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N.C. scores only average on measures of freedom and liberty/6



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STATEWIDE EDITION

Basnight-Inspired 'B&B' Concerns Hyde Countians



The Mattamuskeet Lodge in Hyde County would, if a state plan is realized, become an upscale inn with meeting rooms, a restaurant and 14 luxury rooms. (CJ photo by Don Carrington)

State-owned 14-room upscale lodge would compete with local inns and restaurants

By DON CARRINGTON
Executive Editor

RALEIGH A plan to use taxpayers' money to turn a decaying former pump house and no-frills hunting and fishing lodge into a classy state-owned bed-and-breakfast inn got its start when Senate President Pro Tem Marc Basnight put his blessing on the project two years ago.

The State of North Carolina acquired the dilapidated and unsafe Lake Mattamuskeet Lodge, and the surrounding six acres in Hyde County, from the federal government in June 2006. Two years later, a state agency released a plan for the facility calling for it to become "operationally more like a bed and breakfast," instead of the primitive facility it had been for years.

Now some local citizens say the state-subsidized hostelry is a threat to nearby businesses, especially inns and restaurants.

"I am concerned that the present plans for the lodge will put me in competition with the state for visitors to Hyde County," said Mark Carawan, owner of a small motel, lodges, and cabins that can accommodate approximately 50 people. "I hope they consider some other alternatives that will benefit existing businesses and the county residents."

Carawan's cabins were completed last year and are located adjacent to the Mattamuskeet Lodge.

Basnight, whose district includes Hyde County, originated the idea to acquire the building and pushed its approval through the General Assembly. Some \$2 million has been spent on the project so far, but Gov. Mike Easley halted further transfers after the state's economic condition worsened last fall.

It is estimated that \$3 million more is needed to stabilize the aging structure. Total renovation costs are estimated at \$14 million.

"It is important to preserve and protect the building," Basnight told *Carolina Journal*.

Continued as "Basnight," Page 3



Senate President Pro Tem Marc Basnight

Lawyers Spent Gas-Tax Funds on Beer and Candy

AG's office says expenses 'appropriate and necessary'

By DAVID N. BASS
Associate Editor

RALEIGH Washington lawyers assisting Attorney General Roy Cooper in his suit against the Tennessee Valley Authority used North Carolina gas-tax revenue to purchase alcohol, candy, airline flight upgrades, and valet parking, an investigation by *Carolina Journal* reveals.

The expenses, confirmed by invoices obtained by CJ, were part of \$1

million in gas-tax revenue paid to the Ayres Law Group, which was hired at a cost of up to \$515 per hour to assist Cooper in the widely publicized pollution control case.

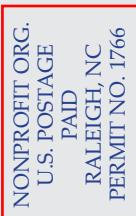
Meanwhile, a worsening economy is putting the pinch on North Carolina's already strained transportation account, a portion of which is funded through gas tax revenue. The N.C. Department of Transportation is tightening its belt in anticipation of a hefty state budget shortfall, postponing three-fourths of its planned projects and trimming road maintenance, including pothole repair.

Observers have long criticized use of gas tax funds for projects unrelated to roads. "One of the reasons we have the problems we have in transpor-

tation now is because of the constant siphoning off of money that's collected in road taxes, including the gas tax and the highway use tax, to nontransportation expenditures," said State Senate Minority Leader Phil Berger, R-Rockingham.

In addition to funding the travel and billable hours of the Ayers Law Group, the dwindling gas tax revenue funded the travel and billable hours of a second firm, Resolution Law Group, which specializes in environmental risks, insurance coverage, and securities brokerage issues. Its lawyers took dozens of trips connected to the TVA suit, spent thousands on upscale hotels, airfare, and restaurants, and were

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Nick Chandler, David Koon
Shelley Gonzales, Jessica Thompson
Editorial Interns

Published by
The John Locke Foundation
200 W. Morgan St., # 200
Raleigh, N.C. 27601
(919) 828-3876 • Fax: 821-5117
www.JohnLocke.org

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Lawyers Spent Gas-Tax Funds on Beer and Candy

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reimbursed for a number of extraneous expenses, including premium bottled water, snacks, and beer. State law prohibits reimbursements for alcoholic beverages.

Records show that, in addition to gas tax funds, Cooper's office received \$659,085 for the TVA litigation from inspection and maintenance fees for cars and trucks. The funds also went to legal fees and travel expenses for the law firms.

Noelle Talley, public information officer for the department, said her office would ask to be reimbursed for the alcohol purchase. The other expenses "were both appropriate and necessary," she said.

"Successful prosecution of this case resulted in an injunction requiring more than one billion dollars worth of pollution controls by TVA which will benefit North Carolina's health and our travel and tourism industry," Talley said.

U.S. District Judge Lacy Thornburg in January sided with Cooper in the suit, ruling that four TVA plants in Tennessee and Alabama were a public nuisance to the citizens of North Carolina. The court ordered the plants to install pollution control measures and reduce pollution output.

TVA has yet to appeal the ruling.

Legal fees

In 2007, Resolution Law Group charged as much as \$258,012 per month in fees. Licensed attorneys, including the firm's lead counsel in the TVA case, billed out at \$225 per hour in 2007 and \$235 per hour in 2008. Paralegals billed out at \$100 per hour.

Ayres Law Group, which focuses on "all aspects of air pollution policy, regulation, and litigation," according to its Web site, billed out at \$515 per hour for its managing principal, \$270 per hour for associates, and \$220 per hour for senior analysts, according to a July 2007 invoice. It also charged a \$15,000 monthly retainer fee.

Additional thousands went to retain expert witnesses on behalf of the state. For example, the Justice Department paid Susan Tierney, managing principal of the Analysis Group, \$515 per hour in expert deposition fees.

Travel

Other records obtained by CJ show that Resolution staff traveled extensively at taxpayer expense. Attorneys and paralegals traveled to or from Washington state, California, Indiana, Massachusetts, Maryland, Tennessee, and North Carolina for trial preparation.

Often staff billed the Justice Department for their stays at upscale hotels, including the Marriot Renaissance Asheville Hotel, and the Sheraton Needham Hotel in Needham, Mass.

Barbi Sloan, a paralegal for Resolution, stayed in a king suite at the Embassy Suites Hotel at the Chevy Chase Pavilion in Washington, D.C., for almost a month, racking up \$6,939.99 in room fees.

Other hotels in the metro area cost far less. For example, the Comfort Inn & Suites, located 3 miles from Capitol Hill, charges \$119 per night for a king suite, not counting taxes, and Homestead Studio Suites Hotels, located in Rockville, Md., offers a deluxe studio room with one king bed and a sleeper sofa for \$94.99 per night.

Sloan "usually works in Indiana and needed to travel to Washington, [D.C.], to work with attorneys to make sure

more than 400 lengthy exhibits were ready for trial," Talley said.

Another reimbursement report shows \$552.56 for two nights at the Westin Hotel in Seattle, Wash., for an unnamed Resolution staffer. It included two payments of \$35 for valet parking and \$5.50 for one Seattle Lager, plus \$17 for a seafood cobb, at the hotel's restaurant.

"Alcoholic beverages are not reimbursable by the state and the state will be reimbursed by the law firm for this purchase," said Talley.

One receipt shows a purchase of over \$60 in snack foods, including Nestle candy bars and Hershey's Snacksters. "The snacks were provided during the weeks before and during the trial for four attorneys, two paralegals, and the trial director who were routinely working on this case 12 hours a day, seven days a week," Talley said.

Michael Goodstein, Resolution Law Group's lead counsel in the TVA case, filled one of the most expensive reimbursement requests — \$3,776.42 — for a trip between Washington, D.C., and Asheville.

Records show that lawyers paid extra for upgraded airfare at least once. Resolution attorneys Stacey Myers and Anne Snyder traveled "special class" for \$1,245.60 for a roundtrip flight between Washington, D.C., and Knoxville, Tenn.

The Justice Department redacted many portions of the invoices and receipts provided to CJ, including the names of travelers, their destinations, and where they stayed. Talley said this was done because the TVA litigation is ongoing.

Asked why some details were omitted and others were not, Talley said, "It depends on what and where the trial preparation material was." Goodstein and his staff declined to answer questions about the expenses.

'A dramatic blow'

State lawmakers included provisions in the last two budgets that allowed for the transfer of gas tax and inspection and maintenance fees from the N.C. Division of Air Quality to the Justice Department.

DAQ receives a small portion of the gas tax, directed by statutory law to its pollution control program. Similarly, state law requires that fees collected from inspection and maintenance "be applied to the costs of developing and implementing an air pollution control program for mobile sources."

The General Assembly waived both of these requirements when it transferred the funds for the TVA litigation. The move, however, did not sit well with Keith Overcash, director of DAQ.

In a memo to Bill Ross, secretary of the Department of Environment and Natural Resources, Overcash said the gas tax transfer was "a dramatic blow" and would "cut some critical funding for the state's air quality program."

"I am quite concerned, as you can see from my comments in this memorandum, that our program will not be able to sustain its current high level of effectiveness and performance as a result of losing the subject money from our account," Overcash wrote.

CJ submitted questions to Overcash through e-mail asking for specifics on how the air quality program suffered because of the transfers. Tom Mather, public information officer for DAQ, said Overcash was too busy to respond.



Gas-tax revenue that could go to filling potholes like these on Wade Avenue in Raleigh is being spent for other non-transportation purposes. (CJ photo by David N. Bass)

Basnight-Inspired State-Owned 'B&B' Concerns Hyde Countians

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"I don't want a costly operation. I will seek more money from the Repair and Renovation Fund and then maybe stop the project for a while."

The Department of Cultural Resources is managing the renovation. When complete, the facility will be turned over to the N.C. Wildlife Resources Commission. Cultural Resources was brought in for its expertise in historic preservation, but also because the WRC is a receipt-based agency and not eligible for money from the state's Repair and Renovation Fund.

Cultural Resources Director of Capital Projects Mark Cooney said legislative leaders approved \$6.5 million in initial funding to come from the Repair and Renovation Fund.

The WRC paid \$13,500 to researchers at North Carolina State University to develop a plan for the site. The study released in September and titled "Business Management and Tourism Study prepared for the Wildlife Resources Commission," was authored by Carol Kline, Jane Anderson and Jessica Carr of the NCSU Tourism Extension program.

The study said a restaurant and lodging should be part of the facility. Kline, now a professor at N.C. Central University, did not respond to several phone messages from a *CJ* reporter seeking more information on the study. *CJ* was unable to locate the other two authors.

"It is slated to reopen in 2010 as a lodge, meeting site and museum, nestled, just as always, along the picturesque shore of Lake Mattamuskeet in Hyde County," states a page on the WRC Web site.

The study authors credit the project to Basnight's efforts on its behalf. "Mattamuskeet Lodge sat unused for seven years until the North Carolina General Assembly, under the leadership of Senator Marc Basnight, accepted the transfer of Mattamuskeet Lodge into state ownership and subsequently appropriated funds to begin the restoration," the authors of the report wrote.

Local concerns

After WRC Director Gordon Myers presented the project to a recent meeting of the Hyde County Chamber of Commerce, attended by a *CJ* reporter, several attendees raised concerns about the state competing with private businesses.

Hyde County Manager Carl Classen told *CJ* several citizens have expressed their concerns to him about the state operating a restaurant and lodge. "There are people that have made investments in property locally and see this as some competition," he said. But he also said there are citizens that have expressed their support for the project.



Mark Carawan's cabins, pictured above, would face competition from the state-owned Mattamuskeet Lodge. (CJ photo by Don Carrington)

When told about Carawan's concerns, Basnight told *CJ*, "His operation is not like a lodge. There is no comparison. It would attract a different group of people. To me lodge would enhance the operation of other lodging and restaurants in the area."

The proposed plan

The existing 23,000-square-foot building, according to the study, will be renovated into a 14-bedroom lodge with a restaurant and meeting rooms that is "operationally more like a bed and breakfast."

The facilities also will include "an environmental education teaching lab, a self-help kitchenette and laundry services, interpretive exhibits depicting the role of the Lodge in county history, a reception area and gift shop, staff offices, equipment storage, a gun safe, outside gathering spaces, over six acres of grounds and walkways and various scenic vista observation points."

The study assumes the lodge staff would be WRC employees, but it did allow for the possibility of WRC contracting with a management company or an established nonprofit organization.

Among the envisioned 17 full-

time and 27 part-time employees, the staffing plan includes a general manager, hotel manager, assistant hotel manager, marketing manager, executive chef, and two sous chefs.

The study suggested a goal of 500 overnight guests during the lodge's first year of operation, a goal that would be exceeded if the lodge attracted only one couple per night for 365 days a year.

Is the plan a 'draft'?

Basnight insisted that the study recommending an upscale lodge was only a draft, though there is no indication of that anywhere in the document.

"We don't know if a lodge is best, but it should be one of the options," he said. Even though state funds are being used to repair and renovate the building, he said he doesn't think that the state should run the facility. If it becomes a lodge, he said, the state should let a private management company run it.

WRC Director Myers also maintains the study is a draft. "Once the project planning and associated final programming is completed, the design team will prepare a detailed cost estimate that will be submitted to the

State Construction Office for review," he said.

When asked why the study considered only one alternative for the use of the property, Myers said he considered analyzing other alternatives but chose not to because it would have increased the scope and cost of the study.

He said the most critical task at hand is to stabilize the structure, but the project planning is an ongoing process. He said the WRC will make the final decision on the exact use of the property. The governor appoints 11 of the 19 commission members. The House speaker and Senate president pro tem each appoint four.

History

The old lodge building sits near the south shore of Lake Mattamuskeet, a 40,000-acre lake that is 18 miles long, seven miles wide, and averages only two feet deep. The largest natural lake in North Carolina, it makes up the bulk of the 50,000-acre Mattamuskeet National Wildlife Refuge managed by the U.S. Fish and Wildlife Service.

A private company originally built the facility in 1914 as a pumping station to drain Lake Mattamuskeet for agricultural use. The lake was actually pumped dry three times, but the draining process proved too costly, and the pumping operation ended in 1933. That year the 50,000-acre site was sold to the federal government for the creation of the Lake Mattamuskeet Migratory Bird Refuge.

The Civilian Conservation Corps remodeled the pump house into a lodge and the old smokestack into an observation tower. The lodge served hunters and anglers until 1972, when Canada goose hunting became illegal within the refuge. The lodging operation ended in 1974, but the building was still used for occasional special events until 1996. It was placed on the National Historic Register in 1980. In 2000 the building was declared structurally unsound and closed to the public.

Law change needed

The Umstead Act is the state law that, under most circumstances, prohibits government units from competing with private sector entities.

The act specifically states that the Department of Environment and Natural Resources "shall not construct, maintain, operate or lease a hotel or tourist inn in any park over which it has jurisdiction." WRC is administratively housed under DENR. The study authors understood the existing law was a hurdle to their plan for a restaurant and lodging.

"The WRC should approach Senator Basnight about amending the Umstead Act to ensure that the Lodge can operate successfully, legally and appropriately," the authors wrote. *CJ*



The Mattamuskeet Lodge sits on a small pond a half-mile from Lake Mattamuskeet. It was built originally as a pump station to drain the lake. (CJ photo by Don Carrington)

Reaction Mixed to Rand's Proposals to Deal With Health Care

By JIM STEGALL
Contributor

After months of closed-door negotiations between key lawmakers and special interest groups, the public finally got a look recently at a proposal to address the massive deficit in the state's employee and retiree health care plan.

Reaction from lawmakers was mixed, with some suggesting it finally may be time to ask state employees to pay a portion of their own premiums, and others rallying to shield employees from further cost increases.

Meanwhile, at least one legislator warns that the proposal does little to fix the plan's structural defects and does nothing to address its largest problem — a massive unfunded liability for future retirees' health care.

The new plan was introduced in the Senate by Sen. Tony Rand, D-Cumberland, as Senate Bill 287, and is the product of the Senate's Select Committee on Employee Hospital and Medical Benefits, which Rand chairs. The bill would shift \$250 million from the state's "Rainy Day Fund" to keep the plan solvent through the end of this fiscal year, and would rely on increases in deductibles, copays, drug costs, and dependent premiums, as well as cuts to some benefits, to make it work for the next two years.

At a committee meeting on March 10, Artis Watkins of the State Employees Association of North Carolina made clear her organization's stand on increasing employees' health care costs. Claiming that North Carolina ranks 40th in employee health care funding, and 49th in funding for dependents, she implored legislators not to "ask us to bear all the burden" of fixing the system's current problems.

Under the current plan, state employees and retirees pay no premium for their own health care coverage, just deductibles and copays. The trade-off for that generosity has been that the state provides no subsidy at all for the health insurance of dependents. Without any subsidy those premiums are necessarily expensive, and state employees with healthy dependents are usually able to find more affordable coverage in the private market or through a spouse's coverage at work.

But employees whose dependents have chronic, expensive-to-treat conditions often have no choice but to remain on the state plan. According to the plan's executive director, Dr. Jack Walker, the share of chronically ill members covered by the plan has risen from 39 percent in 2000 to 50 percent today. Rand's bill calls for dependent premium increases of 7.8 percent for this coming fiscal year, and another 7.8 percent for the next, meaning that a typical family monthly premium



Critics say Rand's package of bills does not address the biggest problem in the state health care plan: massive unfunded liability for future retirees.

would rise to about \$569 by July 2010.

At a rare Senate Committee of the Whole meeting on March 12, Rand hinted that he would support the implementation of a small premium for employees to offset the soaring cost of dependent care. According to Rand, getting more younger, healthier dependents into the plan by lowering their premiums "makes ultimate good sense for the long-term health of the plan."

A monthly employee premium of \$10 would generate \$90 million dollars in new income and allow dependent premiums to fall by as much as \$100, according to information supplied by Walker in a previous committee meeting.

While a few other senators echoed Rand's views, Sen. Doug Berger, D-Franklin, said he was "adamantly opposed to opening that door [to charging employee premiums]." Citing the governor's recent seizure of lottery money to shore up the general fund, he said he didn't trust future legislatures not to use employee premiums as a source of money for other purposes.

Assuming that the proposed changes restore solvency to the plan, an even greater problem still looms on the horizon. According to Rep. Dale Folwell, R-Forsyth, the state has long ignored its enormous unfunded liability for health care for future retirees.

Folwell says that, at \$29 billion, North Carolina has "the largest long-term health care liability, as a percentage of operating budget, of any state."

He blames the gap on several factors. For years state employees could become fully vested in the retirement system (and thus eligible for health care in retirement) after only five years of service. That generous entitlement was changed two years ago at Folwell's urging. Folwell also cites

a bill to set aside \$200 million to begin addressing the long-term obligation. The Democratic leadership of the House ignored the bill, and the surplus was largely spent on other things.

In 2007 the surplus reached a record \$2 billion, and Folwell sponsored a bill to set aside \$100 dollars as a symbolic acknowledgment that the legislature had to start saving now. That bill also died a lonely death in the hopper.

Folwell says the state must start funding the retiree health care system at "a level above pay-as-you-go."

While acknowledging that the state can't come up with \$29 billion this year to make the system whole, he says there are some things that could be done now to begin addressing the problem, such as aligning the plan's fiscal year with the calendar year. That would give employees' families several months to receive and study plan rates and benefits before the open enrollment period.

"Our plan is on life support partly because of the chronic conditions of our work force," Folwell said. "Those conditions exist because people mostly focus on their health care, not their health."

Folwell believes that aligning the plan year with the calendar year, which coincides with other annual health-related cycles such as vision care plans, dental plans, and flexible spending accounts, would encourage members to think more about how they live, not just how they get treatment, and promote healthier lifestyles.

Still, putting aside at least a little money each year is a crucial part of the solution, he says. The long-term solution is going to look "like an ant eating a ham, it's got to be one bite at a time," he said. CJ

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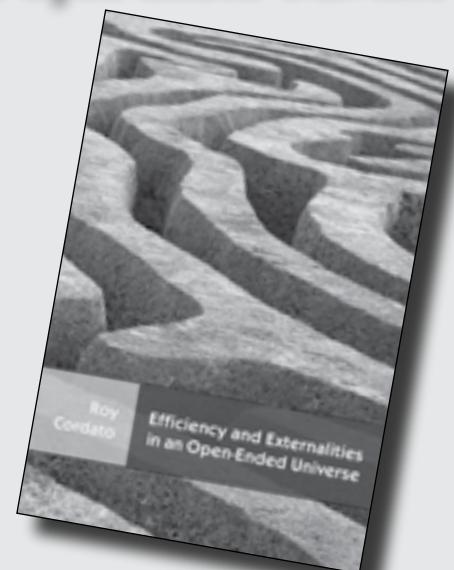


By Roy Cordato
Vice President for Research
John Locke Foundation

"Cordato's book is a solid performance, demonstrating impressive mastery of both the Austrian and neoclassical literature."

Israel Kirzner
Cato Journal

Efficiency and Externalities in an Open-Ended Universe



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Out-of-Wedlock Births a Policy Issue Waiting to Be Addressed

More pressing issues keep officials from dealing with problem

By COLLEEN CALVANI
Contributor

Preliminary numbers are in for the latest round of American birth statistics, and among the headline-grabbing news is that 39.7 percent of births in 2007 were to unmarried mothers. In North Carolina, that number was 41.2 percent, up about 1 percent from the year before.

