

How much information must you give the U.S. Census?/6



CAROLINA JOURNAL

A MONTHLY JOURNAL OF NEWS, ANALYSIS AND OPINION FROM THE JOHN LOCKE FOUNDATION

| | |
|------------------|----|
| North Carolina | 2 |
| Education | 7 |
| Interview | 10 |
| Higher Education | 11 |
| Local Government | 16 |
| Books & the Arts | 20 |
| Opinion | 24 |
| Parting Shot | 28 |

April 2010 Vol. 19 No. 4

STATEWIDE EDITION

Check us out online at carolinajournal.com and johnlocke.org

Eco-Farm Project Seeks Millions in Tax Funds

Neighbors concerned over developer's plans, criminal record

By DON CARRINGTON
Executive Editor

FRANKLIN
A Macon County woman who served five years in a Colorado prison on a theft charge is seeking \$15 million in public funds to develop what she calls "North Carolina's first all Green Eco-Community."

The proposed 24-home project, named The Farm at Matlock Creek, is located on a 34-acre site about seven miles north of Franklin in an area known as the Cowee community. The developer, Kelley L. Bradbury, established Cowee Valley Organic Farms Inc. a year ago as a

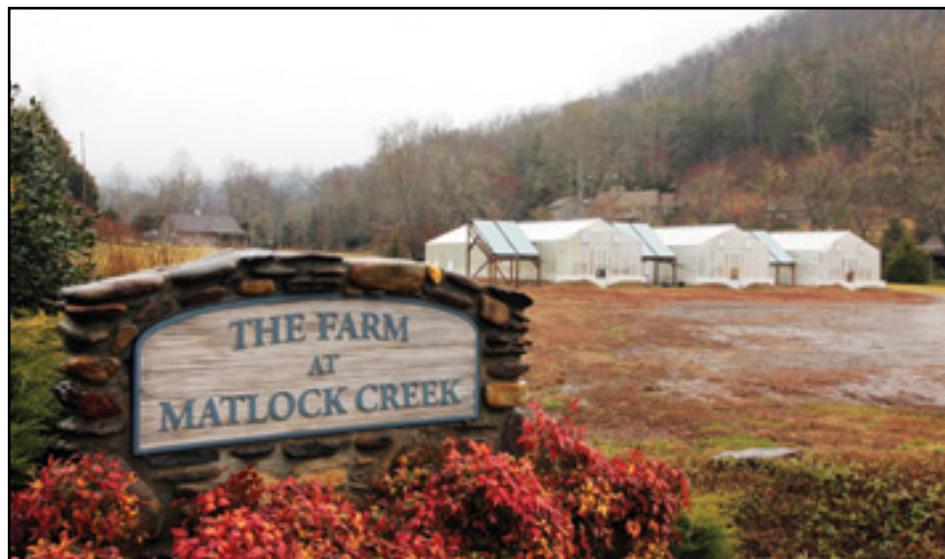
nonprofit to handle the development activities. Bradbury has been unable to purchase the property, even though her Web site (<http://cvofonline.com>) creates the impression that the nonprofit actually owns it.

Neighbors organize

Most area residents were unfamiliar with the project until the *Macon County News*, a weekly and online publication, published a story about it in early February. The story did not mention Bradbury's criminal record.

That story, combined with information posted on Bradbury's Web site, led some skeptical local citizens to create an informal group named Cowee Community Concerned Citizens. After *Carolina*

Journal launched an investigation of the project's finances, on March 24 the property owner's listing agent notified *CJ* that the contract with Bradbury to purchase the site had been terminated.



Plans call for the current Farm at Matlock Creek to be bought and renamed The Farm at Matlock Creek. (CJ photo by Don Carrington)

"We do not believe this project is something that \$15 million of taxpayer money should be spent on, particularly when our national debt is soaring," said Norman Beller, chairman of the citizens group, in mid-March.

Beller also said several members expressed serious concerns about the technical feasibility of the project. For instance, he said Bradbury's plans call for wind power as a major source of energy for the development. "The wind

power map for Macon County shows insufficient wind to even be classified [as a suitable location for wind power]," he said.

On behalf of his group, Beller has written U. S. Sens. Richard Burr and Kay Hagan, 11th District U. S. Rep. Heath Shuler, State Sen. John Snow, and State Reps. Roger West and Phil Haire for assistance in stopping the

Citizens' group opposed the use of \$15 million tax funds on 'green' community

Continued as "Eco-Farm," Page 14

North Carolina Candidates Gear Up in Swing Districts

Turnover could alter balance of power in House and Senate

By DAVID N. BASS, ANTHONY GRECO, AND SARA BURROWS
Associate Editors

RALEIGH

The North Carolina General Assembly could look much different in 2011. At least, that's what Republicans hope.

For the first time in over a century, the minority party has a shot at wresting control of the legislature from Democrats, and it's banking on a string of competitive races to do it.



Retirements, resignations, and shifting political dynamics make 10 seats in the Senate and 20 in the House vulnerable to GOP challenges this year. Political experts say a sluggish economy, anger over health care reform in Congress, and corruption could propel Republican candidates into office.

The GOP has fielded a record-breaking number of contenders — 223 compared to Democrats' 170 — and secured at least one challenger in every Senate district and all but 10 House districts.

"It shows you where the passion

is," said Raleigh-based political consultant John Davis.

Republicans need a net gain of nine seats in the House and six in the Senate to snag control. Polls show that voters favor Republicans over Democrats in state and federal races by a slim margin, with one-fifth undecided.

"It could be a crazy year where if you're a Republican and on the ballot, you win," said GOP strategist Ballard Everett.

But Democrats say their party's dominance of state politics won't change this year.

"The Democrats have been in control since the middle 19th century because voters have trusted them more than they have Republicans in han-

Continued as "North," Page 15

NONPROFIT ORG.
U.S. POSTAGE
PAID
RALEIGH, NC
PERMIT NO. 1766

The John Locke Foundation
200 W. Morgan St., #200
Raleigh, NC 27601

CAROLINA JOURNAL

Rick Henderson
Managing Editor

Don Carrington
Executive Editor

David N. Bass, Sara Burrows
Anthony Greco, Mitch Kokai
Michael Lowrey
Associate Editors

Jana Benscoter, Kristen Blair
Roy Cordato, Becki Gray
Paige Holland Hamp, David Hartgen
Sam A. Hieb, Lindalyn Kakadelis
George Leef, Karen McMahan
Donna Martinez, Sarah Okeson
Karen Palasek, Lee Raynor
Marc Rotterman, Jim Stegall
George Stephens, Jeff Taylor
Michael Walden, Karen Welsh
Hal Young, John Calvin Young
Contributors

Jacob Burgdorf
Adrienne Dunn
Kamen Nikolaev
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

Jon Ham
Vice President & Publisher

John Hood
Chairman & President

Bruce Babcock, Herb Berkowitz
Charlie Carter, Jim Fulghum
Chuck Fuller, Bill Graham
Robert Luddy, Assad Meymandi
Baker A. Mitchell Jr., Carl Mumpower,
J. Arthur Pope, Thomas A. Roberg,
David Stover, J.M. Bryan Taylor,
Andy Wells
Board of Directors

Carolina Journal is a monthly journal of news, analysis, and commentary on state and local government and public policy issues in North Carolina.

©2010 by The John Locke Foundation Inc. All opinions expressed in bylined articles are those of the authors and do not necessarily reflect the views of the editors of CJ or the staff and board of the John Locke Foundation. Material published herein may be reprinted as long as appropriate credit is given. Submissions and letters are welcome and should be directed to the editor.

CJ readers wanting more information between monthly issues can call 919-828-3876 and ask for Carolina Journal Weekly Report, delivered each weekend by e-mail, or visit CarolinaJournal.com for news, links, and exclusive content updated each weekday. Those interested in education, higher education, or local government should also ask to receive weekly e-letters covering these issues.

WWII Vet Could Lose Farm to Eminent Domain

By KAREN WELSH
Contributor

CHARLOTTE

Matthews resident Neubert Purser, 87, has suffered two major blows in his life. The first came while serving his country on combat duty in the U.S. Army, on the front line of the Battle of the Bulge in Germany during World War II, when fragments from an exploding shell ripped a 4-by-8-inch gash in his body.

The second blow came March 5, 2005, only this time Purser didn't see it coming. That's the day he opened his morning newspaper to find a 30-day notice from the Town of Matthews, condemning his 71-acre farm, which he had purchased in 1954.

Purser already had told the town he didn't want to sell, but was unaware that they had the right to seize his property using eminent domain.

"That blow was as bad as what I got overseas," he said. "It knocked me plain off my feet. Up until that moment I didn't know what eminent domain was, but I soon found out I had been sold out by my own country."

The town says it needs open space to handle a surging population, but the condemnation has some residents worried that their property might be next. And while Purser's land is targeted to become a regional park and recreation facility — satisfying a clear public use — critics of eminent domain wonder if the town could have used a less-confrontational approach.

Former Matthews Board Member Bill Dixon, who served two terms from 2006-09, said the move to acquire Purser's farm was an unethical situation that took many area residents by complete surprise.

"I was shocked at their decision," he said. "The town council had already voted for condemnation of Mr. Purser's land when I came onboard. It was not handled professionally. Most of it came through the back door, and people didn't know about it. Legally, they could do it, but ethically it was a bad decision. It broke Mr. Purser. It was terrible. It really brought him grief."

Population and open space

Matthews Communication Director Annette Keller said community leaders decided to secure the land after a long-range planning study revealed there wasn't enough open space available for future parks and recreation development.

"Matthews is located adjacent to Charlotte, which has grown rapidly," she said. "As a result, the Town of Matthews has grown rapidly, and what we found is land was disappearing very rapidly."

Keller said the town does not have a history of condemning people's properties without just cause, but the unprecedented climb in population took the community by surprise. Matthews has grown from 10,000 residents in 1980 to approximately 30,000 today, and city officials needed additional open space for recreational facilities, including a regional park, sports fields, and a playground.

Keller said Purser's land, surrounded by homes, was one of the last intact undeveloped parcels of land available near the town.

According to Matthews Town Attorney Charles Buckley, the leaders followed proper protocol and procedure to procure the land.

"The town council said his property was essential, and they condemned it by resolution," he said. "Agents came

from the town to talk with him, to negotiate with him and acquire the land, but he wouldn't sell."

A lawsuit followed and eventually was settled in mediation, where Purser was awarded more than \$4.25 million. The decorated veteran also was allowed to remain on his property tax-free and rent-free until his death.

'More than his fair share'

"We offered him more than his fair share," Keller said. "We've been more than fair with him. People think he got a good shake, and what we did sounds reasonable to most people."

Buckley said he can't fathom why Purser put up a large red-and-white sign on the front fence of his former property stating "The Town of Matthews Took A World War II Veteran's Farm."

"I don't understand [Purser's] comments that we stole his property," the attorney said. "It's disconcerting to me.

It was settled in 2006, so what is going on now?"

Keller said the land was appraised at \$43,000 an acre, and they ended up paying him \$59,000 an acre.

Dixon disagreed.

"I had worked in real estate, and I told the board they were not paying Mr. Purser fair market value," he said. "They used a county appraiser, and they came up short by \$10,000 to \$15,000 per acre. I felt their offer was not enough."

Purser remains upset because he felt forced into taking the town's offer. He could no longer pay his lawyer's fees, which

amounted to \$400,000 by the time the case was settled, and the eminent domain law ultimately didn't leave him a legal leg to stand on.

Alternatives to acquisition

Although he's not familiar with the details of the Purser case, Daren Bakst, the director of legal and regulatory studies for the John Locke Foundation, said condemning land to build a park is generally not the right thing to do.

"A park is a true public use, but I don't think it's a compelling reason to take someone's land," he said. "I don't think it was appropriate in this instance. They violated a person's rights. They definitely should have sought other alternatives and exhausted their remedies. Then it would be appropriate."

Dixon said this did not happen.

"There was a more ethical, straight-up way to handle this," he said. "They could have secured a first right of refusal for the land or placed a first option on it."

The condemnation of Purser's land has left other residents of Mecklenburg County uneasy about their own property rights.

Lee Meadows has lived in Matthews for 40 years and he said it was "unfair" and has left him feeling insecure about his own property.

Nearby Huntersville resident Pam Hester has worked tirelessly against the government taking some of her land through condemnation after Mecklenburg County decided to build a greenway path for all residents to use straight through her backyard.

"It's unbelievable," she said. "I'm sorry, it's my backyard. I own it. I bought it for my children to play in. Our family doesn't want to face the same fate as Mr. Purser in Matthews, who lost his farm so the government could have a new park. It's just not right."

CJ



This satellite view of Neubert Purser's farm shows it surrounded by the encroaching subdivisions of the Charlotte suburbs. (Google Earth image)

Homeowners Run Regulation Hurdle Dealing With Pesky Varmints

By KAREN McMAHAN
Contributor

RALEIGH

After Durham passed an ordinance last year allowing residents to raise chickens in their yards within city limits, Trinity Park homeowner Mari Mansfield jumped at the chance to have fresh eggs whenever she liked, so she built a chicken coop and purchased some baby chicks.

