also objected to the dredging. "It is necessary that your request for a permit under the state Dredge and Fill Law be denied," Division of Coastal Management Director Donna Moffitt wrote in a letter to Currituck County officials. She also noted that as long as a state permit denial stands, no federal permit could be issued. On Oct. 24, 2000, the Corps notified Currituck County that the permit to dredge had been denied.

DOT Board member Stan M. White of Nags Head said that he understood dredging was desirable, but that the boat could operate without a new channel. "It was my understanding that under normal conditions it would be OK," he said.

DOT Deputy Secretary David King said that on some days, with a strong wind, the sound can be too shallow to operate in. But even if there is enough water there are other concerns. "Even if there is plenty water, there are going to be days that it is going to be too rough to have a boxy little ferry with kids in it out in Currituck Sound. It will not be a reliable day-in-and-day-out way to get these kids across."

He acknowledged that a backup bus system is necessary. He also said that DOT is now considering moving the Corolla landing location.

While the project was initially supposed to assist up to 40 students, CJ has learned that there will be only six students involved this year. As previously reported, a new Dare County elementary school scheduled to open next year should alleviate the crowding situation and the need to transport any students across the water.

Former Superintendent of Dredge and Field Maintenance Bill Moore, who reported directly to Gaskill, claimed responsibility for illegal dredging. He resigned from state government Sept. 30. Moore and Gaskill were the focus of a raid on Ferry Division offices by state and federal law enforcement officials Aug. 26.

If state or federal prosecutors charge Gaskill or Moore for the incident, state government lawyers may not be able to defend them. "We have not received any requests to provide representation related to this investigation. We routinely advise individuals to consult with a private attorney if they believe they may bear criminal culpability," Department of Justice spokeswoman Noelle Talley said.

CJ

"...there are going to be days that it is going to be too rough to have a boxy little ferry with kids in it out in Currituck Sound."

*Perfect storm of lawsuits, regulations, mutating viruses***Vaccine Harder to Find After Producers Leave the U.S. Market***Continued From Page 3*

facturers and health officials. They've largely skirted the issue of how a combination of market disincentives has pushed manufacturers to the wall.

Independent critics have been under no such constraint. Various sources apportion the blame to a combination of product liability lawsuits, heavy-handed regulation, and the difficulty of staying one step ahead of the always-tricky flu virus.

FDA imposes restrictions

However, a study published this summer by The Independent Institute, a California think tank, puts the blame squarely on the FDA. The author, Arthur Foulkes, contends that U.S. drug companies began getting out the vaccine business *en masse* when the FDA introduced tougher inspections in 1999.

Foulkes notes that the FDA's "current good manufacturing practices" program covers nearly everything that happens in a pharmaceutical plant — even down to the way employee washrooms are set up. The regulations can be unbelievably picky — for example, the use of ditto marks on manufacturing records is forbidden.

The good-practices standards allowed regulators to demand costly plant upgrades, even though the manufacturers were producing safe vaccine with older equipment, Foulkes reported. The vaccine industry is anticipating efficient new production technology in a few years, so manufacturers are naturally reluctant to sink new money into older plants.

Among the companies driven from the flu vaccine business was King Pharmaceuticals Inc., whose Parkedale plant in Rochester, Mich. plant ran afoul of FDA inspectors in 1999-2000. The plant was shut down several times as management attempted to comply with regulators' demands. Ultimately, King decided to walk away from the flu-vaccine business, writing off a \$45 million loss. Foulkes said that despite this financial hit, King's stock rose as soon as the company disclosed it was dropping flu vaccine.

At no point in King's ordeal did regulators identify a single unit of defective vaccine coming from the Parkedale plant, Foulkes reported. Parkedale had been producing about 12 million units of flu vaccine a year, or about 15 percent of annual U.S. demand.

The example of King Pharmaceuticals and other firms leads Foulkes to argue that the federal government should allow the private sector to police itself. Private certification agencies — a pharmaceutical industry equivalent to Underwriters Laboratory — could do the job of the FDA faster, cheaper, and better.

Foulkes has little to say about the tort system, other than that it provides yet another incentive for manufacturers to keep their houses in order without regulators breathing down their necks.

Lawsuits and legislation

William Tucker, reporting in *The Weekly Standard*, assigns a greater share of the blame to product liability lawsuits. He also noted that the U.S. market for vaccines of all kinds has been depressed since Congress passed the Vaccines for Children Act in 1993.

The legislation was prompted by a measles epidemic in 1989-1991, during which health officials found that many children had not been immunized. Accordingly, Congress decided to transform child-

hood vaccinations into an entitlement program, which became operational in October 1994.

The law provides vaccines free to children 18 or under who are eligible for Medicaid, have no health insurance, or have health insurance that doesn't cover immunizations.

The result has been a typical lesson in the law of unintended consequences. Prior to Vaccines for Children, doctors bought vaccines from manufacturers and administered them to patients, with usually a modest markup. Today, about half of not just flu, but all vaccines, are purchased by the federal government at a low fixed price.

"This has essentially finished off the private market," Tucker wrote.

Flu shots in North Carolina

In early October, state health officials took the unprecedented step of urging anyone who wasn't in a high-risk group to refrain from taking a flu shot, so that the scarce supplies would be available for those most in need.

Soon afterward, the federal Centers for Disease Control and Prevention announced a policy barring physicians from administering vaccine to anyone not in a high-risk group.

Cline explained that the state for many years has given such edicts the force of law. Technically, a North Carolina physician could now be charged with a misdemeanor if he administers vaccine to anyone who isn't in a high-risk group — although Cline said that he doesn't expect this will be a problem.

The flu season in North Carolina usually peaks in January and February, and it's hard to forecast how severe this year's season will be, Cline said. Last year, health officials briefly feared a bad season mainly because a number of pediatric cases were reported as early as October. As things turned out, flu was mild last year.

More supplies will become available in November and December, and Cline said that even a late vaccination might still be beneficial. Ideally, vaccination in September through November is recommended in order to allow people's immune systems ample time to build flu antibodies.

"We need better assurances than putting our eggs in two baskets," Cline said. This well-worn phrase is particularly appropriate for the vaccine industry, which uses millions of fertilized chicken eggs each year to culture the flu virus. After several weeks of incubation, the live virus is extracted from the egg whites, inactivated, and made into vaccine. Each egg is good for four or five doses.

Each year's vaccine is what might be called a "limited edition." Manufacturers and health officials usually meet in February to decide which three strains of flu virus are most likely to be troublesome during the next winter. Cultures of these three are combined to make that year's vaccine. Supplies of the previous year's vaccine are useless and must be destroyed.

Cline explained that this manufacturing technology has been around for many years. It's rather slow and labor-intensive. New cell-culture technology should be per-



A nursing supervisor gives a flu shot to a civilian at Fort McCoy, Wis.

fectured within a few years, which should make production easier and cheaper.

In the meantime, manufacturers are going to be reluctant to upgrade their old plants. Given a choice between getting out of the business and an FDA demand to upgrade an aging but still viable plant, manufacturers may well choose to suspend production, knowing they may be able to get back into the vaccine business when the new technology arrives.

Largely forgotten today is the fact there was also a flu-vaccine shortage in 2000-01. According to the federal General Accounting Office, vaccine production lagged six to eight weeks behind demand. This was in part because two of four manufacturers were cited by the FDA for violations of

"good manufacturing practices" and had to shut down part of their plants. Also, another manufacturer had trouble growing one of the three virus strains that was to be included in that year's vaccine.

The GAO's subsequent report on the 2000-01 shortage acknowledged that vaccine supply is the job of the private sector but failed to say much about the market disincentives driving manufacturers out of the business. Although the GAO noted in passing that manufacturers were having trouble with FDA compliance, it said little about the costs and presumed benefits of these regulations.

The GAO revisited the flu-vaccine problem in a study published in September. One of the most significant changes was in the federal government's estimate of flu-related deaths and hospitalizations. Now, the official estimates are 36,000 annual deaths, up from 20,000, and 200,000 hospitalizations, up from 110,000. These are ballpark figures that should be qualified by the fact that about 90 percent of the influenza deaths and hospitalizations in any year are among the elderly, many of whom are weakened from various chronic health problems.

In its latest report, the GAO also estimated that as many as 185 million Americans could fall within one of several at-risk categories who might benefit from a flu vaccine. Therefore, demand for the vaccine will most likely grow in the coming years, especially as baby boomers begin to reach retirement age. cj



For more than 12 years, *Carolina Journal* has provided its thousands of readers each month with in-depth reporting, informed analysis, and incisive commentary about the most pressing state and local issues in North Carolina. With a particular emphasis on state government, politics, the General Assembly, education, and local government, *Carolina Journal* has offered unique insights and ideas to the policy debate.

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NC News In Brief

School violence report

The 2003-04 Annual Report on School Crime and Violence shows increases in the number of incidents reported by local school districts, yet 46 percent of all schools reported no acts of crime or violence. Another 40 percent of schools reported five or fewer acts.

There were 9,800 reportable incidents of crime and violence for a rate of 7.371 acts per 1,000 students statewide. In 2002-03, there were 8,548 reportable incidents of crime and violence for a rate of 6.581 per 1,000 students.

North Carolina education leaders noted that there has been a concerted effort over the past several years to improve reporting by standardizing definitions, clarifying what should be included in the report, providing statewide training, and streamlining the process for submission of data.

State Superintendent Patricia Willoughby said schools continue to be safe places for young people. "Our number one goal is for public schools to provide a safe teaching and learning environment. This is the first step for helping students achieve their potential. This year's numbers indicate a need for more detailed analysis of the causes behind the increase."

The annual report tracks 17 reportable offenses, three of which were added in 2002 by the State Board of Education: bomb threats, possession of alcoholic beverages, and burning of school buildings. About 40 percent of all local school systems reported a decline in the number of reportable offenses, three school systems reported no change, and 57 percent of school systems reported an increase.

As in the past, the four most frequently occurring incidents account for most of the reported acts of violence or crime on public school grounds. Accounting for 91 percent of all reported acts were: possession of a controlled substance in violation of the law, 3,848; possession of a weapon, 3,402; possession of an alcoholic beverage, 841; and assault on school personnel not resulting in serious injury, 834.

NCLB 'measured progress'

A report released in October by the Education Trust presents achievement data from 24 states in order to track progress toward the goal of 100 percent proficiency in math and reading, as the No Child Left Behind law expects states to achieve by 2014.

The study found that scores are moving in the right direction, but not quickly enough. Since 2002, math scores have risen in 23 of the 24 states with three years of data. In reading, 15 of 23 improved. The achievement gaps, both for minorities and for poor students, narrowed in most states.

Florida showed the greatest gains in both math and reading, while California, Delaware, Mississippi, North Carolina, Pennsylvania, and Virginia also demonstrated noteworthy improvements in both subjects. CJ

Company Wants Hearing on DPI Contract

State awarded project to a company that submitted higher bid, competitor says

By DON CARRINGTON
Associate Publisher

RALEIGH Knowledge Network Solutions has petitioned the Office of Administrative Hearings to review the award of a \$27 million contract to improve students' reading that the Department of Public Instruction awarded to a rival firm. The rival firm is Voyager Expanded Learning of Dallas, which has former Gov. Jim Hunt on its board of directors.

Knowledge Network said that DPI first accepted its team's bid of \$17.8 million, but rejected the bid and awarded it to competitor Voyager Expanded Learning, which had put in a bid of \$26.9 million.

Knowledge Network Solutions of Raleigh is part of a team involving IBM and Best Practice Networks. Knowledge Network CEO Jon Beard hired Raleigh lawyer Dan Boyce to represent his company and file the petition. Beard wants the contract award to be reversed or put out for bid again. Boyce expects the respondents to file objections and try to avoid a hearing.

The petition alleges that June Atkinson, then director of Instructional Services, who was responsible for evaluation of the bid, eliminated the Best Practice team based on erroneous information. Atkinson has resigned from DPI and was the Democratic nominee for state superintendent of public instruction. (The outcome of the election was not settled at press time.)

The petitioner also claims that the award process was flawed because the award was supposed to go through the Board of Award Approval for all information technology purchases of more than \$100,000. The petition alleges that the board would have noticed the \$9 million differ-



June Atkinson

ence, seen specifically what Atkinson had objected to, and given Best Practices an opportunity to clear up any misinformation. The petition names State Superintendent Patricia Willoughby, Attorney General Roy Cooper, and Chief Information Technology Procurement Officer Patricia Bowers as respondents.

June Atkinson told *Carolina Journal* that the state's request for proposal required 80 hours of online instruction for teachers in how to teach reading and that the Best Practices team bid did not meet that requirement.

The federal No Child Left Behind Act requires that more children receive effective reading instruction in early grades. North Carolina is scheduled to receive \$153.9 million over the next six years to ensure that all children learn to read well by the end of

the third grade. In North Carolina the goal is to be accomplished by applying scientifically based reading research to reading instruction in all state schools.

To accomplish this, extensive teacher training in the reading program will be required.

DPI decided to request proposals for an on-line professional development program specifically designed for the North Carolina Reading First initiative.

DPI had set aside \$29 million for the project. The request for bids was issued Sept 9, 2003 and submissions were due by Oct. 4, 2003. The Best Practices team and Voyager submitted the only two bids. Finalists for the bid were to be selected by Nov. 14, 2003 and negotiations, oral presentations, and product demonstrations were to be completed by Nov. 25. The bid award was to be made Dec. 3, but no decision was made and the Statewide Information Technology Office extended the award date until Feb. 21, 2004.

On Jan. 16 the Best Practices team received a letter stating, "It appears that Best Practices Networks will be the vendor for a contract resulting from this RFP" (request for proposal). But on Feb. 19 the award date was extended again until March 31.

A request for a best and final offer was received by the Best Practices team March 31 and was due back April 7, 2004. Since the team had already been notified that it had won the contract, Beard said the request was "quite confusing and alarming." On April 14, 2004 a bid award was made to the competitor Voyager.

Boyce also sent a letters to Gov. Mike Easley, State Auditor Ralph Campbell, Cooper, and U.S. Attorney Frank Whitney asking each of them to review the matter. CJ

Report Questions N.C. Teacher 'Crisis'

By CAROLINA JOURNAL STAFF

RALEIGH North Carolina policymakers and educators are debating ways to combat what they call a teacher-shortage "crisis" in the state, but a new report from the John Locke Foundation questions the extent and source of the problem.

Dr. Karen Palasek, a policy analyst at the Raleigh-based think tank, compared recent projections of school-enrollment trends produced by state and federal officials and found some surprising and dramatic differences.

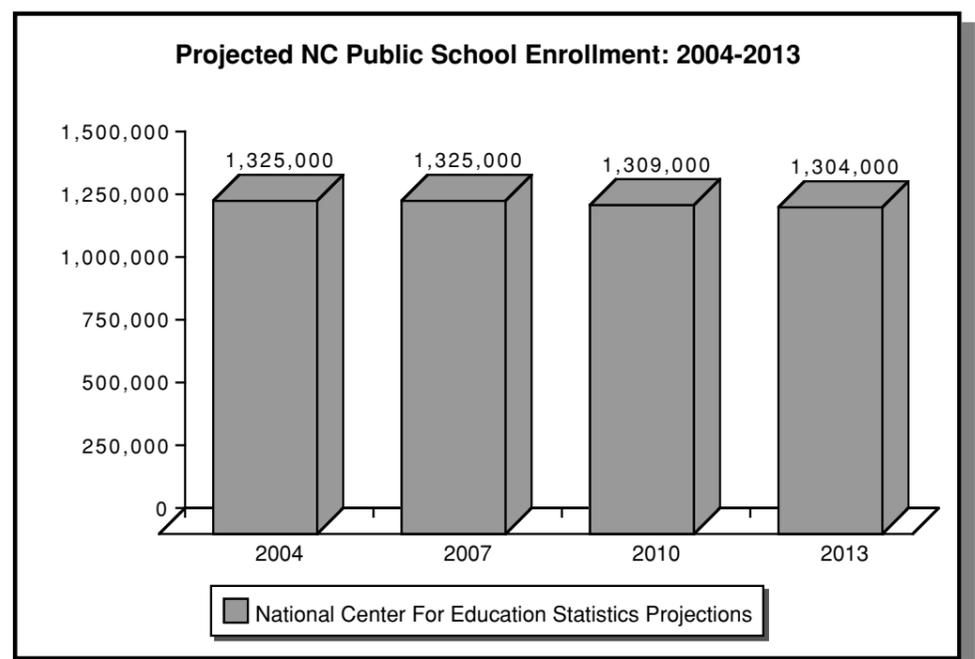
In a Spotlight briefing paper, "Truth on Teacher Shortage," she wrote that Gov. Mike Easley's prediction of "exponential growth" in public-school enrollment — offered as a justification for new teacher-recruitment incentives and initiatives — was "so far unsupported by the official national data."

According to projections from the National Center for Education Statistics, enrollment in North Carolina public schools will begin to decline after 2007 and reach 1,304,000 students by 2013, a net decline of about 21,000.

Demographic changes appear to be the most important factor explaining the trend, Palasek wrote.

Teacher-turnover rates have also declined in recent years, and do not appear to be substantially different from rates of job change in other, comparable professions.

Previous John Locke Foundation research has shown that North Carolina's public-school teachers already earn sub-



stantially more than the national average, when properly measured or compared with other industries and professions.

"Clamor about an emergency situation regarding schools and teaching staff in North Carolina makes good media and political fodder, not necessarily a good guide to policy," Palasek wrote.

She did note that many school systems were finding it difficult to fill particular teaching slots, especially for subjects such as math and science, and that policies such as the governor's class-size reductions and President Bush's No Child Left Behind Act had increased the need to recruit teachers.

The problem of attracting teachers to particular schools, grades, or subject areas is largely a consequence of rigid pay scales that do not allow compensation to differ substantially based on school needs or the performance of individual teachers, Palasek wrote. Palasek called for a more market-based approach that would allow districts and school principals to differentiate pay to address their specific needs.

"Clearly, teacher recruitment and retention is a challenge that will always have to be met," Palasek wrote, but "the data do not suggest that there is a teacher crisis in North Carolina." CJ

*Test indecision; parents confused by jargon***Reading Scores Bedevil Middle School ABCs**

By KAREN PALASEK

Assistant Editor

RALEIGH

The North Carolina State Board of Education continued to wrestle with test scores and end-of-grade reports in November in an effort to resolve a number of vexing accountability issues. The most recent concern is the 2003-04 testing result for sixth-grade reading. Only two of North Carolina's 388 middle schools achieved "expected growth" in sixth-grade reading for the 2003-04 school year.

Expected growth is one of several components of North Carolina's education accountability program, the ABCs of Public Education. End-of-grade and end-of-course tests were originally designed to determine a student's level of academic proficiency, known as Levels I to IV, based on state standards. Early in the ABCs program, the state offered cash awards for schools that achieved "exemplary" growth. Today, only "no recognition," "priority," and "low-performing" schools do not receive the bonuses.

Bonus eligibility is determined by how students score on state tests. End-of-grade results can make or break any school's eligibility status. So far, the bonus issue is receiving as much attention as whether the tests were flawed, or whether sixth-grade students did not progress.

Validation vs. credibility

The North Carolina Education Association and the state's Compliance Commission have both argued for dropping the troublesome scores from the ABCs calculation for 2003-04. Faulty tests are to blame, according to the groups and a number of middle-school teachers and principals.

Leonard King, principal of Carnage Middle School in Raleigh, said the state board needs "to discard those scores in order to safeguard the integrity of the accountability program." Principal Greg Decker, of West Lake Middle in Cary, said the board should discard the scores and "correct an error like any teacher would do in the classroom." In Durham, teacher Chass Hood described the results as "extremely discouraging," in light of the fact that teachers "feel we have done a good job and then someone comes along and says you have to do more." Hood said the results were "a slap in the face." Some teachers expressed amazement that the board did not drop the reading tests and adjust the ABCs scores immediately.