The bad news doesn't stop there. The Centers for Disease Control and Prevention's latest report, released March 18, shows that the number of out-of-wedlock births is increasing at an alarming rate. According to the report, the number of such births increased by 26 percent since 2002. Among women 20 to 24, 58 percent of births were to unmarried mothers.

Despite the stark numbers from the CDC, many officials don't see the onslaught of overwhelmingly low-income constituents being added to their rolls each day as their most urgent problem.

"We don't have anything meaningful to say about children born out of wedlock," said Tabitha Carnes, public information specialist for the Department of Social Services in Mecklenburg.

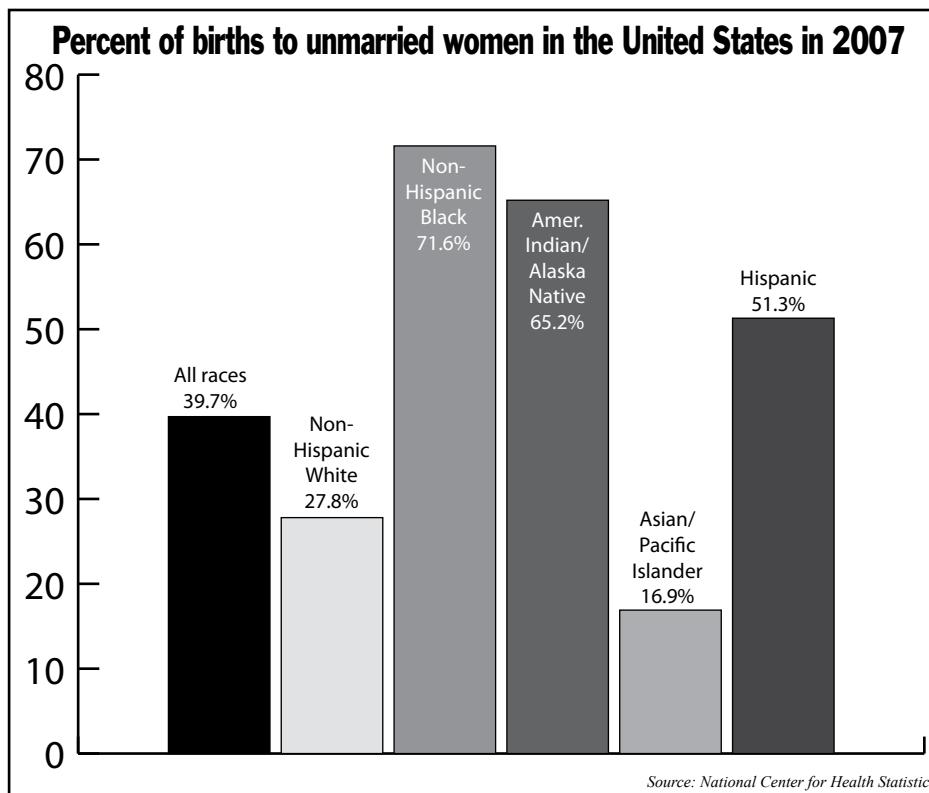
Mecklenburg County reflects the statewide trend, with about the same percentage of out-of-wedlock births as the state as a whole. But even as the economy continues to dominate the news, county officials are preoccupied with other issues, including two major scandals at the Department of Social Services.

One involves two agency employees who are accused of stealing \$110,000 meant for Christmas presents for foster care children from the Youth and Family Services Giving Tree program. In another, allegations of cronyism have been lobbed at Charlotte city councilman Anthony Foxx, who is also running for mayor in the fall race. Foxx's wife was picked for a high-paying DSS job in July during a hiring freeze.

Amid all the excitement involving the growing scandals, the news of rising out-of-wedlock birthrates barely registers on the radar screen as citizens face increasing financial problems.

"People are more vulnerable now because of the economy," Carnes said. "We're providing services to help those people meet their basic needs to sustain their well being."

The very people the DSS is de-



signed to serve are often those whose populations are most affected by the births-out-of-wedlock trend, however. According to a Heritage Foundation report released March 19: "It is well documented that compared with children born to married couples, those born outside of marriage score lower on tests, have increased chances for committing a crime, have higher chances of living in poverty, experience more emotional and behavioral problems, are more likely to abuse drugs or alcohol, and have higher chances of becoming pregnant as teens."

The increase in single motherhood will perhaps have its greatest effect on Medicaid, explained Joseph Coletti, a fiscal and health care policy analyst at the John Locke Foundation.

"Medicaid covers a lot of births, especially births for people of low income, and out-of-wedlock births are more tied to low income," he said, adding that low-income women tend to have more birth complications due to lack of prenatal care.

"That's going to be a small percentage usually, but it can lead to other things," he said.

Single mothers also are more likely to be enrolled in other social programs, such as SCHIP, the State Children's Health Insurance Program, which helps children in families with incomes too high to qualify for Medicaid. Programs, such as Smart Start, child care subsidies, the More at Four pre-kindergarten program, and general welfare support for families, are also likely to see their enrollment grow.

For at least one Mecklenburg County official, Commissioner Bill James, the growing number of out-of-wedlock births has him wondering why the traditional nuclear American family is becoming a thing of the past.

Much has been made of single parenthood in recent years. Perhaps most visible at the moment is Bristol Palin, the 18-year-old daughter of Republican vice presidential candidate Sarah Palin. Bristol gave birth to a son in late December and has since scrapped plans to marry the father, her high school sweetheart Levi Johnston.

Indeed, despite declining by 45 percent between 1991 to 2005, the number of births among 15- to 17-year-olds has increased 4 percent from 2005 to 2007. The increase among 18- to 19-year-olds was 6 percent.

But as the recent numbers show, teenagers are not solely responsible for these increases. It's the 20-somethings who are increasingly seeing single parenthood in a positive light.

Additionally, births to black and Hispanic single mothers still make up the largest portion of the out-of-wedlock births. In 2007, according to the latest CDC report, 71.6 percent of African-American babies were born to single mothers.

In Mecklenburg County, that number hovers at about 50 percent, with 31.6 percent of single mothers being of Hispanic heritage. Still, the number of white single mothers continues to grow, reaching 15.3 percent this year. Births to single Asian mothers remain relatively low.

James also is concerned that local, state, and national governments are aiding in the breakdown of the family.

"If you give someone money every time they engage in an out-of-wedlock birth, you can't then claim you are trying to stop it or moan about it when it rises," James explained. "The cycle repeats because DSS is primarily interested in the handing out of money — not protecting children."

He blames timid politicians for

not addressing the issue more aggressively.

"We know the problem but can't bear to discuss the solution because it would anger those Democrat constituents," he said of low-income single mothers and African-Americans, who typically vote Democratic. "Republicans and conservative Democrats ignore the issue because it is just easier to talk about lowering taxes than to get called names."

Coletti sees it less in terms of partisan politics and more in terms of achievable changes in the current political and economic climate. He asks two questions: Does getting rid of these programs help encourage marriage and families living together? And if you have more marriages, does that affect the spending in these programs?

"That first one is very clear: The government saves money," he said. As far as the second, he explained, "it's harder to argue that you could have [more marriage and fewer out-of-wedlock births] without changing the structure of the programs."

He recommends tax credits and child-care deductibles to encourage the removal of barriers for single mothers to move off of public assistance. Right now, he explained, Medicaid and welfare tend still to punish people for taking jobs to earn extra money by removing their benefits before they can become financially stable.

If the number of single mothers were to decrease, programs such as welfare and Smart Start and SCHIP would generally see a decrease, statistics show.

But the nature of these programs — dealing with some of society's most vulnerable people, including children — means that these policy changes are among the most difficult to make.

Right now, scaling back social programs or even addressing the rising number of single mothers in North Carolina is not gaining much momentum as an important issue.

Commissioner James placed the matter on the Strategic Planning Conference agenda in January 2005, he said, only to be told to "let the county manager deal with it."

"Are folks concerned? Sure," he said. "That is why they move to the suburbs, put their kids in private schools, try to avoid going into the Center City of Charlotte, and have brick walls and gates built around their neighborhoods."

Coletti thinks that if it weren't for so many serious issues facing politicians and policy makers right now, the issue of out-of-wedlock births might get more attention.

"There are so many things happening that are shorter-term emergencies," he said, adding, "If I didn't think we could repeal these programs, I wouldn't be here."

N.C. Briefs**Annexation Law 'Extreme'**

North Carolina has an "extreme" annexation law that needs major reform, according to a John Locke Foundation expert who outlines the law's flaws in a recent Q&A guide to forced annexation.

"My analysis of the level of recourse provided to property owners targeted for forced annexation shows that 48 states—virtually every other state in the country—have abandoned North Carolina's outdated approach to forced annexation," said Daren Bakst, the guide's author.

The 4.1 million North Carolinians who live in unincorporated areas make up 46 percent of the state's population. These are the people who could become victims of forced annexation. They deserve better than this state's current annexation law."

The guide pinpoints problems with the law through a series of 25 questions and 25 answers. "In North Carolina, a city council with no relationship to citizens who live in unincorporated areas can generally do whatever it wants to bring those citizens into the city," said Bakst, JLJ Legal and Regulatory Policy Analyst. "This Q&A guide exposes the absurdity of the current law."

Unemployment fears

Uncertainty about the level of government intervention into the economy is holding back the entrepreneurs who create new jobs, according to a John Locke Foundation budget analyst.

A recent report from the N.C. Employment Security Commission lists the state's unemployment rate at 9.7 percent for January, up a full 1.6 percentage points from the adjusted December rate of 8.1 percent. North Carolina's unemployment rate has reached its highest level since March 1983, when it topped 10 percent.

"While it's too soon to tie these numbers directly to policies put in place by the new Obama or Perdue administrations, we should remember that businesses base their hiring decisions on future expectations," said Joseph Coletti, JLJ Fiscal Policy Analyst. "By January, North Carolina business owners clearly knew who would be steering the federal and state governments in the new year. The entrepreneurs who create new jobs didn't like what they saw."

The unemployment rate has nearly doubled in the past year. The state rate in January 2008 was 5 percent.

CJ

Study: N.C. Scores 'Average' In Freedom

BY DAVID N. BASS
Associate Editor

RALEIGH

A new report from the libertarian Mercatus Center at George Mason University ranks North Carolina in the middle of the 50 states on several policy areas that increase or ensure economic and personal freedom.

The study, titled "Freedom in the 50 States," ranked North Carolina 23rd overall, but ranked it 26th in economic freedom and 30th in personal freedom. It tracked policies in areas such as gun control, home-school regulation, income taxation, and government spending.

"On fiscal policy, the state could most readily improve by cutting social services spending and individual income taxes," wrote authors William Ruger and Jason Sorens, political science professors at Texas State University and State University of New York, respectively.

"On personal freedom, the state could improve by reducing gun control (particularly ending handgun licensing), lowering punitive taxes on beer and spirits, reforming marijuana sentencing ... repealing home school teacher qualifications and reducing the standardized testing requirement, and reforming asset forfeiture further," the authors wrote.

The report praised North Carolina's record on labor laws and tobacco regulation, but suggested rolling back occupational licensing fees and furthering eminent domain reform.

Similar to its national ranking, North Carolina came in near the middle of the pack among states in the Southeast. Tennessee, Virginia, Georgia, Alabama, and Florida scored higher; Mississippi, Arkansas, South Carolina, Kentucky, West Virginia, and Louisiana scored lower.

Nationwide, the report ranked New Hampshire, Colorado, and South Dakota as the freest states. "All three states feature low taxes and government spending and middling

levels of regulation and paternalism," the authors say. New York, by far, was the least free state, followed by New Jersey and Rhode Island in a distant second and third place.

The personal freedom index touched on divisive issues such as drug legalization and marriage redefinition but avoided taking a stand on abortion and the death penalty.

The report scored education policy as the most important category under personal freedom. "The reason we consider education regulations so critically important is that they affect the future course of liberty by affecting how and what the next generation is taught," Ruger and Sorens wrote.

On fiscal policy, the report divides emphasis evenly between government spending and taxation. On regulatory policy, the authors give the most weight to labor regulation, health insurance, and occupational licensing.

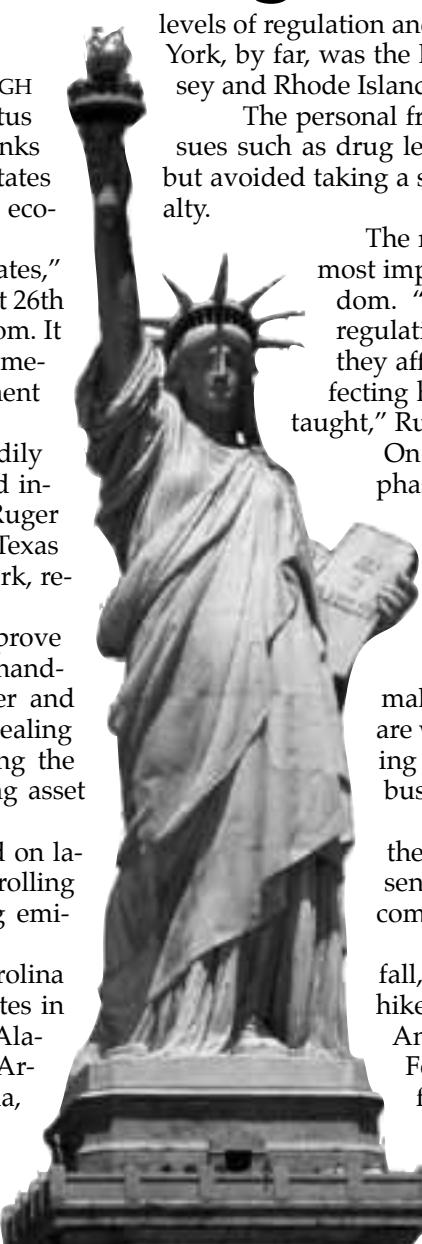
The report comes while lawmakers in the N.C. General Assembly are weighing a bill that would ban smoking in public buildings and in private businesses, bars, and restaurants.

A House health committee passed the measure by a voice vote March 3, sending the legislation to a judiciary committee.

Faced with a massive budget shortfall, legislators also have proposed tax hikes on tobacco and alcohol purchases.

An Elon University poll released in late February found that around three-fourths of North Carolinians support raising so-called "sin taxes" to help reduce fiscal woes. Revenue from such tax hikes would plug only a fraction of the state's budget shortfall, however.

CJ

**Republican Leader Questions Gas Tax Payment**BY DAVID N. BASS
Associate Editor

RALEIGH

State Senate Minority Leader Phil Berger, R-Rockingham, isn't keen on using North Carolina gasoline tax revenue to join the Climate Registry, a California-based nonprofit that seeks to fight global warming.

Berger recently criticized the use of gas tax funds for expenditures unrelated to transportation, including two payments made by the N.C. Division of Air Quality to the registry.

"We've talked for years about the transfer from the highway trust fund of the \$170 million, plus the additional [money] that Easley and the Democrats approved over the last 10 years or so," Berger said in a telephone interview with *Carolina Journal*.

DAQ authorized two contributions of \$50,000 to the registry in 2007 and 2008. Half of the funds were drawn from DAQ's share of the state gas tax (4/32 of a cent for each gallon sold), the other half from an Environmental Protection Agency grant to the Depart-

ment of Environment and Natural Resources, of which DAQ is a part.

The registry is a national nonprofit that seeks to convince companies, organizations, and state and local governments to report their greenhouse gas emissions in hopes of reducing climate change. In addition to providing financial support, DAQ helped recruit companies, organizations, local governments, and other entities to join the registry and report their emissions.

According to statutory law, funds from the Water and Air Quality Account (from which DAQ's share of the gas tax is drawn) are budgeted for air quality programs. The EPA grant is designed to support DENR's "ongoing program to protect air quality so that it achieves established ambient air standards and protects human health."

Former DAQ deputy director Brock Nicholson, who served on the Climate Registry's board of directors and executive committee, said the funds paid by DAQ were temporary.

"Those were up-front fees to help seed the registry. We don't anticipate

that will ever be paid again," he said.

Nicholson said North Carolina is benefiting from its partnership with the registry. "This is the foundational work for a program to identify emissions, and then therefore emissions reductions projects that [have] monetary value to our sources in North Carolina," he said.

North Carolina has the 14th-highest combined local, state, and federal gas tax in the United States at 49.5 cents per gallon, according to data from the American Petroleum Institute, and the third-highest in the Southeast.

One of the reasons for North Carolina's transportation problems is because of lawmakers' misuse of gas tax funds, Berger said.

"I'm not saying that we shouldn't be spending money on the Climate Registry," he said. "What I'm saying is that, in terms of where the dollars are coming from and what people think that they're paying taxes for, it certainly is not [appropriate] for the state of North Carolina to pay dues or to join a climate registry."

CJ

Proposal Would Increase Taxes On All Investors

BY KAREN McMAHAN
Contributor

A bill being considered in the U.S. House Ways and Means Committee would impose an excise tax of 0.25 percent on the purchase and sale of all stocks, options, and futures. The tax would apply to the entire transaction amount, regardless of whether the trade results in a profit or a loss.

Democrats pushing the bill want to make Wall Street pay for the \$750 billion bailout of the financial industry. By imposing the tax at the exchange level, the bill's sponsor, U.S. Rep. Peter DeFazio, D-OR, and 64 Democratic co-sponsors believe it will have "a negligible impact on the average investor."

But tax analysts and industry experts say such a tax would punish all investors by doubling the cost of a completed transaction at a time when many Americans have seen the value of their investment portfolios fall by 40 to 60 percent.

The notion that the proposed tax would not affect ordinary investors ignores reality, say many experts. More than 50 percent of Americans participate in the market through 401(k)s, IRAs, pensions, education savings accounts, small business investments, or similar mechanisms.

Whether Americans manage their own investments or have a financial adviser do it for them, the cost of any transaction tax would pass through to the investors. These costs would be in addition to brokerage fees, other fees, and capital gains taxes.

According to *Investors Business Daily*, someone with a \$500,000 account who executes 100 trades at \$100,000 per trade would pay an extra \$25,000 each year as a result of the tax.

Investors as 'gamblers'

Rebecca Jarvis of CNBC and Stuart Varney of Fox Business recently discussed the tax with DeFazio, who defended it.

Both Jarvis and Varney expressed concern the tax would hurt individual investors, not Wall Street investment banks, because additional transaction costs means less profit. Both asked about the likelihood of discouraging investment at a time when more investment is needed to increase liquidity in the markets.

"This tax would put a big crimp on the individual investor," Varney said. "There are millions of people in America who make a trade when they get home from work, and you're proposing to double that transaction cost."

"I don't think there's millions," responded DeFazio. Traders who "go on tiny little margins" will have to consider this in their calculations and try to get a bigger margin on their trades.

DeFazio suggested traders should hold their positions longer or put their money into the bank. "They're not going to make much on two trades a day," DeFazio said, questioning the market value of what he called "churning," but what most economists would call liquidity.

Jarvis asked DeFazio about the effects the tax would have on small businesses that run on trading, saying "they might not be able to do business going forward with a tax like this."

"You mean day traders?" DeFazio asked, "Tell me about the economic value they provide to our society, the stability they provide to our society?"

"For some traders, this is their job," Jarvis said. "They don't trade a lot, but they trade enough to make ends meet."

"Gamblers," DeFazio said. "They'll have to get three-tenths of a percent on their bets instead of one-tenth."

For months, Americans have been told that the primary reason for pumping billions of taxpayer dollars into the markets through bailouts has been the need for increased liquidity and stability.

Hurting capital formation

The Security Traders Association warns that the proposed tax would hurt capital formation and that it particularly targets "individual taxpayers, savers, small businesses, endowments, and those relying on retirement plans."

The tax not only would decrease market liquidity, but would force more stock, options, and futures trades to overseas exchanges where costs are lower, the association warned. A larger tax burden, it wrote, means "less trading activity, less saving and investment, and most certainly less business in the United States."

Expressing similar concerns, J.D. Foster, a tax analyst for The Heritage Foundation, said the tax "would continue the shift of the global financial system away from the United States — institutional investors would transact where the costs are lower. Once again, a Congress determined to protect the American people would drive thousands of American jobs overseas."

But Foster doubts the legislation will pass, at least not in the near future.



Ryan Ellis, tax policy director with Americans for Tax Reform, agrees it would be hard to pass, but that Congress would even consider it reveals the mindset some members have toward investors. "Even if a company did the right thing, this tax would punish all companies and all investors, not just those that asked for a handout," said Ellis.

Dallas Woodhouse, director of the North Carolina chapter of Americans for Prosperity, said the proposal is an "extension of the populist tone of punishing the bad people on Wall Street, but this tax would punish individual investors and companies. Why would anyone invest in job creation?"

All members of North Carolina's Congressional House delegation were contacted, as was DeFazio's office. The only respondents were spokespersons for U.S. Reps. Virginia Foxx, R-5th, Howard Coble, R-6th, and Patrick McHenry, R-10th, who all predicted the bill would never win majority support should it come up for a vote.

While some lawmakers doubt this particular proposal ever will pass, others in Congress appear determined to pass some form of investment tax.

Two House committees are considering H.R. 676, a bill to expand health care and Medicare for all Americans. This legislation, sponsored by U.S. Rep. John Conyers, D-MI, seeks to institute "a modest and progressive excise tax on payroll and self-employment income" and "a small tax on stock and bond transactions."