Mansfield says her passion for sustainable living led her to maintain a large vegetable garden for several years, so raising chickens seemed a natural extension of her efforts. Some neighborhood varmints, however, had other ideas.

For five months, she cared for the chicks, watching them mature into egg-laying adults only to find one morning they'd all been killed by a raccoon. Before purchasing more chicks, Mansfield sought help from Durham Animal Control. After learning that the agency would intervene only if the raccoon were rabid, Mansfield was left to find her own solution.

Rather than killing the animal, Mansfield said she wanted to catch it and relocate it to a more rural area of the state. She sought advice from neighbors via her community's "list-serv" and found out she might have to get a permit.

From the state Wildlife Resources Commission Web site, she learned she'd have to purchase an annual trapping license for \$10 but could trap only during the designated season, Oct. 12 through Feb. 23. "Their Web site has detailed drawings and pictures of approved traps, but many of them are not very humane. In fact, most of them are cruel," Mansfield said.

"I started with the most humane trap, but the raccoon escaped. Then I bought a bigger one, but so far I've caught our cat, a squirrel, and a possum, but not the raccoon," laughed Mansfield, "so now I'm looking at another type of trap."

The regulation maze

Asked what has surprised her most, Mansfield said it was discovering such strict laws and regulations about wildlife. Apart from the federal Endangered Species Act, North Carolina has its own list of "endangered," "threatened," and "special concern" species, each of which has a special set of rules and regulations that restrict what landowners can do on their own property. Counties and municipalities have separate and sometimes differing rules.

Durham's ordinance on raising backyard chickens is one of the state's most restrictive laws. Durham residents have to apply for a "Limited Agriculture Permit" and pay a \$26 fee.



Mari Mansfield of Durham ran into a blizzard of regulations when she tried to do something about raccoons getting into her chicken coop and killing her hens. (CJ photo by Jon Ham)

Dennis Doty, senior planner with Durham's City-County Planning Department, said landowners have to submit a "plot plan" with their application and solicit consent from adjacent landowners. After submitting the application, a zoning enforcement officer, inspections officer, or animal control office performs a physical inspection of the applicant's premises to determine compliance before the application is approved.

Ben Chase, an agricultural extension agent in Reidsville, said a lack of uniformity among ordinances across the state makes it difficult for farmers to protect their livestock from predation. In most instances, farmers can kill a predatory animal legally if it's in the act of destroying livestock, but some counties and municipalities prohibit farmers from killing the predator if the animal is simply on the property near their livestock. Also, there's no uniform law that allows farmers to recover their economic losses from predation.

Earlier this month, Donald and Wilma Brown, sheep farmers in Reidsville, had 48 ewes and lambs on their farm slaughtered by at least two dogs.

"Donnie managed to put one of the dogs down, but the other one escaped," Wilma said. "It was a horrible sight. The mothers and babies were stacked five deep because they piled on each other trying to escape from the dogs. What was so hurtful is that we didn't hear them because sheep don't cry out when they're being hurt. They had bites on their neck. Even the donkey and her baby that were in the pasture had been bitten on the front legs."

"Animal control came out to put a trap, but they only caught a pos-

sum," said Wilma. "We estimate we lost \$4,250 in income, and, for a small farm, that's a lot of money. Rockingham County has a leash law, but there's no money from dog tag fees or other money to reimburse us."

Pet owners also can sue and have sued farmers for killing their dogs even when the dogs killed livestock, said Chase. Ordinances vary so much and can be interpreted differently by whoever is enforcing the laws. "If livestock get out, and they frequently do, Rockingham County can cite the farmer and charge a fine.

Failure to pay the citation within 72 hours can result in a late charge of \$50 plus \$5 a day, and the farmer could even be arrested. It doesn't happen often, but it just shows how the laws can be complicated."

Boards and commissions

Of the state's more than 400 boards and commissions, 18 cover wildlife and natural resources-related issues, from clean water management, plant conservation, and fisheries to farmland preservation, forestry, and agriculture. The governor is charged with appointing individuals to lead these entities, but the Senate President Pro Tem and Speaker of the House also make appointments.

Not to be confused with the appointed boards and commissions, the state House and Senate have their own committees. Among the House committees are the Select Committee on Coyote Nuisance Removal, the Environment and Natural Resources Committee, the Marine Resources and Aquaculture Committee, and the Wildlife Resources Committee. On

the Senate side, there's the Agriculture/Environment/Natural Resources Committee and the Appropriations on Natural and Economic Resources Committee.

And of the General Assembly's 69 nonstanding, interim, and study committees, several regulate or oversee natural and wildlife resources.

State Rep. Arthur Williams, D-Beaufort, chair of the House Standing Committee on Wildlife Resources and chair of the House Select Committee on Coyote Nuisance Removal, said the committee was formed after Rep. Bill Faison, D-Orange, proposed House Bill 1631 last year. Some legislators felt the issue needed further study before passing the bill.

Williams, a former commissioner with the North Carolina Wildlife Resources Commission, said the Coyote Nuisance Removal Committee is an example of how the state works to protect wildlife resources without unduly restricting landowner rights.

Farmers across the state have been complaining about loss of livestock from coyotes. In the committee's first meeting, Williams said he and fellow committee members learned that the coyote problem is quite complicated, thus they are working with the state's Wildlife Resources Commission to develop a program to diminish the threat.

Rights vs. conservation

The complexity and redundancy in regulations make it easy for North Carolina citizens and landowners to run afoul of the law unknowingly. And many of the laws and administrative rules cost citizens both time and money in order to obey.

The March 2007 *Carolina Journal* reported that some residents in Brunswick County's Boiling Springs Lakes region began cutting down all the longleaf pines on their property after learning that it might fall within the habitat of an endangered species of woodpecker.

Should that happen, landowners would face restrictions on the use of their property and have to obtain a federal permit, a time-consuming and costly process that could take up to a year.

Earlier this month, some residents of Governors Club in Chatham County were upset when their property owners association obtained a state permit to allow experienced bow hunters to kill deer. State law prevents the harassment of hunters who lawfully are killing, trapping, or removing wildlife.

The association was acting in response to complaints from other residents that the deer were causing extensive and costly landscaping damage to their property. CJ

N.C. Briefs

Poole faces new charges

A federal grand jury March 18 handed down new charges in the corruption case against former Gov. Mike Easley's longtime legal counsel Ruffin Poole.

Poole, a top aide during Easley's two terms as governor, now is indicted on 57 charges. He faces three new counts of income tax evasion and three of use of facilities in interstate commerce in aid of racketeering, each having a maximum penalty of up to five years in prison and a \$250,000 fine.

The new charges come on the heels of a move by Poole's attorney to have the entire case dismissed. Joseph Zeszotarski, of the law firm Poyner Spruill, argued in motions that the charges didn't match the allegations in the case.

Media outlets also have reported that Easley's campaign, fined \$100,000 by the state Board of Elections in October partly for campaign finance violations, is bankrupt and apparently won't be able to pay the entire fine.

On Jan. 21, a grand jury indicted Poole on 51 corruption counts, including extortion, bribery, and money laundering.

The indictment alleges that Poole, called the "go-to guy in the governor's office," helped Easley donors expedite environmental permits for coastal developments. In return, the indictment says Poole received free flights, gifts, and opportunities to invest in those developments.

Planning lingo exposed

Government planners distort terms such as "affordable housing" and "stakeholders" to attack basic individual freedoms, according to a new planning jargon glossary created by Michael Sanera, research director and local government analyst for the John Locke Foundation.

Planners are doing more than using technical jargon common to their profession, Sanera said. "They are distorting language intentionally to serve a political end," he said.

The glossary tackles more than two dozen terms, such as "affordable housing." "Absent excessive land-use policies," he said, "housing in all price ranges would be available."

Sanera also tackles the term "stakeholders," calling them "special-interest groups who are consulted in developing land-use plans and regulations." "The general public or the broader public interest or constitutional rights are not considered," Sanera said. CJ

Amazon Tax Not Clicking in North Carolina

By KAREN MCMAHAN
Contributor

RALEIGH

Seeking to close its budget shortfall last year, North Carolina followed the lead of New York and Rhode Island in passing an Internet sales tax, which many have dubbed the Amazon tax or affiliate nexus tax. Colorado recently passed a similar tax, and several other states are considering some type of Internet sales tax.

Less than a year after imposing its tax on online merchants like Amazon.com, Rhode Island already is considering repeal. The state has generated no additional sales tax revenue from the tax, and income tax collections are lower. Rhode Island residents earned less income and paid less income tax because Amazon.com and other merchants severed their affiliate relationships rather than paying what they believe is an unconstitutional tax. There's also anecdotal evidence that Amazon.com affiliates are leaving (or refusing to relocate to) North Carolina and other states imposing this online tax.

It's also unclear how much revenue is generated by the new tax, which lawmakers forecast, would raise \$36 million over its first two years. Thomas Beam at the North Carolina Department of Revenue told *CJ* the department doesn't track information isolating affiliate tax revenues from other sales tax collections. But he supplied a formula that could provide a rough estimate if Amazon disclosed the number of its affiliates and the amount of an average sale.

But Sandra Johnson, fiscal analyst for the General Assembly's Fiscal Research Division, said the division's March 2010 general fund report and forecast show the state's net sales and use-tax collections, including tax law changes, are \$125 million short of expectations, even though collections are up 12.2 percent during the first eight months of the fiscal year. Even so, baseline sales tax collections (adjusted for tax-law changes) for the first eight months of the fiscal year are down 11 percent from last year.

Amazon announced intentions

Before the state passed its Internet sales tax law, Amazon.com notified all its North Carolina affiliates in June 2009 that it was dropping the program and announced it would no longer accept new applications from North Carolina residents. An Amazon.com spokesman would not say how many affiliates the company had in North Carolina prior to ending the affiliate program and how many sales they generated, stating that the company does not provide that information.

Internet sales tax supporters claim that states lose revenue from out-of-state merchants selling products from online merchants like Amazon.com but not charging or collecting the local sales tax. However, a March 2009 special report from The Tax Foundation, a Washington, D.C.-based nonprofit, nonpartisan tax research organization, reported that "the nation's first few Amazon taxes have not produced any revenue at all, and there is some evidence of lost revenue."

The report says these laws worsen short-term budget problems and harm economic growth.

States adopting Internet sales laws are seeking to circumvent the 1992 U.S. Supreme Court ruling in *Quill Corp. v. North Dakota* that said a "business had to be physically present in a state before that state could require the business to collect use tax on its behalf." Instead, lawmakers have redefined "nexus" to mean that out-of-state merchants are subject to collecting the sales and use taxes because they have in-state affiliates. The merchant's Web site links gener-

ate sales; revenues then are shared by the out-of-state merchant and local affiliate. Affiliate marketing functions essentially as an online referral.

Joseph Henchman, tax counsel and director of state projects for The Tax Foundation, said that forcing out-of-state companies engaged in interstate commerce to collect remote taxes from more than 8,000 separate tax jurisdictions nationwide, each with different tax systems, would be not only unconstitutional but also unfair.

"Brick-and-mortar businesses collect sales tax based on where the business is located, so they need to track only one sales-tax rate and base," Henchman said. Having to comply with the the rules from so many tax jurisdictions would place online businesses at a competitive disadvantage.

Despite warnings from tax policy analysts and merchants that these taxes would not lead to a revenue windfall and might even reduce tax collections, North Carolina charged ahead and passed the tax, which took effect Jan. 1.

Tax revenues lagging

Tax analysts attribute the slow sales tax collections to the state's double-digit unemployment, a lower rate of spending as consumers opt to pay off their credit card and other debt, and a loss of household wealth from the housing recession and the sharp drop in equity markets that happened in late 2008.

For the first eight months of the fiscal year, net withholdings (wage and salary minus refunds) were 2.2 percent below the \$5.4 billion target for the time period. Continuing weakness in employment has led analysts to lower significantly growth forecasts in the state's personal income for 2010, predicting growth of less than 1.5 percent. That would be far below the 2.9 percent analysts first forecast in May.

Discussions on several e-commerce forums, blogs, and Web sites that enable affiliates and online marketers to share their concerns and successes provide anecdotal evidence from affiliates in North Carolina and other states that the law has had a negative effect on both sales and income. On one forum, a marketer considering moving to North Carolina said he wouldn't now because the law means he'd immediately lose his top three affiliate relationships. (Additional insights and discussion can be found at www.affiliateadvocacy.com, www.netchoice.org, and www.performancemarketingassociation.com.)

Juggernaut continues

In March, Amazon.com eliminated its affiliate program in Colorado after it became the latest state to impose Internet sales taxes. While the final bill eliminated the language requiring "in-state affiliates would trigger a tax liability," industry and legal experts believe Colorado's "track and tax" provision poses a grave threat to consumer privacy.