The North Carolina Compliance Commission, a 22-member board of advisors to the State Board of Education, recommended that "results for the 2003-04 ABCs of growth be recomputed removing 6th grade reading results from the growth calculation for all schools that include a sixth grade," and to "hold harmless" school results for 2003-04.

Past problems, coming review

Concerns about state tests are not new. In 2001 only 47 percent of North Carolina's fourth-graders passed the state-designed end-of-grade writing tests, down from 70 percent in 2000. Seventh-grade results were down by 10 points from 2000 to 2001. As a result, the state board dropped writing from the ABCs calculations. SBE plans to bring writing back into the ABCs in 2004-05 under one of several options available.

More than 95 percent of third- through eighth-graders achieved passing grades on the 2002 end-of-grade math tests. Scores were eventually adjusted under a higher standard. Bonuses were not rescinded.

So far, the state board has declined to drop sixth-grade reading scores from 2003-04 results. Members of the SBE expressed distress about the scores in the November meeting, but cited serious credibility concerns for the state's testing and accountability system. Last year, the board refused to recalculate exceptionally high reading scores, and noted, along with representatives of the Department of Public Instruction, that this may just be a "catch-up" year. The final vote is scheduled for December.

If the SBE accepts the recommendations of the Compliance Commission, 253 schools will change status. Of those, 125 schools will meet expected growth, 107 will change from meeting expected growth to meeting "high growth," a measure that means about 10 percent higher achievement, and 21 would move from not meeting expected growth to meeting high growth. At the state level, 81.2 percent of schools rather than 75.1 percent, would meet expected or high growth levels. Since teacher bonuses ride on these measures, the change would also mean that 15

Do you know?*What a "Priority School" is?**What an 'LEA in need of improvement' means?**What 'AYP' stands for?**Whether the ABCs of public education is a state or a federal program?**Whether end-of-grade tests count for No Child Left Behind, for state results, or for both?**Whether adequate yearly progress is a state or a federal achievement measure?**How many of North Carolina's 388 middle schools achieved expected progress in sixth-grade reading in 2003-04?*

percent more schools qualify — a dollar figure that is uncertain, but could amount to \$15 million, some estimates.

This recent controversy over test scores puts the state's teachers, parents, state education agencies, and legislature potentially at odds with one another. Under the HB 1414 special budget provisions, the Department of Public Instruction is scheduled to review the entire ABCs program, including its standards and formulas, and recommend changes for the 2005-06 school year.

Are parents concerned?

Perhaps surprisingly, parents have made little comment about the questionable test scores. Carol White, of the North Carolina PTA, said she had received no feedback or inquiries before *Carolina Journal* contacted the organization. White said local PTAs might be hearing from parents, but she echoed SBE discussion by noting that "there really is some concern about the credibility for the entire program. They [SBE] don't want to refuse to adjust when scores are high, but then adjust for a low year."

According to Uma Avva, who works with the Guilford Council of PTAs, parents don't understand the different state and federal accountability measures. She said that she doesn't think the council has heard from parents on the sixth-grade reading issue, but that Guilford has larger concerns. As of this year, Guilford is a local educational agency in need of improvement under the federal No Child Left Behind standards. The district has failed to achieve adequate yearly progress for two consecutive years.

Speaking as a parent, Avva said the top-down nature of federal accountability and the lack of coordination with state standards leave most parents in the dark about how they can help. One big problem: Parents don't know the jargon.

"If they understand it, they can cooperate better," Avva said. Guilford Council of PTAs invited U.S. Rep. Brad Miller to speak to the council about the No Child Left Behind Act. The group's hope is that the council could help parents understand the language of state vs. the federal accountability systems. Parents need to understand more than "NCLB is some kind of achievement measure, and kids have to take a test," she said.

Avva said the federal scores are still "baseline data." Because there is no "gold standard" by which the No Child Left Behind Act can be measured, she said, it is more difficult to put a good improvement strategy in place. As a parent, Avva said, she would like to see nationally standardized tests such as the Iowa, or the National Assessment of Educational Progress, replace North Carolina end-of-grade exams in the federal adequate-yearly-progress calculations. Now, schools and districts can fail at the federal level but still qualify for ABCs bonuses. CJ

Parents, Beware Of Shady Studies

As the daughter of a builder, I grew up learning about the importance of a structure's solid foundation to its future stability. My father, like many others in the construction business, knew all too well of problems endemic to buildings erected on weak foundations. Educators and business leaders have long understood this principle to be applicable to educating children as well: A sure and solid education becomes the critical underpinning to later vocational success, and even a nation's prosperity. In fact, the relationship between well-educated young people and the viability of the state was expressed as early as 222 A.D., when Greek author Diogenes Laertius declared, "The foundation of every state is the education of its youth."

Lindalyn
Kakadelis

Despite the pivotal importance of establishing a strong educational foundation, some children move through the educational system without this crucial infrastructure. Students may develop fractured educational foundations because they simply fail to learn; other pupils form unstable foundations because of what they are learning. Unlike students with learning difficulties, however, this second group of students may clearly grasp the concepts they are being taught, but these ideas may simply be inaccurate. A teacher may be unaware of the errors in his teaching, or he may believe the distortions he is teaching are correct. Either way, these students become victims of the teacher's ignorance or ideology.

Such inaccuracies are most common in subjects such as social studies and history. In fact, in 1994 the National Endowment for the Humanities provided taxpayer funds to professors at UCLA to produce a volume recommending what public school students ought to know about their country. When the 271-page book, *National Standards for United States History*, was published, many Americans were outraged by its blatant attempt to rewrite history. It was such an embarrassment that the U.S. Senate denounced it by a vote of 99-1. The now-deceased Al Shanker, longtime CEO of the American Federation of Teachers, described the book's publication as the first time a government ever tried to teach children to feel negatively about their own country.

Parents and educators need to be keenly aware that such political and historical distortions do exist, and we should be prepared to act if inaccurate or biased information is taught in schools. During the last election, a Wake County parent contacted me about her child's eighth-grade social studies lesson addressing political parties. This mother overheard her daughter explaining differences between political parties to a younger sibling, using notes she had copied from the blackboard that day. A review of this student's notes showed the following: Republicans favored less action by government, less help for people, lower taxes, and were more helpful to businesses and to the rich. In contrast, Democrats favored more action by government, more help for people, felt that taxing was necessary, and were more helpful to individuals and less helpful to wealthy.

A bit too simplistic, don't you think? While no one checked the voter registration of the teacher, this empowered mother was galvanized into action. First, she provided her children with an unbiased, kitchen-table social studies lesson. Next, she downloaded platforms from the two parties, handing them (and her concerns) to the teacher the following day.

If the education of our children is indeed the bedrock of our society, then we ought to work to protect the accuracy and legitimacy of that education. Parents need to ask their children regularly what they are learning in school, particularly in subjects such as history and social studies. Attempts to identify and correct misinformation may at times be necessary, but such intervention is far better than allowing our children's educational foundation to be driven and fissured by ideology or revisionist history. CJ

N.C. News in Brief

Real-estate tax for schools

While politicians argue over how to pay for schools, the Charlotte Chamber's education group has been working on a solution behind closed doors, *Creative Loafing* reports.

Among the options they've studied are real estate transfer taxes. If passed by the county commission, one percent of a home's value would pass to the county every time it is sold. That money could be used to pay for new school construction.

It's just one of the potential ways to pay for schools the Chamber has studied, said Kit Kramer, group vice president of the Chamber's education group. Kramer is also a school board member. Kramer wouldn't elaborate on the other potential revenue sources being studied.

This appears to be part of a broader push by school leaders to find more money for school construction.

Last year, said Sen. Dan Clodfelter, D-Mecklenburg, school Superintendent Jim Pughsley and School Board Chairman Joe White asked him to sponsor legislation to fund a state study commission to look at ways to pay for new schools. The legislation passed, and thanks to the state and a \$100,000 grant from a nonprofit, the group will have \$200,000 to work with next year.

The transfer tax idea was first raised publicly in June by consultants for the Charlotte Knights minor league baseball team who suggested the tax as a way to help pay for the new uptown stadium the team has long wanted the city or county to build. Since then, some school board members have mentioned in passing that they too might be interested in tapping into a transfer tax, which the Knights' consultants estimated could generate about \$70 million a year.

The school system plans to build 12,000 additional seats over the next decade, barely enough to meet the needs of the additional 4,000 students who show up each year. Those seats won't address the 18,000-student capacity overflow the system is dealing with.

Lawmakers may debate cap

State legislators may take up the issue next year of raising North Carolina's statewide cap on charter schools, reports the *Shelby Star*.

Sen. Walter Dalton, D-Rutherford, said that before agreeing to any raising of the cap above its current 100, he'd like to know more about studies about charter schools' effectiveness. "I think we need to continue to look at it a while," he said. "Before committing to raising or lowering, I would like to review an in-depth analysis of those studies."

But the tide could turn as some lawmakers already say they would support raising the charter school cap. Among those are N.C. House Representatives Debbie Clary, R-Gaston, and Tim Moore, R-Cleveland.

"I think the limit ought to be increased," Moore said. "I see no reason to keep that cap on there." *cj*

What Works Best in Education

Charter Schools Gaining Momentum in N.C.

By PAIGE HOLLAND HAMP
Contributing Editor

RALEIGH

Once upon a time, parents had a real voice in their children's education. Unfortunately, as unprecedented population growth has spawned mega-schools and megaschool systems the ability for parents to have a meaningful voice or choice in their child's educational life has quickly diminished.

Of course, parents who have significant resources will always have a choice. They can afford private schools that fit the needs of their children and the families; and if the school fails to meet expected standards, the parents can take their hard-earned dollars and find a school that can succeed. The same is not true for middle- and lower-income families that live in a state with limited public school choice.

For these families, the lack of choice has been a source of constant frustration. Charter schools have offered a glimmer of hope. Jackie Decker, a passionate advocate for charter schools, said, "From my perspective the charter-school movement is meeting needs that are not being met elsewhere."

The North Carolina Public Schools website states the following as the purpose for charter schools: "Charter schools provide parents a choice in the education of their children — and it is a public choice. Public tax dollars are the primary funding sources for charter schools. Local, state, and federal dollars follow the child to a charter school. The schools have open enrollment with no discrimination, no religious associations, and no tuition."

Many applications, 100-school cap

Since the Charter School Act was passed in 1996, 271 applications have been submitted for the 100 available charters. There are 96 schools in operation. When competing against public schools that have been around for years, the fledgling charters hold their own in EOG testing with 23 of the schools scoring 90 percent or higher on all state tests.

Last year, the League of Charter Schools reported that three of the state's top five schools reporting SAT scores in 2003 were charter schools: The Woods Charter School, Thomas Jefferson Classical Academy, and Raleigh Charter High School.

Raleigh Charter High is a shining example of how charter schools are working. It is the school Jackie Decker decided would best suit her daughter's needs. Decker lists a myriad of reasons they find the charter school environment a better fit for Anna: smaller class size, no busy work, shorter school days that allow more time for research, and no block schedules.

"Raleigh Charter is not on the block schedule, which enables children to learn the subject matter in a more in-depth manner," Decker said. "All of the classes, except for foreign languages at lower level, are either advanced, honors, or AP. The school has set the standards high and the students met the challenge." It appears that Raleigh Charter is up to the task. Its students significantly outperformed Wake County and North Carolina averages on every end-of-course test.

After three years at Raleigh Charter, Decker and her family have seen significant progress. They are thrilled with the results.



Carolina Journal photo by Paige Holland Hamp

Franklin Academy in Wake Forest has earned the state's School of Excellence Award twice.

"I am as enthusiastic about Raleigh Charter in our third year as I was in the first year," Decker said. Decker credits teachers who are constantly in touch with the students and a safe atmosphere to grow and learn as just a few of the reasons Anna has thrived. And while she admits the workload has been difficult "the result has been well worth the effort."

Raleigh Charter is just one of the success stories. Franklin Academy in Wake Forest is garnering statewide and national attention. The school was founded by a group of community activists led by Captive-Aire Systems CEO Bob Luddy. When asked why he worked so hard to make this happen, Luddy said, "Ben Franklin stated that the best investment is education; our society has made a huge financial investment but almost 40 percent of our N. C. students fail to graduate from High School."

"It is imperative to the future of America that we change the process of education to market-driven models under private control," he said.

Franklin Academy has an ambitious set of goals, the first being "to help all children to develop to their full potential. This should lead to higher test scores, but test scores will not be the goal and we will not 'teach to the test.' Albeit that, since doors opened in 1998, Franklin Academy has seen a steady rise in student achievement on end-of-grade tests.

In the 2003-2004 school year 94 percent of students passed. The academy has also received the state's highest designation, "School of Excellence," the past two years.

Denise Kent, the K-5 administrator, is not surprised. "Our curriculum is solid and results-driven. We do not jump on every 'educational band wagon' that goes by. Along with this, our school provides a small-school environment with emphasis on the learner," she said.

That emphasis on the individual learner is one of the main attractions for parents of children who attend Franklin Academy parents. Debbie Richardson applied to Franklin Academy because she thought its structured environment, small class size, firm discipline, and strictly enforced dress code better met her daughter Kimberly's needs than her assigned school. "Kimberly works well when rules and expectations are clear. With fewer students the teachers are better able to meet Kimberly's academic needs with more individual attention," Richardson said.

When asked how Kimberly likes Franklin Academy, Richardson said, "With Kimberly it's more of what I see than what

she says." Kimberly doesn't like wearing the uniforms and is not particularly fond of some of the rules. But Richardson said, "What I see is that she seems very comfortable there. Kimberly loves music and they have an excellent band program. Because Kimberly struggles academically, this gives her the ability to be 'good' at something else."

Experts from both sides of the choice aisle know that learning is more than just test scores. Charter schools' most important success is the approval of its customers. While Franklin Academy's test scores and accolades are impressive, more impressive is the customer-satisfaction quotient. The combination of academic success and customer satisfaction is creating high demand. This year, Franklin Academy had more than 600 families on its waiting list after holding the enrollment lottery, clearing showing parents want more choice and input in their children's education.

Charter schools in North Carolina are just now gaining momentum, but their future is uncertain.

Opposition to charters

Working with questionable statistics, some education and legislative leaders are blocking efforts to lift the charter school cap of 100, which has been in place since the inception of the movement.

But there are education leaders who stand staunchly behind these innovative schools, such as Wake County School Board member Carol Parker.

"I support lifting the cap on charter schools because I believe that parents should have choices in how their children are educated. Charter schools can provide opportunities for smaller schools, more instructional time, and other options that are not easy to provide in the traditional public schools," she said.

Parker knows that there are people who would like to see the charters fail. She hopes to see a change in attitude. "I would like to see more sharing of information with public charters and traditional public schools. There seems to be a reluctance to share information at the local level, and that is unfortunate because we are on the same team," she said.

Parents and advocates hope that the education leaders will stay the course and let these schools take root. Luddy is convinced that charters are a key component to a brighter educational future for all children. "Franklin Academy is on the leading edge of market-driven change, which provides parents with the opportunity of a disciplined, focused, and excellent education," Luddy said, "America will have a bright future, I am convinced, if we make this transition." *cj*

What Happened to Quality Customer Service in Public Schools?

Hostile environment, lack of common courtesy ruin schools, drive parents and students away

By PAIGE HOLLAND HAMP
Contributing Editor

RALEIGH

Basic common sense would dictate that public relations and customer service are key ingredients of success in any industry. This is evidenced in the private sector by the billions of dollars spent each year marketing products and collecting customer service surveys. It is also easy to see which businesses are making the grade by reviewing corporate earning revenues.

The public education system, one of the largest "businesses" in our state, could benefit from an investment in customer service training. Somewhere along the way it seems that many schools and school systems have forgotten that their purpose is to serve the public, not the staff or system.

After calling and visiting two dozen or more schools in the Triangle, it is clear that only a handful understand whom the customer is. As a result, there has been a significant exodus from public schools the past few years. Parents are choosing private schools, charter schools, and home-schooling for a multitude of reasons, including curriculum, smaller school sizes, and flexibility.

But after talking with hundreds of parents, a common denominator seems to be lack of good customer service. Michelle Cassidy, who began home-schooling her children this year, said like many others did: "School employees seem to forget that we pay their salaries. Their jobs exist to serve our children."

Schools often hostile to parents

Parents complain that when they come to school to share a concern, they are often treated as the enemy or told there is nothing that can be done. "I feel like the teachers and staff can treat kids and parents however they want because there are no repercussions," said Kate Kenney, a mother of a middle- and high-school students in public schools.

Within the last six months, Kenney has had to intervene with two teachers at her son's high school. Just as in any work envi-



Principal Robin Liles directs the Aberdeen Gospel Choir at the 2004 NC Education Ball.

Photo by Thomas Babb Photography

ronment, some public-school employees do a great job, and others shouldn't be there, Kenney said.

"If teachers have a prejudice or preconceived opinion about a child or type of child, it often goes unchecked, there is no accountability," Kenney said. "Even when the problem with the teacher is ongoing and recognized by school leadership it is almost impossible to get the teacher removed."

A real estate agent by profession, Kenney understands the importance of quality customer service, "If I treated my customers the way some of these teachers are allowed to treat students, quite honestly, I wouldn't have a job."

One of the reasons Kenney thinks that is the case is that many times parents won't come forward. "Often when a situation arises, I am afraid to come forward because I don't want the teacher to then be even harder on my child." No business that created this kind of fear in their customers would be in business for long, so why is it that we allow this attitude to exist in our schools?

While some like Kenney come forward with serious issues such as prejudicial employees, others complain of something much

simpler... the lack of common courtesy. "It is upsetting when you go to school to check out your child or ask a question and the employees seem bothered by your presence," said one parent who didn't wish to be identified. "There should be a sense of warmth and welcoming in the school office that makes it an inviting place for both parents and students."

Some schools make extra effort

While it is distressing that so many schools make no effort to create this kind of environment, a few understand there is a direct correlation between good customer service and meeting performance standards. Parents and students who are well-served are also invested in ensuring the success not only of their child but of the school.

The schools that are making the grade are those with strong, people-oriented principals, such as LaVaughan Buchanan at Heritage Middle School. At the open house for Heritage, a brand-new year-round middle school, Buchanan said, "I don't want us to be the best middle school in Wake County, I want us to be the best in the United States."

"School employees seem to forget that we pay their salaries. Their jobs exist to serve our children."

— Michelle Cassidy

That combination of "best" and "us" can quickly be seen when you visit Heritage Middle, but it is not the shiny new building that is the appeal for parents and students. It is the positive, can-do atmosphere.

Aberdeen involvement

In Aberdeen there is another principal who really gets it. Robin Liles has the energy and enthusiasm that translates to a school that not only has a welcoming climate, but it also engages parents from all walks of life and helps every child succeed. Because Liles believes it is important to know her students and their families, in addition to being the principal, she directs the school's gospel choir.

When I booked the Aberdeen Gospel Choir to sing at the 2004 NC Education Ball in June, I assumed since school had already let out that we would have a subset of the group attending. But because of Liles' leadership, the entire choir of more than 80 students not only participated but also had the sold-out audience on its feet for a standing ovation. Many of the kids that participated were accompanied by their parents, and these are parents that many schools would say are "difficult" to get involved. Liles had no trouble getting them involved because she has created a school environment that is challenging and also inviting. She values her students and their parents and she expects her staff to as well.

Good customer service is not rocket science, but it is critical to a school's success. Strong leadership, basic manners, the ability to solve problems constructively, and a good front-office point person are all it takes to be successful. This is a problem that our schools must address or we will continue to see significant migration of students to other educational options.