Federal Briefs

Price No. 1 in earmarks

N.C. Rep. David Price, D-4th, is no. 1 in earmarks in North Carolina, according to data from Taxpayers for Common Sense, a nonpartisan group that works to eliminate wasteful government spending.

A report from the organization tracks the number of earmarks in the omnibus spending bill for FY 2009. Price topped other members of the state's congressional delegation, scoring 18 earmarks totaling more than \$7 million.

Former Rep. Robin Hayes, R-8th, who lost his re-election bid to Democrat Larry Kissell in November, secured 16 earmarks valued at \$4.4 million.

Other top Tar Heel lawmakers to secure earmarks included Reps. Heath Shuler, D-11th, (12 earmarks, \$4.4 million); G.K. Butterfield, D-1st, (7 earmarks, \$1.6 million), and Mel Watt, D-12th, (5 earmarks, \$1.5 million).

Foxx: Freeze bailout funds

A bill introduced by U.S. Rep. Virginia Foxx, R-5th, designed to freeze bailout funds passed the House Jan. 22.

The legislation would deny authorization of the second half of the \$700 billion federal bailout of the banking industry approved by lawmakers in early October.

"Since October when Congress granted the previous administration unfettered access to taxpayer blank checks, we've seen a steady stream of reports outlining the mismanagement, waste, and lack of oversight that was all too predictable during initial considerations of the TARP megabank bailout," Foxx said.

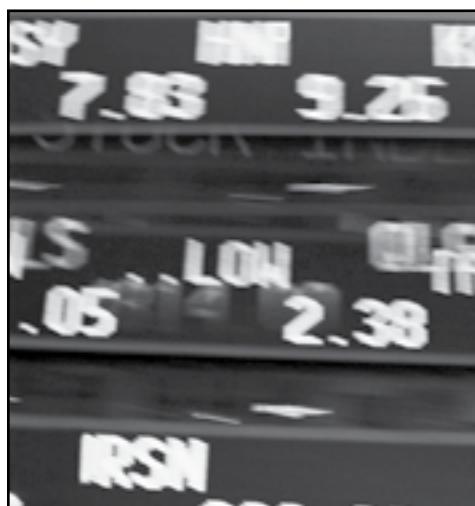
The bill was received in the Senate Jan. 26 and referred to the Committee on Banking, Housing, and Urban Affairs.

Group awards Shuler

The National Federation of Independent Business has awarded U.S. Rep. Heath Shuler, D-11th, for "his outstanding voting record on behalf of America's small business owners in the 110th Congress," according to an NFIB press release.

Shuler voted with the pro-small business group 70 percent of the time. The scorecard tracks how federal lawmakers voted on 11 issues related to small business.

Shuler has faced criticism from conservative groups for supporting union card-check legislation. Opponents say the bill would open employees to intimidation tactics. CJ



Easterly: There Is a Rich-Poor Double Standard in U.S. Foreign Aid

RALEIGH — Politicians and pop stars tell us we need to do more to help end global poverty. But what if we doubled the amount of foreign aid we sent to poor countries and nothing happened? William Easterly says we have doubled foreign aid in the past with few apparent benefits. The New York University economist recently discussed global poverty during the fifth annual John W. Pope Lecture at N.C. State University. He also discussed the topic with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

Kokai: In your book *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, one of your key ideas is that aid agencies and governments of wealthy countries apply a double standard. What's the double standard?

Easterly: The double standard is we take individual liberty for granted for rich people, but we don't respect individual liberty for poor people. We patronize poor people, and by "we" I mean we in the aid agencies, we in rich-country governments that are spending money on aid to poor people. We think we know better than they do what's in their best interest, and we're going to impose it by putting lots and lots of conditions on the aid, telling them what to do and, in effect, sort of coercing them using money as leverage to do what we think they should do.

And that leads to a lot of resentment. In many cases, it's led to a sort of xenophobic backlash in favor of populist economic policies, socialist economic policies, because the Western ideals of free markets and individual enterprise have been discredited as foreign ideas by this hard, heavy-handed imposition of our arrogant assumption that we know what is best for other people. The beginning of liberty is respecting everyone's right to choose their own destiny, to act in their own interests as they conceive it, and that's where liberty begins, and we don't respect that ideal for poor people. We do respect it obviously for rich people, and that's the double standard. It's like there's a new Berlin Wall that still exists in the world, where on one side of that Berlin Wall there are poor people who are receiving aid whose dignity and rights we do not respect.

Kokai: You say foreign aid agencies use some terminology that obscures this double standard.

Easterly: They take ringing language like "inalienable rights," "life, liberty, and the pursuit of happiness," and instead of that we get bureaucratic buzzwords like "participation of the

"The double standard is we take individual liberty for granted for rich people, but we don't respect individual liberty for poor people. We patronize poor people, and by 'we' I mean we in the aid agencies, we in rich-country governments."

William Easterly
Economist
New York University



poor," "community-driven development," "locally owned development," lots and lots of these buzzwords, which are really papering over the reality that we are not in fact giving any power to the poor to choose their own destinies — that all the power lies with the aid agencies who design all the aid programs from headquarters in Washington and impose the same blueprint everywhere they go. They don't let local people be in charge.

Kokai: These aid agencies have been doing their work for decades. You point to some data that suggest that the system really hasn't worked all that well.

Easterly: Soviet Communism lasted for 70 years because it was not a self-correcting system. It suppressed dissent. I don't want to equate aid to Soviet Communism, as that would obviously be going too far. But it does have that one thing in common, that aid is also not a self-correcting system. You get the same bad ideas that failed being forgotten and then reinvented and repeated in every generation. So the ideas of the 1950s, [with] things like "give a lot of aid, a big push," to countries to get out of the poverty trap. ... Some time went by, and Jeffrey Sachs came along in 2005 and wrote a book about how you should give a lot of aid to finance a big push to get the poor out of a poverty trap. Same idea, exactly the same idea, and it failed the first time, and it's failing now the second time.

Kokai: In your recent John W. Pope Lecture at N.C. State, you suggested an alternative to traditional foreign aid. It's called more freedom. How would that work?

Easterly: We need to rethink how all of us involved in development and aid think about poor people. We need to stop thinking about them as children that are being helped by us, the

parents, to do what's in their own best interests. We need to respect them as adults. I think a lot of aid people find it offensive that I accuse them of treating the poor like children, but this is really in a way kind of embedded in the DNA of development. What do you see on the cover of any aid brochure that has ever been produced? It's always the picture of a poor, adorable child. That's the poster for aid, and there is even a kind of satirical line by the writer David Reiff, where he says there are two groups of people who like to be photographed with children: dictators and aid workers.

Even the very idea of development — where did the word "development" come from? It's a metaphor. It's about the biological development of an individual from being a child into an adult. That's where the word "development" came from. So actually our whole way of thinking about development is this paternalistic idea that — and, of course, what is the one exception that we do make for individual liberty in our own society? We don't give individual liberty to children. We think they need their parents to guide them, to do what's best until they reach adulthood, and that's pretty much exactly how we think about poverty.

So the first step is changing our own mindset to no longer thinking of the poor as children, respecting them as equal human beings with fully equal rights, and designing aid in a way that they are in charge, that we make it possible for individuals to have opportunities to realize their own goals, their own dreams. The poor have dreams just like we all have dreams: the American dream, the Martin Luther King "I have a dream." Well, the poor also have dreams, and with aid what we should be doing is helping the poor realize their own dreams, not imposing our own dream on the poor.

Kokai: With increased freedom you mention the role of a group you call "searchers."

Easterly: "Searchers" is just my rephrasing of the word "entrepreneur." All of us who advocate kind of market solutions to poverty have to tiptoe around because there are so many people who have this visceral reaction to any suggestion that markets could be a positive force for human welfare, because they think of markets as being dominated by greedy people.

I don't really know how greedy private entrepreneurs are or not, but when you look at the facts of what they've done, they've actually done tremendous good for the world, and they create tremendous amounts of wealth, of employment, high-paying jobs that lift people out of poverty by giving people the opportunity to have high-paying jobs, so the entrepreneur I think of as the model for how positive change does happen in society.

First of all, the private entrepreneurs are the most obvious source of progress in poor societies. That's how we got out of poverty as Americans. That's how Europeans got out of poverty, and that's how we got all of the wonderful technology that we have today that's extended our lifetimes and made possible lots of great things for us. That force is available to poor countries, and the sad thing is that it's so underutilized.

Kokai: Ending poverty requires an entrepreneurial mindset?

Easterly: What is the mindset of the entrepreneur? It's totally different from the mindset of the planning bureaucrat, which has dominated aid.

The planning bureaucrat just arbitrarily decides what the best magic bullet is to fix poverty and imposes that magic bullet everywhere, whereas the entrepreneur is very opportunistic and flexible.

You have to be opportunistic and flexible in order to be a successful entrepreneur. You never know where your opportunity is going to come from.

Commissioner Says Busing Foes Trying to Roll Back Diversity

BY DAVID N. BASS
Associate Editor

Parents who oppose reassignment and socioeconomic busing in Wake County want to "roll back diversity," said County Commissioner Stan Norwalk at a recent public forum in downtown Raleigh.

"Rolling back diversity isn't going to get you more schools, isn't going to get you to year-round schools, isn't going to get rid of reassessments," said Norwalk, one of a dozen speakers who criticized efforts to reverse the school board's strategy of busing children around the county based on income.

But others who spoke at the forum, held Feb. 26 at Martin Street Baptist Church and sponsored by the Coalition of Concerned Citizens for African-American Children, said the current system is failing minority students.

"The bottom line for me is that the Wake County Public School System cannot show that the current busing-for-diversity policy is helping those who it's supposed to be helping," said Eric Blau, a Wake County parent.

"Everybody wants the best education for their kid, but putting them on a bus is not the same as educating them," he said. "Every dollar that goes toward busing is a dollar that's not going toward the classroom."

The tense discussion underscored strife that has existed for years over the question of income-based busing. The school board approved a new batch of reassessments in early February that shuffles 24,654 students to different schools during the next three years. The policy has frustrated parents from across the political spectrum.

"When I moved here I was thrilled with the diversity policy, until I started really looking at what it was doing," said Jennifer Mansfield, a self-described lifelong Democrat and liberal, at the diversity forum.

"Something that frustrates me when talking about the diversity policy is that if you're like me, and you're a critic of how it's currently implemented, it becomes, 'You want to segregate, you're against diversity, you want to do it like Charlotte does it,'" she said. "It doesn't have to be either or. We have to set some limits."

George Green, a substitute math teacher in Wake County, took exception to parents who complained about reassessments between two affluent elementary

Opponents say 'busing for diversity' is not working

schools in northwest Raleigh.

"If you support diversity, then you support the flexibility of the school board and its professional staff to put kids where they need to go to achieve it," he said. "If you want to dig in, claim ownership at the elementary-school level, create an endowment for the school, make sure that the private dollars that support all of this extracurricular activity are focused on your school, because your school is better and you take snobbish pride in that, then you're part of the problem."

Several elected officials spoke in favor of the socioeconomic busing plan, including N.C. Sen. Vernon Malone, D-Wake.

"Whether you like it or don't like it, the issue is, I am thoroughly convinced, that when schools resemble the population of the state or an area, positives come about," Malone said. "Why should we have a school system that's one color when the shopping malls are not one color? People must learn to live internationally."

But other parents said the issue wasn't about race or diversity. "I think it's unfortunate that this has become a conversation about desegregating the schools," said Kathleen Brennan, a representative of the parent group Wake CARES, which sued the school district over its reassignment policy.

"In the last five years, over 39,000 children have been reassigned to different schools," she said. "This places a huge burden on these children. We've lost focus on actually educating them."

Prompted by angry parents, some Wake County legislators have taken steps to shake up the school board's assignment policies.

Sen. Neal Hunt, R-Wake, introduced a bill Feb. 19 that requires school board members to assign students within a 1 1/2-mile radius of a public school to that school or else provide a voucher to attend a nonpublic school.

Another bill, introduced by Rep. Nelson Dollar, R-Wake, would change the way school board members are elected. Currently, Wake school board members run in nine separate districts. The legislation would make four board positions at-large seats and the rest district-based.

The Wake County Mayors Association considered drafting a resolution in support of at-large elections, but the association dropped it after the mayors couldn't agree on all parts, according to *The News & Observer* of Raleigh.

CJ

COMMENTARY

Curtailing Dropouts

North Carolina's public schools are in the midst of a dropout crisis. Last year, more than 22,000 public school students dropped out of school. Only about 70 percent of our students graduate from high school in four years. In response to this crisis, the North Carolina General Assembly has spent millions of taxpayer dollars to fund grant programs that promised to keep more children in school, but mostly failed to deliver.

In 2007, Democratic members of the General Assembly encouraged school systems and organizations to compete for \$7 million in grants they set aside to support programs that address dropout prevention. In January 2008, the Committee on Dropout Prevention selected 60 groups to receive grants ranging in size from \$25,000 to \$150,000. The General Assembly later voted to re-establish the dropout prevention committee and appropriate an additional \$15 million.

The funds provided additional support to grant recipients, funded applicants that did not receive a grant initially, and supported new grant applicants. In early 2009, the N.C. Department of Public Instruction (DPI) appropriated nearly \$100,000 in state funds to pay a Raleigh-based consultant to evaluate the grant programs over the next year and a half. The purpose of this evaluation is to determine whether school districts across the state should replicate particular dropout initiatives.

Since February 2008, the John Locke Foundation has conducted three evaluations of the dropout prevention grants. We found that a majority of the dropout prevention grants went to school districts or individual schools that did not have a dropout problem. Most of the districts and schools had a higher percentage of graduates and/or lower percentage of dropouts than the state average. Among districts receiving grants last year, 27 of 38 posted a declining graduation rate. Moreover, only 14 of the 100 schools that received services from dropout prevention grant recipients had both substantially lower dropout rates and higher graduation rates.

After taking a closer look at grant recipient expenditures, it is

not hard to understand why the programs appeared to have little success. For example, Athens Drive High School in Wake County used its grant funds to send its lead literacy teacher to the University of Kansas to learn "Kansas Strategies," a literacy program for at-risk children. Of the \$38,979 awarded to Athens Drive, expenditures included \$1,466.83 for travel, \$800 for registration, \$4,000 for supplemental materials, and another \$1,500 for training materials. From the 2006-07 to the 2007-08 school year, Athens Drive retained fewer students — the graduation rate decreased by 4 percent and the dropout rate increased by nearly 1 percent.

Hayesville High School and Hayesville Middle School in Clay County used their dropout prevention funds to buy \$32,500 worth of equipment, including 30 computers, electric notebooks, calculators, three smart boards, 19 document readers, and five document cams.

The Avery County Schools spent nearly \$45,500 of their \$148,474 grant on contract fees to the Advancement Via Individual Determination (AVID) program, spent more than \$18,500 on staff development (possibly for the AVID Summer Institute in Atlanta, Ga., for 23 employees), and used almost \$13,000 in grant funds for supplies. In Polk County, the school system's \$100,000-plus grant included more than \$3,000 for student meals.

We do not know if grant recipients made even more egregious expenditures than those mentioned above. Many of the 2007 grant recipients did not submit a mandatory progress report, which means that the public does not have access to the programs' goals and objectives, activities, and budget.

Put simply, the General Assembly spent millions of taxpayer dollars on a dropout prevention program that lacks transparency, oversight, and accountability — and thousands of children continue to drop out school.

Terry Stoops is an education policy analyst at the John Locke Foundation.



TERRY STOOPS

2009 General Assembly

N.C. Republicans Push 'Aggressive' Education Agenda Package

Economic climate may improve chances of some initiatives

By HAL YOUNG
Contributor

Raleigh Early in the legislative session, House and Senate laid out "an aggressive agenda for education," as described by House Minority Leader Paul "Skip" Stam. Returning to many proposals debated in previous sessions, Stam and Senate Minority Leader Phil Berger called for a tax credit for families in private and home schools, merit pay for individual teachers rather than schools, and end of the cap on charter schools, and major changes to standardized testing.

Stam pointed to a recent study by the American Legislative Exchange Council that ranked North Carolina 30th in educational performance. "We can't just do the same as we always have, or we'll just get the same results," he said.

"The key thing that this report tells us," said Berger, "is that more money does not necessarily mean improved education. We have seen a series of governors come forward and tell us, 'If you elect me ... we will improve education,' and generally what we see is ongoing proposals for spending more money. The legislature and the people of North Carolina have accepted those requests, and we see the results."

Stam said many of their proposals can be accomplished with little monetary outlay. Some of them already have significant bipartisan support. The question will be whether the current budgetary climate is enough to change the outcome for now-familiar proposals, as Gov. Bev Perdue has promised to raise education spending in spite of massive budget shortfalls.

Tax credits for non-publics

Stam, a longtime supporter of non-public education, introduced H.B.335, the "Tax Fairness In Education Act", the first week in March. The bill would provide a refundable tax credit of \$1,250 per semester for qualifying families who take their children out of public schools in favor of a non-public option, including home schooling. The title is somewhat misleading, as the bill does nothing for 170,000 students already educated outside of public schools — only those who are taken off the public school rolls in the

future. More than 90 percent of families would qualify financially for the credit.

The legislature's Fiscal Research Division estimates that as many as 13,000 students could be withdrawn from public schools in response to the tax credit, saving the state as much as \$35 million and local governments from \$9 million to \$25 million every year in avoided public school expenses.

The fiscal report does not expect many parents to "game the system" by enrolling their children in public schools solely to qualify for the tax credit. This is probably because the proposed \$2,500 per year does not go far to offset the cost of nonpublic education.

Researchers have found that while home-schoolers typically spend less than \$1,000 per child for books and other educational expenses, they usually forego a second income so one parent can serve as a full-time instructor. Private school tuition ranges from a few thousand dollars in small church schools to well over \$10,000 a year in elite private academies.

Merit pay

Another inequity the Republicans would like to address is teacher bonuses. The present system rewards teachers as part of their school, rather than for individual performance. "The worst teacher in a good school gets the bonus, while the best teacher in a poor school does not," said Stam. "I would invert that overnight."

As the filing deadline approached, though, the Republicans had not offered a bill in either house. A measure largely sponsored by Democrats, House Bill 707, would study the ABC bonus program; four Republicans signed on as co-sponsors.

Preschool programs

One proposal already gaining traction is H.B.539, "Merge Smart Start and More At Four," which would combine two preschool programs promoted by former governors Jim Hunt and Mike Easley. Berger took time in a March 10 press conference to emphasize that the two programs serve similar populations, and one of them already appears to have student ca-

Many of the proposals can be accomplished without much monetary outlay, and some have substantial bipartisan support, say proponents

pacity it can't fill. Combining them would streamline administration and reduce overall costs.

While the idea was promoted by Republicans early in the session, the present bill was introduced by four Democratic sponsors, with 51 co-sponsors — only 20 of them Republican. Rep. Bill Owens, D-Pasquotank,

told WRAL TV in Raleigh, "Maybe we could have afforded both programs before, but now we can't really afford to have one program, much less both." *The News & Observer* of Raleigh has reported Perdue is giving serious consideration to the proposal.

Charter school cap

Since they were first authorized in 1997, the number of charter schools has been capped at 100. Supporters have sought for several years to raise or eliminate the cap. Both options are available this session.

Senate Bill 379 and its companion in the House, H.B.288, would remove the cap entirely. Democrat Sen. Larry Shaw joined with 15 Republicans in the Senate and 11 more in the House to co-sponsor this bill. Senate Bill 397, with many of the same sponsors as S.B.379,

would raise the cap by five schools per year, while another, S.B.573, would raise the cap by six schools per year, excluding high-performing schools and those which are the first charters in their counties.

The latter bill would implement a number of changes recommended by the 2007 Blue Ribbon Commission on Charter Schools. Sen. Eddie Goodall and nine other Republicans sponsored the measure.

Testing programs

A latecomer to the program was an act which would suspend development and use of the state's "End of Grade" (EOG) tests. H.B.609 would halt all standardized testing in public schools for a two year period, "except for those required by federal law or as a condition for federal funding."

Stam pointed out that the lack of an objective measurement of student performance hampers efforts to improve the schools.

"When we were going strictly by EOG tests," he said, "[where] we set a pass or fail rate wherever the Board of Education wants to set it, we do pretty well. But when we have a nationally normed test like the NAEP [the National Assessment of Educational Progress], our state averages are below the proficient level in math and reading."

Private and home schools already are required to administer nationally standardized tests.

"With a 66 percent graduation rate, our average student is not proficient," Stam said. "That's not good." CJ

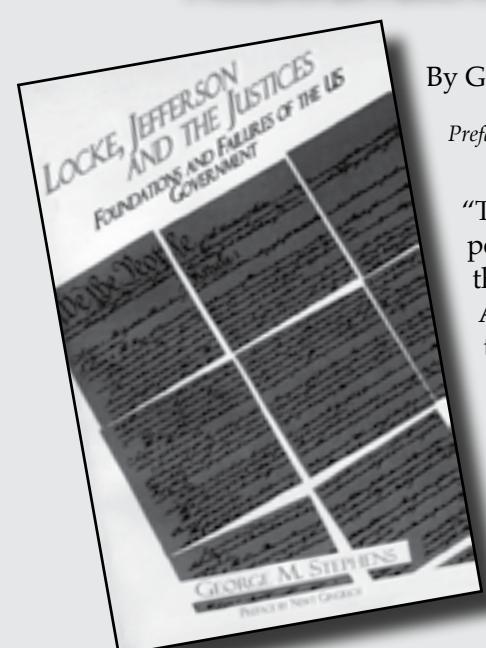
Locke, Jefferson and the Justices: Foundations and Failures of the U.S. Government

By George M. Stephens

Preface by Newt Gingrich

"This book is about American politics and law; it is also about the roots of the Contract with America. A logical place to find the intent of the Founders is in Locke, [and] Stephens makes a contribution to highlighting this."