The law requires retailers to provide customers annually with a summary of taxable items they purchased and inform them they need to pay the 2.9 percent state tax. Privacy experts are concerned because retailers also are required to file an annual statement with the Colorado Department of Revenue with purchase data on each buyer. Some Colorado lawmakers are hoping to pass emergency legislation to address some of these concerns.

NetChoice, a coalition of trade associations, e-commerce businesses, and online consumers, discussed some of these privacy concerns on its blog (www.netchoice.org). "The Colorado Department of Revenue will know all the vendors where residents made online or catalog purchases from remote sellers. This would include sensitive items of a particular kind of merchandise — sex items, specialty books, items that reveal political views, etc." CJ



Hookah Lounge Owner Piling Up Fines for Defying Smoking Ban

By DONNA MARTINEZ
Contributor
CHAPEL HILL

A Chapel Hill hookah bar owner's defiance of the state's smoking ban now is costing him \$200 a day. Fines began accruing March 22 for Adam Bliss, owner of Hookah Bliss, when an official noncompliance ticket was hand-delivered by Tom Konsler, Orange County's environmental health director.

"I'm going to try to fight it," said Bliss, who has continued to sell hookahs since the ban took effect Jan. 2. Bliss had encouraged people to file complaints against his bar to generate an administrative penalty for a possible legal challenge. He received warning letters from the county in late January and early February. Monday's ticket is what he's been waiting for — a third violation, which comes with a fine.

Konsler said Bliss has told the county he's not going to comply. The result, Konsler said, is that the penalty grows by \$200 every day Bliss is open until he notifies Orange officials that he is operating in accord with the law.

"We can safely assume based on that, that every day he's open, that there's a violation occurring," Konsler said. "The attorney general's office has given guidance to counties that, rather than doing daily inspections and going in every day, that the onus is on the owner to notify the health director that he's come into compliance and to allow for us to do a follow-up inspection to see that he's in compliance."

Bliss says he's fighting the ban because hookahs aren't a lighted tobacco product and the law doesn't apply. The law prohibits smoking in busi-



Hookah Bliss owner Adam Bliss may join with other hookah bar owners to consider a legal challenge to the smoking ban. (CJ photo by Rick Henderson)

nesses that sell alcohol, and alcohol accounts for between 20 percent and 25 percent of the store's revenues. Bliss says he could try to sell more exotic teas or other nonalcoholic beverages, but those sales are unlikely to compensate for the lost beer sales. Bliss either invested or still owes about \$70,000 for the business.

The ticket he received says he has failed to comply with the ban in two ways: by allowing smoking in an enclosed area in which smoking is

prohibited, and by failing to direct individuals to stop smoking.

Hookahs consist of tobacco mixed with molasses, glycerin, and flavorings, which go into a clay bowl. "You don't actually burn the tobacco to smoke a hookah," Bliss told *Carolina Journal* in January. "It's designed as a giant vaporizer, so the heat from the top and the fact that the clay bowl also heats up volatilizes the molasses and glycerin and flavorings without burning the tobacco."

Lounge owner maintains that tobacco is not a lighted product in a hookah

While Bliss consults an attorney on what to do next, Wilmington hookah bar Juggling Gypsy wages its own fight. Juggling Gypsy has received three \$200 fines from the New Hanover County Health Department, said manager Denny Best. The bar is appealing the fines.

Best said he believes the bar was always in compliance, but he has moved its hookah activity outside. He says the county considers the bar now to be meeting the law. "We've adjusted ourselves a little bit because we didn't want to keep racking up fines," Best said. "We have outside space where we can put our people." Inside, the bar is offering herbal shisha. Best said herbal products don't fall under the ban.

On March 26, Juggling Gypsy had scheduled an all-day fundraiser, with proceeds headed to a legal defense fund, should the bar lose its appeal and decide to hire an attorney. Still, owner Sebastian Gomez said the ideal solution is for the industry to obtain an exemption from the General Assembly.

Tobacco shops, cigar bars, guest rooms in lodging establishments designated as smoking rooms, nonprofit private clubs, and performers acting in TV, film, and theatrical productions already are exempt.

Bliss is considering teaming up with Gomez and Best. "I may just say to hell with it here and just go and chip in on their lawyer and we can all chip in together," Bliss said. "You kind of hope that once you get one county taken care of, the other counties will fall into line."

Konsler said Hookah Bliss is the only Orange County business so far to be fined for violating the state's ban. *CJ*

BOOKS AUTHORED BY JLF STAFFERS



Efficiency and Externalities in an Open-Ended Universe

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



www.mises.org

Visit our Triangle regional page

<http://triangle.johnlocke.org>



The John Locke Foundation has five regional Web sites spanning the state from the mountains to the sea.

The Triangle regional page includes news, policy reports and research of interest to people in the Research Triangle area.

It also features the blog Right Angles, featuring commentary on issues confronting Triangle residents.

The John Locke Foundation | 200 W. Morgan St., Raleigh, NC 27601 | 919-828-3876

U.S. Census forms

How Much Information Do You Have to Give the Census?

By KAREN WELSH
Contributor

RALEIGH

When Rockingham County resident Eric Smith found the 2010 U.S. Census waiting for him in the mailbox, he immediately went in the house and filled it out.

However, this North Carolinian — one of more than 4 million in the state to receive the government form — answered only one of the 10 questions on the form before returning it.

"I'm gladly doing my part, but I am a strict constitutionalist," he said. "The only question I filled out is how many people live in my household. That's the only one I'm constitutionally required to answer. The other questions invade my privacy. They don't need to know the names of my family members, our date of birth, our gender or race. None of the rest is any of their business. That's how I feel."

He's not alone.

U.S. Rep. Michelle Bachmann, R-Minn., refused to fill out her own form because she felt the U.S. Census has been used to earmark minority groups for special reasons, including information that led to the Japanese internment during World War II.

Several conservative and Hispanic advocacy groups have urged members to refuse to complete their forms, or have called for an all-out boycott of the count, citing privacy and confidentiality issues as a reason to object.

Some groups have started a campaign urging residents to answer "American" in the line indicating race.

Such concerns aren't new. But individuals who try to duck the census — or willfully provide inaccurate information — could be in legal jeopardy, according to Census Bureau spokeswoman B.J. Welborn.

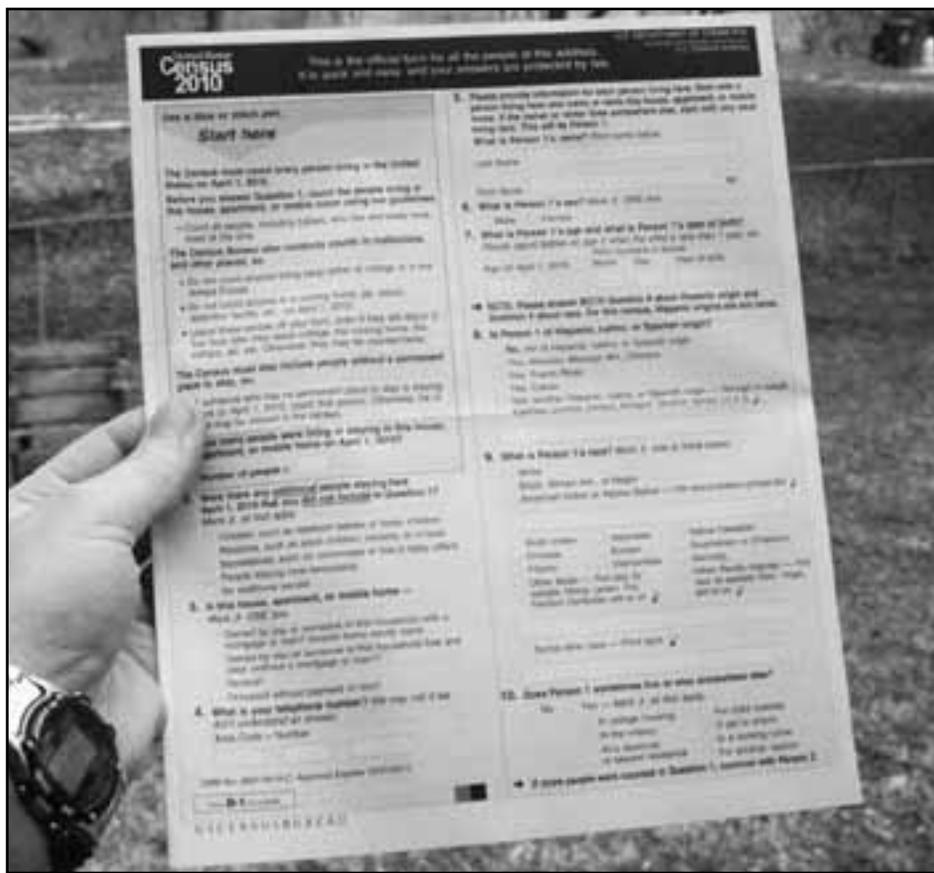
"Every household is required to answer all 10 questions, according to Title 13 of the U.S. Code," she said. "Those who turn in incomplete forms will either get a follow-up by a U.S. census taker or a phone call."

Fines for incomplete forms

Hans von Spakovsky, senior legal fellow at the Heritage Foundation in Washington, D.C., agrees that every question must be answered. "The case law says you can be fined \$100 per question for not giving an answer," he said. "No citizen has successfully defended a case in which they claimed that particular questions were too intrusive and beyond the authority of Congress to authorize."

Individuals do not, however, have to allow a census taker into their homes, he said.

Although von Spakovsky said there is an "obsession with race" on the 2010 U.S. Census Form, he said the



Those in the know say you must fill out the U.S. Census form accurately and completely. (CJ photo by Jon Ham)

United States Code states that government officials cannot make available to the public any data that can be used to identify specific individuals. "The data can only be used for statistical purposes," he said.

Sunshine Hillygus, associate professor of political science at Duke University and co-author of *The Hard Count: The Political and Social Challenges of Census Mobilization*, said these concerns have surrounded the U.S. Census, from the first taken in 1790 until the present.

"Some people think the census has no right to ask for additional information," she said. "They feel it is too intrusive."

Hillygus said some people may be afraid to complete the form, such as illegal immigrants, those who haven't paid their taxes, or those who have committed crimes. Still, she said the U.S. Census Bureau maintains a level of confidentiality that is higher than any other branch or form of government.

She said the worst thing a person can do is boycott the census completely.

"Endorsing a boycott of the census is illegal, and I think one of the unfortunate things is people feel they have the right not to fill out the census form," Hillygus said. "It's irresponsible to call on people to not fill out the census because it's in nobody's best interest to not have an accurate census count. I think that you see supporters on both sides of the aisle that have expressed the need to get an accurate count. Everyone needs to fill it out for

online," she said. "You need to fill out the form by the mid-April deadline, but the sooner you get it in, the better. We urge people to fill it out and send it back immediately; otherwise a census taker will come to your home."

Verifying census takers' ID

She said it is important to note that census takers will not start making their door-to-door rounds or phone calls until the beginning of May. Each census taker will have an official I.D. badge from the U.S. Census Bureau and the U.S. Department of Commerce. Welborn said residents can verify a census taker's identification by calling the local office of the Census Bureau.

Gov. Beverly Purdew's Census liaison Bob Coats said the 2010 U.S. Census is vital to the balance of power in Washington, D.C., as it determines how much of the \$470 billion in federal spending is parceled out to states for services.

"The census helps the government plan for roads, community hospitals, and job training and community development grants," he said. "That's important for North Carolina because we continue to grow rapidly, and the census is a foundation for funding formulas. The impact will be felt for the next 10 years."

Welborn warned that all U.S. residents should be on the lookout for phishing scams during the census year. "We do not ask for financial information in the 2010 Census," she said. "It should be a tip-off that it is a scam if a person asks for your Social Security or [bank] account numbers. We never ask for these things, and you should never give them out." CJ

Interested in N.C. history?

Visit the North Carolina History Project's
Web site at <http://www.northcarolinahistory.org/>



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

Charter Schools, Local Boards Spar Over Education Funding

BY LEE RAYNOR
Contributor

RALEIGH
Charter school administrators say the state is offering little to no assistance in helping them receive money owed to them by local school boards.

Ozie Hall, principal at Kinston Charter Academy, says the Lenoir County Board of Education might owe his school more than \$800,000. Simon Johnson, at Quality Education Schools in Winston-Salem, and Don McQueen, at Raleigh's Torchlight Academy, don't know how much they're owed. Administrators say they can't get school boards to tell them how the amounts being paid to them are calculated.

And the state appears unwilling "to get in the middle" of the dispute, both McQueen and Johnson said.

Charter schools won a major financial battle in February 2009. The N.C. Court of Appeals agreed with a lower court's decision that school boards must share local per-pupil funds with charter schools. The appeals court ordered the Charlotte-Mecklenburg Board of Education to pay Sugar Creek Charter School \$1.3 million in back payments.

The Court of Appeals reasoned that providing equal funding to charter school students and regular public school students was required under the legislation authorizing charter schools. The state Supreme Court upheld the ruling.

"When the court decision was made, we received no notice from the state," McQueen said. "We received no indication the state would be coordinating efforts to make sure we would receive funds as the court decided."