Just as school employees expect respect from their students, parents believe the students deserve the same respect. Parents also want their concerns to be heard. They want real input, not to be pandered to.

"I believe in public schools," Kenney said, "but it is just getting harder and harder to keep fighting things that should not be so hard." cj

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Course of the Month

Don't sell our selections short!

This month's *CM* is dedicated to the gaggle of geeks who believe this little column is acceptable grounds upon which the College of Arts and Sciences at the University of North Carolina at Chapel Hill must desist in their efforts to propose a program in Western civilization that would win an outside grant worth several million dollars.

We'd like to respond to their concerns about our column. We would first point out that they have done *CM* the disservice of cherry-picking select phrases from our column to howl about without giving people their juicy context. We are flattered by the attention, but we are anxious that such attention be placed not upon our well-turned phrases, but upon the courses that merited them attention from our Golden Fleece award. They are, in short, selling these winners short — by not giving the full reason for their selection here.

Therefore, in the interest of explaining our selections more fully, we have conducted a review of the 45 winners since *CM* came to *CAROLINA JOURNAL* in January 2001. We have divided the selections among several categories, but we must point out that most winners have fit more than one, so the total is greater than 45. Here are the categories, in alphabetical order, and the number of winners that fit into each:

- Abject silliness — 5
- Activism for credit — 7
- Intolerance, off-subject (classroom intolerance not related to the subject matter) — 4
- Intolerance, on-subject — 6
- Marxism — 6
- Navel-gazing and identity politics — 15
- Pop culture and the ridiculously easy (includes courses reliant on TVs, VCRs, magazines, etc.—or student word-of-mouth as “crib” courses) — 16
- Porn and sex — 9
- Trendy leftist pap — 10
- Undisciplined (that is, subject matter not related to the academic discipline hosting the course) — 12

This month's winner, from UNC-Charlotte, fit into only one subject: “Pop culture and the ridiculously easy.” For the howling monkeys, please note the course came to *CM*'s attention by way of *The News & Observer* of Raleigh. Jane Stancill wrote in October that “there's more evidence that North Carolina is at center stage of ‘American Idol’ mania: UNC-Charlotte will soon offer an academic course on the TV show... Beginning in January, students at UNCC will earn three credit hours for the class “EXAMINING ‘AMERICAN IDOL’ THROUGH MUSICAL CRITIQUE” (emphasis added).

Stancill wrote that students “will watch the show twice a week and devise its own system for rating contestants. Students will learn the history of different musical styles used as ‘Idol’ themes, such as Motown and Broadway. The final project will be a paper on who should win and why — weeks before national viewers pick the winner of the show's fourth season.”

Stancill wrote, “The elective course is the creation of Jay Grymes, assistant professor of musicology.” Unlike our dedicatees, Grymes can handle criticism; Stancill wrote that he was “prepared for the inevitable snide comments.”

CJ

Pope Center Conference Discusses Ways To Bring Freedom to College Campuses

By JON SANDERS

Assistant Editor

RALEIGH

‘Freedom and the American Campus’ — that was the topic of the Pope Center for Higher Education Policy's conference Oct. 16 at the McKimmon Center on the campus of North Carolina State University.

About 150 people in attendance heard from several noted scholars and authors during the course of the day. Conference panelists and speakers examined such topics as whether freedom of speech and thought under attack, whether American students learn enough about freedom, whether market competition will succeed where subsidies have failed, whether an Academic Bill of Rights would enhance freedom, and what is to be done to further freedom on campus.

The opening panel looked at attacks on campus against freedoms of speech and thought. The panel, moderated by Prof. Matt Franck, head of the political science department at Radford University, featured: University of Pennsylvania history Prof. Alan C. Kors, cofounder of the Foundation for Individual Rights in Education and author of *The Shadow University*; Prof. Christina Jeffrey of the University of South Carolina at Spartanburg; and Prof. David Beito of the University of Alabama and the Alabama Scholars Association.

Kors spoke of the growing menace of speech codes on campus, seeking to regulate speech even to the extent of “unwelcome jokes or pejorative comments.” He called for “intellectual pluralism” — “more debate, not purge of ‘bad theory.’” Jeffrey spoke of how a “generation of bad ideas” brought about a “seismic shift in educational culture,” the loss of ethical instruction. Beito described the situation at the University of Alabama, where his group, the ALA, successfully fought of mandatory thought reform via “diversity training” but was prevented from distributing its newsletter through campus mail, a privilege that was enjoyed by the American Association of University Professors.

We had separation of church and state, Jeffrey said, and the state protected religions while religious people prized the state because it was the source of their freedom to worship. Now, however, alternative voices to postmodern instruction in higher education are being silenced — even in the most conservative colleges, she said.

On campus, Jeffrey said, “it's ‘Free speech for me, but not for thee.’”

The second panel examined what American students know about freedom. Moderated by Dr. Karen Palasek of the John Locke Foundation, the panel included: Prof. Michael Gillespie, Duke University professor of political science and philosophy; Prof. James Miller, associate professor of economics at Smith College; and Prof. Michael DeBow, professor of law in the Cumberland School of Law at Samford University.

Gillespie said that the first panel missed a particular danger to freedom — “creeping paternalism” on campus, the “desire to protect our children, to sand down the obstacles” for them because we can see good in it. But we “must see that students are no longer children.” American universities were the crowing jewels of American civilization, Gillespie said, with the central freedom being freedom to debate, to teach and to learn, to argue and to protest, combined with, yes, the freedom to drink and be wild. The taught the combination of freedom and responsibility.



Carolina Journal photo by Don Carrington

2004 Caldwell Award recipient Dr. Roger Meiners delivers the keynote address on market competition in higher education.

Miller spoke of the saga of his tenure denial at Smith College based on his politics and *National Review* columns, and how his colleagues' open pronouncements of his politics helped make his case and “saved” him. He also described his betrayal by the American Association of University Professors, of which he said, “The AAUP is your enemy if you're a conservative Republican,” he said.

DeBow said the answer to the question whether students were taught enough about American history was “clearly no.” He said because of students' lack of misunderstanding of freedoms, they hold an “unstable combination of license and entitlement.” They have difficulty understanding positive and negative rights (the Bill of Rights being a primarily negative-rights document, limiting the government's intrusion upon individual's rights), he said, and economics and property rights are ignored on campus.

The third panel addressed what was to be done. Moderated by David French of FIRE, the panel included UNC-CH Prof. Norman Hurley, a senior fellow with the Pope Center, and lawyer Carol Sobel, who has litigated many free-speech cases against universities. Hurley said that the “an open intellectual atmosphere in the classroom” be promoted, and that professors should seek to “offer a balanced perspective,” keeping in mind the actual pedagogical goals in the class. He also said that faculty should work to address the “politics of scholarship,” the process of making professors that is itself biased by professors, grad schools, resources, hiring, and published scholarly literature.

Sobel praised California's “Leonard Law,” which extends to students the same First Amendment rights they enjoy off campus and which forces the losing side in a free speech dispute to pay lawyer's fees and damages, which encourages settling cases out of court. A liberal herself, Sobel talked about her victories for free speech on campus without regard to politics (she said she's represented pro-life and pro-abortion sides, Jews, and Palestinians).

“I wish I could say the litigation we've done has caused other universities to think, ‘Oh my God, we're going to lose like [those other schools],” she said, “but political forces are too strong on those campuses.”

The keynote address was delivered by Prof. Roger E. Meiners, author, professor of law and economics at the University of Texas at Arlington, and a senior associate of PERC. Meiners spoke of market forces in higher education. The higher-education market adjusts slowly, he said, but that competition cannot be denied. He spoke of the huge waste in public higher education, one being turning the liberal arts away from their mission of teaching into research, even though research in fields with no scientific standards or rigorous review tends to be of the least worth.

Meiners advocated bringing more competition by breaking up large coordinating boards, including the UNC system, giving each institution a clear mandate, and authorizing each institution's board of trustees to run the school. State budget crunches will force decisions, Meiners said, including hiring, programs, and especially deregulation of tuition. Price matters, Meiners said. “The more prices reflect real costs, the more competition will break out, and admissions will have to be more cautious about allocating resources to departments that have nobody,” he said. He said that while flagship public institutions were fairly secure in their missions and private colleges are necessarily cognizant of their missions, second-tier state institutions are not, thinking their missions are not to teach, but to imitate the flagship research institutions. Ninety percent of the education market, he said, are not elite but attend the second-tier institutions and junior colleges. T

At the conclusion of his talk, Pope Center Director George C. Leef presented Meiners with the Caldwell Award, named after two pioneers in higher education in North Carolina, David Caldwell and Dr. Joseph Caldwell. Previous recipients of the annual award were Peter Wood, Alan Charles Kors, Abigail Thernstrom, and the late Peter Aranson.

CJ

Western Civ Proposal at UNC-Chapel Hill Sparks Smear Campaign by Campus Leftists

By JON SANDERS

Assistant Editor

The study of Western civilization used to be a rite of passage for the university-educated. Now it is an afterthought at best, consigned to the shadows of the curriculum as universities pursue trendy multiculturalism. And the reaction to a proposal to bring Western civilization back shows how feared the liberating study is by campus radicals.

In North Carolina, 36 percent of the 11 University of North Carolina schools surveyed still require a course in Western history or Western civilization. That's according to "How Solid is the Core?: A Study of General Education Requirements at 11 North Carolina Institutions," a study released this fall by the Pope Center for Higher Education Policy. But about 64 percent "require a multicultural or cultural diversity course." The study declared this finding "at best a sign of interest in non-Western cultures, but all too often an exercise in politically correct 'education.'"

"[N]ot one institution requires all undergraduates to take a course in United States history."

It's a deficit the College of Arts and Sciences at UNC-Chapel Hill is seeking to address. The college is working on a proposal to bring a Western civilization program to UNC-CH, and it has approached the John William Pope Foundation for financial support.

Personal attacks on potential donor

The subsequent outcry that greeted news of this proposal was so vehement, and so vicious, that one would think the college had proposed replacing the Old Well with a statue of President Bush. Campus leftists quickly ramped up a smear campaign against the donors approached by the college.

The Triangle's leftist tabloid *The Independent* made it a cover story in October, with editor Richard Hart warning that the Pope Foundation "has an agenda that's antithetical to the principles of academic freedom and cultural diversity" and insinuating that the university's proposal would be tainted by association.

"Faculty were dismayed that the university would accept funding from the financial backers of the Pope Center for Higher Education Policy," Hart wrote, because the Pope Center "has been on a crusade against 'liberal bias' at UNC and its lack of 'Western studies' requirements as compared to 'politically correct' courses in multiculturalism." (The Pope Center is a think tank founded with seed money and support from the Pope Foundation.)

Hart implied that the Western-civilization proposal wouldn't pass "the smell test" because "it's impossible to separate the Pope Foundation's interest in contributing to undergraduate programs with its founders' desire to influence the content of that study."

He quotes a report by an organization called the National Committee for Responsive Philanthropy, which intoned that "conservative foundations" succeed in using their resources to work "to the detriment of the populations that are not served by their nonprofit clients' assaults on civil rights, tax equity, affirmative action, gay and lesbian rights and many other concerns of ordinary Americans."

Independent writer Barbara Solow also wrote that the problem was that "a network of conservative organizations [have been] created with Pope family money," including the Pope Center and the John Locke Foundation. After all, the Pope Center's "critical drumbeat," Solow said, included "help[ing] organize a campaign against freshmen reading choices at UNC and has supported student claims of 'liberal bias' in the classroom," and worse, held a conference (on academic freedom, a factoid Solow admitted) that "feature[d] a speech by David Horowitz, a leader in the push for a national 'Academic Bill of Rights' aimed at securing equal time for conservative views on campus."

(The keynote address of the Pope Center's conference on "Freedom and the American Campus" was actually delivered by Dr. Roger E. Meiners, author and Goolsby distinguished professor of economics at the University of Texas-Arlington, who spoke on the topic of "Higher Education — Will Market Competition Succeed Where Subsidies Have Failed?")

"What does it say about a university if its leaders ac-

cept 'gifts' from those who support organizations that systematically attack the university's faculty and programs?" UNC-CH sociology professor Sherryl Kleinman asked.

"There is just so much evidence that they have an agenda," said William "Sandy" Darity Jr., an economics professor and director of the Institute of African American Research. "I think there needs to be an answer from the highest level of the university on this."

Bernadette Gray-Little, dean of the College of Arts and Sciences, tried to explain to the *Independent* that the proposal was benign. "This is an opportunity to do something that would enrich the undergraduate curriculum," she said. "The proposal is neither conservative nor liberal. Our interest in this is not political."

Nevertheless, on Nov. 10, with another meeting over the proposal upcoming, a posting to the campus leftist listserv called for a protest. "Mark" of the Student Environment Action Coalition wrote, "Sorry about the late notice, but I thought this would be interesting for those of you concerned about academic independence here at UNC."

"The attachments regard a grant proposal from the Pope brothers [sic] for the establishment of a Western Civ department [sic] (i.e. history dealing solely with the disenfranchised plight of rich, white, Protestant men) and why the University should turn down the Pope brothers [sic]," Mark wrote. "The protest to the meeting between the university and the Pope brothers [sic] — which no students are allowed to attend at this point — will be tomorrow. Details are enclosed in the attachments."

The attachments demanded in bold-faced type, "Should UNC-CH Accept \$12 Million from Racist, Sexist, Classist, Homophobic Donors?"

They began: "Did you know that some UNC-CH faculty and administrators are working on a several million dollar grant to create a certificate entitled, 'Studies in Western Civilization'?" It warned that the Pope family "funds the John William Pope Foundation, the Pope Center for Higher Education Policy, and the John Locke Foundation" and that "[t]hese organizations have systematically attacked and discredited many programs and professors at UNC-Chapel Hill and other universities."

They listed several articles from the Pope Center, lifting phrases out of their context to make them appear extra offensive, and quoted a *Charlotte Observer* column about Art Pope that said he and his family "spent millions to promote conservative ideals." In sum, they asked, "Are these the beliefs to which UNC-CH should have loyalty?"

UNC-CH's Graduate and Professional Student Federation joined the fray, passing a resolution Nov. 11 against the university taking a grant from the Pope Foundation. The resolution also cited the Pope Center for Higher Education as "work[ing] to create a hostile climate to academic freedom for instructors."

Regardless of the personal attacks and fearmongering, no one knows the kind of program being proposed yet. Not even Art Pope, president of the Pope Foundation, who at the time of this writing didn't know what form it would take. He said the proposal is the college's to make, and that he just has a general idea about it. He does not yet know about whether what's proposed will be for an Area Studies approach or that of an interdisciplinary degree, and he was curious about what it would entail by way of additional honors courses, research and study-abroad fellowships, lecture series, and graduate seminars.

As for the attacks against his foundation about academic freedom, Pope reiterated that he was respecting academic freedom by letting the college prepare and submit a proposal to his foundation for graduate, and especially undergraduate, education in Western civilization. "How much more respect for academic freedom can there be when you let the university come up with the proposal?" he asked.

As Shannon Blosser reported in *CAROLINA JOURNAL* last month, Duke University has a program focused on the study of Western civilization. Duke's Gerst Program, according to its web site, "aims at fostering an understanding of the central importance of freedom for democratic government, moral responsibility, and economic and cultural life." The program includes a freshman Focus Program on "Visions of Freedom," which includes courses in political economy, English, philosophy, and history. *CJ*

Do We Really Need 'Latino' Studies?

Last spring, the University of North Carolina at Chapel Hill established a new minor in "Latina/o Studies." A recent announcement by UNC's College of Arts and Sciences says, "The establishment of the new program, beginning this semester, follows recognition of the increasing importance and influence of the rapidly growing number of people in North Carolina and the region who came — or whose ancestors came — from countries in Latin America"

N.C. does have a growing "Latino" (has the term "Hispanic" now been retired?) population, but it's hard to see how that proves a need for the state's flagship university to have a Latino program.

UNC's *Daily Tar Heel* provided a view into the workings of the multicultural mindset when it editorialized, "Students of all races have a use for cultural studies, and becoming a leading university requires improving cultural awareness." The implicit assumption seems to be that unless the university takes the lead in promoting "cultural awareness," people of minority groups will not be socially accepted, or even face hostility. Never mind that there don't seem to be any problems between the state's non-Latino residents and the Latinos who have been living here for years. Real problems aren't necessary; the mere suggestion that a new course might enhance the level of cultural awareness is sufficient.

Is it true that cultural awareness is necessary for people to cooperate or peacefully associate? Does someone think, "I understand and appreciate the Latino culture, therefore I like Jose?" It is far more likely that someone would think, "Jose is a good co-worker, so I like him" or "Jose roots for the Tar Heels, so I like him." Good human relations don't depend on a deep knowledge of another person's culture, but instead on a small number of shared interests.

Is there a Latino culture to understand? Like whites, blacks, Chinese, and all other population groups, there are great differences among individual Latinos — they don't all believe the same things, like the same things, or act in similar ways. Whatever generalizations a student might draw from having taken Latino courses are apt to be inapplicable to many individual Latinos they might encounter.

Would the courses students could take to complete this minor actually convey much knowledge about Latinos living in the state? To get the minor, students have to take five courses drawn from a variety of departments. Here are some of the choices:

English 49E: Difference, Aesthetics, and Affect. Examines interrelations between cultural difference, socio-political circumstances, aesthetic form, and the representation, production, and conveyance of subjectivity (affect, states of feeling) in texts, other media, and material culture.

English 50/Women's Studies 150. This course explores literature, performance art, film, and photography by Latinos whose works may be described as "queer" and that question the terms and norms of cultural dominance.

English 180. This course explores Latino literature about photography in relation to photography by queer Latino artists and, through this double focus poses certain questions about identity, subjectivity, and culture.

History 145: The American Colonial Experience [from a multicultural perspective]. This course examines the history of Native North America, the Europeans (the Spanish, French, and English) who colonized North America, and the Africans brought as slaves, to 1763.

Someone wanting to better understand his new Latino neighbors or co-workers better look elsewhere.

There is nothing wrong with cultural awareness, but let's not pretend that it is a necessary ingredient in social harmony or that the only way to achieve it is through college courses. *CJ*



George C. Leef

Bats in the Belltower

Leftists Find Election Comfort: 'We Lost, But You're Stupid'

In a famous fable by Aesop, a fox exerts itself in vain attempting to snatch a cluster of grapes. Realizing the grapes were out of his reach, the fox consoled himself by telling himself they were sour. "Sour grapes" became a way to describe a face-saving attitude for having failed to attain something desperately sought. In politics, sour grapes manifests itself in denigrating the opponents' voters, a favorite tactic being "We Lost, But They're Stupid." A few examples:

In its issue announcing President Bush's re-election, the cover of the *Daily Mirror* of Great Britain asked: "How Can 59,047,087 People Be So Dumb?"

Closer to home, novelist Jane Smiley set the Internet ablaze with her tirade on the online journal *Slate*. Entitled "The unteachable ignorance of the red states," her thousand-word screed about Bush voters returned to the words "ignorance" or "ignorant" 12 times.

Shortly after the election, someone at the University of Pennsylvania School of Engineering put out a chart listing the states in descending order according to the average IQ of its citizens, and then listed which candidate the majority of voters in each state chose. The list showed a striking divide between Kerry and Bush states, with the low-IQ states all for Bush. The list was a hoax, however, and to the dupe's credit, he admitted the hoax and posted data from *The Economist* showing states ranked in order of math scores or percentage of bachelor's degree holders, and giving their selection of Bush or Gore (which, of course, showed mixed results).