Newt Gingrich
Former Speaker
U.S. House
of Representatives



Algora Publishing, New York (www.algora.com)

Report: One-Fifth of Students Ineligible for Meal Programs

By DAVID N. BASS
Associate Editor

As our economy is prompting more families to enroll in subsidized school nutrition programs, but new data from Mathematica Policy Research finds that one-fifth of students get benefits that don't match their economic circumstances.

Fifteen percent of students receive too many benefits and 7.5 percent too few, according to the Mathematica issue brief, published in February. Among students who were either under- or over-certified, the most common error was parents or guardians misreporting income on applications.

The lunch and breakfast entitlements, administered by the U.S. Department of Agriculture at an annual cost of \$10 billion, are meant for families at or below 185 percent of the federal poverty level.

For example, a family of four earning up to 130 percent of the annual poverty level (\$26,845) would be eligible for free meals. A family earning between 130 percent (\$26,845) and 185 percent (\$38,203) of the poverty level would qualify for reduced-price meals. A family with an income over 185 per-

cent of the poverty level would have to pay full price.

Certification errors in the program could be costing taxpayers close to \$1 billion annually, the study found.

"In the 2005-2006 school year, erroneous [school lunch] reimbursements resulting from this type of er-

ror totaled \$759 million, or 9.4 percent of the roughly \$8.1 billion in total cash reimbursements and commodities paid to school districts for all [school] lunches served," the report said. "Erroneous [school break-
fast] reimbursements totaled \$177 mil-
lion, or 9.2 percent of the \$1.9 billion in
total cash reimbursements paid for all
breakfasts served."

Some errors were due to lapses on the part of school districts. "The most common administrative error resulted from school districts approving incomplete applications, which typi-

cally lacked a signature or social security number," the report said.

Because adults are required only to self-report household income on applications, critics question whether ineligible families might be gaming the system, with school officials allowing the fraud to go unchecked.

"They know at the district and school level that it generates funding for a lot of other programs," said Lisa Snell, director of education and child welfare at the Reason Foundation, a libertarian think tank. "It may not be intentional to be fraudulent in

the program, but it is an unintended consequence of the program."

A *Carolina Journal* investigation last year revealed that a majority of error-prone applicants enrolled in the free and reduced-lunch program in North Carolina could not or would not prove eligibility to participate. The summaries for the 2007-08 school year show that 76 out of 115 school districts had potential fraud rates at 50 percent or higher, and 19 districts had rates at 75 percent or higher.

Summaries from the nation's five largest school districts reveal a similar trend of either non-response or response that reduced or repealed benefits: New York City Public Schools (70 percent), Los Angeles Unified School District (93 percent), Chicago Public Schools (28 percent), Miami-Dade County Public Schools (83 percent),

and the Clark County School District (83 percent).

Supporters say the verification process is sufficient and requiring proof of income would discourage eligible families from signing up.

"You can find any way to fraudulently provide information in any federal program, I'm sure, if you have a reason," said Marilyn Moody, Wake County's senior director of child nutrition, at a school board hearing in January. "What we want to know is why would you deprive a child who is hungry of \$2.57 a day times 180 school days?"

In its report, Mathematica stopped short of recommending an overhaul of the entitlements, instead suggesting that policymakers find a way to get more accurate income data from households.

"Although application forms and instructions ask applicants to report all income sources, this message needs to be communicated more emphatically," the report said.

The authors warned that changes in the program could have a negative impact on students. Another Mathematica report, published in 2005, found that requiring upfront income documentation would have a chilling effect on eligible families. The same report concluded that income documentation did not reduce the number of families participating in the program illegally.

Critics still worry that the current system is flawed. "If you look at any district in America, you would find similar abuse," Snell said. "There is incentive to add funding, because there are so many other funding sources tied to free and reduced-lunch." C

Researchers suggest
meal program
administrators get
more accurate
income information

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The North Carolina History Project is a project of the John Locke Foundation

Some already rethinking issue

Will Obama's Support for Charters Make a Difference?

BY KAREN WELSH
Contributor

Legislaters and education bureaucrats who have refused adamantly to consider increasing or removing the 100-school cap on charter schools have pressure from a new charter school advocate to deal with: President Barack Obama.

Yes, it's true. The candidate who got the backing of all the anti-charter teacher unions says their success needs to be replicated across the country.

Obama recently told a group of second-graders at the Capital City Public Charter School in Washington, D.C., that they are part of a bold experiment.

"We're very proud of what's been accomplished at this school, and we want to make sure that we're duplicating that success all across the country," he said.

The news of Obama's unabashed support for charters has caused some Democrats to rethink their position. "My staunch opposition to charter schools early in my legislative career has recently evolved," said Rep. Pricey Harrison, D-Guilford.

This has charter school supporters crossing their fingers.

"I'm hopeful wth President Obama, because he's pro-solid options on education for children," said Jane Ellis, director of charter school lending at the Center for Community Self-Help in Durham. "There's no one-size-fits-all. I think we need to see some Democrats that see this as an opportunity. In the past, school choice has been a divisive issue in Raleigh. It's still an uphill

road for many. There's not been any broad bipartisan support."

Ellis said charter schools are unique because they are public schools that offer smaller classrooms and more personalized teaching styles at no cost to families.

One of the main obstacles they face is the stringent cap in the state allowing only 100 charter schools at a time. Ellis said that's simply not enough, and the cap either needs to be raised or removed altogether. Only 52 of 100 counties have at least one charter school up and running.

Ellis said the idea to repeal the limit also has the president's full support.

"President Obama said to lift the caps because they inhibit education choices," she said. "In North Carolina, Republicans want to lift the cap. There are no Democrats in support. It has to go beyond the partisan issue. Parents need a choice. The goal is to have kids who are learning and thriving."

John Betterton, chairman of the North Carolina Alliance for Charter Schools, said he doesn't have a good feel for what's on the minds of state legislators, but he said he is cautiously optimistic that Obama's professed support will cause some to change their minds about accepting charters.

"Having a choice is a powerful thing for parents," he said. "It's going

to take a combination of parents and Democrats coming together to make it happen. My main hope is that President Obama's support will allow our legislators to approach charter schools with an open mind. I'm hoping, with the president's influence, that charter schools will be treated fairly and equitably. Whatever happens, we would like to see the support coming from both parties."

Rep. Ric Killian, R-Mecklenburg, said Obama's support is a wake-up call for state officials to stop avoiding the issue of education reform and create opportunities for all children to have choices for a better education.

He said legislators need to be held accountable for their answers.

"We've yet to see any change, and I don't know if the president's support on the issue is going to sway anyone against charter schools, but our leadership in North Carolina needs to heed President Obama's support," he said. "Traditionally those opposed have not even been willing to hear the arguments for charter schools. Will they be heard now?"

Rep. Jim Gulley, R-Mecklenburg, said policymakers are not the only ones who need to rethink their position on charter schools. "The Department of Public Instruction has a stranglehold on charter schools right now," he said. "That's why I'm glad our president

came out to support it. There's some shift in the way the wind blows."

Although most Democrats are currently against raising the cap, Rep. Earline Parmon, D- Forsyth, a retired charter school administrator, said not all in her party are against increasing the number of this style of learning institution.

"I feel we should be allowed more charter schools, but it has to be done in an orderly, purposeful, and geographical manner," she said. "They need to be accessible in every county throughout the state."

Parmon said she thinks charter schools have not branded themselves well.

"It's a great invention, but nobody has known how to market it," she said. "Now Obama is marketing it. Once people understand a charter school can be a resource and it's not in competition with public schools, but an avenue and excellent resource to provide excellence and choice in education, then we will begin to move forward."

Parmon said the North Carolina General Assembly needs to invest time to learn more about them.

"Legislators are not educated enough to be good advocates for charter schools," she said. "It's a fight to educate them that charter schools need to be treated equally. ... There needs to be a broader awareness in North Carolina on how charter schools have been treated like a stepchild. They are public schools, and they need to be funded equitably."

Even the Democratic president thinks so. CJ

Some Democrats
already rethinking
their previous
positions on
charter schools

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Governor's Budget Adds a Little Funding For Community Colleges, But Cuts UNC

By JAY SCHALIN
Contributor

Citing jobs and economic development as her primary concerns, Gov. Beverly Perdue unveiled her budget proposal for the next two years on March 17. Because the community colleges are so directly tied to immediate development of the workforce, they were one of the few areas that received an increase — of just 1 percent — instead of a cut.

Soaring enrollments at community colleges also played a part in the governor's generosity. Community college enrollments tend to rise during recessions as out-of-work students retool their skills. This year was no exception: the system saw a 7 percent increase in the fall of 2008 over the previous year. And according to Andrea Poole of the legislature's fiscal research division, in

2009 spring enrollment is higher than the fall enrollment, the first time this has

happened in 10 years.

Consequently, the governor's budget seeks \$47 million in increased enrollment funding based on the fall numbers, and another \$500,000 on top of that for the expected increase in the spring. Also, there is an extra \$3 million allocated to the enrollment growth reserve.

The University of North Carolina system received a 1.2 percent cut from 2008-09. But that's less than the 1.8 percent reduction proposed for the entire state budget, and far less than the public K-12 school system's 4.9 percent recommended decrease.

System president Erskine Bowles' two main priorities both get significant funding increases in Perdue's budget — \$44 million more for increased enrollment, and an additional \$23.4 million for need-based scholarships. Bowles has said that these two items are particularly important in a down economy.

Falling tax revenues forced both higher education systems to make large temporary cuts this year. At the end of last year's legislative session, and after various non-legislative adjustments were made to the budget, the amount appropriated by the General Assembly for fiscal year 2008-09 from the Gen-Fund to the state's community college system was \$1.02 billion, and to the UNC system \$2.89 billion.

Then, after several waves of cuts due to the economic downturn, the 2008-09 budget for UNC was revised to \$2.73 billion, a 5.8 percent reduction from the final budget amount. The N.C. Community College System's revised budget was re-

duced to \$965 million, a 5.1 percent decrease.

UNC's proposed allotment for 2009-10 is \$2.86 billion, a 4.8 percent increase over the revised budget (including cuts). The recommended appropriation for the community colleges for 2009-10 (including post-legislative estimated adjustments) is \$1.03 billion — an increase of 1 percent over the last year's final appropriation, and a whopping 6.4 percent over the revised budget that includes the cuts.

Some of the vocational-oriented community college programs that received considerable increases in 2009-10 are:

- Twenty \$150,000 vocational and technical education grants (\$3 million);
- Sixty-five additional nursing faculty (\$4.8 million in 2009-10, \$5.2 million in 2010-11);
- Help to reduce a significant backlog in equipment and technology (\$5 million);
- Additional funds for the Military Business Center in Fayetteville (\$1.25 million).

There is also a one-time \$2.5 million allocation for job-training assistance for displaced workers, such as tuition, childcare, and transportation. However, this will not come from the General Fund since it will be funded by the American Recovery and Reinvestment Act (the federal "stimulus package").

Two measures will cut into both systems' discretionary spending. One is called the "Truth-in-Budgeting Reform." In years past, the total allocation for salaries was overstated since many employees left midyear with no replacements. That money previously was used at the school's discretion. The governor is now recommending that the salary appropriations be reduced between 2 and 3 percent. This means a reduction of \$19 million for the community colleges and \$55 million for the universities.

The other measure involves "management flexibility accounts" — used at the discretion of the university chancellors or community college presidents. The university system will be given \$96.6 million less than the current amount in 2009-10 (a 3.6 percent decrease) and \$85.2 million less in 2010-11 (a 3.2 percent cut).

The community colleges will see their flexibility allocation fall by \$20.9 million for both years (2 percent of the current allotment).

Bowles described the governor's budget as "step two in a five-step dance." Each house in the General Assembly must come up with their own versions, then reconcile the two, before a budget can be adopted. CJ

Jay Schalin is a senior writer with the John W. Pope Center for Higher Education Policy.

Campus Briefs

• N.C. State's Society for Politics, Economics, and Law (SPEL) hosted Professor John Hasnas on March 17. An associate professor of business at the McDonough School of Business at Georgetown University, Hasnas spoke about "The Failure of the Market Failure Argument: Two Theories of Environmental Regulation." Hasnas explained the key differences between common, or customary, law, and statutory law or legislation. He persuasively argued that common law provides a more flexible way of working out problems than does legislative fiat. Hasnas, who is visiting the Duke University School of Law for this spring semester, has a Ph.D. in legal philosophy from Duke and an LL.M. in legal education from Temple Law School.

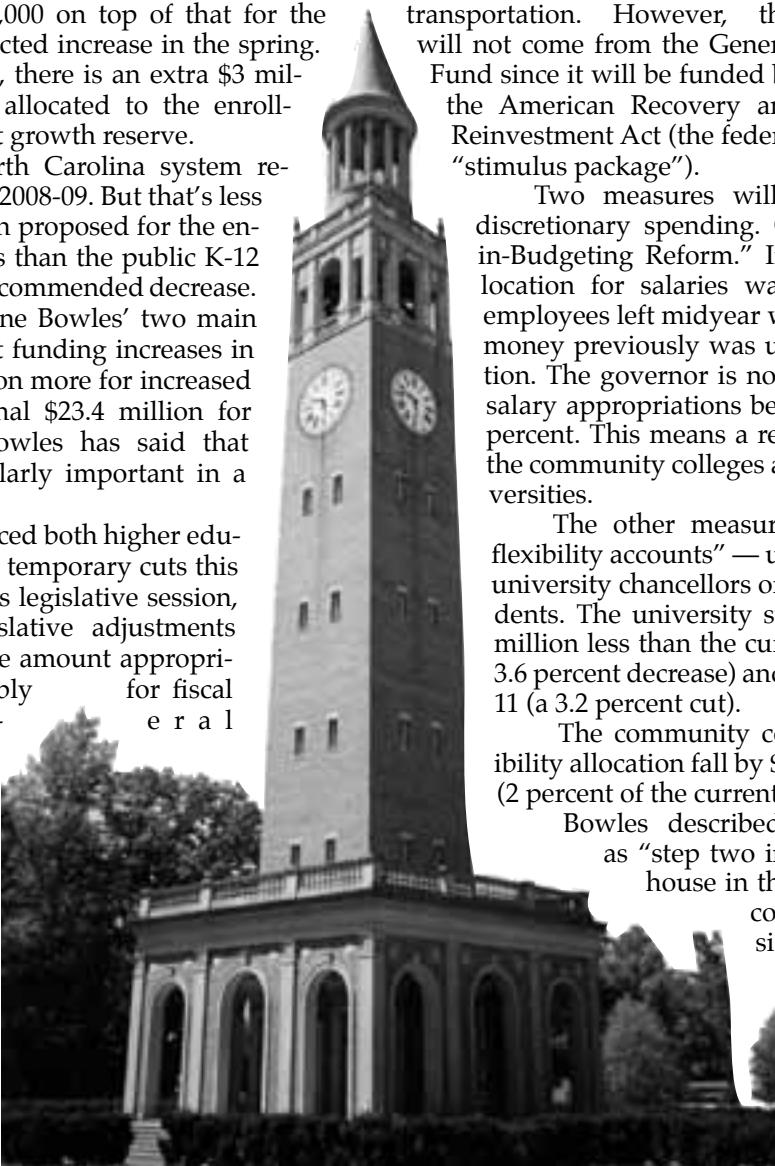
• The Second Annual International Students For Liberty Conference took place in Washington, D.C., in February (where Hasnas was also a speaker). Students For Liberty is a nonprofit organization whose mission is to provide a forum of support for students and student organizations dedicated to liberty. More than 150 students from 12 countries participated. Discussion topics ranged from women in the pro-liberty movement to effective advertising for campus organizations. Speakers included Nick Gillespie, editor-in-chief of Reason.tv and Reason.com; Robert A. Levy, chairman of the Cato Institute's board of directors; and Yon Goicoechea, recipient of the Cato Institute's 2008 Milton Friedman Prize for Advancing Liberty. There was also a "Liberty Fair," where students learned about various organizations in the free-market, individual liberty movement.

• Darin J. Waters spoke at N.C. Central University about "Historical Surprises in Asheville's Black Community" on March 25. His talk contrasted the black community's experience in Asheville with that of the black community in Wilmington. Waters is president of the Institute for Historical Research and Education. He spoke at N.C. Central under the auspices of the N.C. Central Honors Program, the North Carolina History Project, and the Pope Center for Higher Education Policy, with funding from the Arthur N. Rupe Foundation. CJ

Compiled by Jenna Ashley Robinson, campus outreach coordinator for the John W. Pope Center for Higher Education Policy in Raleigh.



UNC President
Erskine Bowles



COMMENTARY

On-Campus Truth in Advertising

As students well know, picking the right courses at a large university can be fraught with uncertainty. The catalog is often vague and uninformative, especially when a single description covers class sections taught by different teachers. In 2008, the Pope Center proposed a way to make students' selection process more than a toss of darts.

Today, I am reporting that many faculty, administrators, and students agree with us!

In his paper, "Opening Up the Classroom," Jay Schalin argued last July that faculty members should post their syllabi — detailed descriptions, complete with readings — online at a time when students are actually registering for class, not on the day they take their seats. Schalin explained that this would help students register and would also inform the public about what is actually being taught on campus.

To an outsider, this idea seems obviously a good one, but we had heard reports that it posed difficulties and that the students didn't want it. So, the Pope Center sent a survey to a targeted group of more than 300 faculty, administrators, trustees, registrars, and others. We sent a separate survey to roughly 700 students.

The students who responded supported the proposal overwhelmingly. When asked, "Do you think colleges and universities should require professors to post detailed course descriptions, such as syllabi, for students during the course registration period," 79.6 percent said "Yes."

"We deserve to know what to expect before we sign up for a course," wrote a typical respondent.

Sixty-one percent of the students said that in their college career they have been disappointed because a course wasn't what they expected, based on the course description. And 20 percent of students said they have dropped a course because it was so different from their expectations based on course descriptions alone. Some have even "shopped" for courses, signing up for an extra course with

the intention of dropping the worst one.

Faculty and administrators also supported the idea of early access to syllabi — 64 percent of the respondents agreed with the proposal that "colleges and universities should require professors to post detailed course descriptions, such as syllabi, for students during the course registration period."

"Students, parents, and ultimately faculty benefit when they have better information on which to base decisions," said one faculty member.

And more than half (55 percent) thought that public universities should make such information available to the public as well as to students. Schalin's study had argued that at a public university, taxpayers should be able to know what is being taught. He said that if academic freedom gives faculty the right to teach pretty much what they want, "they should be required to fully disclose what ideas they are teaching."

A small number (9 percent) of faculty members and administrators oppose mandatory posting, even if information is limited to students, but for differing reasons. Several thought the policy would be cumbersome and unenforceable, and one said it would be "a further example of the transformation of colleges into high schools where administrators rule." Another professor said that at times even a syllabus isn't an accurate depiction of a course.

The Pope Center gathered the data using SurveyMonkey, an online survey tool that enables users to create their own surveys. E-mails linked to the survey were sent to faculty, administrators, registrars, trustees, and others. The response rate was more than 10 percent. A separate e-mail was sent to the Pope Center's student list. Five percent of the students responded.

Now we urge schools to follow through. *CJ*

Compiled by Jenna Ashley Robinson, campus outreach coordinator for the John W. Pope Center for Higher Education Policy in Raleigh.



JENNA
ASHLEY
ROBINSON

With Endowments Decreasing, Private Colleges Get Creative

BY DONALD BRYSON
Contributor

Around the country, the economic downturn caught many schools by surprise, and both public and private universities have been searching for ways to cut back.

At least initially, private colleges were more aggressive in crafting strategic cuts. With endowments down by 20-30 percent or more, and with little help expected from the federal government, these schools must cope with a drop in donations and possible resistance to raising tuition.

Perhaps the most comprehensive effort was announced in January by Robert A. Brown, president of Boston University, which faces an annual budget deficit of \$10 million beginning in July. Brown said the university will review the centers and institutes that have proliferated over the years.

Like many universities, BU has on-campus organizations ranging from the Center for Anxiety and Related Disorders to the Center for the Study of the Longer-Range Future. Those that are not self-sufficient and that do not directly correlate with the university's mission could be cut.

Boston University's approach looks like a scalpel when compared with Brandeis University's. The Waltham, Mass., school put its art museum on the chopping block — or tried to. The board of trustees will sell off a portion of the \$300 million collection, though initially it seemed that the entire Rose Art Museum was for sale.

The decision to sell the art in the Rose Museum aroused ire. Nearly 300 protested on Feb. 11. Some feel that selling art is contrary to the philosophy of Louis Brandeis, others don't want the university to sell donated art, and still others believe that the decision violates the ethical codes of art museums. Even so, Brandeis appears to be moving forward as it seeks to cover a projected \$10 million budget deficit.