Charter schools generally are smaller than many schools overseen by local school boards. Kinston Charter Academy has 350 students enrolled this year. Torchlight Academy has 417. Quality Education has 268 youngsters.

Johnson and McQueen have received some funds from their respective school boards, but cite a lack of information about how the sums were reached or the actual amounts owed. A Feb. 10 memo from the Wake County Public School System to Torchlight Academy states, "This payment meets the requirements established in the ruling and includes amounts for the fiscal years of 2006-07, 2007-08, and 2008-09." A check for \$95,145.89 was included. McQueen is still waiting for

the 2009-10 payment.

Hall contends that the Sugar Creek ruling is unclear on how many previous years the back payments should cover. Kinston Charter Academy was established in 2004, and that's the date Hall used to determine the amount his school is owed. He cites a court ruling in *Williams v. Blue Cross*, in which the court said a continuing wrong act continues until the conduct stops.

However, Hall is in negotiations with the Lenoir County school board, and has said he would settle the dispute for \$253,000. If the two parties cannot reach an agreement soon, Hall promises to file suit against the board.

"It's a significant amount of money," he said. "It severely impairs us. We could have two or three more teach-

ers, new school buses, make repairs to buildings, if we had the money."

Johnson's school initially had trouble collecting forfeiture and fine money local and district courts send to school districts.

"We fought for three years. I have no way of knowing if the amount we're getting is accurate," he said. "We just get a check." The uncertainty makes annual budgeting difficult, he added.

Although charter school administrators want help from the state Charter Schools Office, Paul LeSieur, director of school business service for the state, says the office is limited in its ability to help.

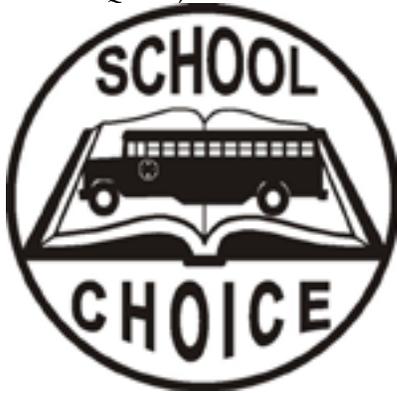
The office is responsible for visiting schools, overseeing applications for potential new charter schools, and help with governance issues, such as operations and setting up a board of directors.

"We can't force LEAs [local education agencies/school boards] to do anything," LeSieur said. "We cannot get involved in telling them what dollars they need to give charter schools."

Johnson said the Forsyth County Board of Education has never told him how it will determine the amount of money owed to Quality Education Schools.

"I have a feeling we're being underpaid," he said. "I've talked with the state and haven't gotten any help from them, either."

Hall asked the state Attorney General's office to intervene. He was told the office has no legal authority to become involved, even though he is attempting to collect money the courts say his school is due. CJ



COMMENTARY

Ideas Have Consequences

Gerald Grant's book, *Hope and Despair in the American City: Why There are No Bad Schools in Raleigh*, is important insofar as it attempted to justify, perhaps even celebrate, forced busing in the Wake County Public School System. It is worth considering the ideas behind Grant's book that generate so much enthusiasm from the pro-busing crowd and how those ideas empower advocacy groups and bureaucrats at the expense of teachers and parents.

Grant is a disciple of James Coleman, author of the 1966 government report "Equality of Educational Opportunity" (later called the Coleman Report), one of the most significant education studies of the 20th century.

Coleman concluded that the socioeconomic status and family background of students were greater determinants of educational outcomes than school factors like per pupil spending.

Researchers have discredited thoroughly the statistical methods and theoretical assumptions used by Coleman and his colleagues. However, Coleman's fundamental idea endures — educational improvement requires more attention to social dynamics and less attention to institutional reform. Activist professors and opportunistic politicians quickly developed forced busing schemes based on race, class, and other nonacademic, sociological factors.

For advocacy organizations and special-interest groups, forced busing is a moral cause. The North Carolina chapter of the NAACP recently called the Wake County school board decision to end forced busing "an educational, social, and moral crisis for our community." This is not hyperbole. Rather, it is based on the idea that public schools' first responsibility is to ameliorate perceived social injustices by engineering (busing) them out of the system.

What is most disconcerting about the sociological approach to educational reform is that it grants, even encourages, state and local bureaucracies to make sweeping policy decisions with little accountability.

Centralizing power thus becomes a sensible way to hasten the pace of change and bypass politics,

elections, or legislative processes. More important, state education agencies and local administrators have no trouble accepting greater power because they often see themselves as enlightened, moral agents of "progressive" social change.

Unlike their colleagues in the central office, most experienced teachers often do not consider themselves social crusaders. Teachers know that placing a rich kid next to a poor kid does not transform a struggling student into a successful one. It takes knowledge-

able and skilled instructors. Yet, proponents of forced busing often insist that it is less important for teachers to master content, instruction, and classroom management than serve as their students' social worker, therapist, role model, and de facto parent.

Proponents of forced busing acknowledge that parents of low-performing students share some of the blame. Yet they believe that properly engineered schools can transcend the problems low-income students encounter at home. Gerald Grant explains: "Through this network of friends, less privileged students would get to know parents who might help them get a job or gain admission to college or simply serve as role models."

"Schools with a majority of middle-class parents will not tolerate incompetent teachers, or drinking fountains that don't work, or restrooms with no toilet paper."

Should one assume that parents of less privileged students are not interested in their child's educational or occupational prospects and tolerate incompetent teachers, broken drinking fountains, and restrooms with no toilet paper? I sincerely hope not. Yet, if low-income parents are not engaged in their child's education, perhaps dependency on middle-class parents is partly to blame.

Our public schools need to empower parents to make educational decisions that are in the best interest of children. Tuition tax credits and charter schools, not forced busing, will improve the plight of low-income students in Wake County and beyond. CJ

Terry Stoops is director of education studies at the John Locke Foundation.



TERRY STOOPS

Treasurer Insists New Fund Won't Put Teacher Pensions at Risk

By SARAH OKESON
Contributor

RALEIGH
State Treasurer Janet Cowell said she expects a new \$232 million pension investment that will target businesses with "significant nexus" with North Carolina to outperform a stock index fund.

Cowell told *Carolina Journal* that she wants the Innovation Fund, which will be managed by Credit Suisse, to earn in the ballpark of 10 percent over five to 10 years. The money will be invested over the next three to five years. At a March 15 press conference in Durham, Cowell said the fund would target high-growth industries and could invest in startup companies.

The overall annual goal for the state Teachers' and State Employees' Retirement System is 7.25 percent, but the retirement system has met that goal in only seven of the last 12 fiscal years.

"We are looking for a market rate of return," Cowell said. "We are only going to invest in companies that will get us that rate of return."

Cowell wants the Innovation Fund to perform 2.5 percentage points higher than the Russell 3000 index, which measures the performance of 3,000 publicly held U.S. companies.

Edward Siedle, a former attorney with the U.S. Securities and Exchange Commission, said actively managed funds generally underperform indexed portfolios.

"The probability that an actively managed fund will exceed a passive index is miniscule unless the benchmark is inappropriate and you're taking on greater risk," said Siedle, now the president of Benchmark Financial Services in Ocean Ridge, Fla.

He also questioned why Cowell is using the Russell 3000 index as a benchmark if the Innovation Fund isn't investing exclusively in Russell 3000 securities.

"It's comparing apples to oranges," Siedle said.

The Innovation Fund is considered "economically targeted investments" — investments that, in addition to seeking high returns, pursue social goals, such as investing in local businesses or specific sectors of the economy. ETIs have had a mixed track record in other states. Kansas repealed a requirement that the state make ETIs after the pension fund lost money in a steel mill and a savings and loan. The Connecticut Retirement and Trust Funds lost \$20 million after buying a large part of a firearms company that subsequently went bankrupt.

A 1994 study found that funds with ETIs had returns 2.1 percent lower than funds without ETIs.

"Many of the states implementing these investments passed specific legislation authorizing such an invest-



ment," said Michael Weisel, an attorney and previous candidate for state treasurer. "This did not happen in North Carolina. One might conclude there was deliberate action to sidestep the debate about economically targeted investments by rushing a Request for Proposal (RFP) through at year-end."

Public pension funds in North Carolina and other states have been

criticized for chasing higher returns with risky investments while private pension funds have been putting their money into more conservative investments like bonds.

But Cowell said North Carolina's pension fund always has been conservative. TSERS has about 41 percent of its investments in stocks and about 47 percent in bonds.

"Corporate funds are moving toward our model," she said.

Cowell chose Credit Suisse after receiving proposals from eight firms. The Swiss financial services company runs similar programs in six states, including New York, Michigan, and Indiana.

Cowell said a committee consisting of an employee from the treasurer's office; a representative from Ennis, Knupp & Associates, which is reviewing how North Carolina has spent its money; and a representative from Strategic Investment Solutions, North Carolina's private equity adviser, reviewed the proposals.

The committee picked three finalists, and Cowell met with people from the three firms before picking Credit Suisse. The other finalists were Hamilton Lane of Philadelphia and BlackRock, headquartered in New York.

North Carolina lawmakers said they think Credit Suisse was a good choice.

"They're credible people," said

Rep. Bill McGee, R-Forsyth. "I accept that they vetted this to the extent that it should be vetted in making this decision."

Rep. Deborah Ross, D-Raleigh, said she didn't want to second-guess an RFP process.

"I have no reason to believe that the RFP process was not followed properly," she said.

But Weisel said the timing and requirements of the RFP "appear to favor" the fund manager model of Credit Suisse's Customized Fund Investment Group.

"Consequently, there is little surprise about the choice of CFG to manage the Innovation Fund given the parameters of the RFP," Weisel said.

Some critics feel the new fund wouldn't bring the highest returns

BOOKS AUTHORED BY JLF STAFFERS



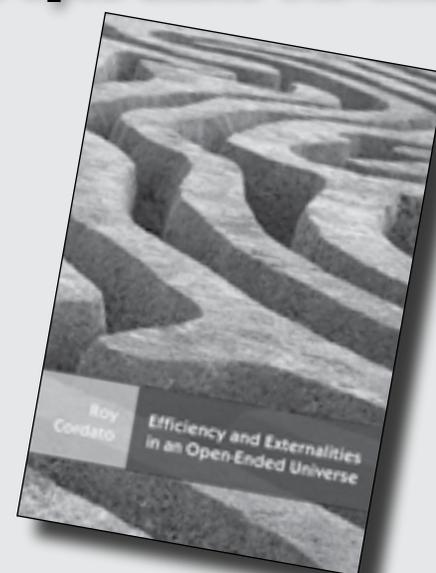
By Roy Cordato
Vice President for Research
John Locke Foundation

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

Israel Kirzner
Cato Journal

www.mises.org

Efficiency and Externalities in an Open-Ended Universe



North Carolina Advances to 'Sweet 16' Despite Cap on Charters

By JIM STEGALL
Contributor

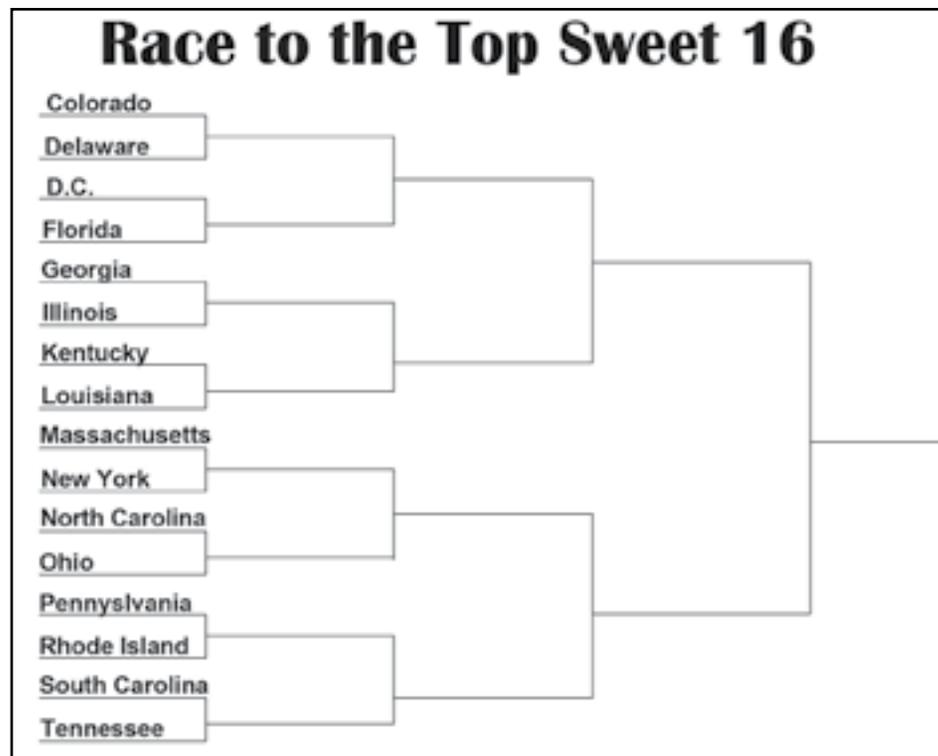
RALEIGH

Defying the predictions of experts, North Carolina remains in the running for up to \$400 million in federal grant money from the Obama administration's "Race to the Top" education reform program. Along with 14 other states and the District of Columbia, North Carolina was selected from among 41 applicants to advance to a final round in the high-stakes competition, the outcome of which should be known in April.