In the Triangle, Godfrey Cheshire of the local leftist tabloid *The Independent* fretted that while our system of government "reflected the Lockean belief that an educated, well-informed adult citizenry would naturally make decisions that combined innate rationality and healthy self-interest," those assumptions now "look as distant and quaint as Newton's clockwork universe."

Sour grapes were sounded on the campus of North Carolina State University, too. English professor Nick Halpern

told N.C. State's *Technician* Nov. 4, "The Republican students I have talked to are amazingly uninformed. I wish they had learned about the issues before they voted," he said.

"An educated nation would have voted for Kerry," Halpern sniffed.

Prof. Michael Cobb directed his political science class to poll N.C. State students about the election, and their results found 57 percent favoring Bush. But as *Technician* reported Nov. 1, "Cobb's analysis of survey results [was that] republicans [sic] are less knowledgeable about candidates' positions and tend to have incorrect beliefs in regards to Iraq's ties to al-Qaeda (none), weapons of mass destructions (none found) and world opinion on the invasion (against it)."

(The Justice Department's 1988 indictment against Osama bin Laden and Muhammed Atef charged that "al Qaeda reached an understanding with the Government of Iraq that al Qaeda would not work against that government and that on particular projects, specifically including weapons development, al Qaeda would work cooperatively with the Government of Iraq." The 9/11 Commission found several instances of al Qaeda dealing with Iraq, but they said, "We have no credible evidence that Iraq and al Qaeda cooperated on attacks against the United States." Mustard gas and sarin nerve agent have been found in Iraq, although no large stockpiles have been found. The U.S. weapons inspectors did find evidence of Iraqi research into a variety of chemical and biological warfare agents and delivery systems.)

"The more respondents were misinformed about Iraq, the more likely they supported Bush," Cobb said, according to the *Technician*.

Unlike Halpern, Cobb at least allowed for countervailing ignorance on the other side. "Democrats are probably just as misinformed on certain issues," Cobb told *Technician*, "but we only asked about the four issues and Iraq," he said. cj



Winners of Major Races in N.C. Want Greater Higher-Ed Spending

By SHANNON BLOSSER
Contributing Writer

CHAPEL HILL

The results of Election 2004 nationally and in North Carolina point to more governmentally backed tuition subsidies and increased spending in other higher-education spending.

All the major winners in North Carolina — President Bush and Gov. Mike Easley both winning re-election, and Rep. Richard Burr, winning a seat in the U.S. Senate — support increasing government support for the college-bound in some form. A quick glance through their voting records, policy statements, and public comments indicates that the victors will seek to increase spending for government tuition subsidies in an attempt to make college more affordable for low-income families.

Bush, who defeated Sen. John Kerry, has outlined a policy of increasing funding for Pell Grants in a second term. According to his campaign web site, Bush's agenda also calls for more community-college job training programs for unemployed people.

The Bush agenda proposes to increase spending for the Pell Grant program by nearly \$13 billion. Bush also calls for a \$250 million investment annually for so-called Community-Based Job Training Grants for workforce development programs. Bush also wants to make federal financial aid more obtainable for nontraditional students.

Burr, who defeated Erskine Bowles, a former White House chief of staff during the Clinton administration, by nearly two million votes, has advocated increased tax breaks for students during his 10-year stint in the House. Burr supported a bill that would provide for more tax breaks for students by allowing them to claim tuition programs as a tax deduction. He also supported the Employee Education Assistance Act of 1999, which allowed for tax breaks for employer-provided education assistance programs and sought to restore the exclusion of such tax breaks on graduate level programs.

In a debate with Bowles, Burr said he supported an increase in funding of Pell Grants for students.

Easley, who easily defeated former N.C. Senate minority leader Patrick Ballantine, has spoken publicly often and in favor of spending more on higher education programs.

In an interview with Raleigh CBS affiliate WRAL in 2003, Easley said the investments the state is making in higher education are paying off.

He said students are getting a bargain and that the state should guard against "high-dollar tuition hikes."

Easley also advocates increasing the faculty pay of community college professors to bring it closer to the national average, an initiative that began with the passage of the 2004-05 fiscal budget. cj

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There's more in play than just tuition and fees

How College Costs Can Be Way Up — And Down — at the Same Time

By JON SANDERS
Assistant Editor

As part of his campaign litany of the woes brought upon Americans by George W. Bush, John Kerry cited rising college costs. As Kerry noted, they are up dramatically since Bush took office. This is responsible, he extrapolated, for pricing hundreds of thousands of students out.

In his stump speeches and on his web site, however, Kerry cited only the average "sticker price" of tuition and fees for public, four-year colleges. He ignored that the net price — that's the sticker price discounted by grant aids and tax benefits — is actually lower now than it was 10 years ago.

Kerry's source for the increase in tuition and fees is the College Board's annual report on college pricing trends. Not coincidentally, this same source also describes the falling net price of college.

The "sticker price" of college is up

Before the recent update of the board's annual report, Kerry talked about a 35-percent increase in average tuition and fees at public, four-year institutions. Strangely, his campaign was all over the map about how long it took for that increase to take place. In late June he told *The New York Times* that it took place "in five years." His campaign web site has been saying it happened "over the last four years." A campaign press release in mid-August said it occurred "in the last three years." No wonder Kerry ceased citing any range in stump speeches, eventually limiting his remarks on the subject to only "College tuition up 35 percent."

Kerry's Aug. 17 press release was correct on the time period (three years). Likely that's because it cited a source — the College Board's Trends in College Pricing 2003.

RALEIGH

"College tuition has gone up 35 percent in the last three years, the highest rate three-year increase on record," the campaign said.

After the board released its updated report, the Kerry campaign said, "College Tuition Has Increased 46 percent Since Bush Took Office, Largest Four Year Increase on Record." Either way, the campaign estimated that the increase "has priced an estimated 220,000 students out of four-year public universities."

It was not enough for Kerry to argue from a curious assumption that the president controls what each state decides to charge for tuition and fees at its public universities. Instead, Kerry also made interesting selections among the board data. He highlighted the most sensationalistic facts from the data without bothering to verify how they were represented.

For example, the real increase (in constant dollars, adjusted for inflation) in tuition for four-year public universities since 2000 is in fact the largest as recorded by the board — but that record is just shy of three decades long. That increase was 28 percent, a less impressive-sounding figure than the 35 percent nominal increase.

Armed with the latest board report, the Kerry campaign began to hype the *four-year* increase in tuition and fees. The real increase during this time was 35 percent. Kerry's campaign used the nominal figure, 46 percent, and used it to say costs had risen by nearly a half under Bush, which is worse than ever. Kerry is therefore using the nominal increase to base his arguments upon —



likely because it's more sensational-sounding. The nominal increases are not the largest; three- and four-year increases in the early 1990s and early 1980s bested the marks for the Bush years.

The real increase is more important, and since the Bush years have witnessed the largest four-year increase in the last three decades, does that mean Kerry is right that it "has priced an estimated 220,000 students out of four-year public universities"? Not at all.

The real price of college has fallen

After all, the board report, Kerry's source for these increases, also discusses the "net price" of college after factoring in grant aid and tax benefits. In fact, in terms of net prices, the situation is better now for the college-bound than they were a decade ago (which, for those keeping score on the presidential gotcha watch, would be under the Clinton administration).

As the board's press release accompanying its report puts it:

In 2003-04, the amount the average student actually paid for a public four-year institution, after receiving grant aid and education tax benefits, was about \$1,300 per student. After adjusting for inflation, this is less than students paid a decade earlier.

Specifically, the net price for public four-year institutions is \$200 less (in 2003 dollars) now than it was in 1994-95. Back then, the net price of attending a public four-year institution was \$1,500 per student,

and the net price of attending a public two-year institution was \$400 per student.

Incidentally, the net price of attending a public two-year institution is now minus \$400 — it slipped into "negative pricing" (scorekeepers take note) during Bush's first year in office, 2001-02.

Of course, smaller-government types will grouse over such statistics. By all means do. Those who argue for making the public responsible for lowering the "burden" of college costs on public-college students inevitably state that (1) college degree-holders have much higher lifetime earnings than those without, and (2) it's unfair to ask college students seeking these lifetime advantages to risk going into debt to finance it. In so arguing, they run smack-dab into what Michael Hooker, a former chancellor of the University of North Carolina at Chapel Hill, called a "reverse Robin Hood scheme."

Hooker's comments came in a letter to John Hood, president of the John Locke Foundation, in reaction to Hood's column about the fact that although most public-university students come from relatively wealthy families, they pay little of the cost of their own education. Hooker wrote that "I call it the 'reverse Robin Hood scheme,' but nobody seems to listen."

Writing that "the average family income at Chapel Hill is a little more than twice the average family income of the state," Hooker said, "I find it ethically objectionable to have the working class of North Carolina subsidizing the education of the upper middle class."

But that is an argument for another column. At issue here is Kerry's message on college costs, which is a half-truth. The average sticker price of attending a public four-year college has sharply increased during the Bush years, but the net real price is down since the Clinton years. cj



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Town and Country

Developer pushes impact fees

A Charlotte developer who is proposing what would be one of the largest developments in Gaston County history told school officials in early November they should push for mandatory countywide impact fees to help pay for new schools, *The Charlotte Observer* reported.

Developer Ed Kale met with Gaston Superintendent Ed Sadler, Deputy Superintendent Hilton L'Orange, and school board members Annette Carter, May Robinson, and Ruth Angel to discuss ways to help the school system deal with potential growth from the Dutchmans Creek development.

The proposed subdivision would be situated north of Mount Holly in northeast Gaston County and have about 1,500 homes, 150,000 square feet of commercial space, and a golf course.

Kale said he would be willing to pay up to \$500 to the county for each home to help offset the cost of new schools. But that amount totals only about \$750,000 over the 10 years it will take to complete the subdivision.

Robinson and Carter said that's nowhere near enough to pay for a new school. New elementary schools each cost about \$8.5 million.

A new high school could cost up to \$30 million.

The state Department of Public Instruction estimates that every new home adds one student to local classrooms, L'Orange said.

That would mean Dutchmans Creek could generate 1,500 new students — enough to fill an entire high school. And L'Orange said the development would likely generate more than that.

Restricting 'big-box' stores

Without debate or discussion the Winston-Salem city council voted 7-1 in favor of stiffer zoning regulations on "big-box" developments, a few hours before the 90-day moratorium on large-scale projects expired, the *Winston-Salem Journal* reports.

Councilman Vernon Robinson cast the lone vote against the rules, which were drafted after Wal-Mart Stores Inc. submitted plans in March for a 223,000-square-foot supercenter on Reynolda Road.

The council had tentatively approved the special-use zoning requirement for developments of 125,000 square feet or larger Sept. 7.

The lack of a majority vote forced a second vote in early November.

The new regulations subject large-scale projects to more scrutiny. But the rules do not include a provision that would have required considering 10 ways that a project might affect the environment and the surrounding community — such issues as future water supply, traffic congestion, and future growth patterns.

Developers of the proposed Wal-Mart supercenter will have to resubmit plans, city officials said.

The new regulations include a section on design guidelines, which the council approved Sept. 7.

Under those rules, developments of 75,000 square feet or larger would have to meet certain requirements on the design of parking, facades, and entrances to buildings. *CJ*

Public Money Fuels Downtown Raleigh

Convention center, parking deck, renovation of mall, two-way streets planned

By MAXIMILIAN LONGLEY
Contributing Editor

RALEIGH

Civic leaders in Wake County are full of ideas about redeveloping downtown Raleigh, and these ideas are rapidly approaching reality.

Daniel Douglas, director of the Raleigh Urban Design Center, calls the various items being planned "one big project to revitalize the heart of our downtown." The purpose, Douglas said, is "leveraging private development" in Raleigh.

Projects to improve and renovate downtown Raleigh include:

- A 506,000-square-foot convention center, which it is hoped will attract more visitors than the current, smaller convention center. The new convention center, scheduled to be completed by early 2008, is designed to include a 150,000-square-foot exhibit hall, as well as a ballroom with a capacity of 4,600 people. The cost is estimated at \$192 million.

- A parking deck and a private hotel, scheduled to be completed in 2006. The parking deck is meant to have 988 spaces, to be ultimately increased to 1,600.

- Renovation of the Fayetteville Street Mall, including reopening it to motor traffic.

- Turning some of Raleigh's one-way streets into two-way streets.

The projects are being underwritten by local-government taxing power. Some of the property is being acquired by eminent domain proceedings or the threat thereof.

The city of Raleigh is trying to sell six parcels of downtown property it owns to private developers. Douglas said he thinks the city will be able to sell four of these parcels, for a total of \$100 million, plus the tax revenue from the new owners.

In 1991, the General Assembly authorized Wake County to levy taxes on hotel stays and restaurant meals in order to finance development. There is now a 6 percent hotel tax and a 1 percent meal tax. The intent is that the revenue from the levies will be sufficient for supporting the various downtown

redevelopment projects. As Douglas put it: "If you don't go out to eat and you don't stay in a hotel room in Wake County, you won't pay taxes for these projects."

In 2003, local officials increased their estimates of how much revenue would be brought in by the hotel and restaurant taxes in the next three decades from \$792 million to \$877 million, thus improving the picture of how the convention center would be paid for.

Perry James, Raleigh, finance director, told the *News & Observer* of Raleigh: "There was no intent to change the numbers to make it come out better. We wanted accurate numbers, and this is the reality of that. Now, it turned out to be a good correction. But if it had been a bad correction, we'd have had to deal with that."

Financing with funny money

To finance the new convention center, the hotel, the Fayetteville Street Mall renovations, and the parking deck, Raleigh is using certificates of participation. The certificates are local bonds issued without voter approval, with government property being pledged as security. The revenue from the meal tax and the occupancy tax is expected to pay off the certificates. The taxes are

collected by the county, but the use of the taxes is governed by an "interlocal agreement" between Wake County and Raleigh.

The plans for the convention center, Douglas said, were developed through an "open, public iterative process."

Brainstorming sessions were held in 2002 with the public participating, and another such "charrette" was held this year. Policymakers supposedly got some of their inspiration from the public input at the sessions. Such methods have earlier preceded the building of Exploris and the BTI Center.

Final plans for the convention center were not approved until Oct. 15, when both the County Commission and the City Council signed off on the plans. Mayor Charles Meeker called this "the last of the preliminary steps." "We're ready to move to the construction phase," he said to the *N&O*. Raleigh has contracted with Skanska USA Building (the American affiliate of the Swedish construction firm Skanska AB) and with Barnhill Contracting Co. (a Tarboro company) to build the convention center.

On Nov. 16, the City Council considered approval of a design contract for the proposed parking deck. Ann-Cabell Baum Anderson, marketing and sales manager of White Oak Properties, said that currently parking is not available downtown at night.

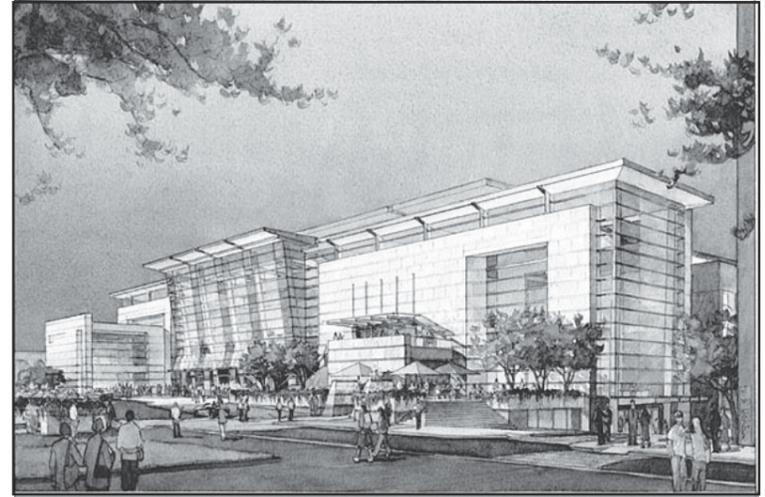
Parking facilities are designed for an earlier time, when it was mainly government workers who came downtown. But, now that people want to come downtown to eat and engage in cultural activities, more parking is essential, Baum Anderson said.

Public money for hotel

The planned Marriott hotel next to the new convention center is being built by Stormont-Noble Development with the help of \$20 million provided by the city, some land Raleigh owns under the hotel, and 100 free parking spots. The hotel will carry \$25 million worth of indebtedness. Mitesh Shah, president of Noble Investment Group, which put private capital into the project, told the journal *Lodging Hospitality* why he thought the hotel to be a good investment: "[P]rice-sensitive carriers, such as AirTran, Southwest Airlines, and Jet Blue, which use secondary airports, are creating new markets for smaller city conference centers and hotels," he said.

"Regional conference centers are expected to be a growth market for some time," he said.

Lodging Hospitality reported on a presentation given by Shah in Raleigh. Shah quoted from a report by PKF Consulting, an international firm that, according to its Web site, provides analysis to the "hospitality, real estate, and tourism industries." The PKF report said that "the five hotel markets most likely to register the strongest value increases include Austin, Raleigh, Nash-



This is an artist's rendering of the center as seen from Salisbury Street.

ville, Cleveland and Atlanta... and Raleigh has the strongest appreciation prospects."

Jim Hobbs, president of the North Carolina Hotel and Lodging Association, says that people in the state's lodging industry are divided over Wake County's downtown redevelopment program. The local 6 percent lodging tax, which (together with a 1 percent meal tax impacting restaurants) is supposed to pay for the convention center and other projects, greatly affects the lodging industry.

Hobbs points out that the Wake lodging industry collects the lodging tax on top of a pre-existing 7 percent state sales tax. He says that the association doesn't oppose the lodging tax (and similar taxes elsewhere in North Carolina) so long as the proceeds are applied in an appropriate manner to promote travel and tourism.

Hobbs cites Raleigh's RBC center as an example of a lodging-tax-financed project that benefited the community. On the other hand, Hobbs says that Exploris, also financed through the lodging tax, "never achieved its intended purpose," thus furnishing a cautionary tale.

Raleigh's assistance to a private hotel, Hobbs said, would set a precedent that might be copied throughout the state, putting government into the position of supporting a competitor of private businesses. It is this aspect of Raleigh's redevelopment that divides the association, and Hobbs said that "[t]he [lodging] industry has not determined a course of action" on the "hotel project."

The Fayetteville Street Mall was closed to motor traffic in an urban planning scheme in the 1970s. The effort to keep Fayetteville Street solely pedestrian has been abandoned. Now the city wants to reopen the mall to motor traffic and generally to beautify the area. While wishing to add many artistic features and the like to the mall, city officials have been forced to whittle down their wish list in response to budgetary considerations.

Another project being pursued by the city in conjunction with the mall is The Hudson, the former Hudson Belk department store building next to the mall. There are plans to establish apartments and businesses in this building.

Plans for The Hudson building have met delays. Belk sold the building to Raleigh, which in turn sold it to the Boston firm Modern Continental. When that firm proved unable to develop the building, the latter passed into the hands of developer Vaughn King, who has also had difficulties developing the property. The City Council had to give King an extension to avoid having the city exercise an option to get back the building. King has posted a \$1 million bond that he will have the site developed by the new year. *CJ*

25-Year Highway Infrastructure Needs (in billions of constant 2001 dollars, by road type)

Need	Statewide		Regional		Subregional		Total
	Existing	Future	Existing	Future	Existing	Future	
<i>Modernization:</i>							
Existing network	\$1.730	\$2.957	\$2.323	\$1.076	\$3.910	\$2.175	\$14.171
Bridges	\$1.105	\$0.860	\$0.628	\$0.332	\$1.035	\$1.400	\$5.360
Other	—	\$.727	—	\$.005	—	\$.051	\$.783
<i>Modernization Subtotal</i>	<i>\$2.835</i>	<i>\$4.544</i>	<i>\$2.951</i>	<i>\$1.413</i>	<i>\$4.945</i>	<i>\$3.626</i>	<i>\$20.314</i>
<i>Expansion:</i>							
Existing network capacity	\$7.509	\$5.951	\$1.734	\$.189	\$.239	\$.131	\$15.743
Urban loop completion	\$3.410	—	—	—	—	—	\$3.410
New location identified needs	\$2.238	—	\$4.92	—	\$.410	—	\$3.140
<i>Expansion Subtotal</i>	<i>\$13.157</i>	<i>\$5.941</i>	<i>\$2.226</i>	<i>\$.189</i>	<i>\$.649</i>	<i>\$.131</i>	<i>\$22.293</i>

Notes: Modernization refers to safety-based improvements that do not add lane-capacity.