Some of the richest of universities anticipate cuts. Stanford University's athletic department is reducing its budget by 13 percent, reducing travel expenses, freezing hiring, and cutting 21 staff positions. There even has been talk about eliminating entire sports programs.

Even Harvard is short of money. It will offer early retirement to 1,600 employees and delay building a \$1

billion science complex in the Allston neighborhood of Boston. Slowing construction frees up money without actually affecting students or faculty, although it perpetuates a decayed industrial wasteland that Allston residents want Harvard to clean up.

Smaller liberal arts colleges are experiencing difficult times. Blackburn College, an Illinois school with 600 students, is facing a \$750,000 deficit. It will drop its NCAA Division III football team, saving \$150,000.

Some schools don't have time to make strategic cuts. The College of Santa Fe was already struggling,

and the economic decline made things worse. The New Mexico college announced in December that it would be absorbed by New Mexico Highlands University, a public university. On Feb. 18, the board of trustees de-

clared a state of emergency, announced plans to reduce nonfaculty staff hours by 25 percent, and invited faculty representatives to discussions regarding salary reductions.

In the midst of all this gloom, however, there is a bright spot. Catholic University of America, a 7,000-student university in Washington, D.C., is addressing its low retention rate, which costs the school \$6 million a year. How is it going to keep students? In part, it will create a mandatory humanities freshman course focusing on classic works — "great books." The trustees, more than half of whom are Catholic bishops, have supported the program with \$1.5 million for faculty and for support of graduate students.

Although the move is not a direct result of the economic crisis, it illustrates that cost-saving strategies have the potential to enhance education as well. The new "Freshman Year Experience" will replace large lecture classes with three seminars, limited to 18 students, and will introduce students to books such as the *Iliad*, the *Odyssey*, and the Bible. "This is an important step for us," says Michael Mack, who taught a similar seminar as a graduate student at Columbia University and helped design the program.

Desperate times lead to pragmatic measures. And not all of those are bad. *CJ*

Brandeis puts
its art museum
on the block as
a means of
raising funds

Donald Bryson, who is completing his bachelor's degree at UNC-Greensboro, is an intern at the John W. Pope Center for Higher Education Policy in Raleigh.

Opinion

A is for Average, B is for Being There, C is For ... Comatose?

Decades ago, college students who didn't learn much of the required material were fortunate to get the "gentleman's C," and if they did they heaved a sigh of relief. It used to be that students mostly got the grade they had earned based on their performance. Grades, people assumed, were supposed to reflect how well each student learned the subject.

These days, a different view prevails among students — that they're entitled to a "good grade" (which means nothing less than a B) simply for trying.

A New York Times article (Feb. 17) explored student attitudes and confirmed something professors have been saying for years. Many students come into college with the idea that grades should be based simply on effort, not on achievement. The author quotes a University of Maryland student majoring in kinesiology: "I think putting in a lot of effort should merit a high grade. What else is there really than the effort that you put in?"

Well, how about results?

The Times article was prompted by a study done by researchers at the University of California-Irvine, "Self-Entitled College Students: Contributions of Personality, Parenting and Motivational Factors," published in *The Journal of Youth and Adolescence*. The lead researcher, Professor Ellen Greenberger, had sensed this entitlement

ment mentality among many of her students and investigated it.

First of all, she found it to be widespread. One third of the students surveyed said they should receive a B just for having attended all the lectures; 40 percent said they were entitled to a B if they did all the required readings.

Prof. Greenberger wanted to find out why today's college students have the belief that they are owed good grades just for having gone through the educational motions. She concluded that it could be due to increasing pressure from parents, increasing competition among students, and growing "achievement anxiety."

I don't think so. Those pressures always

have been with us. As someone who went to high school in the 1960s, I recall that the pressure on students to succeed was intense back then. More importantly, why should pressures of that kind lead students to adopt the illogical notion that mere effort is good enough?

A better reason for the grade entitlement idea may be the "self-esteem" mantra that's so popular among "progressive" education theorists. A large number of teachers must be



caught up in the Lake Woebegone Syndrome, telling students that they're all above average. It's hard to see how this "I tried so I'm entitled to a good grade" notion could be so pervasive if teachers weren't propagating it.

What happens when students with these ideas about grading enter college? You would hope that professors would quickly disabuse them of the belief that mere effort is enough to earn at least a B. If you hope that, too bad. To a great extent, college administrators and professors cave in when confronted by this "I'm entitled to a good grade just because I tried" mindset.

Last year, I wrote about a blatant case at Norfolk State University, where a professor was terminated because he insisted on giving students the grades they actually earned, not the ones they felt they deserved. Keeping students happy, even if it means falsely inflating their egos with unwarranted praise and grades, has become an overriding concern on many American campuses.

Administrators like happy students because they're apt to stay enrolled (thus helping school finances) and because high dropout statistics

make the school look bad. Professors like happy students because they are more apt to write good evaluations and because they are unlikely to cause trouble about their grades.

Giving low grades leads to more work and the prospect of time-consuming procedures if a grade is challenged. It's easier to give every student at least a "safe" grade. That used to be a C, but now even C grades can elicit protests.

Student entitlement feelings, administrators who want to keep revenues flowing in, professors who take the path of least resistance — all contribute to the phenomenon of grade inflation. Former Duke University professor Stu Rojstaczer, who has been studying grade inflation for years, says that we're rapidly approaching the point where an A will be average.

Who is responsible for arresting this trend? University of Pittsburgh professor Lee Gutkind hit the nail right on the head when he wrote recently, "Educators must lead the way. ... It begins with honesty in grading — rewarding excellence and valuing achievement."

Sooner or later, everyone has to confront the reality that merely having tried isn't good enough. The world outside the educational cocoon rewards people based on achievement. Teachers from grade school through college do students a disservice if they persist in encouraging the fanciful notion that they are entitled to success. CJ

George Leef is director of research at the John William Pope Center for Higher Education Policy in Raleigh.

North Carolinians for Home Education

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- PROMOTE homeschooling as an excellent educational choice.
- PROVIDE Support to homeschoolers with conferences, book fairs, and other resources.



The IDEALS of NCHE are:

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- Protection and promotion of the family.
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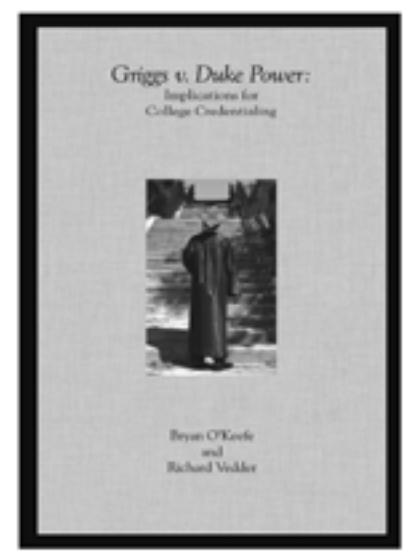
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Town and County

Arrests now easier in Meck

Mecklenburg County District Attorney Peter Gilchrist has changed long-standing policy and is allowing local police officers to make arrests in felony cases without first getting permission from prosecutors, reports *The Charlotte Observer*.

Charlotte-Mecklenburg police Chief Rodney Monroe, who took office in June, pushed for the change as a way to lock up suspected criminals faster. Gilchrist relented to a degree, allowing arrests if a police captain or higher approves.

"Police definitely perceived it as a big problem," Gilchrist said. "They felt in some cases when they solved a case, they needed to make an arrest right away to prevent more crimes."

Gilchrist had previously defended requiring the DA's office to review a case before an arrest could be made.

"It's the way any DA's office ought to be managed," he said last spring.

Mecklenburg County is one of a few counties in the state in which the local district attorney's office must review at least some cases before charges can be filed.

Forsyth health policy

The current debate about possibly restricting smoking in public places in North Carolina has spawned a separate debate in Forsyth County on how to regulate smoking there should individual counties be allowed to set local policies.

The Forsyth County Commission is asking for authority from the General Assembly to allow it, and not the county's board of health or health director, to set county health policy, reports the *Winston-Salem Journal*.

Under current state law, health directors and the health departments they oversee in counties with populations of less than 425,000 — which would be all counties besides Mecklenburg and Wake — are under the authority of a board of health, which itself can set health policies for that county.

In Mecklenburg and Wake, the county commission can, if it chooses, assume the functions of the board of health and set policy directly.

A majority of Forsyth County commissioners favor asking the General Assembly to lower the threshold to 325,000. CJ

Local Governments Dig Own Budget Holes

By CJ STAFF

RALEIGH

Nine of North Carolina's 30 largest cities increased government revenues by at least 20 percent more than inflation and population growth rates from 2002 to 2007. Thirty-three counties also compiled growth rates in excess of 20 percent, according to a new John Locke Foundation Policy Report.

"The current economic recession has left many North Carolina cities and counties strapped for money," said report co-author Joseph Coletti, JLF Fiscal Policy Analyst. "As economic activity declines, sales taxes, fees, and other revenue sources decline."

"Many city councils and county commissions are considering ways to increase taxes, a very bad idea during the recession," added co-author Dr. Michael Sanera, JLF Research Director and Local Government Analyst. "Others are asking the federal government to bail them out. Our report shows that many North Carolina cities and counties have only themselves to blame."

Before the recession, these local governments spent money faster than population growth and inflation would warrant, Sanera said. "Instead of cutting taxes, they started or expanded unnecessary or low-priority projects."

Among the 30 largest cities, Mooresville had the highest revenue growth from 2002 to 2007. After adjusting for inflation and population growth, Mooresville's revenues grew by 41 percent. A family of four would have had to take in an extra \$2,435 to cover the additional government costs from 2002 to 2007.

Other cities with inflation- and population-adjusted growth rates of 20 percent or more were Burlington, Thomasville, Jacksonville, Asheville, Chapel Hill, Goldsboro, Raleigh, and Rocky Mount. Charlotte rounded out the state's top 10 with 18 percent revenue growth.

On the other end of the spectrum, Wilmington, Statesville, Hickory, Monroe, and Fayetteville all recorded growth rates smaller than the rate of inflation plus population growth. Fayetteville ranked No. 30 of the 30 largest cities, though Coletti and Sanera caution that Fayetteville's ranking is skewed by the annexation of 42,000 people in 2005.

City governments were not alone in raising revenue at rates substantially higher than inflation and population growth would dictate. A third of the state's counties — representing all regions — compiled revenue growth of 20 percent or more, adjusting for inflation. Union had the highest growth rate, 48 percent, while Watauga increased revenues by 43 percent from

2002 to 2007, adjusting for inflation and population growth. Clay, McDowell, and Onslow counties rounded out the top five.

In contrast, Davidson and Martin counties both compiled growth rates 2 percent smaller than the rate of inflation plus population growth. The state's two largest counties also ranked low on the list:

Mecklenburg at No. 88 with 5 percent revenue growth, and Wake at No. 91 (4 percent).

Coletti and Sanera illustrate growth in local government spending by comparing revenue in the 2002 and 2007 budget years. For the state's 30 largest cities and for all 98 counties that had data available, the analysts adjusted the data for inflation rates and population growth. The result is a graph for each city and county with lines representing both real government growth and growth consistent with the limits of inflation and population increases.

"We label the second line the 'growth pays for itself' line because even in fast-growing counties, government, if maintained at this level, would be receiving revenues with the same purchasing power per capita in 2007 as in 2002," Coletti said. "We found that 96 of 98 counties and 24 of the 30 largest cities collected more revenue than would have been necessary to keep up with increases in inflation and population."

Looking at the growth of local government revenues adjusted for inflation and population informs citizens and allows them to hold government officials accountable for their taxing and spending decisions, Sanera said. "Some might ask, 'Why should county revenues grow faster than population and inflation?' What do citizens get for the extra money they pay?"

The report could generate other questions, Sanera said. "Do those revenues pay for essential services such as public safety or for services for mostly upper-income residents,

such as golf courses and equestrian centers?" he asked. "Are new schools being built in the most cost-effective manner, or do new buildings contain frills unrelated to providing quality education? Are tax increases necessary, or should counties and cities spend the money they have more efficiently and effectively?"

At a fundamental level, democracy means that citizens control their governments, Coletti said. "Control is impossible without access to information on what local governments are doing," he said. "This report provides some of that information. Cities and counties must do a better job at making their operations, budgets, contracts, and programs more transparent. Citizens should not have to be CPAs to understand their government's financial records." CJ



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Guilford Officials Wrestle With Shortage of Lawyers

By SAM A. HIEB
Contributor

GREENSBORO

The late Warren Zevon once sang, "Send lawyers, guns and money." Right now, Guilford County government is saying forget the guns and money, just send lawyers, lawyers and lawyers.

Guilford's Board of Commissioners has really shaken up local government in the wake of the economic meltdown. In the past few months, the county has not only lost its county manager and assistant county manager, but also its county attorney and its deputy county attorney.

In December, County Attorney Sharron Kurtz resigned under pressure from commissioners, and Deputy County Attorney Mike Newby resigned in February to accept a position in the Davidson County attorney's office.

Former Alamance County Attorney David Smith, who also served as Alamance's county attorney, was appointed Guilford's interim county attorney in February, only to resign a couple of weeks later. Right now, the county is getting counsel from Matt Mason, an attorney on loan from the Guilford County Sheriff's Department.

Complicating matters is the board's desire to have a private legal firm represent the board. When they tried to hash it all this out at a recent meeting, confusion ensued.

Commissioner Kirk Perkins explained there were a lot of benefits to having a private firm represent them, since "there would be more than one attorney, and we've needed other attorneys in the past to fill in for specific cases."

Interim County Manager Brenda Jones Fox agreed that a private firm would have a "depth of knowledge that we need as a county," but also stressed the immediate need for an in-house deputy attorney to handle the county's pressing legal matters.

With that in mind, Commissioner Billy Yow made the motion that the board's legal committee pursue requests for proposals for both a legal firm to represent the board and an in-house deputy attorney to handle the county's day-to-day affairs.

While that might seem like an

Commissioners considering going with a private law firm to get needed work done

ambitious undertaking, Yow noted that a new deputy county attorney could provide the board with valuable advice while seeking a firm to represent them.

"We need to approve him in order to get all the parameters for what we as a board would want in a firm," Yow said.

The confusion came about as the board discussed Yow's motion. Some commissioners weren't comfortable with the possibility that attorneys from private firm would supervise an attorney employed by the county — a legal technicality that Mason said would require further study.

Perkins attempted to add some clarity, saying a firm would not supervise employees, but instead would "give recommendations to the board and we would pass those recommendations down."

Perkins' clarification didn't reassure fellow Commissioner Bruce Davis.

"I have always been opposed to even the thought [of hiring a firm] because of the conflict of interest that possibly is out there," Davis said. "When we have a firm, we'll have an individual that reports to the board but also has to march to the orders of his firm. I think there's something difficult about serving two masters."

Commissioner Carolyn Coleman agreed with Davis and made a substitute motion for the interim county attorney — with the assistance of two outside groups — to provide a presentation on the matter.

Perkins responded by saying that Mason had enough issues to deal with in his work in the Sheriff's Department, and making him work up a presentation could compromise those duties. Yow said the board's legal committee was more than competent to handle the matter, and he then suggested that Mason help hire the new deputy county attorney.

Coleman's substitute motion failed, then Yow's motion passed by 7-3 vote, with Gibson, Coleman and Davis voting no.

At one point, Perkins expressed frustration with the process.

"I think I've learned a lesson here," Perkins said. "I now know how our staff feels when they bring something to this board, trying to do their job, and it all gets turned around." CJ

COMMENTARY

Bad Days In Banktown

These are grim and heady times in Charlotte.

The Queen City's economy isn't particularly diversified. Banktown was built upon being, well, a headquarters for two really big banks, Bank of America and Wachovia. As the banks grew through acquisition, so did Charlotte, with hordes of financial professionals and the lawyers necessary to do deals locating in skyscrapers Uptown.

Charlotte is not a huge city — it's only the country's 24th largest television market — and retaining the bank headquarters depended upon making the city competitive nationally for talent. And big banks are typically headquartered in big cities. That doesn't mean Charlotte has to have all the amenities that San Francisco or New York can offer. It can't mean that. Rather it means being able plausibly to present Charlotte as some place that a banker from New York, or Boston, or San Francisco can tolerably spend a few years while on assignment.

And that means the arts. Sort of. Charlotte isn't a particularly good town for struggling but talented young local musicians, painters, or actors. But presenting the city as not being some sort of horrid backwater isn't about having a strong local music scene. It's about being able to attract recognizable national talent to make a stop in the city while on tour. To help facilitate that, the city and Mecklenburg County adopted a \$156 million arts infrastructure plan in 2006, including a new theater adjacent to what was to have been Wachovia's new headquarters.

Judging by *The Charlotte Observer's* coverage, a key measure of the city's success in attracting big-time art is the quality of the shows coming through town as part of the Blumenthal Broadway Lights series. One problem for future years: the series' title sponsor, Stanford Financial Group, has just been shut down as a massive Ponzi scheme.

It also means rail transit as a way to make Charlotte more attrac-

tive to transplants. Lots of it in fact, in different forms — light rail, commuter rail, streetcars — along which medium-rise condo developments were to sprout.

"These were people used to an urban lifestyle," said Charlotte economic development official Tracy Finch in a 2007 article in *Governing* magazine. "They didn't want to live on a half-acre lot at the end of a cul-de-sac. They understood the value of a walkable neighborhood."

But now Banktown is no more. Wachovia has been bought out by San Francisco-based Wells



MICHAEL LOWREY

Fargo. The Charlotte operations will be downsized into being a "hubquarters," whatever that means. Bank of America is cutting its Charlotte operations as well, and faces an uncertain future. And the unemployment rate in the region is already over 10 percent before any additional bank job losses kick in.

Charlotte is at a crossroads.

The banking meltdown comes with Charlotte's transit buildout far from complete. The master vision includes building northwards of another \$1.5 billion worth of rail lines sooner rather than later. It has previously been conceded that at least some of the lines are unlikely to get federal funding.

The proposed solution is to rely upon tax-increment financing to pay for the work — bonds backed by (hopefully) future development along the rail corridor. Build it and hope they will come, in other words.

And what role the arts are suppose to play, and who will pay for it, is increasingly unclear.

The odds that the proverbial "they" will come to Charlotte just got a lot longer. Whether Charlotte and Mecklenburg County officials recognize that fact and adjust their spending plans to match the new realities will go a long way to determine how bright a future Charlotte has post-Banktown. CJ

Michael Lowrey is an associate editor of Carolina Journal.

Local Innovation Bulletin Board

No One Home

Historically, vacant housing was more of a concern in cities that have poor neighborhoods. Now, it has hit suburbs and new subdivisions. A record one in nine U.S. homes is vacant, a glut created by the housing boom and subsequent collapse, reports *USA Today*.

The surge in empty houses, condominiums and apartments is creating a wave of problems for communities desperate to shore up property values and tax revenues that pay for services. Vacant homes create upkeep and safety problems that ripple through neighborhoods.

"The numbers are further documentation of the gravity of the housing problem," says Nicolas Ret-sinas, head of Harvard University's Joint Center for Housing Studies. "This inventory is delaying any kind of housing recovery."

"It has a contagion effect," Ret-sinas says. "A house that is vacant is often a house that is less well kept up."

Census numbers show more than 14 million housing units are vacant. That number does not include an estimated 4.8 million seasonal or vacation homes, most of which are occupied part of the year. The combined vacancy rate of almost 15 percent is higher than during previous recessions: 11 percent in 1991 and 9.4 percent in 1984.

About 3 percent of owned homes are vacant. In normal times, "maybe 1 percent should be vacant," said Dowell Myers, housing demographer at the University of Southern California.

More than 9 percent of homes built since 2000 are vacant compared with about 2 percent for older homes.

Fixing HOAs

Homeowners associations are legal entities created by real estate developers for the purpose of developing, managing, and selling a development of homes. When the developer is ready, he turns over the HOA to a group of homeowners, who then take on community issues such as collecting dues from residents and enforcing any covenants, conditions, and restrictions that apply to the property. However, increased development standards are forcing developers to abandon their communities early, says the Goldwater Institute.

Developer abandonment is likely to become a serious issue in the coming year. Partially completed

subdivisions and newer communities more prone to home foreclosures are the ones most likely to suffer, says the *Arizona Republic*.

Take, for example, Arizona's San Tan Heights HOA. When it switched from developer control to homeowner-elected leaders, its new board members and management company learned that the HOA was practically DOA. Its problems included nearly \$1.6 million in unpaid dues that the previous board had made no effort to collect; the biggest individual delinquencies belong to bankrupt homebuilders.

Moreover, homeowners in neighborhoods with underfunded HOAs have seen their association fees increase at the same time amenities and services are being reduced or eliminated. They fear the worsening conditions will further hurt their property values and quality of life.

Death by SWAT

In January 2007, a SWAT team in Lima, Ohio, shot and killed a woman and injured a 1-year-old boy during a drug raid. A subsequent investigation revealed that the officer heard shots outside, mistook the noise for hostile gunfire, panicked, and fired blindly into the room.

As reckless and violent as the raid was, the police did find a substantial supply of illegal drugs inside the house, and the suspect later pleaded guilty to felony drug distribution.

A subsequent investigation showed that despite the inherent danger and small margin for error, SWAT raids conducted by the Lima Police Department frequently turned up no drugs or weapons at all. Researchers found that in one-third of the 198 raids the SWAT team conducted from 2001 to 2008, no contraband was found.