Race to the Top is the administration's signature education reform initiative. The plan is to use \$4 billion in federal stimulus funds over the next two years to reward states that adopt administration-backed reforms, such as linking student test scores with teacher evaluations, adopting national curriculum standards, and fostering high-quality charter schools.

In announcing the finalists on March 4, Secretary of Education Arne Duncan warned that fewer than half of the remaining applicants could expect to win any money. "We are setting a high bar, and we anticipate very few winners," he said. "But this isn't just about the money. It's about collaboration among all stakeholders, building a shared agenda, and challenging ourselves to improve the way our students learn."

North Carolina was seen as a dark-horse candidate to make it this far, but it was not the only state among the finalists to raise eyebrows. The Race to the Top scoring rubric published by the Department of Education seems to favor states that encourage the growth of high-quality charter schools. Even so, several states that have imposed re-



strictive caps on the number of charter schools made the cut, as did one state (Kentucky) with no charter school law at all.

Different rules for charters

North Carolina law caps the number of charter schools at 100, a limit that was reached years ago and has not been revised to allow for growth. The state Board of Education recently has adopted policies that some charter school advocates view as punitive, led by its February decision to close charter schools that fail to meet growth and performance targets in two of any three consecutive years.

Regular public schools that fail to meet the same requirements do not face a similar threat of closure; in fact,

those schools receive extra help from the state.

Duncan was asked about the apparent discrepancy regarding states with poor charter school laws in a March 4 conference call with national education reporters. "We said from day one that there were many, many factors," he said. "Charters were never going to be the determining factor."

Gov. Beverly Perdue may have had a hand in weakening the department's stand regarding charter schools before the Race to the Top competition officially began.

Before the department finalized its scoring rubric last fall, she wrote Duncan to protest "the emphasis placed on charter schools as the major tool of innovation."

The department's language on charter schools did not change after Perdue sent the letter, but the final rules for the competition allowed states to claim credit for having "innovative public schools other than charter schools." North Carolina's application touted the state's early college high schools and online "virtual schools" as examples of public schools that qualified as "innovative."

Nelson Smith, president and CEO of the Washington-based National Alliance for Public Charter Schools, lauded the inclusion of several pro-charter states among the finalists but expressed concern over the selection of North Carolina and three other states that maintain restrictive charter school caps, along with non-charter Kentucky.

"While certain states are stand-outs in education reform, especially with respect to their support for high-quality charter schools, others have been less willing to truly embrace systemic reform," said Smith. "We will continue to watch as this process unfolds and urge the Department of Education to ultimately select only those states committed to education reform that includes charter schools as a building block."

Education innovators?

Closer to home, North Carolina education consultant Steve Peha was as surprised as anyone to see that North Carolina had made the "Sweet 16" of Race to the Top finalists. "When you look at state reform, across the 50 states, North Carolina is not in the top tier. We still have some very, very serious issues that have not been attended to for a very long period of time," he said.

On March 16, Perdue led a delegation presenting North Carolina's case to Duncan and Race to the Top reviewers at the Department of Education's headquarters in Washington. The presentation was closed to the public, and none of those involved have commented publicly on it, but the Public School Forum, a Raleigh-based education think tank, published in its March 19 Friday Report a set of Power Point slides purportedly used by the North Carolina team.

The slides seem to indicate that

Perdue's team focused on the state's innovative use of technology and data to drive decision making, the high level of collaboration with all stakeholders in the system, and efforts to improve teacher and administrator effectiveness,

all factors which earned the state points on the department's scoring rubric.

It is not known whether department officials questioned the North Carolina delegation about the state's charter school laws or policies, but a videotape of the presentation is due to be posted on the department's Web site when winners of the grants are announced in early April.

The department says Duncan will have the last say on which of the 16 finalists will receive funding. The front-runners seem to be Florida, Massachusetts, Tennessee, and Louisiana, while Colorado and the District of Columbia are also strong contenders. New York and South Carolina would appear to have the weakest applications, with North Carolina and the rest all on the bubble.

CJ

Visit our Triad regional page

<http://triad.johnlocke.org>



The John Locke Foundation has five regional Web sites spanning the state from the mountains to the sea.

The Triad regional page includes news, policy reports and research of interest to people in the Greensboro, Winston-Salem, High Point area.

It also features the blog Piedmont Publius, featuring commentary on issues confronting Triad residents.

Novak: Decline of Faith Leading to Disintegration of Society

BY CJ STAFF

RALEIGH

We learn in school about the separation of church and state. We're told it's an idea the Founders embraced as they developed the early structures of American government. Philosopher, theologian, and author Michael Novak tells a different story. An American Enterprise Institute scholar in religion, philosophy, and public policy, Novak discussed the Founders' religious beliefs 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: Why speak on the topic "Presidents and Providence"?

Novak: For the last 100 years, most historians have not been very interested in religion. If you go back before that, ... everybody agreed about these matters. But they're almost forgotten. Today the ACLU and others put all their attention on the least religious of the Founders, especially Thomas Jefferson, who's really an outlier. But if you take the top 100 Founders, that is, those who signed the Declaration or the Constitution, and throw in Abigail Adams and Thomas Paine and other most important people, 100, 120, whatever, about that number, and ask what was their view of God and of religion, you will find that they cannot be characterized as deists. A deist means a God who maybe got the world moving, maybe the intelligence and maybe the energy, but he doesn't care anything for human beings or nations.

Kokai: So you're saying that the Founders could not have been deists based on the type of god they discussed in their speeches and writing?

Novak: This is a special kind of God. He pays attention to what happens in conscience and in spirit, not just what you do physically. It doesn't matter if you kneel down or bow your head. He looks into your heart. Now, there are not many world religions that do that. Hinduism? No. Buddhism? No. Muslims say they do, but I don't believe it. And they do it within certain restrictions. But it is the very meaning of a Jewish and Christian God, said from the very first words of scripture. Adam and Eve are given a test of their free will. ... Every chapter in the Bible is a story of human freedom. King David is faithful to his Lord in one chapter, unfaithful to him in another chapter. What's he going to do next? And that's the suspense of the Bible. There's no doubt reading the Bible that the axis of history in God's eyes is what humans do in their own heart and will. And nothing else matters so much. So it's the God of liberty.

"[I]f people don't have really good habits of taking responsibility for their actions, thinking about the consequences, taking responsibility for their own destiny, if they can't do that, how can they practice self-government?"

*Michael Novak
Scholar
American Enterprise Institute*



Kokai: Why did the Founders think religion was so important?

Novak: You cannot have a republic, a special form of government, without liberty. And you cannot have liberty without virtue. That is, if people don't have really good habits of taking responsibility for their actions, thinking about the consequences, taking responsibility for their own destiny, if they can't do that, how can they practice self-government?

Kokai: What about Thomas Jefferson's famous statement about the wall of separation between church and state? What should we make of that?

Novak: What was the largest church service in the United States during the Jefferson administration? It was held in the U.S. Capitol building, with Jefferson's permission and endorsement. In fact, he used government funds to pay for the Marine band to provide the music for the ceremony. Now, where was the ACLU when we needed them? Are they going to take Jefferson to court on this? My point is that we should be wary, as John Adams was wary, that when you begin a systematic attack on removing God from the moral lives of the people, there are some people it won't bother. You know, you can be good without God, but a lot of people can't. Or at least they don't. They won't. And so John Adams said we know from our own experience, look what has happened as the faith of our fathers has cooled. What do we see? We see rising public drunkenness, rising disrespect for the law, rising adultery, and other things. And that's the road to slavery.

You take a nation of people that cannot control its own appetites, you're asking for a nation that wants to be governed by a tyrant. And so, ... I don't want to make the argument that we need God, that he's necessary, because that makes God into a means of our purposes. The way Washington put it is that he begged his men in the army to comport themselves as Christian soldiers and to treat all the people with great respect — not to swear, not

to steal, not to seize things — because he said, "How can we ask the help of the Providence of God if we don't obey his law?" What kind of disconnect is that? We say "God bless America." Remember how we sang it on September 11? Well, how can we expect Him to bless us if we are in wide disregard, individual by individual?

That's the way that generation of the Founders argued it, and they had to because they're making war on Great Britain, an irrational thing to do, the greatest army in the world, the greatest navy in the world. We don't have an army. We don't have a navy. We didn't even have a munitions factory on this side of the ocean. So they ... [depended] on Divine Providence and the help of Divine Providence. ...

Kokai: What do we need to do if we want to emulate the Founders in their treatment of religion?

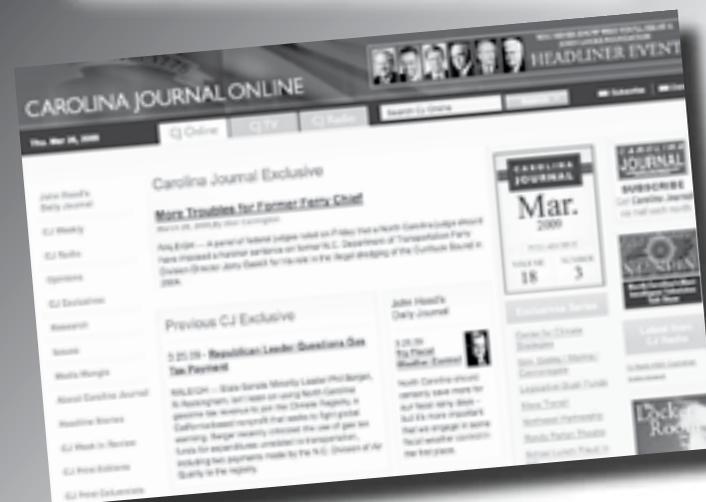
Novak: Well, it's a matter of citizen by citizen, individual by individual. The faith of Americans is free and in conscience. You can't force it. You can't mechanize it. You can't

mass market it or manufacture it. But on the other hand, if you bring public institutions into its support in the background, it makes it much easier. People have to swim against the tide. Look at Hollywood. How often have you seen a movie which shows a family with somebody with cancer or in an auto crash and shows them in prayer? And shows them asking other people to pray for them? And shows the people who come to church specifically to pray for them and so forth?

That's a reality of American life, but you don't ... if anybody around the world watches American television, they'll never believe we're a religious people. The audience who watched the Super Bowl was the largest in television history, about 100 million people, I think.

More people went to church that weekend than watched that game. And in fact during the year, more people go to church than watch all the high school games, all the college games, and all the pro games on television combined. So there's nothing the American people do more than pray — fulfill their public duty to God. CJ

Visit the new-look
Carolina Journal Online



With links to the new CJTV and CJ Radio Web sites

<http://carolinajournal.com>

State Colleges and Universities Push For Greater Independence

By DAVID KOON
Contributor

With North Carolina's tax revenues falling, it may be useful to look at a trend in higher education that started with the economic downturn of 2001-02. As state appropriations to public universities declined, some universities pushed for greater independence, especially freedom to raise tuition. This process — sometimes called "privatization" — may well resume.

The changes occurred against the backdrop of a long-term trend. Nationally, state support has become a smaller portion of the revenues of public universities, especially flagship colleges. In 1991, state and local appropriations represented 72 percent of public universities' total revenues; in 2008, that number had fallen to 64 percent.

That doesn't mean that actual appropriations are appreciably lower, even in real terms per full-time student. They fluctuate, but real appropriations in 2008 were similar to what they were in 1983. Rather, tuition, federal grants, and private gifts have increased disproportionately.

One dramatic change in the relationship between universities and the state occurred in Virginia. After a long legislative debate that ended in 2005, all of Virginia's public colleges gained freedoms such as the ability to purchase and dispose of property and issue bonds without state approval.

The biggest prize in the legislative battle was freedom to set tuition, within limits. Unlike many state appropriations, tuition is cash that comes without strings attached. A mere \$200 increase in tuition at a campus with 25,000 students brings in \$5 million that can be used for nearly any purpose.

The University of Virginia, Virginia Tech, the College of William and Mary, and Virginia Commonwealth University won the most autonomy. And they have another valuable freedom. They can bring in many out-of-state students, who pay higher tuition (\$31,870 at UVa, compared with \$9,870 for in-staters).

The value of these students is not just the money that they pay. By drawing students from the entire country, a university can create a more selective student body, increasing its national reputation. About 38 percent of the students at UVa are from out-of-state, with figures for other leading Virginia schools ranging from 29 to 37 percent.

In contrast, the North Carolina legislature caps the percentage of out-of-state students at 18 percent on each campus.