Alters types of projects to be funded

State Changes Road-Building Policy

By MICHAEL LOWREY

Associate Editor

CHARLOTTE
Come perhaps a decade from now, virtually no new roads will be built on new sites in North Carolina. This was among the policy changes contained in the Statewide Transportation Plan, a radical revision of the N.C. Department of Transportation's priorities recently approved by the N.C. Board of Transportation.

Federal law requires that each state have an up-to-date comprehensive transportation plan that looks 20 years or more into the future. The Statewide Transportation Plan is that report for North Carolina. The NCDOT determined that over the next 25 years, the state faces transportation needs of \$84 billion, including \$66.6 billion for highways, \$10.6 billion for transit, and \$3.5 billion for passenger rail service. The NCDOT also projects a \$30 billion gap between the needs it identified and the revenues it projects it will take in.

"The bottom line is that NCDOT's currently available resources simply cannot address all of the state's transportation investment needs," the agency notes.

It is unclear what assumptions and value judgments the NCDOT used to arrive at its needs estimates or how rigorous the analytical process it used was. And that exactly is the problem, said UNC-Charlotte transportation expert David Hartgen.

"Every local government wants major transportation improvements, but we can't afford them all," Hartgen said. "Therefore, master plans and needs studies should contain objective project assessments prepared by the governments that would fund the projects. North Carolina's Statewide Master Transportation Plan contains neither project assessments, nor sources of funds to do what's needed."

Strategic highway corridors

A critical element of the Statewide Transportation Plan is the creation of strategic highway corridors throughout the state. The plan establishes 55 corridors and associated highways covering nearly 6,500 miles of road. Though these corridors make up only 7.5 percent of the state highway system, they account for half of vehicle miles traveled.

A list of all strategic corridors is available at www.ncdot.org/planning/tpb/SHC/pdf/SHC_List.pdf

Strategic highway corridors is as much of a planning concept as anything else. Stated aims include improving multijurisdictional corridor planning and achieving a long-term vision for each corridor. By establishing what sort of road (freeway, expressway, boulevard, or thoroughfare) each corridor should be earlier on, it will be easier to address safety improvements and access management decisions in a more consistent manner.

The NCDOT also flatly states that an aim is to build far fewer new roads:

"The intent of the concept is to maximize the use of the existing facilities and give greater consideration to improvements, which achieve operational efficiency, enhanced mobility, and safety. The focus will be to implement changes

in the existing corridor and limit (to the extent possible) construction on new location. By building upon an existing 'footprint' impacts due to construction to the surrounding natural, cultural, and social environment can be reduced. This may not be feasible in all cases, however the concept does lay the groundwork to support a long-term shift in how highway improvements can be made."

Designation as a strategic corridor, however, is not a guarantee that a road will eventually be widened to four lanes. The department did not provide a time or dollar estimate to build all corridors to the facility type recommend in the plan.

Road projects under construction or for which right-of-way is being purchased are unlikely to be affected by the new concept. Projects that are still in the design or planning phase may be delayed or altered to meet strategic corridor considerations.

The NCDOT's website notes that at this time strategic corridors will not receive a preference in funding over other road projects. The Statewide Transportation Plan makes clear, however, that the overwhelming majority of money will go for "statewide" routes, a category which largely overlaps with the strategic corridors. Roads of lesser importance are designated as either regional or subregional by the NCDOT.

The plan projects \$22.3 billion of expansion needs over the next 25 years, \$19 billion of it on major roads. Included in this amount is \$3.4 billion to complete the state's urban loop projects. Nearly \$6 billion is targeted for addressing needs that will arise in the future, all for enlarging already existing roads.

The NCDOT projects spending \$2.875 billion to address already identified expansion needs on regional and subregional highways, including \$902 million for roads to be built on new locations. Once this backlog of existing projects is complete, the state would essentially get out of the business of adding capacity on all but strategic corridors. Only \$320 million is budgeted to add capacity on regional and subregional highways for needs that are identified in the future. None of this future additional capacity would be on new locations. By comparison, the NCDOT has penciled in \$12.9 billion for safety upgrades, intersection improvement, turn lanes, bridge work and the like to "modernize" these roads. More than \$5 billion would go to address modernization needs that have not developed yet.

The Statewide Transportation Plan would also increase spending on road maintenance, which generally is acknowledged to be underfunded.

What the strategic corridor concept does not do is require that the NCDOT consider the cost effectiveness of proposed improvements. A recent study by David Hartgen for the John Locke Foundation found that the cost effectiveness of North Carolina highway projects varied greatly. Some projects were worthwhile, while others involved spending large sums on roads that few people used. By eliminating a small number of the least cost-effective projects, the state could address its maintenance shortfall.

"The recent review... of major highway projects shows that we can both improve and maintain the road system without raising taxes if we select the most worthy and stop sprinkling funds around by region," Hartgen said. *CJ*

Red Tape Fouls Local Opportunity

It is often easy to criticize any endeavor of government, local or otherwise. Conversely, good government projects and ideas often are relegated to the echelons of rarely read print buried in the local newspaper. Sometimes, when local, state, and federal governments get together on a good idea, even the best of intentions lead us down paths that rarely make sense and always cost more money.

Leaders in Yadkin County had a good idea.

Working with a federal grant hunting enterprise, called Capital Link, they were able to unearth an opportunity to extend a water line from the wonderful town of Yadkinville to the thriving suburb (yes, I'm being funny here) of Courtney along Highway 601, about five miles away.

About \$800,000 would be covered by the grant. The county would have a 50 percent match to extend water service into an area that has a school and a growing residential community.

The state DOT also had a good idea. DOT was already going to be working on improving Highway 601 and offered to add the water-line expansion into its contractor request. DOT even agreed to install the water line as it worked on the highway. The estimated net saving to the county would total \$150,000 to \$300,000, the highway would be expanded, and water service would be in place for years to come. Smiles were coming from all around.

But as with most fairy tales, trouble was brewing on the horizon. Shortly after the locals started informing state and federal officials what they planned to do, everything went into a tail spin. The Federal Economic Development Administration, which was providing the grant money, required that the county hire its own contractor. The state said it could not allow the county to build the road. So, the conundrum began.

The N.C. DOT was willing to oversee the project, but federal officials wouldn't let them. Thus two levels of government put enough red tape in place to poison a great opportunity. The really bad news was that the local government wound up holding the bill. And it might have to cough up another \$300,000 to pay for the additional contractor and work to be done on the water expansion.

Of course, other realistic issues were in place as well. By having two contractors working in close proximity, local leaders realized the potential for disagreements and delays in the project.

Local citizens began to think that the city-county leadership was trying to pull a fast one because of the increased cost projections. It is important to recall the project was fine until the federal officials said, "We don't play well with others."

As of this writing, the ADA still will not allow N.C. DOT to work on the project, bids are going out and being reviewed that will ultimately cost the local taxpayers unnecessarily. One can only hope that the NC senatorial and congressional delegation can pay some careful attention to this issue because it will happen again. This type of opportunity is rare, but will become more commonplace as communities seek out companies like Capital Link to work on getting federal grants.

If local, state and federal resources work seamlessly then there is a great deal of efficiency and, ultimately, tax money to be saved. It would be a shame if Yadkin County ends up having to waste precious local tax money because of red tape. A project of this magnitude should become a model of how to do things rather than a warning to stay away. Citizens and leaders in Yadkin County are to be commended for trying to work out the kinks. My hope is that they are successful, if they are not, it portends yet more difficulty in the future for cities and counties across the state. We cannot afford to let opportunities like this pass us by. *CJ*



Chad Adams

Local Innovation Bulletin Board

Tax Incentives Questioned

Many cities use tax incentives and other gimmicks to attract large companies to their areas, with the hope of spurring economic growth and employment. However, a recent study indicates that large companies might not boost economic growth, and in fact, may displace other businesses.

William F. Fox and Matthew N. Murray of the University of Tennessee measured economic growth in two groups of both metropolitan statistical areas and countywide areas: those with the presence of at least one large company (employing at least 1,000 people) and the "control" group, those without a large company.

Researchers found the median MSA with a large-company location experienced an employment increase of about 2.36 percent during the 1980s compared with the non-location MSA of 1.84 percent. However, the county in which the MSA and the large firm was located actually experienced slower rate than the control counties.

The growth rate of a state's metropolitan area, however, was positively correlated with the growth rate of the state as a whole. The presence of large companies in a metropolitan area did not have a statistically significant positive or negative impact on economic growth in that area, after controlling for statewide economic conditions.

The researchers concluded that the race for attracting large companies through local tax abatements and other economic incentives does not necessarily translate into a path of regional employment and personal-income growth.

The paper is William P. Fox and Matthew N. Murray, "Do Economic Effects Justify the Use of Fiscal Incentives?" *Southern Economic Journal* 71, No.1, July 2004.

Stadium subsidies questioned

Not too long ago, cities were willing to put up sales tax increases in order to build new-stadium venues and lure sports teams, but the willingness of taxpayers to fund wealthy team owners may be becoming a thing of the past.

Stadium advocates claim that taxpayer-subsidized stadiums benefit local communities by providing jobs and attracting potential

sales revenue from out-of-towners attending games. Governments have ponied up about \$20 billion over recent decades to finance sports ventures.

Numerous studies show that public benefits have not materialized. A Heartland Institute study found that in 12 metropolitan areas, sports-team venues did not contribute to net employment. Economist Roger Knoll found that only 5 percent to 10 percent of attendees of a local sports event lived elsewhere, and that game attendance merely substituted for other local leisure activities.

A 1998 study by University of Maryland Baltimore County economists Dennis Coates and Brad Humphreys found that professional sports franchises had

no effect on per-capita income growth in metropolitan areas.

A study by the Congressional Research Service found that Maryland's acquisition of the Cleveland Browns, now the Baltimore Ravens, cost state taxpayers \$331,000 per job, 50 times more than other economic development efforts.

Taxpayers are growing weary of publicly financing stadiums and have indicated so to city representatives who promise to take from the poor and give to the rich. In Washington, D.C., voters in the two poorest wards voted out their pro-stadium councilmen, who had supported the mayor's offer of \$200 million from taxpayers to build a stadium. The Missouri legislature rejected most of the subsidies requested by the St. Louis Cardinals.

Team owners have privately funded stadiums in the past, but will be reluctant to do so in the future as long as cities have willing taxpayers.

Demand-response saves money

Recent studies show that electricity demand-response programs have saved customers millions of dollars and could save billions more. The programs use price incentives to encourage consumers to use less power at times of peak demand, thereby increasing the reliability of the power grid.

While benefits from demand-response are potentially large, three main barriers limit their introduction and expansion: state regulations that shield consumers from price fluctuations, a lack of equipment at customer's locations to monitor and reduce power consumption as needed, and customers' limited awareness about the programs and their benefits.

Gulf Power, a regulated utility in the Florida panhandle, was able to effectively overcome these barriers. A rate impact test allowed state regulators to review and approve the program proposed by the utility because of its benefits to both participants and nonpartici-

pants. Gulf Power also overcame the barrier of inadequate equipment by installing new technologies, including a computerized controller, called a "gateway," that integrates the metering, communication and switches to control demand. The Florida utility used mass-marketing techniques to

make customers aware of the program and to provide basic information about the advantages to participants.

The GAO reported three important lessons for such programs to succeed. First, programs must have sufficient incentives to make customer's participation worthwhile.

Second, programs are more likely to succeed if state regulators and market participants are receptive to potential benefits of demand-response programs in their areas.

To achieve these benefits, the design of programs should consider appropriate outreach, the introduction of necessary equipment, and the ease with which customers can participate. *CJ*

From Cherokee to Currituck

Greensboro and Chapel Hill Face Different Downtown Woes

By MICHAEL LOWREY

Associate Editor

CHARLOTTE

Two North Carolina communities face different challenges downtown. Greensboro's center city, after years of decline, recently has become an after-hours hot spot. With the new-found popularity has come increased vandalism, with which the city is dealing. Chapel Hill, meanwhile, faces the opposite problem, a flagging downtown that attracts fewer visitors and business. A new public-private plan to help revitalize the center city is encountering unexpected difficulties before construction begins.

Starting about five years, a series of successful bars and clubs began opening in downtown Greensboro. Previously the area was more noted for its blight than its bustling entertainment district.

"Yes, it is true," Joey Medaloni, who owns several downtown Greensboro clubs, said to the *News & Record* of Greensboro. "There's a lot more vandalism. There's a lot more trash. There's a lot more people downtown."

Police statistics bear Medaloni out. Vandalism is up 58 percent compared to last year. To help combat the problem, Greensboro City Council created a special downtown tax district this year that should generate \$350,000 to \$380,000 a year to pay for extra trash collection and street cleaning. Police patrols in the area also are being increased.

Despite the presence of thousands of college students within walking distance and a growing permanent population, Chapel Hill's downtown has been in decline for several years.

Numerous storefronts sit empty along Franklin Street in the heart of the city as shoppers increasingly head to Durham to make their purchases. There is a scarcity of parking spaces in central Chapel Hill

In an attempt to revitalize its downtown, Chapel Hill and a developer are working to redevelop four lots.

The proposal calls for additional retail and office space, condominiums, and a transit transfer station.

A key element of the plan is adding 1,289 parking-garage spaces; a lack of parking is often cited as the reason why people go elsewhere to shop. The town's share of the plan comes to \$14.7 million.

The public-private effort has encountered potential crippling cost increases before work begins.

One element involves putting a four story condominium complex on top of a parking deck on Rosemary Street.

The deck's architect has, however, recently said that the deck can support only one or two stories.

"If we can't go four stories, or if going four stories requires a substantial additional investment," town consultant John Stainback said to the *News & Observer* of Raleigh, "we might have a problem." Additional surveys are under way.

Plans to construct an underground parking deck on Franklin Street are also likely to cost more than was originally projected. Bedrock has been found on the site; blasting through it could add as much as \$2 million to the cost of the parking deck.

Gaston defeats sales-tax increase

Gaston County voters rejected by a wide margin a proposed one-half-cent increase in the sales tax in a referendum Nov. 2. Had it been approved, the tax increase would have made Gaston only the second county in the state with a 7 1/2-cent combined local-state sales tax. The other county is neighboring Mecklenburg.

Government and business leaders had attempted to persuade voters that the tax increase was a key element in bringing jobs and increased prosperity to county residents. Money from the tax could have been used only for economic development or tourism-related projects. The tax increase was projected to raise \$56 million over the eight years before it was set to expire. Gaston County would have used its half of the tax proceeds to build a convention center.

"Maybe this thing was just not winnable," Gaston Chamber of Commerce President Bob Morgan said to *The Charlotte Observer*. "The result was very definitive."

The sales-tax increase was defeated by a 72 percent to 28 percent ratio. Morgan thought a general distrust of local government was a critical reason for the outcome.

"It is not a benign opposition to taxes. It is an anger about the current property taxes, and it is distrust about how funds have been spent over the years," Morgan said.

Former state Rep. and Gastonia resident Michael Harrington offered a different take to the *Observer*. "People recognize that government is not the creator of jobs," he said.

Charlotte potholes grow

Charlotte motorists will face a bumpier, pothole-filled commute to work unless the city finds additional money to pay for street repairs. While several of Charlotte's key arteries are state roads, maintaining the bulk of the city's streets is a municipal responsibility,

which has increasingly been underfunded in recent years.

Charlotte's goal is to repave all 2,175 miles of its city-maintained streets every 12 years. To do so, Charlotte would have to spend \$14.6 million per year. Spending this year, however, is adequate to repave only every 20 years. The situation gets bleaker next fiscal year, when the city, after depleting its resurfacing reserve account, has only \$5.1 million budgeted for repaving — enough to resurface streets only every 34 years.

"What we're doing is penny-wise and pound-foolish," City Councilwoman Susan Burgess said to *The Charlotte Observer*.

City officials cite a number of reasons for the longer times between resurfacing, including higher asphalt prices and less state money to help pay for municipal street maintenance.

City-paving standards also contribute to the problem. Charlotte spends \$1 million a year resurfacing streets that are less than 5 years old. The city's construction requirements for streets that developers create in new suburbs and later turn over to the city are less stringent than what many other area communities require. Charlotte officials are considering tightening up the standards. *CJ*

Despite the presence of thousands of college students, Chapel Hill's downtown has been in decline for several years.

Krauss: Myths vs. Reality in Medical Malpractice Reform

By CAROLINA JOURNAL STAFF

The addition of North Carolina Sen. John Edwards onto the Democratic presidential ticket helped to elevate the issue of medical malpractice reform to the national debate. But the rhetoric surrounding that debate moved far above the facts on the ground. To separate the myths from the reality about medical malpractice reform, Michael Krauss, professor of law at George Mason University, wrote a paper for the John Locke Foundation looking at medical malpractice reforms proposed in North Carolina.

While Krauss was in Raleigh for speaking engagements to discuss his study, he was interviewed by Carolina Journal's John Hood.

Hood: Let's talk about first why people are debating medical malpractice reform. What makes this such an issue that people care about? Is it the associated costs with malpractice premiums? Is it the fact that there are mistakes that doctors make? I mean, what makes this issue so important?

Krauss: Well, there are several, I think, competing tendencies or thrusts that are at play here. The increasingly high cost of medical care worries people. It's a political issue in every state of the country. The scarcity of doctors in some states, especially doctors in some specialties like obstetrics, also makes the headlines. There have been doctor strikes, doctors' pickets in various states.

In addition, there's a cultural phenomenon that, I think, is too often overlooked and that is that when something untoward happens, either an operation is not successful or a baby is born with some anomaly, people tend less these days to attribute that result to fate or to divine intervention and people often believe that somebody, somewhere must be to blame and go rush to see a lawyer to fix the issue.

Hood: Well, what I've noticed in North Carolina with the debates about medical malpractice reform is that very quickly devolves or evolves, depending upon your point of view, into a war of numbers and statistics. Both sides have their own claims on that.

I think it is safe to say, though, that over the last several years medical malpractice insurance premiums have doubled or greater in lots of specialties in North Carolina. I mean, that's not really in debate. What's debatable is why that's happened.

Krauss: Yes, North Carolina has followed the national trend, exactly. Premiums have increased far above even the increase in liability. Generally, in the country medical malpractice aspect of tort is increasing faster than the rest of tort, which is increasing very fast. We... our... American doctors are something like 10 times more likely to be sued than Canadian doctors are.

Hood: Which should not be assumed that we are making 10 times as many mistakes in American medicine as in Canadian medicine. It has to do with the legal regime.

Krauss: Canadians rush here for their medical care, it's unlikely that American doctors are 10 times worse than Canadian doctors.

Hood: Now a couple of explanations that have been offered by critics of medical malpractice reform for the rising premiums are: Number one, we went through a period in the '90s, for example, when we had a strong market and bond returns and, therefore, the insurance companies were earning good money and they didn't have to charge high premiums and now they're just sort of making up the difference because the market is weak. And the second argument is that — somewhat related — is that insurance are

gouging doctors. The real problem is that insurance companies — it isn't the tort system.