Similar reviews in other cities have produced similar results:

A *Denver Post* investigation found that in 80 percent of no-knock raids conducted in Denver in 1999, police assertions that there would be weapons turned out to be wrong. A separate investigation by the *Rocky Mountain News* found that of the 146 no-knock warrants served in Denver in 1999, 49 resulted in criminal charges, and only two resulted in prison time.

Media investigations produced similar results after high-profile mistaken raids in New York City in 2003, in Atlanta in 2007, and in Orlando and Palm Beach, Florida, in 1998. *cj*

Tax Delinquencies Jump In Buncombe County

By MICHAEL LOWREY
Associate Editor

RALEIGH

In another sign of a slowing economy, Buncombe County has experienced a noticeable increase in the number of people not paying their property taxes on time, reports the *Asheville Citizen-Times*. With things expected to get worse before they get better, the county is bracing for an even higher tax-delinquency rate in the future.

Buncombe County mailed out 12,194 delinquency notices in February and expects to list the names of nearly 6,000 taxpayers who still haven't

paid in full or set up a payment plan by March 20 in a special newspaper advertisement. Last year's newspaper announcement contained about 5,200 names.

In mid-March, the county had \$5.9 million in tax bills outstanding, compared to \$5.2 million at the same time a year ago.

County officials note that but for payment plans, the problem would be even worse.

Chris McLaughlin of the UNC-Chapel Hill School of Government expects local government to have even more of a problem with people being unable to pay their property tax on time — if at all — next year.

"Folks are forced to make tough decisions. Are you paying the rent? Are you paying the car tax? Are you paying doctor's bill?" McLaughlin said to the newspaper.

"Now, of course, for homeowners the threat of losing one's house can keep you pretty focused on making sure this bill gets paid."

DOR sales tax error

Over the past two years, eight counties have approved an additional local-option sales tax. But because of an error by the N.C. Department of Revenue, the counties and the municipalities located in them will receive less additional sales tax money this year than they had previously thought they were getting, reports the *Fayetteville Observer*.

Between June 2008 and January 2009, the Department of Revenue double paid counties that had approved the additional tax. To make matters worse, the department sent some of the money to municipalities in the counties that approved the tax; money from

the additional sales tax is supposed to go only to county governments.

Cumberland county and the nine municipalities in it will have to repay a combined total of \$1.1 million.

The state plans to recover the overpayments by withholding some of the localities' sales tax revenues over the next eight months.

As painful as having the money withheld is for the localities, a more serious issue is also likely: sales tax revenues in general are lower than county and municipal leaders thought they would be.

"This obviously means that our sales tax revenues to date have been over-inflated, and that we can expect to see declining sales tax revenues for the unforeseeable future," Fayetteville City Manager Dale Iman told Fayetteville City Council in an e-mail after learning of the error.

Durham to build less

In March, Durham County cut the size of its 10-year capital improvement plan by \$304 million. That's a reduction of more than one-fourth as compared to the capital-spending outline that the county had been presented only a month earlier, reports *The Herald-Sun* of Durham.

"Clearly moving some of that money out of that 10-year time frame we felt ... was an absolute must," County Manager Mike Ruffin said.

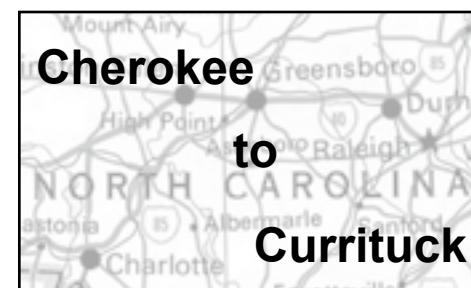
Despite the size of the spending cuts, little opposition arose to the leaner spending plan.

The biggest reductions will be in school construction, with the county now projecting only \$535 million in new schools to be built over the 10-year period.

Previously, Durham County was planning on spending \$780 million on school construction. A school bond referendum that had been penciled in for 2015 now is not expected to happen until after 2019.

Another major change in the new spending plan is the location of a new jail. The county had been planning on expanding its existing downtown jail at a cost of \$154.2 million.

Instead the county will now build a suburban or rural satellite jail facility, probably for minimum-security prisoners. Though an additional land purchase will be required, a low-rise jail annex is expected to cost only \$75.2 million. *cj*



Pasquotank Loses Manufactured Housing Case In Appeals Court

By MICHAEL LOWREY
Associate Editor

RALEIGH The state's second highest court has rejected an attempt by an eastern North Carolina county to limit the age of manufactured housing units brought into the county. In its Feb. 17 ruling, the N.C. Court of Appeals held that the General Assembly had not granted localities the authority to exclude or otherwise zone manufactured or mobile homes based upon value-based criteria.

In 2001, the Pasquotank County Commission considered changes to its zoning regulations on manufactured and mobile homes. Specifically, several commissioners were concerned that older manufactured or mobile housing units were a drain on the county's resources.

County Attorney Brenda White told the commission that the county had the authority to regulate manufactured and mobile housing under its general police power to protect the health, safety, welfare, and environment within the county. In her opinion, this authority could extend to prohibiting older units from coming into the county.

She noted that the tables from the county tax assessor showed that the values of manufactured and mobile homes decrease substantially over their first 10 years, and that a 10-year-old manufactured home has about the same value for tax purposes as a used car.

The commission voted 4-2 to amend its existing ordinance to include a provision requiring that "[m]anufactured homes must have an attached HUD label and shall not be more than

ten (10) years old on the date of application for a building permit for the purpose of permanent set-up."

Five C's Inc. buys used manufactured and mobile homes for placement within Pasquotank County. When the ordinance was adopted, it had 10 manufactured homes in inventory that were at least 10 years old. Soon after the ordinance was adopted, its application for a building permit to locate permanently a 23-year-old manufactured home was rejected by the county.

The company challenged the regulation in court, though the case did not come to trial before a judge until 2008. After Superior Court Judge J. Richard Parker ruled in the county's favor, Five C's sought review by the Court of Appeals.

A question of authority

Under North Carolina law, counties have only as much authority as is granted to them by the state. In 1973, the General Assembly enacted N.C. Gen. Stat. § 153A-4, which gives counties "adequate authority to exercise the powers, rights, duties, functions, privileges, and immunities conferred upon them by law." This law also states that that law and local acts "shall be broad-

ly construed and grants of power shall be construed to include any powers that are reasonably expedient to the exercise of the power."

While this general grant of authority would seem adequate for Pasquotank to regulate manufactured housing as they did, Five C's argued

that a different provision of state law applied. The company's position was that the General Assembly had later passed a provision specifically limiting counties' ability to regulate manufactured housing.

"Plaintiff argues the County 'exceeded its statutory authority by restricting the location of manufactured homes within [the County] based solely on age,'" wrote Judge Robert N. Hunter Jr. for the Court of Appeals.

"We agree."

The appeals court's decision was based upon restrictions the General Assembly placed in 1987 upon the abilities of cities and counties to use zoning to limit the placement of manufactured homes. Specifically, N.C. Gen. Stat. § 153A-341.1 states:

(d) A city may adopt and enforce appearance and dimensional criteria for manufactured homes. Such criteria shall be designed to

protect property values, to preserve the character and integrity of the community or individual neighborhoods within the community, and to promote the health, safety and welfare of area residents. The criteria shall be adopted by ordinance.

A separate provision applies this provision to counties as well.

The Court of Appeals rejected the argument advanced by the county that increasing the tax base by requiring that manufactured homes have a certain value was a legitimate interest of government.

"The intent of the Ordinance is to increase the tax base by elimination of housing which rapidly depreciates in value," wrote Hunter.

"This wealth based criterion is neither an appearance nor dimensional criteria. The nexus between the County's intention and its statutory authority 'to protect property values, to preserve the character and integrity of the community or individual neighborhoods within the community, and to promote the health, safety and welfare of area residents[]' is too tenuous."

"The County cannot accomplish by indirect legislation what it cannot achieve by direct legislation. The County therefore exceeded the power the General Assembly has conferred upon it with regard to zoning regulations for manufactured homes."

N.C. Court of Appeals rulings are controlling interpretations of state law that are binding upon the state's trial courts unless they are overruled by the N.C. Supreme Court. Because the ruling by the three-judge panel of the Court of Appeals was unanimous, the high court is not required to hear the case should Pasquotank County seek its review. C



Court rules age of manufactured housing not sufficient for it to be disallowed

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From the Liberty Library

• A chance encounter with a talking lamppost got Ross Clark wondering if there is any escape from Britain's growing surveillance apparatus. He set himself a challenge: could he travel to London's famous Southend Pier without Big Brother knowing where he had gone?

According to Britain's information commissioner, we are "sleepwalking into a surveillance society." In fact, Britain may already have arrived there. In *The Road to Big Brother: One Man's Struggle Against the Surveillance Society*, Clark attempts to shake Britain's 4.2 million CCTV cameras and other forms of surveillance.

He reveals the astonishing amount of personal data that is hoarded by the state and by commercial organizations, and asks whom should we fear — the government agencies who are spying on us, or the criminals who seem to prosper in the swirling fog of excessive data collection. Learn more at www.en-counterbooks.com.

• Abraham Lincoln is often portrayed as "Honest Abe" — a homespun folk hero who became president despite modest beginnings. But beneath the humble exterior is one of the deepest thinkers and most important presidents in American history. And in honor of Lincoln's bicentennial birthday, Dr. Joseph Fornieri, one of the foremost experts on Lincoln's political thought, is releasing an updated edition of *The Language of Liberty*.

This definitive one-volume collection of Lincoln's speeches and writings features a new preface and an additional speech. Unlike other extensively edited collections, this compilation provides a comprehensive selection of Lincoln's most important speeches and writings in their entirety. More at www.regny.com.

• America has a problem: conservative parents are raising liberal kids. In his controversial new book, *Born Liberal, Raised Right*, Reb Bradley reveals that the cause of our nation's moral decline has not been failed education, poverty, or weak gun laws, but inadequate parenting.

He points out that any society that is out of control comprises citizens who lack self-control — the key ingredient of maturity. In the last 50 years, as parents have softened their approach, children have failed to develop the self-restraint necessary to maintain a civilized society. More at shop wnd com. CJ

Book Review**Jackson: A Man of 'Remarkable Contradictions'**

- Robert V. Remini, *Andrew Jackson*. Great Generals Series, ed. Gen. Wesley K. Clark (New York: Palgrave Macmillan, 2008), 204 pp.

BY HAL YOUNG
Contributor

It is hard to understand why modern Democrats still honor Andrew Jackson at their annual Jefferson-Jackson dinners. Perhaps he symbolizes proletarian democracy, as a balance to the elite democracy represented by Jefferson. Still, the way he built his reputation, by warfare, demagoguery, suspension of political rights, suppression of native peoples, and execution of foreign nationals, would chill the blood of the ruling majority these days.

But that's what he did. And the people of his time loved him for it.

Robert V. Remini's simply-named *Andrew Jackson*, a volume in the "Great Generals" series edited by Gen. Wesley Clark, looks at Jackson's military career with clear, objective vision. After more than a dozen books, Remini obviously has not grown weary of his subject, but he doesn't hesitate to call Jackson ambitious, insubordinate, overbearing, and racist — all of which were true. He also says that Jackson was likely the greatest American general before the Civil War.

Remini finds the roots of Jackson the soldier in his childhood experiences in the Carolina Waxhaws. (He nicely finesse the burning question of which Carolina, explaining that Jackson's mother raised him on the northern side of the region, but was visiting her sister in the southern part when Andrew was born. *Et voila.*) When the teenage Jackson was jailed in British-occupied Camden, S.C., he contracted smallpox that killed his brother and nearly him as well. He carried scars from the saber of a Redcoat officer whose boots he refused to shine. Small wonder Jackson had no patience to spare for His Majesty's agents when he encountered them in later years.

Jackson was at his most infamous when dealing with Indians. Service in the militia was not an option when Indians killed a settler every 10 days in the Tennessee frontier where Jackson moved in 1788. For a courageous and aggressive young man like Jackson, it was a natural path to political leadership as well, and he grasped it with both hands. He saw his responsibility not just to defend but to retaliate and if possible, pre-empt, and that he did. Gaining the nickname "Sharp Knife" from the Indians, Jackson took scorched-earth war to the hostile tribes in Alabama and Florida, forcing punitive treaties on those he conquered, appropriating the land of friendly tribes as well as hostile. Remini notes with a touch of irony that, as controversial as his deportations are — the later "Trail of Tears" was just one of many Jackson treaties that relocated whole populations — Jackson may actually have saved some southern tribes from the oblivion others suffered in the northeast.

A man with only practical training in the handling of troops could never again rise as quickly as Jackson did, commanding large bodies of militia in uniquely American-style frontier fighting. He built his reputation in the field,

sharing the daily hardships of his troops in a way few major generals ever do, even while nearly broken by dysentery and wounds of his own. The fact that he successfully handled a European-style action at New Orleans as well as the backwoods fighting of his Indian campaigns, and managed the logistics of recruitment, mobilization, and rapid movements through hostile terrain, proved that Jackson's hands-on education was thorough and effective.

When foreigners mixed themselves into the Indian wars, Jackson was not concerned about diplomatic niceties when he caught them. Two British nationals, one military and one civilian, were court-martialed and executed when found supplying the Indians with guns and ammunition. Spanish governors in Florida confessed weakness in dealing with cross-border Indian raids, so Jackson marched into

their territory and set up an American occupation government. When President Monroe told him that he had unilaterally declared war on Spain, Jackson replied,

"Responsibility is not feared by me if the General Good requires its assumption. I have never shrunk from it, and never will." Though Congress howled, Secretary of State John Quincy Adams negotiated a bargain purchase of Spanish territory and placated the English, only confirming Jackson's strategic vision in the popular mind. Jackson himself admitted he was always lucky in the end.

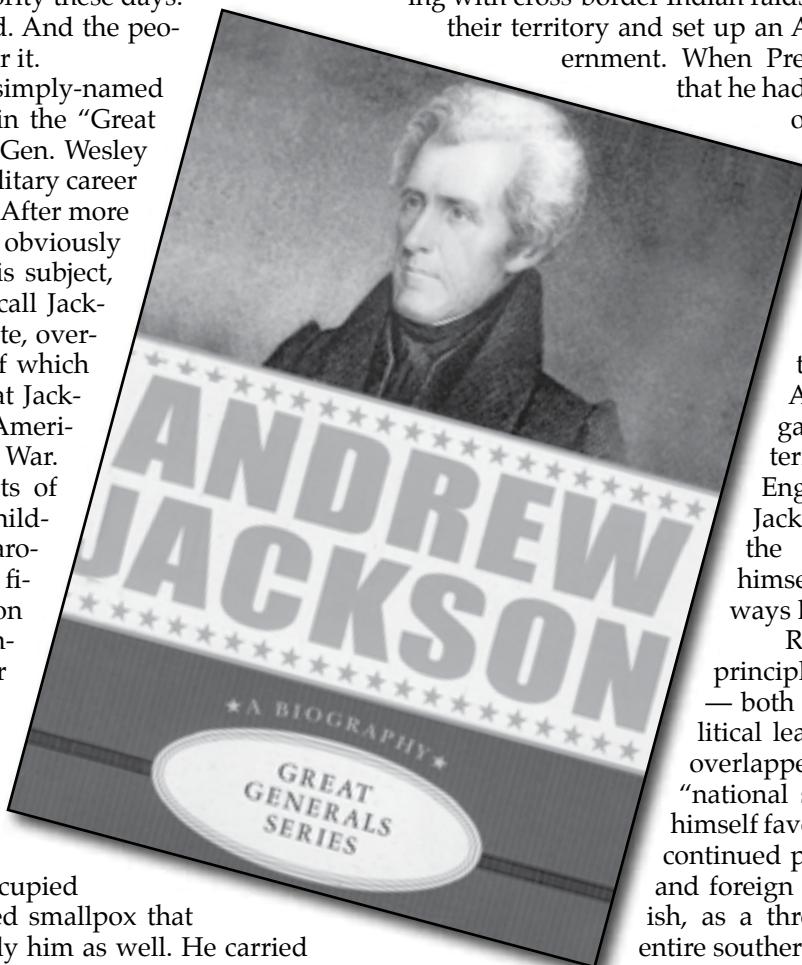
Remini says the guiding principle behind Jackson's policy — both as a general and as a political leader, roles that frequently overlapped in the frontier — was "national security," a term Jackson himself favored. Old Hickory saw the continued presence of Indian nations and foreign interests, British or Spanish, as a threat to the United States' entire southern region. The only acceptable solutions were to turn them out —

send the European powers packing, and relocate the Indians far beyond the white settlements. If Washington, as represented by Presidents Madison and Monroe, or Secretary of War John C. Calhoun, didn't agree, Jackson believed, it simply proved they didn't understand.

Jackson was a man of "remarkable contradictions," Remini says. His handling of martial law in New Orleans was a prime example. At the British approach, he imposed military rule on the city, but wary of a second attack, kept the city under arms three months after the battle, suspending *habeas corpus* and deporting a federal judge who tried to free a jailed journalist. Remini calls the actions "high-handed," "outrageous if not bizarre."

But it is typical of Jackson, "that at one moment he could ruthlessly seize and exercise absolute power and at the next walk away from it without a single regret or sense of loss." He viewed martial law, like all of his actions, as nothing but common-sense necessity, and he restored civil government as soon as he had official word of a peace treaty. The returning judge then slapped him with a \$1,000 fine for contempt; Jackson paid it out of pocket, telling supporters to give his legal fund to the families of fallen soldiers.

"Jackson had style," Remini writes. "He always did have." CJ



American Business Has Shown It Doesn't Need Help in a Crisis

Time and time again, historical interpretations influence public policy. That is true today as government leaders are dealing with the faltering economy. During the last State of the Union Address, I was pleased when the president pointed out history's importance. Unfortunately, his history lesson was incomplete. President Obama overlooked — and in doing so discounted — the valuable, positive role that enterprising Americans have played during our nation's most difficult times.

During the address, the president proclaimed: "I reject the view that says our problems will simply take care of themselves; that says that government has no role in laying the foundation for our common prosperity." He went on: "For history tells a different story. History reminds us that at every moment of economic upheaval and transformation, this nation has responded with bold action and



**TROY
KICKLER**

big ideas."

He then praised various government programs, including the G.I. Bill and public schools and the Interstate Highway system. He concluded that, in each moment, "government didn't supplant private enterprise." In each case "it catalyzed private enterprise. It created the conditions for thousands of entrepreneurs and new businesses to adapt and thrive."

An important part of United States history is missing from this interpretation, for Americans have been solving problems and adapting and then thriving since the nation's beginning — most times without government intervention. Here are three examples.

During the Civil War, a genuine time of crisis, private enterprise was left alone. There were indeed land grants to railroads (as the president indirectly pointed out) and other types of government intervention, including bank acts, tariffs, and the Homestead Act. But the Northern war effort was successful, in great part, argues historian Richard Bensel, because the central government "left the industrial and agricultural sectors almost untouched." Military officials expressed their needs and left the

business sector alone when trying to fulfill them. As historian Larry Schweikart writes: "Not only did northern enterprise rise to the occasion, but the response left the federal armies with few shortages."

During the late 1800s, a growing American economy and population needed lumber. Frederick Weyerhaeuser led the way to meet this demand. As president of the Weyerhaeuser Timber Company, he soon realized that no trees equaled no business. So he voluntarily started reforestation programs. As a result, demand was met, and he made a profit while creating jobs for professional foresters who ensured that the forests were not depleted. Before government regulation, Weyerhaeuser conserved the environment.

During what many historians call the nadir of American race relations, the Jim Crow era, Charles Spaulding's innovativeness ensured that African-Americans had life insurance. In 1900, he became the general manager of North Carolina Mutual in Durham. By the late 1920s, Spaulding had achieved national prominence and earned national business awards and his company helped transform Durham into what contemporaries

called the Black Wall Street.

Like other insurance companies, North Carolina Mutual suffered a series of setbacks during the Great Depression, but Spaulding restructured the company as needed by trimming expenses and reducing the size of the firm's staff. Spaulding believed that the Depression would cultivate a generation of superior business managers by forcing them to operate businesses more efficiently. (I wonder what Spaulding might say regarding the recent bailouts.)

Entrepreneurship examples abound in United States history. There are numerous books that tell an entrepreneurial story that shows how private industry catalyzed economic success and created wealth, and that reveals American economic creativity and ingenuity during difficult times. A good start for the curious is Larry Schweikart's *The Entrepreneurial Adventure: A Business History of the United States*.

I wonder if President Obama has a copy. CJ

Dr. Troy Kickler is director of the North Carolina History project (www.northcarolinahistory.org).

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Short Takes on Culture***'Lie' an Unusual Crime Thriller***

• "Lie to Me"
Fox Broadcasting Company
Created by Samuel Baum

Facial expressions and involuntary body language reveal human emotions better than any lie detector. That's the premise of Fox's new drama, "Lie to Me," starring Tim Roth.

Roth plays Dr. Cal Lightman, an expert in facial expressions and involuntary body language. With a team of psychologists and researchers, he uses his skills to assist law enforcement to prevent and solve crimes.

Unlike many crime dramas, "Lie to Me" seems plausible. The idea — that human emotions, and the physical responses to those emotions, are universal — is based on the real-life scientific discoveries of Paul Ekman, a specialist who can read clues embedded in the human face, body, and voice.