Another university affected by the 2001-02 recession was the University of Michigan at Ann Arbor. Over the past 50 years, state support dropped from 78 percent of the university's total revenue to 23 percent, and recent economic woes in the state led to significant declines in state appropriations. Today, the university receives \$327 million from the state — less than it received in 2002, in inflation-adjusted terms.

Even so, Michigan is considered one of the top public universities in the nation. One reason is that Michigan has no preset limits on the number of out-of-state students it accepts, and approximately 34 percent of its students come from outside the state.

Other schools, too, pushed for more control over their affairs after the 2001-02 recession. Several public universities in Florida, Texas, and North Dakota obtained freedom to set differential tuition.

Not all schools have had a favorable experience with tuition flexibility. In 2004, administrators at Miami University of Ohio decided to charge resident and nonresident students the same tuition. The idea was to raise in-state tuition, but then grant merit and need-based scholarships to in-state students — starting with a \$5,000 discount for all in-staters. The school would receive more tuition than previously from most in-state students, but would be able to bargain with students the school particularly wanted.

But the number of in-state applicants and students dropped. The school discarded the plan four years later.

On a smaller scale, some colleges in Maryland and Massachusetts have received sweeping freedoms. Maryland's St. Mary's College obtained that freedom in 1992, setting an example for the Massachusetts College of Art and Design, which won the ability to set tuition, enrollment goals, and admissions standards in 2004.

While privatization is not a model for every school, it can lead universities to shed heavy government restraints, reduce costs, and perhaps win more revenues. *CJ*

David J. Koon, formerly a research associate with the John W. Pope Center for Higher Education Policy, is now campaign director for a candidate for the North Carolina Senate.



COMMENTARY

Airy Rhetoric vs. Gritty Reality

On the evening of Feb. 26, I was one of four debaters on a PBS program at the National Press Club in Washington, D.C. The question was: Does the United States need more college graduates to remain a world economic power?

Former Secretary of Education Margaret Spellings and Dr. Michael Lomax, president of the United Negro College Fund, argued in favor of the proposition. Ohio University economics professor Richard Vedder and I argued against.

The debate was spirited. But it boiled down to a contest between the airy rhetoric of the affirmative side and the reality-based arguments of the negative.

In their opening statements, the affirmative debaters made such contentions as:

- College education is beneficial because it opens up opportunities for people and can break long chains of poverty.

- College education raises people's incomes substantially; graduates on average earn almost \$1 million more over their working careers than do nongraduates.

Vedder and I took issue with these and other claims, using facts to back up our points.

First, we showed that a college degree may not open up good opportunities for individuals, because degrees are now so common that having one is no distinction.

Second, we argued that since we already have a surplus of college graduates in the labor force, expanding higher education further only would divert resources from more beneficial uses.

Third, we showed that college may not enhance a student's human capital because academic standards (at many schools, at least) are so low that students can graduate without improving on the poor skills they had in high school.

Fourth, we demonstrated that the "college earnings premium" argument is fallacious because what's true on average is not necessarily true at the margin. Many college graduates today end up working as theater ushers or bartenders. They don't get paid more for having a college diploma on the wall.

Finally, we argued that putting

more and more people through college would exacerbate the problem of credential inflation, i.e., employers insisting that applicants have college credentials for jobs that don't require any academic training. Credential inflation already shuts people who don't have college degrees out from competing for jobs they could do.

And what did the affirmative say to rebut our arguments and shore up their case?

Nothing.

They repeated their statements and tried to shift the debate onto other grounds. But neither speaker attempted to refute our arguments.

Spellings maintained that the problem with American higher education is that (I'm paraphrasing, but this is very close): We are very good at educating wealthy white students, but not

very good at educating minority students.

That's tangential to the topic; if the economy needs more college graduates, why should their family backgrounds matter? Here's why I think that statement is untrue.

American colleges and universities are delighted to have minority students. They're usually specially recruited and often given favorable treatment by the administration and professors. Some minority students work hard, perform very well, and graduate with honors. So why is it that graduation rates for minority students tend to be low? Is it because schools haven't learned how to teach them? I don't think so. The explanation is that on the whole, those students enter college with far lower basic academic skills (which can seldom be overcome just with a remedial course or two) and less academic engagement.

Eventually, one point of agreement emerged, that our K-12 education system largely is ineffective, particularly for poorer families. Vedder and I say that we ought to try to fix K-12 first. Unless we can do that, trying to put more people through college will be costly and futile. *CJ*

George Leef is director of research at the John W. Pope Center for Higher Education Policy (popecenter.org).



GEORGE LEEF

Campus Briefs

Journalist and former George W. Bush speechwriter David Frum spoke about "A Modern Conservatism" at North Carolina State University on March 8, as part of the John W. Pope Lecture Series.

The series is hosted by N.C. State's College of Humanities and Social Sciences and College of Management to encourage dialogue on topics of political and economic interest. Andrew Taylor, professor of political science, co-administers the lecture series and selected Frum because he has "thought a lot about the future of the conservative movement, and this is an important topic in the aftermath of 2008." In addition, Frum is "clearly on the political science side" of the equation; the economics department chose last year's Pope lecturer — economist William Easterly.

A small group of NCSU students attempted to disrupt the event with a protest against the Pope Foundation, which sponsored the lecture. But the audience was unreceptive.

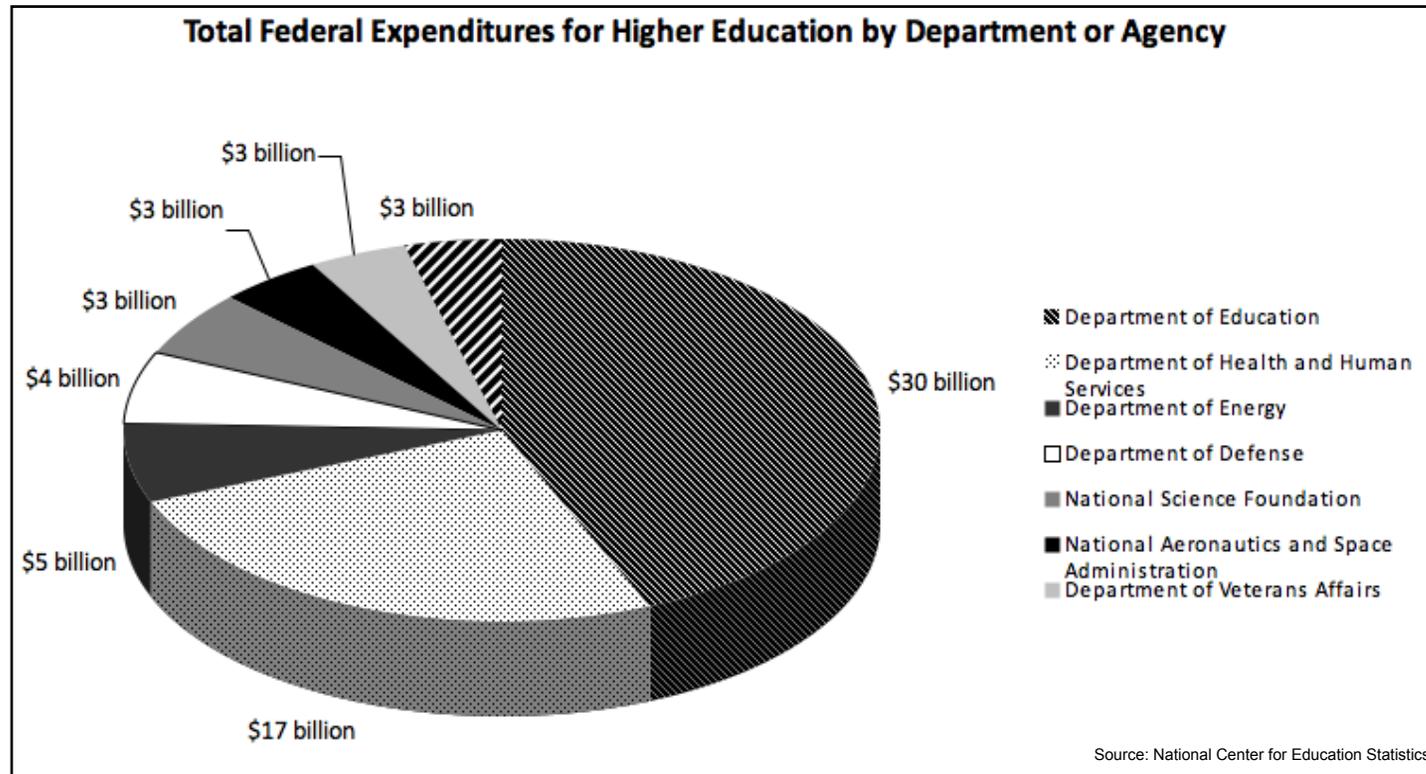
Not everyone among the more than 300 attendees was happy with Frum's pragmatic vision of conservatism. Frum labeled the Tea Party movement as merely a passing fad mostly made up of extremists, and advocated several policies that most conservatives and libertarians find distasteful.

These included taxes on unhealthy foods, a tax on carbon, and a pared-down version of health care reform. One audience member even questioned whether Frum's suggestions were "socialism-lite." A strong foreign policy seemed to be the only topic on which Frum echoed contemporary conservative doctrine.

Despite differences of opinion, Frum's speech was interesting and provocative — and addressed important questions about the future of conservatism in America. During his visit, he also spoke before the Society of Politics, Economics, and Law at N.C. State.

Frum is a resident fellow at the American Enterprise Institute and editor of FrumForum.com. A former economic speechwriter for President George W. Bush, he is the author of the first "insider" book about the Bush presidency, *The Right Man: An Inside Account of the Bush White House*. His editorial columns have appeared in a variety of Canadian and American magazines and newspapers. CJ

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



Feds Dominate University Research Funding

By JENNA ASHLEY ROBINSON
AND JOHN EICK
Contributors

The federal government spent more than \$69.7 billion on higher education in fiscal year 2007. To put this number into perspective, the total operating budget of NASA that year was a considerably more modest \$16.7 billion.

Nearly half the amount — \$32.2 billion — went to universities for research and development. As we shall see, some of this money goes to projects of questionable merit. Our investigation is part of a larger effort to provide transparency in higher education finances.

To be sure, federal spending is only a part of total government spending on higher education — state and local governments spent over \$85 billion on operating expenses alone in 2008. But the federal government's investments influence the direction of higher education at both public and private universities.

Research grants can distort incentives, say two North Carolina professors. Jack Sommer, Knight Distinguished Professor Emeritus at the University of North Carolina at Charlotte, points out in his article "Eye on the Prize: Self-Organization in Science" that government research grants to universities have "transformed their research missions" and created a "rigid hierarchy" of research institutions. They also have concentrated funding in specific fields of science and in specific states.

The "instrumental and utilitarian outlook" of bureaucrats and politicians has changed the choices of scientists about what they want to study, says Sommer. Perhaps the most obvious illustration of the federal government's picking "winners" and "losers" is the expansion of "green" research, especially in response to assumptions about global warming.

The U.S. Department of Energy gave the University of North Carolina at Chapel Hill \$17.5 million to develop next-generation solar photovoltaic technology, reflecting the nationwide green agenda that UNC-Chapel Hill has adopted enthusiastically. The grant is part of the Department of Energy's \$140 million project to create "Energy Frontier Research Centers."

"Federal funding agents are careful not to make awards that stray from existing research paths," writes Sommer. He points out that in some cases they want to see successful results even before making the grant. That is destructive of genuine research, in which the outcome isn't known when

the scientist starts out.

Furthermore, federal funds largely have crowded out other funding sources for research. Sommer says that in the mid-1930s, when the "entire research budget of all American universities totaled \$51 million," federal grants represented 10 percent of the total. In 2008, federal funds represented about 60 percent, out of a total of \$51.9 billion.

John Staddon, a Duke University professor of psychology, largely agrees with this diagnosis.

"The main problem with federal support," he says, "is that it is basically a monopoly ... hence, it both favors some areas over others and restricts variety even within those areas."

In a book review on the Pope Center site, Staddon pointed out that federal grant seeking conflicts with a university's primary mission: undergraduate education. In today's world, professors at major research universities must get one or more external grants. To do so, they must lighten their teaching loads. "Thus, the course load of tenured faculty in research universities is rarely more than two courses per semester — fewer if the researcher is able to 'buy out' of a course or two, which he had better do if he wants to compete with workers in medical centers who do nothing but research."

Here are a few recent projects that highlight questionable federal spending priorities:

- The National Science Foundation awarded N.C. State University a \$253,123 grant in 2009 to preserve an insect collection.

- Wake Forest University received a \$71,623 grant from the Department of Health and Human Services in 2009 to "study the effects of self-administering cocaine on the glutamate system on monkeys."

- UNC-Charlotte received a \$762,372 grant in 2009 from the National Science Foundation to create computer software that will record digitally the dance moves of performers.

- The National Institute of Drug Abuse gave a professor of psychology at Davidson College a grant of nearly \$1 million to study the effects of exercise on cocaine-addicted rats.