Krauss: The first argument has a grain of truth to it, but just a grain. The second argument has no truth to it whatsoever.

Let me address the first one which is more dangerous because it has a grain of truth to it. First of all, stock returns have very little effect on insurance premiums for the simple reason that all 50 states regulate their medical malpractice insurance companies and require them to invest the overwhelming majority of their premiums in bonds and not in stocks. So, the variance in stock returns is not terribly important.

The variance in bond returns does affect the income of an insurance company and it turns out that probably about 3 or 4 percent of the increase in premiums can actually be attributed to declines in bond returns. Now, that's what the grain of truth is. There is a little bit of truth to this. A slight amount of the increase in premiums is due to investment returns. But there would...

Hood: Well, then the rest of it's gouging. [laughter]

Krauss: That's right. Then we get to the second argument and it goes something like this: "My gosh, company 'x' made a bad guess this last year and they didn't charge enough in premiums and they lost a bundle so now they just are going to triple or quadruple or quintuple their premiums on the backs of the poor doctor to make up for losses last year."

Basic economic reasoning indicates that that simply cannot happen for the following reason: If I decide to triple, it's as if I had a gas station and under-priced my gas last week at 50 cents a gallon and decide to make up for it by charging five dollars a gallon this week, I can't do it because other gas stations will price at the market rate and take the customers away from me.

Insurance is an incredibly competitive industry. The Department of Justice in Washington every year categorizes the various indices in the country according to their cartelization or their lack of competitiveness. And the most competitive industry is the insurance industry.

In North Carolina the overwhelming majority of physicians aren't even insured by for-profit insurers. In other words, even if economic reasoning said the opposite of what I believe it says, the argument would not hold in North Carolina because the overwhelming majority of physicians are either insured by their own cooperative, which would not gouge them, or they are employed as employees of hospitals or big organizations that self-insure. So, that argument holds no water whatsoever.

The initial ... the argument about returns, bond returns, explains a small amount of the change. But the amount of the change due to the bond returns is not what's creating the crisis.

Hood: Let's talk about the tort side of this, then. The legal issues. There are a number of proposals that have been put forward in North Carolina. There was a bill in the General Assembly last year that passed one chamber. Did not pass the other. And it had a number of items that had... one of them had to do with alternative dispute



resolution. Could we move more cases into dispute resolution?

Could we move more cases into mediation or arbitration? What do you think about that?

Krauss: Actually, the bill, as it was initially presented in the North Carolina House, I think, in this respect was very promising.

Let me explain a bit. Many states require a non-binding

mediation before a medical malpractice suit is launched. That has not been terribly successful.

The two states nearest my home, Maryland and Virginia, both require this. It doesn't terribly deter lawyers who believe they have a legally weak claim, but an emotionally strong claim to present to a jury because they... after all the mediation is not binding.

You can't make it binding because there are constitutional problems if you make it binding because of the right to a jury trial. And they believe they can get before a jury. It's just a delaying issue for them. The North Carolina bill, as it was initially proposed had an additional wrinkle that I hadn't seen elsewhere.

Hood: It was kind of like an English pay rules, in a sense.

Krauss: Exactly right. If you lost at the non-binding mediation and then you persisted

in suing and you lost that suit then you had to pay the other party's legal fees.

Hood: And that would seem to have strained out some of the more frivolous actions that would be taken forward.

Krauss: I believe so, because the plaintiff's lawyer, who would not be able to recoup this from his client, would have to shell out the legal fees himself for all practical purposes and, I think, would be unwilling to take on a dubious case.

Hood: Let me ask you about two other quick issues. One of them is capping noneconomic damages. That was not in the legislation in North Carolina but lots of people proposed that. What is your view about the caps?

Krauss: The caps on noneconomic damages, I think, are vital, as opposed to caps on economic damages the some other states about which I have other feelings. On noneconomic damages, which is also called pain and suffering, in most states, there is an incredible variance among jury awards. One jury may award 50 thousand for pain and suffering and another jury might award 50 million dollars for the...

Hood: Very subjective.

Krauss: And there's no way to objectify it and, therefore, no way for a judge to say that this is an incorrect award that he's quashing. And it's this extreme variance that worries insurance companies that have got to provide for this... this... these mammoth awards that hikes up insurance premiums. And so, states like Maryland, for example, have capped noneconomic damages at \$500,000.

CJ



Attention City & County Officials

And others with a strong interest in local government issues

You now have some handy new ways to track the latest news, analysis, commentary, and policy research on city and county governance.

The Center for Local Innovation, a special project of the John Locke Foundation, has launched a new website: www.LocalInnovation.org. Updated daily with headlines, opinion columns, interviews, and links to new studies from a variety of sources, LocalInnovation.org is a great place to start your day if your interests include such issues as local taxes and budgets, land-use regulation, privatization and competition, transportation policy, annexation, and other local matters.

Also this summer, the John Locke Foundation unveiled the first in a series of specialized pages within www.JohnLocke.org devoted to regional news and issues in North Carolina. Its "JLF-Charlotte" page is regularly updated with original articles and links to other news and information about Charlotte, Mecklenburg, and surrounding cities and counties. In the future, similar pages will be devoted to the Triangle, the Triad, and other parts of North Carolina — so stay tuned!



From the Liberty Library

• In *The Wisdom of Crowds: Why the Many Are Smarter Than the Few and How Collective Wisdom Shapes Business, Economies, Societies and Nations*, New Yorker columnist James Surowiecki explores a simple idea that has profound implications: large groups of people are smarter than an elite few, no matter how brilliant — better at solving problems, fostering innovation, coming to wise decisions, even predicting the future. This notion has endless and major ramifications for how businesses operate, how knowledge is advanced, how economies are (or should be) organized, and how we live our daily lives. Surowiecki ranges across fields as diverse as popular culture, psychology, ant biology, economic behaviorism, artificial intelligence, military history, and political theory to show how this principle operates in the real world. Learn more at www.randomhouse.com/doubleday.

• To the question “Can’t we all get along?” Michael Novak answers with a resounding “Yes” in *The Universal Hunger for Liberty: Why the Clash of Civilizations Is Not Inevitable*. Novak, a Catholic, addresses people of all faiths who value civilization and can embrace a principle of civility that allows us, at the very least, to talk to each other. Toward this end he argues “for new habits of cross-civilizational respect” based on four cardinal virtues: “respect for the regulative ideal of truth; cultural humility; the dignity of the individual person; and human solidarity.” At the same time, he rejects cultural relativism, arguing that “people should be who they are and present evidence for their unique claims and choices in a way respectful to others — but also respectful for the truths they themselves hold dear.” Available at www.laissezfairebooks.com.

• The Navy’s Blue Angels are the most famous flight demonstration team in the world. While millions of aviation enthusiasts see their shows every year, the story of the man who formed the squadron has never been told.

First Blue: The Story of World War II Ace Butch Voris and the Creation of the Blue Angels details the journey of an unassuming man whose strong character and desire to fly launched him into a life of drama, heroism, and accomplishment unique in his field. Because he wanted to serve his country during World War II, young Voris found himself flying fighter planes as part of the pitifully prepared and outmanned front in the early stages of the Pacific theater. He was nearly killed there but went on to be a leader in one of the most fearsome naval air squadrons in the Pacific. More at www.holtzbrinckpublishers.com.

• Politicians and pundits are imploring the United States to give the UN a major role in American foreign policy. But Dore Gold says in *Tower of Babel: How the United Nations Has Fueled Global Chaos* that it is absurd to look to the UN to fight aggression, combat terrorism, and preserve global order. The UN is an abject failure — a fatally flawed organization that has accelerated and spread global chaos. And it is dominated by anti-Western forces, dictatorships, state sponsors of terrorism, and America’s worst enemies. Details at www.randomhouse.com/crown_cj

Book review

Absolutely American: UNC Finally Falls In Step

• David Lipsky: *Absolutely American: Four Years at West Point*; Houghton Mifflin; 317 pp; 2003, \$25.

By JOHN PLECNIK

Contributing Editor

DURHAM
When David Lipsky’s *Absolutely American* was added to the reading list for students at the University of North Carolina, some conservatives applauded the move. Others, however, felt the text was less than intellectual and expressed as much in *Carolina Review*, UNC’s conservative newspaper.

The perspective in *Absolutely American* is neither conservative nor liberal. The author is a contributing editor to *Rolling Stone* magazine and specializes in covering universities and students.

If Lipsky reveals some bent, it is toward his favorite subject matter. We see West Point primarily through the eyes of the cadets. Their biases shape the reader’s view of the institution that was first labeled “absolutely American” by President Theodore Roosevelt in 1902.

Four years of research at USMA

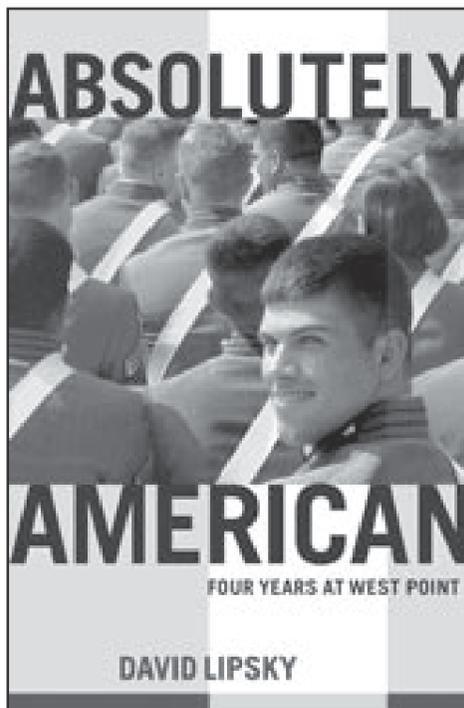
The eventual book was born out of an assignment from *Rolling Stone*. Lipsky was supposed to spend a few weeks on campus, interview some students, and write a short piece for publication. Even after spending a full year at West Point, he thought that the institution’s true story had yet to be told. Lipsky remained for three additional years, until the class he had first befriended walked for graduation. The text itself is structured around these four years, with “The First Year” constituting “Part One,” “The Second Year” constituting “Part Two,” and so on.

That said, Lipsky chooses to focus on different classes of students to illustrate different years of the West Point experience. For instance, our best view of the applications process and orientation is not given until “The Third Year.” This lack of organization is counterintuitive and the book’s index fails to compensate for such shortcomings. It simply lists the four parts and leaves the reader to guess what lies therein.

X-rated material

Another characteristic of *Absolutely American* that bears mentioning at the outset is the adult-oriented nature of the text. Oftentimes, every other word out the students’ mouths is an expletive, and none of them is deleted. Various illicit drugs and their uses are described in great detail. Even sex is an open topic and readers are regaled with many raunchy tales of pornography, public nudity, and sex-crazed cadets. By my estimation, college freshmen have enough bad ideas without being spoon-fed tales of sex and drugs. I believe *Absolutely American* is best left to more mature upperclassmen.

A final structural feature of *Absolutely American* is Lipsky’s focus on two diametrically dissimilar cadets, Don “Whitey” Herzog and George Rash. Herzog represents the West Point ideal. He wanted to join the Army since childhood and sees himself as a future Ranger. From the first day of high school, Herzog dreamed of attending West Point. Once admitted, he



quickly climbed to the top his class. Rash could not be more different. He entered West Point because he had heard “the military is a great way to go,” thinking of practical benefits such as guaranteed employment, housing, and medical care. A straight-A student in high school, Rash could barely meet expectations at West Point. The stark contrast between Herzog and Rash allows us to see both sides of an institution, and make our own decision as to who makes the most of their opportunity.

Selecting a career

As we follow Herzog’s story, most of his problems seem to stem from success. Ranked 13th in his class, Herzog is free to pick the military career of his choice. Each September, the seniors select their branch of service on a first-come, first-served basis. Highly ranked seniors are first and get their pick of branch and location, hoarding “plum posts” in Hawaii and Europe. Poorly ranked students are forced to take whatever remains.

The gung-ho Herzog is tempted to choose aviation to learn marketable skills, over his dream of joining the infantry. West Point offers students a simple deal. Sign on and virtually everything is paid for, including food, clothing and tuition. In return, graduates owe the Army five years of service.

An increasing number of students “five-and-fly,” serving their minimum time before flying off to high-paying jobs and graduate school. For West Point, retention has become a real problem. While Herzog considers joining aviation to become a highly paid pilot, his classmates dream of law school and Wall Street. However, as Lipsky

points out, the decline of interest in lifelong military careers is not just a problem of patriotism. West Point is partially to blame. Competing for the best students with the likes of Stanford, Duke, and the Ivy League, West Point has sold itself as a peer institution that promises graduates a prosperous future in the private sector.

In short, West Pointy’s admissions strategy encourages many students, who have no inclination of serving out a military career, to turn down Harvard and MIT for a “free” education at West Point. The only real surprise is that West Point failed to see this coming. While Herzog spends his time

at West Point trying to find his future, the underperforming Rash is happy just to survive the present. Students at West Point are expected to meet rigorous athletic standards. Even gaining too much weight is a cause for “separation,” the quaint West Point term for failing out. Herzog’s feet were not made for marching, and he continually fails the track portion of his Army Physical Fitness Tests. Remedial tests are given, but fail too often and separation is inevitable. Rash never seems to make it on the first try, but always manages to squeak by. Surrounded by proud and competitive peers, most disdain Rash and many hate him.

Rash is continually offered the chance to drop out by administrators and classmates who believed that he was an embarrassment to their institution. At one point, Rash is even accused of dishonesty with regards to reporting on how often he checked up on the health of his assigned group of underclassmen. Using the honor system, several classmates attempted to characterize Rash’s vague statement that he checked on them, “most of the time,” as a lie. Ultimately, one of the “witnesses” against him admitted that she hoped Rash would incriminate himself. This slip effectively ended the inquiry. Briefly leaving aside my review of *Absolutely American* to review West Point itself, if Lipsky’s rendition of Rash’s persecution is even half true, then West Point’s honor system should be revamped and his accusatory peers ought to have been severely punished. Of course, Lipsky writes from Rash’s perspective and it is hard for the reader not to sympathize.

Tempted by earning potential, Herzog finally chooses aviation. However, after graduation, he has a hard time risking his life in a profession in which he never intended to remain. Herzog transfers to finance, where he becomes safer and marketable. This somewhat selfish decision changes after Herzog is temporarily assigned to Kosovo and he contemplates the global efforts of the military. Herzog ends by transferring to special operations, because he knows that branch will be important in fighting the war on terror. Herzog is only one of many West Pointers whose lives was forever changed by Sept. 11 and the growing realization that America is engaged in a global war on terrorism.

Long shadow of Sept. 11

On the day of Sept. 11, rumors abounded that first-years were resigning to avoid war. However, West Point’s true reaction was noble. Forced to choose their branch, the Class of 2002 saw more than 200 cadets select infantry; the group of combat-seekers was one of the largest in years. Rash avoids combat, lucking into engineering. The sore-footed survivor also passes his last remedial physical exam. Rash has managed to graduate against the collective will of West Point, and Lipsky leaves to eventually write the subject of this review.

My verdict on *Absolutely American*: the text is somewhat disorganized and its content is riddled with profanity and sexual innuendo, but it gives readers a frank look at one of our nation’s most mythologized institutions. In fairness to its critics, *Absolutely American* is no substitute for Shakespeare or Joseph Conrad’s *Heart of Darkness*. Barring such a trade, it is worth the read. Should children partake of *Absolutely American*? Probably not. Should our friends at UNC? Absolutely!

John Plecnik is a law student at Duke University.

Book Review

The Power of Productivity: Liberals Wake Up to the Real World

• William W. Lewis: *The Power of Productivity*; University of Chicago Press; 2004; 323 pp; \$28

By **GEORGE C. LEEF**

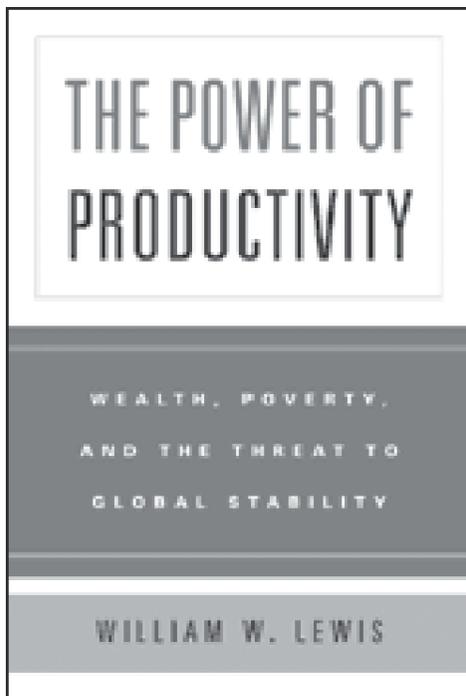
Contributing Editor

RALEIGH
Watch the pennies and the dollars will take care of themselves," Benjamin Franklin said. We might, in a similar vein, explain the key message of William Lewis's book *The Power of Productivity* by saying, "Watch the productivity and prosperity will take care of itself." The way to watch the productivity, he concludes, is for government to stop obstructing it.

What makes *The Power of Productivity* so interesting is that it wasn't written by a right-wing economist. The author isn't an economist by training at all. Lewis is a physicist who became a partner in the international consulting firm McKinsey & Company and founded the McKinsey Global Institute. He had the ear of officials in the Clinton administration, especially Labor Secretary Robert Reich, and contends that presentations by his McKinsey team were responsible for altering the course of Clinton's economic policy away from regulation and toward markets. Therefore, the book cannot be dismissed by liberals as the scribbling of a dogmatic free-marketeer.

The big picture: think small

Lewis, as noted, is not an economist, but he has figured out one of the key tenets of sound economic analysis — you have to look at the micro level if you want to know what causes some nations to prosper and others to remain stagnant economic backwaters. Referring to macroeconomics, he



writes, "It's like trying to understand our physical universe using only the telescopes of astronomy. Any real understanding comes from studying how the tiniest particles in the universe interact in the depths of massive stars." His McKinsey team therefore spent 12 years in minute analysis of a dozen countries ranging from the most prosperous to the exceedingly poor. This remarkably clear book explains their findings.

One of the most basic lessons of economics is that people must produce in order to consume. With that truth as a starting point, Lewis proceeded to ask what some countries are doing right, and others are doing wrong. Paying no heed to the "conventional wisdom," some of his main conclusions are:

- If poor nations take care of their production problems, then (and only then) will the capital they need for modernization flow in;

- Education is not immediately important — since workers learn most of what they need to know on the job, pouring resources into formal schooling is unnecessary;

- Distorting markets to achieve "social equity" is a bad idea;

- Today's big governments in poor countries are a great handicap that today's rich countries did not have when they were at a similar stage of development;

- Consumers are the only political force that can stand up to producer interests, big government, and the technocratic, political, business, and intellectual elites.

Brazil: a tough nut to crack

Lewis provides a wealth of detail about the countries he studied. Brazil, for instance, is a nation divided between an affluent, "first world" sector and a larger, desperately poor "third world" sector. The big cities gleam with modern buildings, but they're ringed by miles of pitiable slums. Most of the nation's commerce is carried out in the third-world sector, which is beyond the reach of taxing authorities. The problem that creates is that in order for the state to collect the money it needs for its prodigious expenses, taxes must be high on the relatively small number of "formal" businesses. The high taxation prevents them from expanding.

Here we get back to the theme of productivity. Formal businesses are far more efficient than informal, "off the books" ones. They use economies of scale to produce more consumer value for the resources used

than informal businesses can. The trouble is that the heavy burden of taxation wipes out their competitive advantage. Thus, big government keeps most of the Brazilian economy stuck with the same kinds of businesses as existed 300 years ago. If you feel sorry for the poor and want to see their lives improve, you should favor a dramatic downsizing of the Brazilian state.