"Lie to Me" underscores the universality of human expressions by showing real examples next to those in the show. So, shame looks the same on the face of a fictional suspect as it did on that of Bill Clinton during his impeachment trial. The show also shows clips of Dick Cheney (demonstrating his disgusted face), O.J. Simpson (looking frightened), and even the Queen (looking very shocked, indeed).

Since the show is new, there are a few kinks yet to be worked out. The supporting characters lack dimension, and there are always too many plots for the hourlong time slot. However, given its strong start, I think "Lie to Me" will quickly become one of my favorite shows.

— JENNA ASHLEY ROBINSON

• IKEA
Furniture Outlet
Charlotte, N.C.

What big-box retailer is most liked by the smart growth set? The answer is, of course, IKEA, the Swedish home furnishings retailer. The company opened its 36th store in the United States in Charlotte in February — IKEA's first outlet between Washington and Atlanta.

The new store, located off Interstate 85, is the definition of destination retail. It is very big, even by the standards of big-box retailers. IKEA's Charlotte store has 15 different departments plus a large restaurant spread out over two floors.

The offerings are value-priced European solutions with some

design flair to European design problems, with minimal (at most) attempts to customize products to American norms. If your household shares some design and usage issues that the typical Swede encounters, IKEA may well have the answer.

Both land and labor are expensive in Europe compared to the U.S. The European answers to this include compact products making the best possible use of the limited space available. To help make products more affordable, the purchaser assembles them. This extends to big items like armchairs, bookcases, and beds. So you can think of IKEA as a massive shrine to the Allen wrench and screwdriver.

And exactly because the place is so big and the product line so varied, it's a good idea to take a look at the company's offerings online before going.

— MICHAEL LOWREY

• "Breaking Bad"
American Movie Classics
Produced by Vince Gilligan

American Movie Classics isn't just about old movies any more. AMC has produced two new original series recently that are connecting with audiences and critics. The first is "Mad Men," a look at the cutthroat world of Madison Avenue advertising companies in the early 1960s.

While "Mad Men" took home the Emmy for outstanding drama series, Bryan Cranston won the Emmy for outstanding actor for his work in "Breaking Bad," which is best described as Showtime's "Weeds" on crystal meth.

If there's anyone who needs to "break bad," it's Walter White (Cranston), a shy, reserved high school chemistry teacher with a bossy wife (Anna Gunn), a crippled son, and a new baby daughter on the way.

But then Walter discovers that his timid life is about to come to an end when he's diagnosed with lung cancer. Determined not to leave his growing family destitute with his meager teacher's salary, Walter goes into the crystal meth business with local dealer Jesse Pinkman (Aaron Paul).

Dealing drugs isn't ordinary business. Clients pack heat, and the government is constantly looking to shut you down. Walter finds all this out the hard way.

— SAM HIEB CJ

Book review***Austrians Hold Key to Markets***

• Thomas E. Woods Jr.: *Meltdown: a Free-Market Look at Why the Stock Market Collapsed, the Economy Tanked, and Government Bailouts Will Make Things Worse*; Regnery; 2009; 194 pp; \$27.95 hardcover.

who believes he has 20 percent more bricks than he actually has," Woods writes. "He will build a different kind of house than he would if he had an accurate count of his brick supply. (Assume he can't buy any more.) The dimensions will be different.

"The style may even be different. And the longer he goes without realizing his error, the worse the eventual reckoning will be. If he finds out his error only at the very end, he'll have to tear down the whole (incomplete) house, and all those resources and labor time will have been squandered. Society will be that much the poorer."

Notice that Woods assigns no blame to the free market. He reserves his opprobrium for government interference in market processes. That's why he blasts bailouts, stimulus packages, and other attempts to jolt our weakened economy.

"The sooner the monetary manipulation comes to an end, the sooner the malinvestment can be shaken out and misallocated resources redirected into sustainable lines," he explains. "The longer we try to prop things up, the worse the inevitable bust will be."

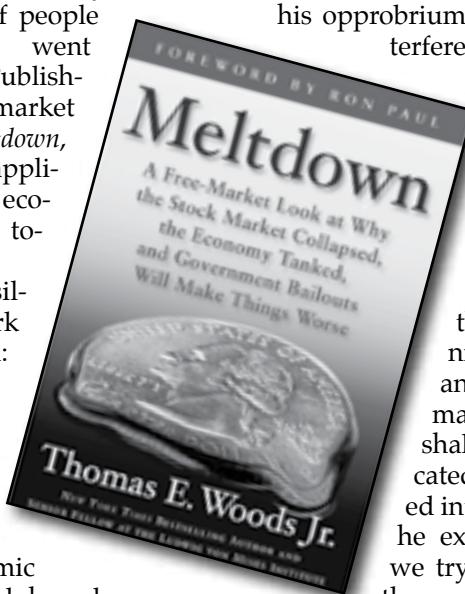
That's why Woods recommends reforms under the following subheadings: "let them go bankrupt," "abolish Freddie and Fannie" (the quasi-governmental agencies that distort the home mortgage market), and "stop the bailouts and cut government spending."

So far, his ideas line up pretty closely with those of other free-market thinkers.

Now for the kickers: "end government manipulation of money" and "put the Fed on the table." Woods contends that many people who call themselves free-market thinkers refuse to consider the most important potential reform: ending a system that allows a government-linked entity, the Federal Reserve, to set interest rates and control the flow of money.

"[T]here is no shortcut to creating wealth," he explains. "We cannot become prosperous by pushing interest rates lower than the market would have set them. There is no monetary magic wand that can make everyone rich."

By continuing to ignore the Austrian school's warnings, though, we can all end up poorer than the free market would dictate. CJ



Inclined to Liberty Excellent Primer For Learning About Freedom

• *Inclined to Liberty: The Futile Attempt to Suppress the Human Spirit*, by Louis E. Carabini, Ludwig von Mises Institute; 2008; 112 pages; \$12.00

By GEORGE LEEF
Contributor

Some people, writes author Louis Carabini, are naturally "inclined to liberty." That is, their thoughts revolve around voluntary action to accomplish their objectives and solve problems.

But there are many others who are instinctively drawn to coercion to accomplish their objectives and solve problems — people who are, as Carabini puts it, "inclined to mastery."

They're the sorts of people who blurt out "There ought to be a law!" whenever they encounter something that bothers them. They like liberty for themselves, but think that everyone else needs to be told what to do.

In this short and accessible book, Carabini gives us 34 chapters, usually only two or three pages, each exploring some facet of the intellectual clash between "liberty" people and "mastery" people. The idea for the book, he explains, arose out of a dinner party where he found himself confronting several guests who did not share his libertarian philosophy.

One topic of conversation was that of corporate responsibility for employees, and someone offered the opinion that businesses should not be allowed to terminate workers just to increase their profits.

Carabini proceeds to show why that "mastery" idea is a bad one. For one thing, if followed rigorously, it would mean that no profitable busi-

ness would be allowed to reduce *any* expenditure, since doing so could cost some worker outside the company his job.

For another, firms will be far less willing to hire people in the first place if they're required to continue their employment until legally allowed to terminate them when the business is actually in the red.

Carabini's answer to the authoritarian position is short, but it gets the reader thinking about important matters: contemplating how laws change people's behavior and what their full ramifications might be. He's opening up the mental toolkit of "liberty" people for inspection.

A theme that Carabini weaves into the book at many points is the damage that's done by adopting the coercive mindset. One illustration is the way it leads to destructive "us versus them" political battles. "In a self-reliant society," he writes, "pet peeves may keep us awake at night, but in a democratic society we can spend a life-

time of energy creating one pet peeve after another and offering our solution because we have a voice."

How true! Whereas people who are inclined to liberty take a live-and-let-live approach to life, those who are inclined to mastery turn to force (political or otherwise) to try to make others behave as they think they should. None of history's religious wars and genocides, for example, can be blamed on the former. They're the doing of the latter.

Another example of the harm done by "mastery" people is the ruinous "War on Poverty" begun under President Johnson. Carabini points out that this "war" requires the government to take money from taxpayers so it can give it to poor people.

That probably sounds fine to "mastery" types, but such coercive transfers backfire as the poor change their behavior from trying to advance on their own to finding ways to qualify for government welfare programs.

At the same time, the taxpayers have less money to donate to voluntary

groups that attack poverty through carefully targeted assistance. The latter is more effective and has none of the bad side effects of the former.

There are many books that comprehensively explore the issues that Carabini raises. That isn't what he's trying to do, although I'm sure he could. What he has given us is a lovely and spirited introduction to the philosophy that embraces liberty and rejects coercion.

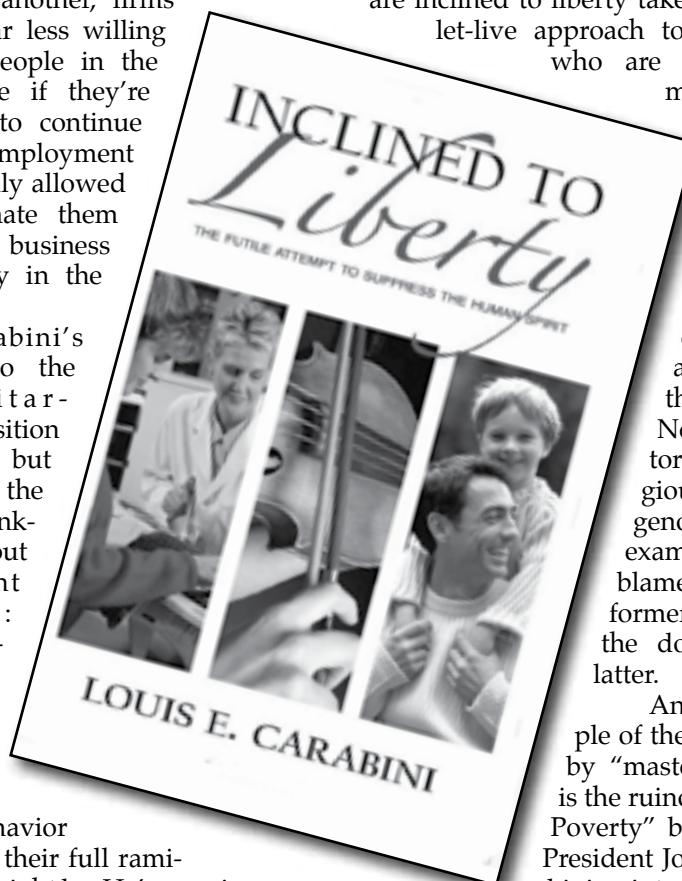
The book is particularly timely. In 2009, the United States is in the midst of a war. On one side are people who believe that the major problems of society are due to bad actions by individuals, mostly in pursuit of monetary gain, and that action by the government is necessary to remedy those problems.

On the other side are people who know that the major problems we face stem from inappropriate actions by government that have upset the spontaneous order of society. They contend that solutions can come only if government restores liberty it has taken away.

At this moment, the initiative is with the "mastery" crowd; liberty is fighting a desperate defensive action. Carabini's book is a welcome reinforcement for our side.

Inclined to Liberty would be an excellent gift for a young person you would like to get started right in his thinking about questions of government and economics. And if you could get one of those "mastery" types to read it, the book might just cause him to reconsider his beliefs. CJ

George Leef (georgeleef@aol.com) is the book review editor of *The Freeman*.



BOOKS AUTHORED BY JLF STAFFERS

Selling the Dream Why Advertising is Good Business



By John Hood
President of the
John Locke Foundation

"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

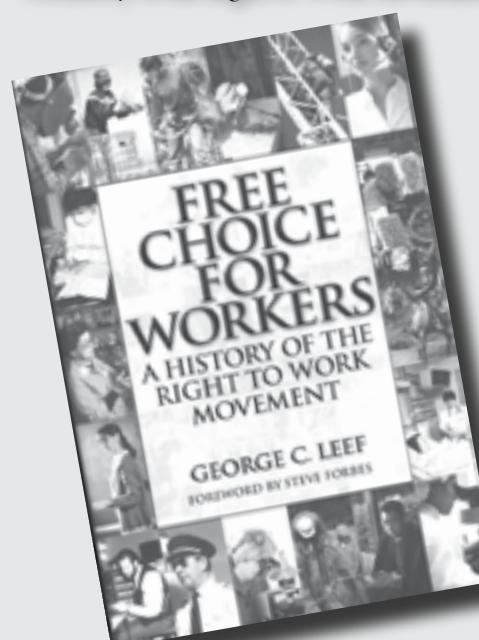
Choice
April 2006

www.praeger.com

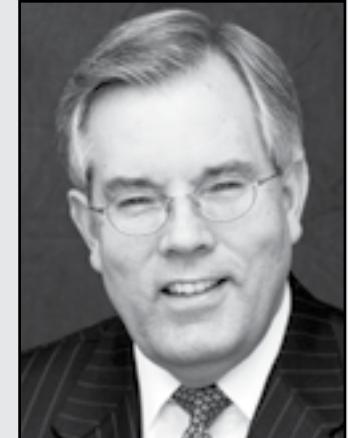


Free Choice for Workers:

A History of the Right to Work Movement



(Call Jameson Books, 1-800-426-1357, to order)



By George C. Leef
Vice President for Research at the
John William Pope Center for Higher
Education Policy

"He writes like a buccaneer... recording episodes of bravery, treachery, commitment and vacillation."

Robert Huberty
Capital Research Center

COMMENTARY

The Spending Juggernaut

For the first time in years, North Carolina's budget is shrinking, not growing. That's good news, especially during tax month. The bad news is that it took a financial crisis comparable to the stock market crash of 1929 to prompt the cutbacks.

Therein lies the rub. Why are lawmakers willing to cut wasteful bureaucracy only in lean times? Why can't they trim the fat when revenues are plentiful, paving the way for more prosperity?

The answer, of course, is that big government feeds on big government. Stopping the juggernaut is no easy task. More fundamentally, politicians have no reason to act responsibly when voters don't hold them accountable at the ballot box.

Elected officials are eager to feign fiscal responsibility, but most never follow through unless forced to by a pending economic tsunami (or voter action). That's why our leaders overlook government waste for years, then suddenly begin anti-pork crusades when it's politically expedient, typically around election time. Every knight needs a dragon to slay.

A press release announcing Gov. Bev Perdue's proposed budget, for instance, boasts that it "eliminates or reduces 20 programs that are inefficient, duplicative or costly." All well and good. Cutting inefficiencies is a worthy pursuit for any organization.

But if these programs are inefficient, duplicative, or costly, why didn't state government nix them months ago? For that matter, why did they exist in the first place?

These situations underscore why I have no tolerance for complaints from state and local governments about declining revenue. If leaders had run a taut financial ship to begin with, the public purse would not be hit nearly as hard by the economic downturn. And with the spendthrift ways of local governments featured in the news every day, it's hard to shed too many tears.

The Wake County Board of Education is a good example.



DAVID N.
BASS

School board members are cutting staff in anticipation of a \$40 million budget hole. But consider what the board did during flush times: overpay drastically for school construction projects.

In 2007, the school board backed paying \$750,000 per acre for land for a new middle school in Rolesville, a Raleigh suburb in northeast Wake County. An appraiser hired by the school district said the land was worth \$48,000 per acre. The school board still supported the original deal. Rolesville town leaders stepped in and negotiated down the price on behalf of the school system.

County and city governments continue to ride the spendthrift bandwagon, too. Durham County plans to build a \$102 million Human Services Complex and use certificates of participation to pay for it. This amidst massive budget shortfalls.

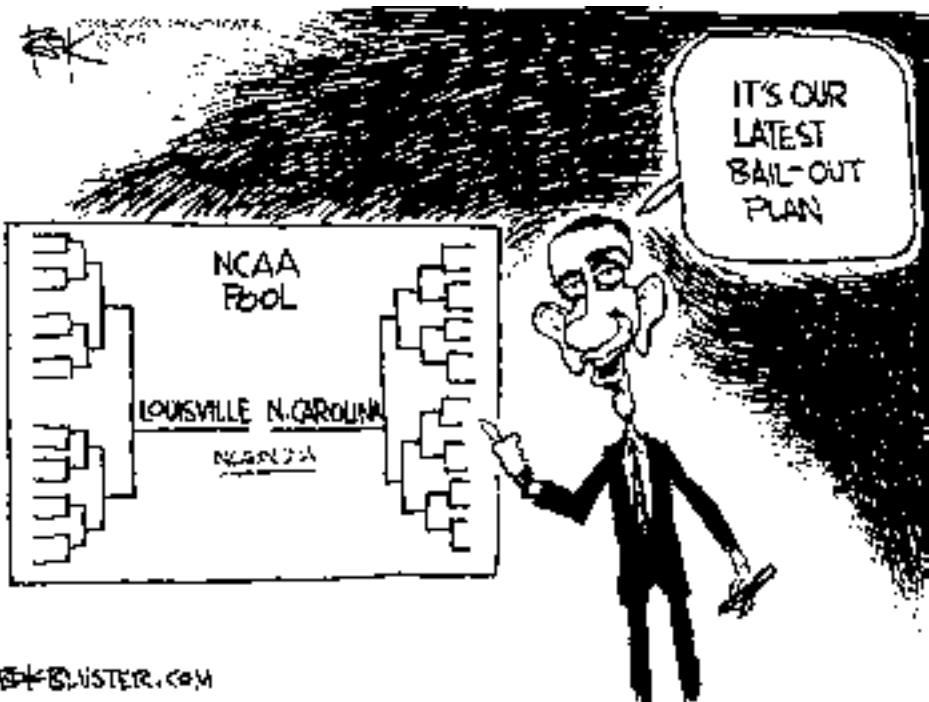
Or look at Raleigh. The city has set aside up to \$180,000 to install a Wi-Fi network in downtown, costing as much as \$20,000 in maintenance each year, according to *The News & Observer* of Raleigh. In the interim, the city operates a circulator bus service that costs \$800,000 per year and averages 333 riders a day.

Projects such as these should be the first on the chopping block. Even in good times, lawmakers should differentiate between needs and luxuries. Free Wi-Fi is not a need. It's a want, and one that we can't afford.

Despite that fiscal reality, elected officials claim such projects are vital to the progress of our cities and counties. The budgetary house of cards might be tumbling, but we can't afford to stop investing in our future through these critical projects, they say.

Well, to quote a popular politician, yes we can. At any time, but especially in a recession, government should focus on core services, cut out the frills, and handle taxpayers' money responsibly. CJ

David N. Bass is an associate editor of Carolina Journal.



EDITORIAL

Little Miss Sunshine

You can't blame Mike Easley if this story makes him chuckle.

The former governor — yes, that's why the name sounds vaguely familiar — attracted plenty of bad publicity in his final days in office because of his secretive ways.

Successor Bev Perdue's frequent public appearances, speeches, and media briefings in the past three months have reminded North Carolinians how little they had seen the governor during the previous eight years. Praise for Perdue's openness represents at least a mild rebuke of Easley's more private leadership style.

But when it comes to naming a leader for North Carolina's sprawling public education bureaucracy, Perdue might wish she had taken a page out of her predecessor's playbook.

Rewind the clock to 2004. Easley's top education adviser, J.B. Buxton, ran for the elected post of Superintendent of Public Instruction. He lost — finishing dead last in the Democratic primary. Winner June Atkinson later eked out a close victory in the general election.

So Atkinson, the elected state superintendent, took over the Department of Public Instruction, right? Not exactly. The person who actually ended up running day-to-day operations for the state's public school establishment was — you guessed it — Buxton. Appointed "deputy" state superintendent, Buxton worked directly for the State Board of Education, carried out the board's orders, and earned a higher salary than his former election opponent.

You don't remember these details? You're not alone. Neither Easley nor Buxton drew much attention to the arrangement. Neither did Atkin-

son, despite the fact that Buxton's appointment effectively left her with little to do.

Perhaps that's why Perdue didn't think Atkinson would mind being left out of the loop again this time. In a well-attended news conference earlier this year, Perdue announced plans to create a new public education post: chief executive officer.

After explaining how the CEO would run the public school establishment, Perdue told reporters that Atkinson would continue to serve as an "ambassador" for the schools. Atkinson smiled her way through that news conference, but she hasn't accepted the arrangement.

She's asked the General Assembly to clarify who has control over public school operations: the elected superintendent or the governor. Atkinson hasn't said why the new CEO proved more objectionable than her former "deputy," but the recent publicity surrounding her limited role in setting public education policy couldn't have helped.

Perhaps Perdue could have avoided the current controversy by acting a little more like Easley and hiding this leadership change from public view. Then again, that's not Perdue's style. So while Easley might crack a smile when he considers how an open, transparent style has caused Perdue some heartburn in this case, taxpayers and voters should be glad that they know more details of the state government's inner workings.

If the current governor is willing to throw some sunshine on her plans to change education leadership, perhaps she'll leave the light on long enough to expose the problems that need to be fixed. CJ

EDITORIALS

Teacher Pay

It's a re-election agenda, pure and simple

As state legislators, the Perdue administration, and others debate budget-savings recommendations, you can expect to hear a lot of talk about state spending on education, particularly for classroom teachers.

The debate is important, but its terms are miscast. Educational performance is clearly tied to teacher quality, which is itself tied to a variety of state policies and variables. Teacher quality is not simply a product of state expenditure.