- In 2008, the Center for Sustainable Life Support for Space Exploration at N.C. State received \$376,000 to study biological processes necessary for space exploration. CJ

Jenna Ashley Robinson is campus outreach coordinator and John Eick is an intern with the John W. Pope Center for Higher Education Policy (popecenter.org).

Opinion

Myths of the Ivory Tower: The Things Academics Really Believe

Since I started working at the Pope Center three years ago, one thing increasingly has become apparent to me — academics think differently (for the most part) than most of us do.

They tend to live in a theoretical universe, while the rest of America deals with real things with real consequences. If the carpenter doesn't nail the boards down, the roof flies off. But if a professor's theory doesn't pass the smell test, then ... nothing. Nobody suffers, and nobody loses his or her job. So it's no surprise that the thinking in such an atmosphere occasionally spins off its axis.

As a critic of higher education, I frequently don't know whether to laugh or cry. And in that spirit, I offer a list — a little bit lighthearted, but deadly serious — of five of the biggest misconceptions held by academics that might not make it outside of the Ivory Tower.

1. There is no liberal bias in academia.

Lilliputians don't consider themselves short. Brobdingnagians don't see themselves as particularly large. And academics don't seem themselves as left-leaning. Yet surveys of voter registrations consistently show that college faculty members tend to reg-

ister as Democrats between 70 percent and 90 percent of the time. The real story is even worse: Republicans tend to be clustered in a few disciplines such as business or engineering, while entire departments at major universities register Democratic. At many schools, there are more committed communists than conservatives.

2. Everybody should go to college.

Academics give lots of reasons for this. The biggest reason, which they don't like to state publicly, is that it promotes employment for academics. But continued schooling is a waste of time for people who aren't inclined actually to study. Nationally, only 53 percent of entering freshmen graduate within six years, and many students leave with no degree and lots of debt. Many graduates end up working in fields in which a college degree is unnecessary.

And even if everyone were to get a doctorate, the employment picture would hardly change one bit — society will still need the same mix of waitresses, convenience store clerks, doctors, elementary school teachers, and so on.

3. Diversity makes everything better.

This is why universities try to

make sure students hear all sides of an argument so that they can conceive intelligent, well-informed opinions. ... OK, that's ridiculous. Academia often has little use for diversity of ideas.

The diversity that really matters to the academic establishment is based on characteristics of identity — race, ethnicity, and gender.

Pushing diversity as the ultimate goal has become so pervasive that considerations about quality often are pushed to the side. In fact, just the opposite might be true. When every policy, endeavor, or experience must be measured by demographic bean counters rather than the best practices or performances, this obsession with diversity detracts rather than enhances.

4. Academic freedom means anything goes.

Professors say the darndest things. Whether it is describing financial professionals who lost their lives in the 9-11 World Trade Center terrorist attack as "little Eichmanns" or calling for "a million Mogadishus" (where 19 U.S. servicemen lost their lives), if an idea is hateful, perverse, or irrational, some professor somewhere has probably spouted it. In many cases, professors are protected by the academy's self-enforced guidelines.

However, one can go too far. When students sign up for a class in

physics, they have every reason to expect that the course will be about ... attacking the capitalist "system"? One Canadian physics professor declared openly that it was more important to teach about the evils of capitalism than the course's scientific subject material, so he did. He even had a term for his behavior: "squatting."

Response to his distortion of academic freedom: dismissal.

5. Higher education drives the economy.

Michigan Gov. Jennifer Granholm once said, "our higher education system is the jet fuel that propels our economy." If that's the case, perhaps we should lay off the accelerator, slam on the brakes, and focus on the driver instead of the fuel, because Michigan's economy — with the unemployment rate hovering around 15 percent — has been going in the wrong direction during her term in office — fast.

Still, college administrators and researchers seeking more funding from state and federal governments continually claim higher education is the driving force for economic development. But the U.S. economy is much more complex than they suggest. It is driven not by any single factor but by the interplay among innovation, natural resources, government policies, growing economies of scale, human capital, and mankind's innate and incessant desire for more of everything. CJ

Jay Schalin is senior writer at the John W. Pope Center for Higher Education Policy (popecenter.org).



JAY SCHALIN



North Carolinians for Home Education

The MISSION of NCHHE is to:

- PROTECT the right to homeschool in North Carolina.
- PROMOTE homeschooling as an excellent educational choice.
- PROVIDE Support to homeschoolers with conferences, book fairs, and other resources.



The IDEALS of NCHHE are:

- Educational excellence.
- Parental authority and responsibility for education.
- Protection and promotion of the family.
- Diligence in moral and ethical instruction.
- Responsible citizenship.
- Freedom of choice among educational alternatives.
- Defense of Constitutional rights.

Over 9000 people will attend the annual conference and book fair in Winston-Salem May 26-28. For more information about NCHHE, you can call the office at 919-790-1100 or visit the website at www.nchhe.com

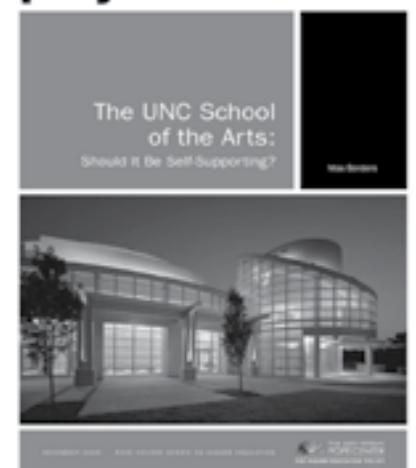
As of January 2005, there were over 60,000 homeschoolers registered in the state of North Carolina.

Should the UNC School of the Arts be supported by you, the taxpayer?

Read the newest Pope Center report, written by Max Borders and then decide.

To receive your free copy, call 919.828.1400 or email info@popecenter.org.

The John William POPE CENTER
FOR HIGHER EDUCATION POLICY



Visit the Pope Center online at popecenter.org for additional reports and studies

Eco-Farm Project Seeks \$15 Million in Taxpayer Funds

Continued from Page 1

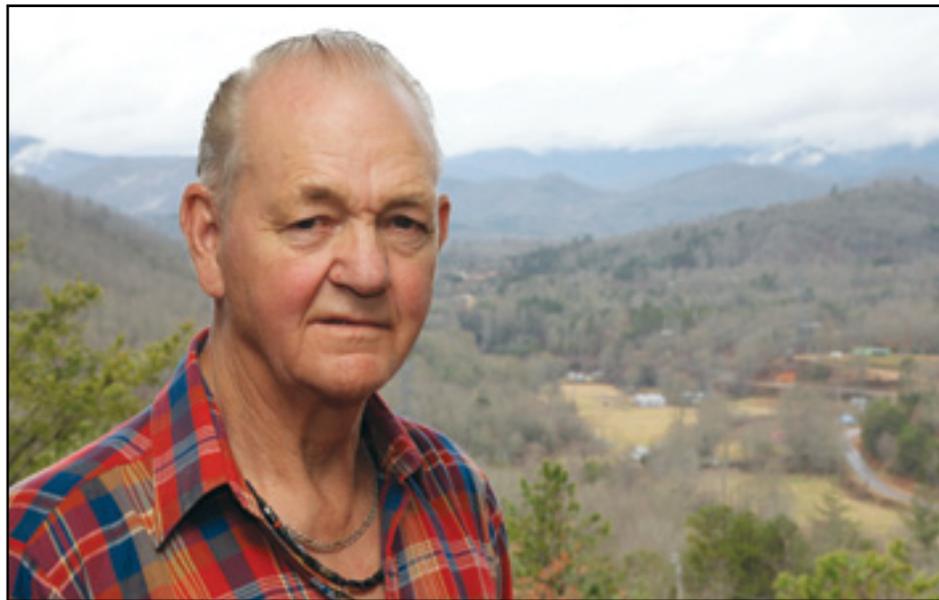
project.

Bradbury told *CJ* her project has support. "We have a lot of support from Capitol Hill. We have a lot of support coming from the community and from the representatives from the community. It is a slow, long, drawn-out process," she said. "The homes are targeted for low-income individuals. It is not low-income housing. The whole purpose of this project is to get people off the welfare system," she added.

She explained that individuals would have to pay for their homes, but that The Farme would provide residents with jobs at the site. "We are trying to build a community where people actually care about each other," she said.

"We have eliminated some of the everyday stresses people have — an electric bill, a water bill, day care expenses — things that seem to be burdening the average family," Bradbury said. The community is designed to be self-sustaining and not dependent on outside electric, sewer, or water utility companies.

Bradbury's Web site describes the project as a "unique community development plan designed to create a healthy psychological and physiological eco-friendly living environment through the promotion of organic eating and Green built LEEDs certified homes." LEEDS is an acronym for



Norman Beller, chairman of Cowee Community Concerned Citizens, said his group was concerned about the technical feasibility of many aspects of the project, especially the wind-energy portion. (CJ photo by Don Carrington)

the Leadership in Energy and Environmental Design rating system developed by the nonprofit U. S. Green Building Council.

Golden LEAF application

Bradbury's nonprofit does not own the site. On Feb. 17, Bradbury requested \$3.3 million from North Carolina's Golden LEAF Foundation to purchase the 34-acre site for \$2.6 million and to make other improvements with the remainder of the funds.

The project title used for that grant request was, "The psychologi-

cal and physiological effects of organic eating and healthy home living."

The N. C. General Assembly established Golden LEAF to handle tobacco settlement payments and make grants. Grants are considered public funds, and grant requests are considered public records.

In her Golden LEAF request, Bradbury stated that she also expected to receive \$300,000 from the U. S. Department of Agriculture; \$11,007,977 from the U. S. Department of Energy; and \$591,000 from the U. S. Department of Housing and Urban Development.

She also stated that her board of directors committed \$591,000 toward the project. According to those numbers, then, Bradley is asking for 96 percent of the project's budget to come from public funds.

The Energy Department's public affairs office was unable to provide *CJ* with confirmation of Bradbury's grant request.

Criminal record

Beller told *CJ* that Bradbury's criminal record also was a great concern to members of his group.

In 1997, Bradbury pleaded guilty in Grand Junction, Colo., to one count of theft, and was sentenced to eight years in prison. According to information contained in a Colorado Court of Appeals decision, Bradbury received

Continued as "Eco-Farm," Page 15

Proposed expenditures for The Farme at Matlock Creek

The *Macon County News* reported that "Farme developers have applied for a \$15 million grant through the U.S. Department of Agriculture." Bradbury told *CJ* a different story. She said she has applied for grants through several federal agencies and the Golden LEAF Foundation, and planned to seek other funds from the state of North Carolina. She declined to share any of those grant applications. *CJ* was able to obtain her Golden LEAF grant application. The planned line item expenses submitted to Golden LEAF on Feb. 17 are as follows:

| | |
|---------------------------------|---------------------|
| Real Estate Purchase | \$2,598,000 |
| Civil Engineers | \$325,000 |
| Farm/Bio-Diesel Equipment | \$225,000 |
| Misc. Organic Compost/Soil | \$3,000 |
| 2-Grain Silos | \$40,000 |
| Recycling Center | \$350,000 |
| Surveyors | \$75,000 |
| Building 23 Green Homes | \$5,060,000 |
| Renewable Energy Implementation | \$261,000 |
| "Green" Community Building | \$175,000 |
| Tennis Courts/Volleyball Court | \$80,000 |
| Greywater System | \$225,000 |
| Grading | \$475,000 |
| Landscaping | \$495,000 |
| Executive Salaries - 1st year | \$98,000 |
| Employee Salaries - 1st year | \$915,000 |
| Organic Studies | \$300,000 |
| Organic Bed/Breakfast Upgrades | \$375,000 |
| Employee Salaries years 2-5 | \$3,404,793 |
| TOTAL | \$15,479,977 |

—Don Carrington



The site development plan for The Farme at Matlock Creek subdivision.

Eco-Farm Project Seeks \$15 Million in Taxpayer Funds

Continued from Page 14

a lengthy sentence because she was on bond in connection with other felony charges at the time of her offense. After serving five years, she was released in 2002 and moved to Arizona. She told *Carolina Journal* that she had lived in Macon County for about three years.

During a phone interview conducted March 19, Bradbury was very positive about her project, but denied ever living in Colorado or having a criminal record. In a subsequent phone conversation that same day, Bradbury admitted that she had lied in the previous interview and had served time in prison for criminal activity that involved writing bad checks.

During a third phone interview, Bradbury said *CJ's* inquiries about her project had generated a lot of phone calls and indicated she was ending her efforts to develop The Farme. However, on March 22, at scheduled meetings for local public officials and citizens, she indicated she was continuing with the project.

The development team

Bradbury and Timothy D. Roberts incorporated Cowee Valley Green Builders in November 2008 as a for-profit organization. Reached by phone, Roberts declined to discuss the project. Voter registration records indicate that he was living in Macon County in 2003.