Lewis also gives us a fascinating chapter on Russia. While communism has been officially buried, its ghost haunts the country at every turn with market distortions that are ruinous to economic progress. "Russia distorts the ground rules for competition to such an extreme that businesses do well not because they do better, but for other reasons," he writes. Resources remain trapped in inefficient enterprises that have changed little since the Soviet era, because of the fact that local governments order unproductive firms not to shut down.

India is another pathetic picture. To show just one instance of India's hostility to the free market, the nation has a "small-scale reservation" law that restricts investments in fixed assets to \$200,000 for firms producing more than 50 percent of their output for the domestic market. While Indians who leave the country often prosper, the country is stuck in an antiquated rut, thanks to government policy.

This book could have a lot of influence in a "Nixon goes to China" sort of way. Liberals who read it might have to admit that a lot of the interventionist policies they clamor for to "protect" people from the effects of free-market competition are terribly myopic. Most liberals have a big psychological investment in the supposed evils of capitalism, but this devastating indictment of anti-market policies could cause some to reconsider. CJ

Book Review

Morality of Capitalism: Disappointing Debate on Market Economies

• Rebecca M. Blank and William McGurn: *Is the Market Moral? A Dialogue on Religion, Economics and Justice*; Brookings Institution; 2004; 151 pp; \$16.95

By **JAMES OTTESON**

Guest Contributor

TUSCALOOSA, ALA.
Is the Market Moral? is a debate between economist Rebecca Blank and *Wall Street Journal* editor William McGurn not about the extent to which market economies are compatible with morality, as the slim volume's title suggests, but rather about the extent to which it is compatible with Christianity. Both Blank and McGurn are Christians, the former Lutheran and the latter Catholic; the book comprises their statements of their views and then their responses to the other's statements.

Backhanding the free market

Despite her acknowledgment that "there is no viable alternative to the market as an organizing principle for an economic system in a complex society," Blank said that "there are a variety of justifications for government action beyond those conventionally recognized by economists." In support of the first claim, Blank lists several advantages of market economies: proper alignment of incentives, efficiency, and decentralized decision-making. She also raises standard problems, however, such as asymmetrical information, externalities, public

goods, and monopolies, which, she argues, require government intervention. Still, her claim is that the government's role is to help keep the market competitive, not to replace it or pervert its generally beneficial structure.

But when she turns her attention to the market's concordance with Christian principles, she finds it more seriously lacking. She argues that whereas markets concentrate only on individuals, Christianity focuses on both individuals and communities; whereas the market calls on us only to be self-interested, Christianity calls on us to be "other-interested;" whereas the market tells us that "more is better," Christianity tells us that sometimes less is more; whereas the market tells us that any good may be produced for which there is a market, Christianity cannot view all choices as morally neutral; and, finally, whereas the market "ignores the poor because they are not participants," Christianity "brings them [the poor] into the center of community concern."

I find these criticisms of the market unpersuasive, and in some cases juvenile. There seems no reason whatsoever to suppose that people living in a free-market economy would not voluntarily form communities, would not sometimes decide not to go ahead and buy more, could still perfectly well think of some goods as unsavory or immoral or to be avoided for some other reason, or could be concerned for the poor. It is not "the market" that makes a person

selfish, immoral, un-Christian, or callous toward the poor; all the market does is allow people the freedom to make their own decisions. The morality, or immorality, of those decisions are thus on their own shoulders, not those of "the market."

Blank suggests that the government must, in addition to merely keeping markets competitive, ensure "reasonable hours, a safe work environment, and fair repayment" for workers' labor, enforce "nondiscriminatory and nonabusive work practices," and address "the environmental problems that widespread economic growth often has caused." It would seem that the Christian government, according to Blank, is very nearly the expansive welfare state we already have in the United States today.

Disappointing defense of market

In his turn, McGurn's defense of the morality, or Christianity, of markets are good as far as they go, but they lack the systematic rigor to really make the case. So, for example, he makes the obvious point that "for poor the real danger is almost never markets and almost always the absence of them." He repeatedly uses Hong Kong as an instructive example, and, to link his position to Christianity (or at least a certain version of it), he makes frequent reference to Pope John Paul II's statements giving a qualified defense of markets and a qualified rejection of socialism.

Those are fine points to make, but they

are too frequently tied to a specific worldview — Pope John Paul II's, for example — to make them persuasive generally. Blank's criticisms of markets, though ostensibly arising from her Lutheran Christianity, are in reality criticisms that people of many religious stripes raise. Hence they need to be addressed in general terms. This can be done, but McGurn's responses, though occasionally insightful and generally on the right track, are not quite up to the task. At one pivotal point McGurn actually agrees with Blank that the market depends on moral virtues "that it cannot create itself" and that must, therefore, be superintended by the state.

The topic is an important one, but the book disappoints. Its criticisms of market economies are nothing new, occasionally border on silly, and display little awareness of obvious responses. Because its defenses of market orders don't make a general case, but instead largely rely on particular anecdotal examples, the book doesn't make a significant contribution to the ongoing debate of these issues.

Readers looking for a better defense of the morality of capitalism should try Henry Hazlitt's classic *The Foundations of Morality*, especially the chapter "The Ethics of Capitalism." CJ

James R. Otteson teaches philosophy at the University of Alabama and is the author of *Adam Smith's Marketplace of Life*.

Sen. Edwards' Star Loses Its Twinkle

Not only was he supposed to bring along his own state, but North Carolina Senator John Edwards was expected to deliver other Southern electoral votes for the Democratic presidential ticket.

He failed miserably, and wasn't close to a difference-maker in any state.

Which, contrary to several opinions expressed earlier in the campaign, shows that Edwards can't be considered a serious candidate for the presidency in 2008. He believed, along with many others, that even though Kerry might lose this year, his high profile on the ticket would boost his chances four years from now. Turns out that idea was a much larger gamble than he could have imagined.



Paul Chesser

North Carolina's results prove how far Edwards' star, if it ever did twinkle with his constituents since he was elected in 1998, has fallen. In a state where this year voters returned to office a reclusive Democratic governor, Mike Easley, and once again made both chambers of its legislature Democratic, Edwards could only help John Kerry muster 43 percent of the popular vote. Most other statewide offices went Democratic also.

Running from Edwards

Erskine Bowles, who blew a big lead in the polls to Republican Richard Burr in the race for Edwards' former Senate seat, recognized what the national Democratic party and mainstream media did not: that Edwards was a loser. Bowles, with significant financial resources, campaigned as an independent who would work with both parties, but avoided almost every Kerry/Edwards visit to the state. That didn't help him anyway, giving Burr the only other bright spot for North Carolina Republicans. Edwards' unimpressive Senate record gave Bowles nothing to build on either.

Perhaps Kerry could have deployed Edwards more effectively, but I doubt it. Contrary to media reports Edwards stumped almost non-stop, but he did not bring along one single state that Kerry couldn't have won without him. He did nothing on the campaign trail to distinguish himself and attract voters. With the Democratic successes statewide in North Carolina, Edwards had no excuse for Kerry's poor showing there.

Their failures in the south likely mean that national Democrats will kick themselves in the coming days for putting Edwards on the ticket.

How could they have so overestimated his popularity? How could they have ignored his obvious problems, which were not hidden, in his home state? How could they have been so deluded? Strategists don't have as much say about their presidential candidate as primary voters do, but they can exert a lot of pressure on the vice presidential choice. This was a big boo-boo.

Which portends well for Hillary Rodham Clinton as a presidential candidate in 2008. Not only did Kerry fail this year, but Edwards, who many considered her best potential primary challenger four years from now, has sunk. Her path is clearer now than even she probably could have hoped. *cj*

Paul Chesser is associate editor of Carolina Journal.

Editorials

MEDIA IN A MESS

Still preaching division after the election

The dust from the election Nov. 2 had hardly begun to settle than TV networks and many of the nation's newspapers the next day returned to their favorite game — kicking President Bush in the shins. Some of the newspapers engaging in the sport dominate North Carolina's major markets. Apparently, according to the Wednesday-morning media quarterbacks, the slow-witted "cowboy" from Texas can't tie his shoelaces — even though a majority of voters think otherwise.

While those in the opinionated media are spreading their criticism of Bush rather heavy, they might want to consider a little introspection. They would find a few problems — such as a credibility crisis within their own ranks. The media's credibility, according to polls, is several percentage points lower than Bush's.

People surveyed in the most recent Gallup poll, released after the election, gave Bush a job-approval rating of 53 percent. Meanwhile, an earlier Gallup poll, published Sept. 23, reported that only 44 percent of Americans expressed confidence in the media's ability to report news stories accurately and fairly. That's the lowest ranking of the media's credibility since 1972.

It's also interesting to note that even though a majority of North Carolina's metropolitan newspapers leaned toward John Kerry in the election, the state's voters overwhelmingly supported Bush. The disparity suggests that North Carolina's metropolitan newspapers are out of touch with their readers.

And it could be said with certainty that the public has more trust in Bush's ability to get things right than in the media's ability to do the same.

Soon after the smoke began to clear over the political battlefield Nov. 2, most of the nation's shell-shocked journalists staggered from their foxholes and rubbed their eyes. Their preferred candidate, Kerry, had been defeated by a smaller, feistier opponent.

But many media folks around the nation — and in North Carolina — refused to accept reality either because of ideological bias or because they were too blinded by arrogance to see what had really happened. Gauging from the number of bitter editorials written after the election, many editors still think their judgment was far superior and better-informed than that of the voters.

The public evidently thinks otherwise. Journalists didn't get it right before the election and they didn't get it right in their exit polls during the election. Now, after the election, journalists can't get it right in their editorials.

Newspapers around North Carolina echoed the sad refrain:

- "Bush Must Press for National Unity" — *Herald-Sun* of Durham

- "Bush can choose to be statesman, uniter" — *Fayetteville Observer*

- "Bush's challenge and our hope: Bridge gap between blue and red voters" — *Asheville Citizen-Times*

- "Divided we stand" — *Salisbury Post*

- "The Healing Time" — *News & Observer* of Raleigh

One newspaper, the *Wilmington Star*, cried uncle. "It's over, thank heaven," its editorialist sighed.

The authors of those editorials seem to have forgotten the fact that Bush beat Kerry by 51 percent to 48 percent of the popular vote, the first majority of popular votes since 1988. The Republican Party scored major upsets in races across the country. It gained seats in both the House and Senate. It appears to have retained an edge in party control of state legislatures and expanded its majority of governors to 29-21. The battle is over. In general, Bush and his party were the victors.

Yet the losers, and their apologists in the media, strangely still insist on dictating the terms for the next Bush administration. Theirs are the same voices that tried to divide the nation before the election, and now they are the only voices still preaching division after the election. Much of the specter of a "great divide" was created by the news media, which exaggerated problems on the war front and on the domestic front. Today they continue to do so.

They said Bush's invasions of Afghanistan and of Iraq would be long and bloody. They doubted American could succeed where the Soviet Union failed in Afghanistan. They said American "imperialism" would generate a Muslim uprising throughout the Middle East. They said we would become stuck in a quagmire in Iraq like we were in Vietnam. None of those scenarios has panned out. Afghanistan recently conducted its first democratic national election, and

Iraq is on its way to doing the same.

Before the election, those who talked most frequently about "a divided nation" were Kerry, John Edwards, and their supporters. Edwards harped on his "two Americas" theme — one the haves, and the other the have-nots — wherever he made campaign appearances. "Now is the time for healing," the press wailed in editorial after editorial. Many of the nation's editorial pages sing in chorus: Now it's up to Bush to unite a divided nation.

Rather than trying to counsel Bush on national divisiveness, the media establishment perhaps should concentrate its efforts on overcoming its ever-widening credibility gap. Stung by incidents such as Dan Rather's faked memos and a late-hit on missing explosives in Iraq that turned out to be a more complicated story than reported, media leaders are the group that needs to pursue some real self-examination and soul-searching. They acted like partisans this year, and sloppy ones at that. The voters weren't fooled. Now is the time to "heal" the resulting divisions. *cj*

A Gallup poll reported that only 44 percent of Americans expressed confidence in the media's ability to report news accurately.

LACKLUSTER STATE

North Carolina economy running on fumes

North Carolina's not that bad. Sorry for the uninspiring lingo, but that appears to be a fair reading of new studies that look at economic competitiveness and momentum.

North Carolina's economy, a dynamic leader during much of the 1980s and 1990s, took a significant hit during the 2001-02 recession and has posted a relatively weak recovery. Growth in jobs and income has lagged the regional and national averages.

The latest news about North Carolina's relative economic dynamism comes from two well-respected think tanks: the Milken Institute, based in California, and Suffolk University's Beacon Hill Institute in Boston. Milken issues an annual report that ranks the nation's metro areas on the basis of economic performance. In 2003, Raleigh-Durham celebrated a 12th-place ranking out of 200, but the 2004 data show the Triangle slipping to 34th. The Charlotte area was little changed at 50th.

Only one other metro, Asheville, was above the median at 92, leaving four North Carolina regions in the bottom half of the distribution: Wilmington (117), Fayetteville (156), the Piedmont Triad (165), and Hickory-Morganton-Lenoir (197). Obviously, the economic fortunes of our major urban centers differ widely. Overall, one might best describe North Carolina's ranking in the Milken report as lackluster.

A focus on competitiveness

The Beacon Hill study examines a related concept: economic competitiveness. North Carolina again appears mediocre, at 26th out of the 50 states in the 2004 ranking, though the Triangle's second-place showing among 50 metro areas is a bright spot.

Delving more deeply into Beacon Hill's index serves to reveal more about what factors help and hinder North Carolina's attractiveness to entrepreneurs and corporate executives. The good news is that our state's costs for workers' compensation and unemployment insurance are significantly below the national average, as is the extent of unionization of our labor force. Improvements in elementary-level math proficiency and a high bond rating are also pluses.

Unfortunately, North Carolina's performance on other indicators serves to weigh down our economic vitality. The state ranks 44th in fiscal health (so much for the silly claim that our budget policies rank among the best in the nation) and we have more public employees per capita than most other states do, suggesting an unhealthy amount of bureaucracy, redundancy, and governmental overreach. North Carolina also ranks poorly in overall educational attainment, health, and crime.

Looking at the city data, Charlotte's competitiveness is hampered by serious and worsening traffic woes, while both Charlotte and the Triangle are posting surprisingly high costs of doing business.

Past successes give way to negative trends

In general, these data portray our state's economy as a whole as moving forward, but not rapidly. You might say that it is running on fumes.

On the Milken Index, job creation in Charlotte and the Triangle looks a lot better in the five-year rankings than it does within more recent time frames. And in the Beacon Hill data, North Carolina's positive indicators reflect long-standing accomplishments (fighting off labor unions, reforming workers' comp, maintaining relatively low debt loads) while trouble signs are proliferating in such areas as fiscal policy, government growth, and transportation.

Without some bold and thoughtful action now by state and local policymakers, we can expect many of these indicators to worsen relative to the national average, thus weakening North Carolina's economic competitiveness further.

Interestingly, these findings track fairly closely with what North Carolina business leaders themselves identify as among the factors reducing our competitiveness. In a John Locke Foundation survey of about 300 executives earlier this year, taxes and regulations ranked as the top problems.

Respondents were overwhelmingly in favor of dedicating highway revenues (from taxes on cars and motor fuels) to building and maintaining roads rather than routing them to other projects or programs. And they expressed significant skepticism about the rate of return taxpayers

receive from most state and local government expenditures.

Meanwhile, the political class in Raleigh seems fixated on other, less-compelling matters. Politicians continue to look for new ways to spend public dollars on targeted economic-development projects and incentives rather than focusing on the need to perform better the limited number of tasks we truly need government to do.

These mistakes can be costly, as demonstrated by the recent news that a natural-gas line installed in northeastern North Carolina with nearly \$200 million in state bonds has generated scant customer interest and an annual operating deficit that millions of Piedmont Natural Gas ratepayers across the state may now have to cover through higher gas bills.

In many ways, our state remains an attractive place to live and work. But our assets are eroding. It's time for political leaders to stop preening for the cameras, roll up their sleeves, and get back to the real work we hire them to perform.

LOTTO BALONEY

State-run gambling monopoly still unwise

Get out your phony-baloney detector. North Carolina state legislators are preparing to debate a state-run lottery once again, and meats of questionable provenance will be served up to ravenous reporters and peckish pundits. Here are common arguments for the idea, arguments that should be immediately rejected as offering little policy sustenance:

- "It's wrong to keep people from playing the lottery. Isn't this supposed to be a free country?"

Yes, freedom should be of paramount importance, and there are good arguments against government attempting to protect adults from their own foolishness.

But the proposal before us has nothing to do with freedom. It is to set up a state-run gambling monopoly to allow North Carolinians to play only the games a government contractor runs. The odds of winning will be atrocious, thanks to a lack of legal competition in the gambling market, and players will be subjected to misleading advertising about the odds, thanks to the government's exemption from liability for fraudulent claims.

Moreover, freedom swings both directions. By putting the government in the gambling business, you are forcing citizens who believe gambling is abhorrent or sinful to associate with it or derive revenues from it. That violates their personal freedom.

You are also putting the government in the position of exhorting people to gamble, including children, to which many parents' answer will be something like, "shut up and mind your own business."

If you buy the freedom argument, you should favor legalized, private gambling at places such as horse tracks and the weekly poker game at Charlie's. You should not favor a state-run lottery.

- "But every other state around us has a lottery. Aren't we suckers to allow hundreds of millions of North Carolina dollars to flow over the border to build schools in Virginia and South Carolina?"

In a word, no. When you account correctly for administrative costs and the cross-border flows in each direction (if North Carolinians buy lottery tickets, they win prizes in roughly equal proportion, as lottery data show in neighboring states), the real "revenue loss" from not having a North Carolina lottery is too small to worry about. It is certainly not large enough to justify setting up our own game, the administrative costs of which would be greater each year than the current annual revenue loss.

- Legislators often say, "I'm not voting for a lottery. I'm voting for the people's right to decide. Why are you against a public vote?"

The proper answer to this argument is a snort. Lawmakers who hide behind such a transparent rationalization are, with few exceptions, grossly hypocritical. They have been blithely voting for years to taking away the public's right to vote on issuing debt. They have no interest whatsoever in allowing the public to vote on public-policy ideas that get higher ratings in public-opinion polls than a lottery does, such as tax cuts, spending caps, or term limits.

Since these proposals typically score in the 70 percent to 80 percent range in approval, here's a deal to offer: Let's agree to a public vote on a state lottery *after* we hold a referendum to impose term limits on state legislators and a Taxpayer Protection Act. Do we have a deal?

Didn't think so.

A Tale of Two Republican Parties

The 2004 election results tell the tale of two Republican parties. With the re-election of President Bush, a more-Republican U.S. House, a more-Republican U.S. Senate, and a Republican majority of the nation's governors and legislative chambers, it would be difficult to spin the 2004 election cycle as anything but a triumph for the national GOP. Many of the races were close, hard-fought contests — but that makes it all-the-more striking that Republican candidates prevailed in most of the key ones.

North Carolina did its part to help to create and sustain the Republican tide. Its voters re-elected a GOP majority, albeit a narrow one, among the 13-member delegation to the U.S. House. Most importantly, it elected Richard Burr to the U.S. Senate — giving the state two GOP senators and creating a rising star to complement Elizabeth Dole.

This is a Republican Party, both nationally and in the Tar Heel State, that is in the ascendancy. It is setting the agenda for national debate.