The State Teacher Policy Yearbook from the National Council on Teacher Quality grades each state according to performance on 15 factors that, according to a preponderance of the research, play a significant role in producing teacher quality. The 15 policy goals are grouped into three areas: identifying effective teachers, retaining effective teachers, and getting rid of ineffective teachers.

North Carolina's overall score in the 2008 study was a C-. Plenty of states were worse. But here's another instance of educational rivalry that ought to motivate patriotic Tar Heels to action: South Carolina posted one of the highest scores in the country, a B. For ways to rid schools of ineffective teachers, South Carolina got an A.

We got a C-.

Here are some specific goals where North Carolina needs a great deal of improvement, according to the NCTQ study:

- Measurement. If states are going to evaluate teacher effectiveness, with an eye toward retaining the best teachers and retraining or removing the bad ones, they must establish a longitudinal data system that tracks both teacher and student performance over the years.

- Mentoring. South Carolina is a best-practice state when it comes to matching new teachers with mentors who are truly excellent teachers themselves. North Carolina is not.

- Pay policies. Teachers ought to be compensated according to factors truly related to student achievement, rather than simply for years served or degrees received. Both Carolinas fare poorly here.

- Benefit policies. North Carolina ranks very low in making pensions portable, flexible, and fair to all teachers.

Maximizing the ranks and average pay of teachers is not an education-reform agenda. Given the political heft of the teacher union, it is really just a re-election agenda. Don't let the politicians claim otherwise. CJ

Improving Health Care

Markets and competition benefit consumers

Medicare, the federal health program for seniors that some politicians and activists want to expand to the entire U.S. population, distorts the medical marketplace and currently has an unfunded liability of nearly \$90 trillion. Medicaid, the federally funded state program for the poor and disabled, is eating up budgets at both levels of government and offering a promise of free nursing home care to middle-class Americans that can never be fulfilled at less-than-ruinous tax rates.

And in the so-called private market for employer-provided health insurance, an artificial construct created by foolish and regressive tax subsidies, consumers continue to face perverse incentives to consume medical services unwisely.

Is all lost in health care reform? Not at all. Recent years have also brought promising innovations in the financing and delivery of medical services, innovations that point the way toward real reforms to give patients

more power, information, and choice among competing service providers.

One promising innovation is called concierge medicine. The *Wall Street Journal* reported recently, some physicians have been moving away from fee-for-service practices with large patient caseloads toward a system in which the docs give a higher level of care to a fixed number of patients.

The most competitive segments of the medical marketplace involve services that aren't covered by most third-party payment plans, such as eye care and cosmetic surgery. With patients spending their dollars directly on services, rather than indirectly through taxes or insurance premiums, there's a strong incentive for providers to keep prices low and earn repeat business.

As consumers gain more control over their health care dollars and decisions, such innovations will proliferate. That's one of the potential benefits of consumer-driven health care. CJ

COMMENTARY

Disrespecting The Constitution

For years, governors and leaders of the General Assembly have often viewed the North Carolina Supreme Court with impatience, if not actual disdain. Almost every time the Court has ruled on a major policy matter or electoral issue, the other two branches of government have sought to evade or appeal the decision. Almost every time, they've failed.

Add one more occasion to the list, now that the U.S. Supreme Court has upheld the state's high court in a Pender County redistricting case.

The background on the Pender dispute is a bit complicated, but the underlying principle isn't. When drawing district lines for congressional or legislative elections, the General Assembly has to pay attention to both state and federal law. State law prevents lawmakers from drawing districts that split counties unless required to by federal law. What are those federal requirements? The one-person, one-vote rule would be an example. Another is a provision of the Voting Rights Act (VRA) that applies to a number of North Carolina counties.

When Congress enacted the VRA in 1965, one of the local abuses of power it sought to address was the systematic dilution of black political power. Among other sins, Southern lawmakers had been rigging electoral districts so that African-American voters would help re-elect white incumbents but could not constitute a large enough bloc to elect black representatives if they so desired.

The VRA was intended to end this practice, and subsequent amendments and federal court decisions have clarified how and when this federal pre-emption applies. Until recently, legislatures in North Carolina and other affected states understood that if they could draw a district with a majority-black voting population, the VRA required that they do so. As these majority-black districts proliferated, so did black representation in legislative and congressional seats.

However, because black voters tended to vote overwhelmingly for Democratic candidates, one effect of complying with the VRA as originally interpreted was that some of the surrounding districts became competitive or Republican-leaning.

As a way of blocking GOP gains, some Democratic leaders then came up with the idea of "crossover districts" where minority voters didn't form a majority but existed in large enough numbers to ensure the election they wanted — presumably a Democrat. This strategy sought to turn the VRA into a federal mandate for partisan gerrymandering. It was a lawsuit waiting to happen.

It did, in Pender County. In 2004, current and former county commissioners challenged the General Assembly's latest district map because it split Pender between two

House districts in contravention of state law. The legislature's response was to peddle this silly "crossover district" argument, which the N.C. Supreme Court properly rejected in 2007.

Now that the U.S. Supreme Court also has struck down the state's defense as flawed in concept and unjust in practice, the legislature must redraw before the 2010 elections. The open question is how far it must go to comply. Can the legislature redraw only the Pender-area districts that provoked the lawsuit, or must it apply the same standard to other districts in North Carolina that were shaped along similar lines? Not surprisingly, Democratic leaders think it's the former, and Republican leaders think it's the latter.

Here's another question: Does the Voting Rights Act in its original form still have relevance in a country where both the Democratic president and national GOP chairman are of African descent and minority candidates routinely win elections? Perhaps a rewrite is warranted. But that would require an act of Congress, not just the whim of a few North Carolina legislators trying to win additional seats for their party. And such a rewrite would still have to be respectful of federal and state constitutions.

Respect for constitutional principle would have ended the Pender case in 2007. Instead, North Carolina's legislative and executive branches appealed the judicial branch's decision — and lost.

Again. CJ



JOHN
HOOD

John Hood is president of the John Locke Foundation and publisher of CarolinaJournal.com.

COMMENTARY

GOP, Get Serious

President Barack Obama and the Democrats who control Congress have a plan for the radical leftward transformation of the U.S. economy. They want to raise taxes, raise spending, and increase regulation to levels not seen since the 1970s — or the 1930s.

The time has come to save our free-market system. The time has come to defend our traditional way of life against this hostile government takeover. The time has come for Republicans to raise their collective voice in opposition to these dangerous trends.



MARC
ROTTERMAN

I propose a conference on economic policy, to be held in Washington, D.C. Nothing fancy, nothing overelaborate, because the situation is urgent — Republicans have to block the multifront Obama agenda of tax increases, more Wall Street bailouts, socialized medicine, “cap-and-trade” energy policies, and, yes, thousands and thousands of new earmarks.

Participants could include Rep. Paul Ryan, R-Wisc., the ranking Republican on the House Budget Committee, and a leading economic reformer. Other possible participants could include Rep. Jeb Hensarling, R-Texas, a leading conservative in the House, and Sen. Richard Shelby, R-Ala., the ranking Republican on the Senate Banking Committee, who has emerged as perhaps the most biting critic of the various bailouts.

In addition, Republicans — and all Americans — need to hear from such great free-market economists as Steve Forbes, Steve Moore, Larry Kudlow, Art Laffer, Dave Smick, and Larry Lindsey.

The conference should be held in honor of former Republican Congressman Jack Kemp, the man who converted much of America — including Ronald Reagan — to the new idea of supply-side economics back in the 1970s. It was “Reaganomics,” of course, that saved America from the “stagflation” of the Jimmy Carter era. Unfortunately, Kemp is very sick now, and so would probably be unable to attend.

So the logical convener of the conference would be one of Jack’s close allies in the House, the former Speaker of the House, Newt Gingrich, the GOP’s idea man.

This New Republican Economic Agenda Conference should be held in Washington, D.C., but beamed, via TV and the Internet, to the entire country, because Mr. and Mrs. John Q. Public need to be part of this debate, too.

Everyone now understands how urgent the situation is. Now the time has come to do something.

CJ

Marc Rotterman is a Senior Fellow at the John Locke Foundation and a former political appointee in the Reagan administration.

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Is Recession-Proof a Myth?

Many thought it wasn’t supposed to be like this. North Carolina has worked hard during the last three decades to transform its economy. Manufacturing — and particularly the traditional industries of cigarette production, textiles, and furniture — have waned while the new knowledge economy, based on technology, health care, and financial services, has grown. Many thought the new economy would help the state ride out recessions in better shape than in the past.

But recent numbers cast doubts on this hope. Since the recession began in late 2007, North Carolina’s economy has shed more than 130,000 jobs, and the unemployment rate has soared from 4.7 percent to almost 10 percent. Worker earnings, after adjusting for inflation, fell 1.5 percent between December 2007 and December 2008.

More troubling, the new-era industries have mostly lost jobs in the past year. Statewide employment in technology, machinery, and transportation equipment were off 4 percent in 2008. Financial-sector jobs have held steady, but losses are expected this year with consolidation in the industry.

The one bright spot is health care. Hospitals, doctors’ offices, and other health care facilities added 14,000 jobs in 2008. However, the percentage increase (3 percent) was below the annual average for this decade (4 percent), and in the first month of 2009 these jobs also took a hit.

So has North Carolina’s economic transformation been a failure since our new economy — just like the old economy — has suffered through the recession? Is the new economy all hype and no substance and security?

My answer is “no,” and for three major reasons. First, our state had no choice but to remake her economy. Due to forces beyond the state’s control — including the triumph of “brainpower” over “brawnpower,” the lowering of trade barriers and the increase in world trade, and the deregulation of major industries. To be a viable state economy, we



MICHAEL
WALDEN

had to replace this production and jobs with something else.

Second, while North Carolina’s new economy has taken a hit during the current recession, it performed very well during the last growth period. From 2003 to 2007, North Carolina’s job base increased 10.5 percent, well above the 6 percent increase for the nation.

Indeed, this reflects a pattern that North Carolina has experienced throughout the post-war economy. The business cycle — the irregular ups and downs in the broad economy — has been more volatile in our state than in the nation. During the recessions since 1970, my research shows North Carolina’s economy to be almost twice as volatile as the national economy.

This brings me to the third reason why we shouldn’t expect the new economy to be recession-proof. The reason is simply that recessions mean consumers must curtail spending, and the more severe the recession, the bigger the spending cuts.

In the “old” days, these spending reductions were focused on manufactured products because that’s what consumers bought. In fact, one reason why North Carolina’s business cycle is more volatile than the national cycle is because a far larger part of our economy (20 percent) is still based on manufacturing than in the nation, where the share is 12 percent.

But with spending on services now accounting for 60 percent of all consumer buying, it’s inevitable that a deep recession will hit both “new economy” and “traditional economy” employment. So, for example, while professional and technical jobs grew by almost 50 percent in North Carolina in the decade between 1997 and 2007, their ranks have been cut by 5 percent in the past year.

The bottom line is that we shouldn’t expect the new North Carolina economy to be recession-proof. However, to continue to make progress once the recession is over, the state still needs to focus on entrepreneurship, competitiveness, and trade — the key elements of the 21st century economy.

Walden is a William Neal Reynolds Distinguished Professor at North Carolina State University.

The Faulty Logic of Public Financing

The public financing of elections is all the rage in Raleigh. North Carolina already has two such programs — the Public Campaign Fund for candidates in top judicial races and the Voter-Owned Elections Fund for candidates in three Council of State races.

Now come additional efforts. Of particular note is Gov. Beverly Perdue's endowment that would fund gubernatorial elections. And gathering a head of steam in the House is a bill (H.B.120) to establish public financing provisions in municipal elections.

The intentions are essentially honorable. But, in general, public financing is not a particularly good idea. It does not provide the desirable impact assumed by its advocates and has significant downside effects they ignore.

To see why I think this way, let's look at the three central arguments for the superiority of public financing. The first is that special interests currently control the actions of elected officials through their contributions. Political science research shows, however, that campaign contributions

follow behavior, they do not direct it. The contribution is a reward, not an incentive.

This is not a distinction without a difference. Critics of private campaign money might argue that contributions then shape future action — it's a kind of vicious circle. But we know in North Carolina there are literally thousands of groups and individuals with all types of views that give to candidates.

Elected officials act freely and are often rewarded with a donation for something they would have done anyway. If they wish to change positions, there are always donors out there willing to support them. You can think about it this way: If contributions drove behavior, then why doesn't big labor give much money to Republicans?

The second argument is that the "obscene" amount of money in campaigns alienates voters. To be sure, with the conspicuous exception of 2008, turnout is generally down. But here again correlation does not mean causation. Political scientists have shown that it is competitive races and appreciable differences in candidates' political philosophies that drive citizens to the polls. When people feel the outcome is important and they can make a difference, they vote.

If we look across the ballot, moreover, it's the big money races that excite voters. By way of illustration,

even on a per-voter basis there's much more money in gubernatorial elections — in 2008 the candidates spent just under \$10 a vote — than in municipal ones — in the 2007 Raleigh city council at-large contest candidates spent approximately a combined \$6 for each voter. Turnout in the governor's race was 70 percent. In the city council race it was 10 percent.

Last, public financing advocates assert their proposals will result in better-informed voters. Here I have some sympathy, at least with H.B.120. At the municipal level and even in some state legislative races, voters just don't have enough information to make enlightened choices. When they exist, party labels are not always reliable — even if we can assume the Democrat is to the left of the Republican.

A voter needs to know something about the distance between his preferences and those of the candidates to make a truly learned choice. In some elections, therefore, there is a failure of information caused by a dearth of private money. Here government can play its proper role, providing a public good that the private sector does not.

But further up the ballot public money is certainly not needed. In fact, a purely publicly financed gubernatorial election is likely to provide us with less information. Gov. Perdue thinks the endowment could provide

about \$15 million-\$20 million for gubernatorial candidates in the future. That's about how much she alone spent to win her party's nomination and the general election.

So public financing isn't all it's cracked up to be. Worse, it can cause harm. I don't need to tell you about the First Amendment implications of restricting private donations. What's more, efforts to push private dollars out of the formal system will greatly expand an existing opaque alternative campaign in which voters find it difficult to hold candidates accountable.

Much more money would be directed into the murky world of independent groups and funneled through parties — the North Carolina Democratic Party financed 20 percent of Perdue's 2008 campaign as it is. The effect would be to obfuscate the link between candidate and contributor further.

The problem with elections is not private money, it's transparency. We don't need more regulation. We need more sunshine so that the public can better witness the linkages between elected officials, campaign contributions, and public policy. It is knowledge that truly empowers the voter.

Andy Taylor is Professor and Chair of Political Science in the School of Public and International Affairs at N.C. State University.



ANDY
TAYLOR

Reader Takes Issue With Pinewild Comments

To the editor,

I read the article by Karen Welsh in the December issue of *Carolina Journal*. I'm sure Mr. Boyce received false information that he mentioned in paragraph seven of the article. I quote:

"Boyce said the bad blood between the entities began in the early 1980s, when Pinewild's lawyer requested voluntary annexation by the Village of Pinehurst. Pinewild was turned down after the Pinehurst Town Council decided Pinehurst did not want to bear the expense to bring the infrastructure of water, sewer, and roads to the developing community."

Residents moving into the area purchased the services and, when they were finally in place, Boyce said, Pinehurst decided to make the move on forced annexation."

First, let me say that Gene Boyce

is a hero of mine. He led the charge against the state for military and federal employees with reference to North Carolina taxing our retired pay. I am a military retiree and personally sent money to his law firm during those procedures and was very pleased when "we" won the suit. He was 100 percent right and saved me considerable money.

I had great respect for Mr. Boyce and am shocked that he would buy into the statement he made about Pinewild and Pinehurst.

I retired in 1982 and was serving on the Village of Pinehurst planning board when the Pinewild development was approved. I remained on the planning board until I won election twice to the village council and served until 1997. In 1997 I ran for county commissioner and remained as a county commissioner for 12 years, ending in December 2008. I am very familiar with Pinehurst's policy on annexation and the Pinewild development.

First, it's the developers' responsibility to bear the expense of developing the roads and other infrastructure

for a gated development. To my knowledge no municipality would ever agree to build the roads and provide the other infrastructure to a developer. Pinehurst did not own the water system at that time, does not now, and therefore never could extend utility infrastructure into the Pinewild Development.

Pinewild did not meet the annexation requirements, and they were told in writing, January 1987, that when they met those requirements annexation by Pinehurst would begin. Obviously, no volunteer annexation request by Pinewild had been received or they would not have sent the letter.

It appears Mr. Boyce's research fell short. He didn't check with the Village of Pinehurst. I'm sure they would have told him that Pinewild could not be annexed before the development reached 60 percent build out. Who was the lawyer that requested annexation on behalf of Pinewild? Where did the request go? It was never talked about or filed with Pinehurst village.

Mr. Boyce implies that Pinehurst had no experience in annexation of

gated communities. Pinehurst annexed The Country Club of North Carolina at their request, by special legislation, well before Pinewild existed.

CCNC is certainly recognized throughout North Carolina as one of the premier gated communities in the state. Certainly Pinehurst could have handled Pinewild annexation had it been requested and met annexation requirements.

It has been my experience that any developer is more than welcome by a municipality or county as long as he meets the land use plan requirements and has the money to meet the state, county, and municipality building and zoning requirements.

Being in the Pinehurst ETJ, Pinehurst approved the development only after Pinewild agreed it would become a high-end development with only single-family dwellings, and no multifamily units.

**Colin McKenzie,
Former Chairman
Moore County
Board of Commissioners**

**Letters
to the
Editor**

Mary Easley Slates 'Governors Gone Bad' Series (a CJ parody)

By I.M.N. CARCERATED
State Government Writer

RALEIGH Former N.C. First Lady Mary Easley, coordinator of an N.C. State University speaker program, says students can sometimes learn more from scoundrels than from Boy Scouts, which is why she has created the "Governors Gone Bad" seminar series.

The series, which will begin in September, will feature four governors who have gotten into high-profile difficulties involving corruption, prostitutes and adultery.

"Too often, colleges and universities trot out squeaky clean public officials who drone on and on about ethics and good works," said Easley, who is coordinator of the Millennium Seminar Series at N.C. State. "Well, students are tired of that. They want to hear some dirt."

She said the recent climate in North Carolina politics has whetted the appetites of students for information on officials who lack ethics and honesty.

"Luckily," she adds, "there certainly has been no shortage of unsavory chief executives in the past few

years."

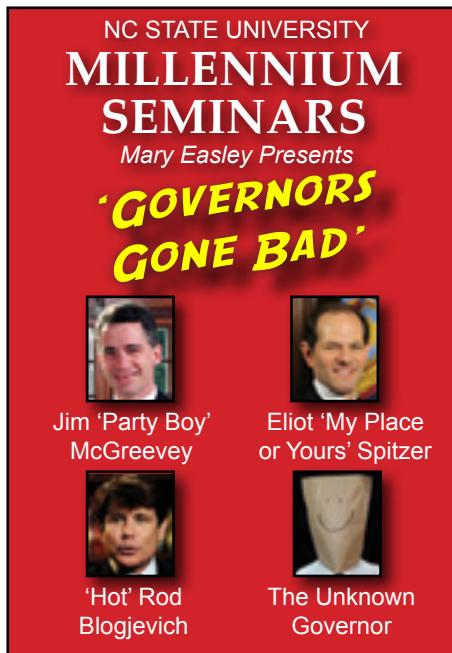
She has lined up three former governors to make presentations next year and is still considering her choices for a fourth governor to finish out the series.

The theme of the speaker series is "Skullduggery and Double Dealing in Political Office," she said.

Some critics have said the seminars may prove to be a training ground for future crooked

North Carolina politicians, but Easley dismisses such comments. "We hope these seminars will scare budding politicians straight," she said.

The series will kick off in September with former New Jersey Gov. Jim McGreevey, who announced his resignation at a 2004 press conference, dutifully attended by his wife, that he



CJ graphic

had been in an extramarital affair with a man he had appointed his homeland security advisor.

McGreevey will be followed in November by the no-less-colorful Eliot Spitzer, the former attorney general and governor of New York. Spitzer resigned in March 2008 after news reports revealed that he was a client of a high-priced prostitution ring.

While it was at first hard to top these two scandal-ridden chief executives, recent events in Illinois provided the perfect speaker for the January Seminar. Former Illinois Gov. Rod Blagojevich will be the third speaker in the series. His speech will require a 10-second audio delay, said Easley, because of the former governor's habit of lapsing into four-letter words.

Blagojevich, who served as the governor of Illinois from 2003 to January 2009, was arrested on federal corruption charges in December 2008. The charges involved a scheme to sell Barrack Obama's vacated U.S. Senate seat to the highest bidder. After the Illinois House of Representatives voted to impeach him, he was convicted unanimously and removed from office by the Illinois State Senate.

Easley acknowledged that Blagojevich's problems could land him in prison, but she said his possible incarceration shouldn't affect his appearance in Raleigh. "Blago's going to draw this thing out and he told us he will still be a free man come January," she said. "He said he can't wait to eat some good N.C. barbecue, since what he gets in Chicago is #@&!"

NCSU Chancellor James Oblinger was complimentary of Easley's seminar idea. "I am very proud of what Mary Easley has done for our university. This new series of speakers should bring a lot of attention to our school and provide our students with valuable lessons. I hope she can find a fourth former governor to equal the caliber of the three speakers already announced," he said. CJ

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