But once you move down the ballot, you find another Republican Party in North Carolina. It's a party that hasn't elected a governor in 16 years, that hasn't exercised real power in the General Assembly since 1998, that appears to have no effective farm team of candidates groomed for higher office and little effective means of raising and deploying resources to win competitive races. Fundamentally, it's a party that has been unable to frame a clear, coherent message that distinguishes its candidates and agenda from those of the Democrats.

With Gov. Mike Easley's decisive re-election, North Carolinians chose a candidate whose clever campaign portrayed him as a fiscal and cultural conservative. According to the exit polls, about one-third of self-identified conservatives voted for Easley, including 21 percent of "white conservative protestants" and 41 percent of those who thought taxes were the most important issue of the political season.

Ballantine got at least two bad breaks from which it was difficult to recover. One was the Democrats' delay of the GOP gubernatorial primary from May until July, a move engineered to exhaust the eventual nominee and compress the general election season. The second was a last-minute change in election law, again engineered by Easley's allies in the legislature, which blocked money from national Republican sources that previous candidates had used to ameliorate their fund-raising disadvantage.

Yes, GOP candidates did score in some Council of State races. But given the limited power of many of these offices, they hardly offset the losses in the Assembly, where state policy is made. And the Republican underperformance was most acute there. Yes, once again Republican legislative candidates actually got more votes statewide than Democratic legislative candidates. But we don't elect the legislature in North Carolina by proportional representation. We do so within a set of winner-take-all districts.

Democrats won almost every competitive district and picked off Republicans even in GOP-friendly territory. It was, in short, a debacle. A key cause was the internecine warfare in the House, which resulted in poor candidate recruitment and an unfavorable set of districts (for which a number of Republicans oddly and foolishly voted). Another cause was the Republicans' significant disadvantage in fund-raising and advertising, itself partially a reflection of the fact that GOP activists and donors obviously cared more about re-electing Bush and electing Burr than they did about state races.

National Republicans, flush with victory, meet your counterparts in North Carolina. They're not doing so hot.

John Hood

Editorial Briefs

Health Savings Accounts help some

While Health Savings Accounts are no cure-all for the crisis in health care, they could make consumers more cost-conscious and reduce premiums, making insurance more affordable for the 45 million people who lack coverage, *USA Today* says.

Here's how they work: Individuals and employers can purchase lower-cost policies with high deductibles, at least \$1,000 for an individual and \$2,000 for families. The deductible expenses are paid out of HSAs; unlike the "use it or lose it" rules of current flexible spending plans, whatever isn't spent collects interest from year to year.

Early results of HSAs, which became available this year, are encouraging. One-third of HSA buyers were previously uninsured, according to eHealthInsurance, an online brokerage. Nearly half earn less than \$50,000 a year, and 70 percent paid less than \$100 a month for coverage because high-deductible policies are 15 percent to 40 percent less expensive than comprehensive policies.

New HSA purchasers typically are older than 40, and many have chronic-health issues, reports Assurant Health. In most plans, preventive care is paid by the insurer, and generic drug usage is consistently higher than with traditional plans.

HSAs could ease the two biggest problems in health care: soaring costs and growing ranks of uninsured. Businesses have been slow to offer HSAs because the government issued guidelines only in June.

Fraud plagues schools' Internet program

The federal E-rate, or, more precisely, the Schools and Libraries Universal Service Support Mechanism, provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. Like most large-scale government giveaways, the E-rate program, which collects \$2.5 billion a year in telephone taxes to hook up schools and libraries to the Internet, has produced a huge amount of fraud and abuse, observers say.

Chicago public schools have more than \$5 million in E-rate computer equipment sitting in a warehouse. In San Francisco, school officials learned that a \$68 million project should have cost less than \$18 million. Puerto Rico spent \$101 million in federal grants to wire 1,500 schools to the Internet. Yet the district warehoused most of the equipment for more than three years, and only nine schools were actually connected to the Internet.

In June, the Federal Communications Commission reported that 42 criminal investigations were under way.

Large corporations have gained millions from E-rate. In May, NEC Business Network Solutions pleaded guilty to rigging bids at six school districts; the company will pay a \$20.6 million fine. In June, the *New York Times* revealed that the El Paso school district paid IBM \$35 million to build a network powerful enough to serve a small city. When the school district couldn't run the network, IBM charged it an additional \$27 million to build a maintenance call-in center that was shut down after nine months when funding ran out.

Reported in *Reason*.

Slow growth in Arab nations despite oil

The United Nations' Arab Human Development Report, written by Arab political scientists and scholars, suggests that the plight of 22 Arab nations, comprising about 300 million people, is primarily the result of comparatively backward and oppressive governments, not Western capitalism. The Arab countries scored the lowest of all world regions as to freedom, the political process, civil liberties, political rights, and media independence.

There are 65 million illiterate adults in the Arab world, with half of Arab women unable to read or write. Spain, a country of 41 million people, boasts a greater gross domestic product than the GDP of all the 22 Arab countries combined. Despite the presence of oil in many Arab countries, the region remains underdeveloped. Per-capita income growth is just above that of sub-Saharan Africa over the past two decades.

Reported by Townhall.com.

CJ

The Truth About the Teacher Shortage

By Dr. KAREN Y. PALASEK

Assistant Editor

Is North Carolina facing a crisis in its classrooms? According to a report released August 2004 by the North Carolina Center For Public Policy Research, state officials must take action immediately if they hope to avert a critical teacher shortage and stem the flow of teachers out of North Carolina classrooms.

What this new study does not take into account are projections of a decrease in the school-age population in North Carolina by 2013. The National Center for Education Statistics predicts a modest 0.9 percent drop from 2001 K-12 enrollment by 2013. Governor Mike Easley's suggestion that North Carolina schools will experience "exponential growth" is unsupported by national data. In addition, North Carolina's own demographic projections show a marked shift toward older residents and retirees throughout the 2010 to 2030 period.

Uneven changes across districts

Of interest is the fact that county-level estimates show that some districts will experience growing school enrollments, while others are likely to shrink. This will complicate the problem of resource allocation among school districts.

In some districts such as Wake or Mecklenburg, strained taxpayers and school budgets could get a welcome break from continuous building and recruitment demands. But even if large urban districts continue to grow, lowered demands elsewhere in the state may help relieve competition for budget dollars and staff. Districts that have considered strategies such as conversion of traditional-calendar schools to mandatory year-round operation may need fewer conversions, or may consider temporary conversions instead.

Education policy changes in North Carolina will still create a need for more teachers. Easley's plan to reduce the student-teacher ratio in lower grades adds to demand. If class-size reductions include additional grade levels, or if the recently announced proposal to lower the student-teacher ratio below the original 18-1 benchmark is adopted, the number of additional teachers needed will rise.

Even the "highly qualified" requirement in the federal No Child Left Behind law makes it more difficult to obtain qualified teachers. Strict state certification requirements affect existing and new teachers, as well as teachers entering laterally from nonteaching careers.

RALEIGH

Teacher turnover and shortages

What about high teacher turnover and teacher shortages? Some districts in North Carolina have relatively high five-year average turnover rates, but averages obscure the fact that year-to-year teacher turnover rates are highly variable. Of the seven counties that experienced more than 20 percent teacher turnover in the 2001-02 school year, only Hoke repeated that high rate in 2002-03. Likewise, counties with the lowest five-year average turnover rates often have relatively high rates in specific years.

In September 2002, the North Carolina Department of Public Instruction celebrated a 12.5 percent teacher turnover rate—the lowest since the 1997-98 school year. This rate has continued to decline. In 2002-2003 it fell to 12.4 percent, down 1.52 percent from the 2000-01 high.

As for shortages, these can only occur when the offer price—in this case teacher salaries—is too low to attract takers. North Carolina's teacher pay, properly calculated, is already above the national average. The real problem is the lack of ability to structure salaries according to market conditions. North Carolina does not offer subject-differentiated or performance-differentiated pay.

Because of this, teachers in fields such as mathematics, the sciences, and special education could be underpaid relative to the opportunities they face elsewhere. The current method of raising pay for all teachers in a "credentials-and-seniority-based" system fails, because it ignores true market conditions.

Across-the-board pay raises also create perverse incentives in the market. The lowest-quality teachers will find that their opportunities elsewhere, at comparable pay, are worse than before. Low-quality teachers will stay, while high-quality teachers exit teaching.

The No Child Left Behind accountability system, which measures student achievement but not teacher performance, has had some predictable effects on how teachers focus their efforts. Students who are "on the cusp" of expected yearly progress—whether just below or just above—will command the lion's share of teachers' attention. These students can literally "make or break" a school's standing in the federal accountability system.

Students who are very far above or below the standard receive less instructional effort. Early evidence from North Carolina schools seems to confirm these predictions. High-achieving students did not make significant achievement gains in the latest tests.

Finding and keeping quality teachers in North Carolina are legitimate issues—a challenge, but not a crisis. CJ



Karen Palasek

*Time to establish priorities***GOP Earns a Mandate, But How Much Capital Can Bush Spend?**

By MARC ROTTERMAN

Contributing Editor

By any reasonable standard the Republican Party can claim that it has a mandate to govern. The size and scope of the presidential victory as well as the increased majorities in the U.S. House and Senate validate that assertion.

Clearly two issues dominated the presidential race. They were the issues of national security and moral values. Other issues such as health care, trade, jobs, and the American economy permeated our television screens, but in the end exit polls, as well as post-election surveys, strongly indicated that national security and moral values not only carried the day for President Bush but in many U.S. Senate and House races as well.

Middle America's values

Some in the media would have us believe that the Republican Party has been captured by the "far right."

Some in the media suggested that indeed, evangelical Christians are far too prominent and that their voices and votes propelled the president to a second term. I would submit to you that this election reflected the values and beliefs of a broad spectrum of "middle America" that included not only evangelical Christians, but Catholics, Jews, and Reagan "blue-collar" Democrats as well.

Culturally, middle America rejected gay marriage, and on the issue of national security middle Americans inherently trusted Bush and Dick Cheney. Instinctively, they were not ready to hand over the national-security apparatus of this country to John Kerry.

Kerry, through a series of miss-statements and "flat-out" political blunders added to the concerns that voters had about his ability to be commander-in-chief. His non-

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support for the \$87 billion supplemental appropriations bill to support our troops was a vote that he "lived to regret" and failed to explain to the satisfaction of the electorate.

Kerry could not pass what the political operative Lee Atwater called the likability test. For all of the above reasons, and more, Americans were not comfortable with Kerry as a leader.

Bush to spend some political capital

With his re-election behind him, Bush said, and I am paraphrasing, that he has earned a significant amount of political capital and that he is willing to spend it.

In his post-election press conference, Bush began spending that capital by taking on two Herculean tasks — reforming the tax code and modernizing Social Security.

Both need to be done and both will face considerable opposition and demagoguery from the Left. Also on the president's plate will be the implementation of many of the recommendations of the 911 Commission. Key members of the Senate Intelligence Committee are urging that this be the first item on the

congressional calendar. On the issues mentioned, conservatives will work hand-in-hand to achieve the president's goals.

Where they will part philosophical company with the Bush administration will be on the size and scope of government and the ongoing and increasing chaotic state of our borders.

One domestic policy goal — the expansion of the No Child Left Behind Act—the Bush team's first-term signature education issue — will receive considerable scrutiny from conservatives in Congress and from some Democrats. Conservatives will see this as an expansion of the federal Department of Education and many Democrats will criticize the president for under-funding the program no mat-

ter how much money his administration allocates.

On the subject of illegal immigration and our borders, not much was discussed during the 2004 presidential campaign. However, the 911 Commission in its report does address immigration-related failures or missed security opportunities related to the attacks.

The report contends that border security was not considered to be a national-security matter before Sept. 11 and that neither the State Department nor the Immigration and Naturalization Service's inspectors or agents were considered to be "full partners" in the national-security counterterrorism efforts.

Setting aside the national-security implications of illegal immigration are the high cost of using illegal immigrants for cheap labor.

The high cost of illegal immigration

According to a report released in August by the Center for Immigration Studies based on Census Bureau data, households headed by illegal aliens used \$10 billion more in government services than they paid in taxes in 2002.

These figures are only for the federal government and do not reflect the costs at the state and local level. Should the federal government grant amnesty to illegal aliens, it is estimated that the cost to the federal government would rise to \$29 billion a year.

The Bush plan released in 2004 would give illegal immigrants special working permits for three years. It would reward those who illegally came to this country and would spur illegal immigration, not curtail it. Illegal immigration is an issue of great concern to many members of Congress.

The president has only so much political capital to spend. Which issues receive priority depends on the will of the commander in chief and the will of Congress. *cj*

Marc Rotterman is a senior fellow at the John Locke Foundation and treasurer of the American Conservative Union.

*Heroes of the home front***Should Professors Across the U.S. Make Voting Mandatory?**

By GEORGE C. LEEF

Contributing Editor

In an article published recently, Drew University English Professor Merrill Skaggs explained why she felt justified in making it a requirement in one of her classes that students register and vote. She wrote that she was dismayed to learn that only 37 percent of college students had voted in the 2000 presidential election. From that, Skaggs concluded that if students participated in elections in greater numbers, they had "the capacity to swing an election." But because relatively few students vote, candidates do not "bother to address student issues thoroughly."

Feeling the need to do something, Skaggs hit upon the idea of requiring all of her English students to vote. Although she tosses in such bromides as "citizenship comes first" (quoting a martial arts instructor who required all of his students to register and vote), she makes no effort to conceal the fact that her motivation was personal: "For me, making what I myself could consider a meaningful gesture was the important thing — the personal satisfaction of finding something I could do."

So is this a good thing to do? Should professors across the country adopt Skaggs' idea and make voting mandatory? Is this a laudable attempt to promote good citizenship — or an indefensible abuse of power for personal satisfaction?

I take the latter view.

Teach, don't get personal

The job of an English professor is to teach English. That's it. Adding nonacademic requirements to a course is objectionable, no matter how important the professor may believe them to be. Suppose that another English professor who believes passionately that students need to get in better physical shape (for their own benefit, and also to

reduce the strain that overweight, sickly people put on our semi-socialist health-care system) mandates that in order to pass the course, all students must be able to run a mile in less than eight minutes. Undoubtedly, that would be a "meaningful gesture" in the war against obesity. True, getting in shape for the run would take a lot more time from the students than registering and voting, but that's a difference only in degree, not in kind.

Such a fitness requirement would be roundly condemned as none of the professor's business. I can see no reason to regard a voting requirement differently.

Down and dirty down under

Skaggs tells us that she agonized over the decision and consulted many of her colleagues. A number of them thought the idea of mandatory voting was "totalitarian." But then she learned that Australia has a law that requires voting and punishes citizens who don't. Since, she writes, "Australia is not normally considered totalitarian," that clinched it.

Logicians will quickly see a problem here — the fallacy of division. That is the logical error in concluding that because X is true of the whole, X must also be true for all its constituent parts. Let us agree with the premise "Australia is not a totalitarian nation." Does it follow that "No law enacted by Australia is totalitarian?"

No, it doesn't. The morality of each law must be evaluated independently. To my way of thinking, punishing people for choosing not to participate in an election is about as bad a victimless crime law as you'll find. The fact that Australia has mandatory voting doesn't serve as a justification for American professors to impose a voting requirement on their students.

There are a number of good reasons why an individual

might choose to remain uninvolved in the political process. For one, there is the well-known "lesser of two evils" problem. Many people realize that there are grounds for objecting to both (or all) of the candidates for an office. Since you can't register your approval of individual positions candidates take, but instead have to vote for one entire candidate bundle or another, some citizens prefer not to lend their sanction to the system by voting for someone whom they do not trust to represent their interests or protect their rights.

It's OK to choose noninvolvement

Probably the most common reason why people choose not to vote is that they don't think it will make any difference in their lives. To people like Skaggs who are in the thrall of politics, that position seems absurd. "Don't you realize that Candidate A's position on Issue X will promote the public interest, while Candidate B's position is nothing but a sop to special interests?!"

Probably the most common reason why people choose not to vote is that they don't think it will make any difference in their lives.

But many people realize that life is more complicated than that. Just because the candidate with the position you like on Issue X wins doesn't mean that he will actually try to do anything to bring it about, or succeed even if he does try. Politics often disappoints.

Political noninvolvement isn't irrational and certainly doesn't rise to the level of "turpitude" as Skaggs says.

She opines that "it's time for students to seize their power."

Alas, the chief problem with the United States is rooted in groups "seizing their power" and using the political system to help them get what they want, inevitably at the expense of others. With her "you must vote because I say so" attitude, she has set a bad example and given a small boost to the authoritarianism she thinks she's combating. *cj*

The N.Y. Yankees and the Leviathan State

How the failure of the Bronx Bombers mimics the inherent problems of big government

By PAUL CHESSER
Associate Editor

As a lifelong Boston Red Sox fan, I couldn't be happier to deliver to you the following analogy between the now-vanquished New York Yankees and the failures of big government policy. It's true: The parallels prove that a Leviathan state and attitude, without regard for individuality and incentive, produce failure.

Steinbrenner pays more, gets less

Like big government (run by the decision makers in Congress), the Yankees think that indiscriminately throwing lots of money at a problem solves it. For four years now, New York has missed out on a World Series championship, which owner George Steinbrenner believes is his, and his fans', birthright. It's a serious problem for them (illustrating another parallel, where big government often sees a problem where there is none). After each year's failure The Boss issues a new set of directives, backed up by his wallet, to address the team's shortcomings. Result: the largest payroll in history, reported to be between \$180 million and \$194 million this year. Add on the luxury tax he must pay because of Major League Baseball's revenue sharing system, and Steinbrenner had to ante up about \$265 million this season.

From riches-to-rags story

The following truths apply:

- Like big government (and Congress), the Yankees build up their own power for power's sake. Because they have all the star players they want, the Yankees always stay good enough to win and keep everybody's attention.

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But it's a façade for a failed policy. They hit lots of home runs, which draws fans to the stadium — and viewers to their YES Network — the same way big government draws those who are "left behind" to their ineffective programs. They both hire all the people they want, regardless of need or efficiency. And they both have been getting a poor return on their investment.

- Like big government, the Yankees have started a program that is quickly becoming bloated. What an example of excess: In the late 1990s, the Yankees were a model team of role players who often performed beyond their capa-

bilities, responded well to pressure, and were flexible. Now their philosophy has led them to replace many of those parts with immobile, past-their-prime stars: take Jason Giambi, Gary Sheffield, and Kevin Brown, for example. Like big government, the Yankees carry a bunch of uninspired bureaucrats on the payroll who have no real incentive for performance.

- Like big government, the Yankees don't believe in zero-based budgeting, but instead in building on the prior year's baseline. Other teams (see the *Moneyball* Oakland A's and last year's Florida Marlins) have enjoyed success while actually cutting payroll, which forced them to make decisions about how to maximize their investments in their programs, keeping them lean and efficient. The Yankees and big government maintain a policy of simply adding on when the previous resources aren't getting results.

- Like big government, the Yankees' payroll will be hard to get rid of or cut back. Look at these contracts: Giambi, seven years for \$120 million; Brown, one more year for \$15 million; Sheffield, three years for \$39 million; Derek Jeter, 10 years for \$189 million; Bernie Williams, one more year for \$12 million; Javier Vazquez, four years for \$45 million; Jorge Posada, five years for \$51 million; Mariano Rivera, four years for \$40 million; and the beast, Alex Rodriguez, 10 years for \$252 million. Many of these stars are underperforming or worse — losing their skills — and no other team will want to take their contracts. Like big government, the Yankees are paralyzed. (And by the way, the Yankees' leadership apparently doesn't believe much in term limits, either.)

- Like big government, the Yankees have fostered a belief that their constituents should trust in them, their riches, and their power. The Red Sox (their fans, really), on the other hand, have now proven that faith and the power of prayer — combined with individuality and incentive — ultimately pay off.

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