In February 2009, Bradbury and Roberts bought a home together near the Farme project. Their marital status is not clear. On March 19, Roberts told *CJ* he was not married. Then Bradbury told *CJ* they were married, and later



Developers' plans called for this trout stream on the property to be used to generate hydro power. (CJ photo by Don Carrington)

Bradbury's mother Roberta Bradbury of Arizona told *CJ* her daughter and Roberts were not married. Bradbury also has recently used the names Kelley L. Roberts or Kelley L. Bradbury-Roberts.

Bradbury and Morgan M. Block incorporated Cowee Valley Organic Farms Inc. in February 2009 as a North Carolina nonprofit organization organized for charitable, educational, and scientific purposes. Bradbury said she has submitted documents to the Internal Revenue Service for designation as a 501(c)(3) organization, but has not received an IRS designation letter. That designation allows contributions to be tax-deductible and formalizes the organization's nonprofit status. Bradbury said Morgan M. Block is her son and a student at the University of Arizona.

In September 2009, Bradbury filed papers substituting the name

Farme for Farms in the organization's name. She also added Roberts to the Board of Directors. In December 2009, she filed papers changing the principal office from her home to 363 Matlock Creek Road, the address of the 34-acre property she hopes to buy.

Premature reservations

According to a local real estate agent, Bradbury has been trying to buy the 34-acre site for more than a year. But Bradbury's Web site suggests that the nonprofit already owns it. "Cowee Valley Organic Farme, Inc., doing business as The Farme at Matlock Creek, is a North Carolina nonprofit corporation headquartered in Franklin, N.C. We are currently in the start up phase of building North Carolina's first all 'Green' Eco-Community — The Farme at Matlock Creek," the site states.

Bradbury also told *CJ* that she has taken reservations beginning in

June for visitors to stay at the bed-and-breakfast situated in the house on the Farme, even though she does not own the house.

The 34-acre tract contains a home, buildings, greenhouses, and other structures that supported an organic farm, operated by the current owner until she became ill a couple of years ago.

The property, owned by Suzann Mosling, is listed for sale by Harry Norman Realtors in Highlands. On March 19, listing agent Pat Allen told *CJ* the sale was pending and that Bradbury had shown her a copy of a \$3.4 million wire transfer that Bradbury had secured towards the project. Allen said that Bradbury told her the \$3.4 million was in escrow until other grants were received. She said that Bradbury has been trying to buy the property for about a year.

On March 22, Allen told *CJ* that she believed the \$3.4 million legitimately was set aside for the project, yet she did not know the source of the funds.

Bradbury previously had told *CJ* that she had not yet received any government grants. *CJ's* efforts to discuss the source of the \$3.4 million with her were unsuccessful. A man who answered the phone at her house on March 23 said he was the house sitter, that he didn't know where she was, and that he would not take a message.

On March 24, Allen told *CJ* that the property owner was terminating the contract with Bradbury and the property remained on the market. She said Bradbury is welcome to purchase the property for the \$2.7 million asking price. *CJ*

North Carolina Candidates Gearing Up for Battle in Swing Districts

Continued from Page 1

dling state finances, building schools, building roads, and managing our economy," said Democratic strategist Brad Crone.

Heat up Down East

Pundits are tracking two Senate seats in the southeast that could switch parties after a sex scandal and retirement opened the field.

Two Republicans have filed to replace 17-term Sen. R.C. Soles, a Tabor City Democrat who announced he wouldn't seek re-election. Soles pled guilty in February to a misdemeanor charge for shooting one of his former legal clients in the leg, and was accused of molestation by men who allege Soles took sexual advantage of them when they were teenagers.

The winner of the Republican primary will face David Redwine, a former Democratic powerbroker in the

House, in the general election.

In New Hanover County, Democratic Sen. Julia Boseman's retirement means that Republicans will have a chance to reclaim the seat once held by the party's 2004 gubernatorial candidate, Patrick Ballantine. Former UNC-Wilmington chancellor James Leutze has filed on the Democrats' side.

The Republican primary between two lawyers, Thom Goolsby and Michael Lee, turned ugly in March. In addition to exchanging fire on tort reform, both candidates claim the other donated money to Democrats in non-partisan races. Lee also released a Web video poking fun at Goolsby's claim that he's not a politician.

"It's been much more interesting to watch the Republicans than the Democrats in the primaries," said House Democratic Whip Deborah Ross of Wake County. "Most of them believe they'll be coronated in November, and

they've been beating each other up to get the chance."

Piedmont ruckus

Two Democratic lawmakers in central North Carolina — Sens. Bill Purcell of Scotland County and Tony Foriest of Alamance County — could be picked off if political trends continue against the ruling party going into November.

Purcell's Republican opponent, Jason Phibbs, already has fired a volley. At a town hall meeting in March, he accused Purcell of promoting homosexuality by voting for contraception-based sex education and an anti-bullying bill that gave special protections to gay students.

Purcell countered that the anti-bullying bill doesn't endorse homosexuality and that abstinence education wasn't working.

Moving to the Triad, Foriest's

district could be ripe for the plucking given its history of sending conservatives to the legislature. The African-American lawmaker barely won his seat in 2006, and had to outspend his opponent 2-to-1 to win re-election in 2008.

Rick Gunn, who lost to Foriest in 2008 by about 3,500 votes, is angling for a rematch this year.

In the Triangle, a bevy of Republicans have filed for a chance to take on what they perceive as weak Democrat incumbents. Four GOP candidates have filed to challenge three-term Rep. Grier Martin, whose district encompasses north-central Wake County.

In another Triangle-area race, one of three Republicans will challenge Rep. Chris Heagarty, former head of the N.C. Center for Voter Education. Heagarty was appointed in October to complete Ty Harrell's term.

Harrell resigned from the Gen-
Continued as "North," Page 18

Town and County

Triad water fight

A court case involving the Piedmont Triad Regional Water Authority and seven small hydroelectric plants has the potential to change significantly how North Carolina handles water rights, reports the Greensboro *News & Record*.

The water authority recently completed the Randleman Regional Reservoir, which will provide drinking water. The seven privately owned hydro plants, located downstream on the Deep River, claim that the reduced water flow reduces their ability to generate and sell electricity and are seeking compensation.

The water authority says it owes the power plant owners nothing. It claims that under the state's water impoundment law, covering bodies of waters created or stored by dams, it has the legal right to remove water from the reservoir.

"Compared to a lot of states, we haven't had that much conflict between competing water uses over the years," said Bill Holman, former secretary of the N.C. Department of Environment and Natural Resources. "I don't think our impoundment law has been challenged before."

Water price increase

Asheville water customers could be facing rate increases of as much as 9 percent this year. One reason for the proposed rate increase, oddly enough, is that there's too much water, reports the *Asheville Citizen-Times*.

The water system is projecting a 10 percent shortfall in its \$32 million budget for the upcoming fiscal year, and is hoping to close the gap by upping its prices. Water consumption dropped by 9 percent in the second half of 2009 because of voluntary water conservation and lots of rainfall. Even so, a water system must deal with significant fixed costs, including debt service and salaries.

"It's a double-edged sword that every water system in the country sees," noted Steve Shoaf, city water resources director.

The city's water system also lost revenues when it lost its biggest customer, the city of Hendersonville, and because of a drop in development.

Major water users are concerned.

"This is absolutely a big deal," said Grove Park Inn CEO Craig Madison. "We're still recovering from the hard-hit recession days, then out of the blue, we're hit with this." CJ

What Does Local Government Cost in N.C.?

By CJ STAFF

RALEIGH

The average North Carolinian surrendered almost 5 percent of his personal income to fund city and county government in the 2008 budget year. That's one of the key conclusions in the latest edition of *By The Numbers*, the John Locke Foundation's yearly look at tax and fee collections by local government in North Carolina.

"The typical resident of the median county in North Carolina paid \$1,330 in taxes and fees to county and municipal governments," said report author Michael Lowrey, a JLF policy analyst.

"The good news is that total is down from the inflation-adjusted figure of \$1,355 for the 2007 budget year. The bad news is that a price spike early in the 2008 calendar year bears some responsibility for the decrease. Next year's report is bound to show an increase in local tax burden as 2009 and 2008 figures are compared on an inflation-adjusted basis."

Nominal (noninflation adjusted) local government revenues were up by some \$600 million in FY 2008 as compared to the previous year. This increase gave almost entirely from increased property tax receipts; sales tax revenues were up by less than \$100 million, and other revenues actually decreased.

Calculating burdens

State law requires each county and municipality to file audited reports, which are available on the Web, with the state treasurer's office each year.

By The Numbers builds on that data and examines property taxes, sales taxes, and total local government collections of all taxes and fees for counties and municipalities for fiscal 2008 (July 1, 2007, to June 30, 2008), the most recent year data is available.

For each of the three categories, a revenue per-capita figure was computed. Countywide figures also were calculated as a percentage of per-capita personal income.

Counties are also ranked for both per-capita collections and collections as a percentage of personal income. Municipalities are sorted by population and ranked within four population ranges (less than 1,000 population; 1,000-4,999; 5,000-24,999; and 25,000 or more).

While *BTN* shows the cost of local government, it does not attempt to measure the quantity or quality of services provided in exchange for those dollars. Nor does the report consider the additional out-of-pocket costs individuals must pay for services that local government may not provide.

In unincorporated areas, for example, homeowners might have to contract privately for garbage pickup,

Combined City and County Tax Burdens for N.C. Municipalities with Populations of 25,000+

| City | Tot. Rev. Per Capita | 2008 Rank | Prop. Tax Per Capita | 2008 Rank | Sales Tax Per Capita | 2008 Rank |
|---------------|----------------------|-----------|----------------------|-----------|----------------------|-----------|
| Charlotte | \$2,587.27 | 1 | \$1,422.76 | 3 | \$522.47 | 1 |
| Moorestville | \$2,286.46 | 2 | \$1,486.95 | 2 | \$473.87 | 4 |
| Asheville | \$2,257.58 | 3 | \$1,246.90 | 6 | \$481.47 | 2 |
| Chapel Hill | \$2,252.58 | 4 | \$1,508.39 | 1 | \$357.53 | 21 |
| Wilmington | \$2,125.46 | 5 | \$1,176.29 | 10 | \$454.72 | 5 |
| Durham | \$2,030.80 | 6 | \$1,289.39 | 4 | \$394.17 | 10 |
| Cary | \$1,996.48 | 7 | \$1,132.62 | 12 | \$369.93 | 17 |
| Hickory | \$1,976.50 | 8 | \$1,108.02 | 14 | \$453.13 | 6 |
| Greensboro | \$1,971.36 | 9 | \$1,208.38 | 9 | \$357.88 | 20 |
| Raleigh | \$1,959.73 | 10 | \$1,105.28 | 15 | \$378.98 | 13 |
| High Point | \$1,958.06 | 11 | \$1,231.54 | 8 | \$352.09 | 24 |
| Huntersville | \$1,949.24 | 12 | \$1,272.61 | 5 | \$371.13 | 16 |
| Monroe | \$1,915.04 | 13 | \$1,123.20 | 13 | \$340.38 | 26 |
| Matthews | \$1,881.76 | 14 | \$1,246.76 | 7 | \$375.41 | 15 |
| Concord | \$1,870.85 | 15 | \$1,166.20 | 11 | \$403.82 | 8 |
| Winston-Salem | \$1,822.39 | 16 | \$1,089.61 | 17 | \$356.64 | 22 |
| Salisbury | \$1,794.71 | 17 | \$1,052.92 | 19 | \$336.16 | 29 |
| Apex | \$1,790.65 | 18 | \$1,101.65 | 16 | \$377.77 | 14 |
| Statesville | \$1,762.23 | 19 | \$1,025.36 | 20 | \$478.87 | 3 |
| New Bern | \$1,680.55 | 20 | \$883.06 | 24 | \$405.45 | 7 |
| Sanford | \$1,667.69 | 21 | \$1,073.41 | 18 | \$397.96 | 9 |
| Gastonia | \$1,630.21 | 22 | \$976.49 | 21 | \$333.40 | 30 |
| Wilson | \$1,629.77 | 23 | \$875.71 | 25 | \$339.98 | 27 |
| Burlington | \$1,596.16 | 24 | \$915.94 | 23 | \$381.29 | 12 |
| Greenville | \$1,581.31 | 25 | \$811.93 | 28 | \$383.07 | 11 |
| Rocky Mount | \$1,552.19 | 26 | \$787.09 | 30 | \$358.17 | 19 |
| Kannapolis | \$1,527.46 | 27 | \$918.49 | 22 | \$338.58 | 28 |
| Goldsboro | \$1,421.47 | 28 | \$777.19 | 31 | \$365.13 | 18 |
| Fayetteville | \$1,419.84 | 29 | \$791.16 | 29 | \$352.42 | 23 |
| Thomasville | \$1,385.07 | 30 | \$851.71 | 26 | \$350.00 | 25 |
| Indian Trail | \$1,235.96 | 31 | \$842.70 | 27 | \$236.14 | 32 |
| Jacksonville | \$1,092.66 | 32 | \$544.78 | 32 | \$316.72 | 31 |

Source: John Locke Foundation's *By The Numbers* report for FY2008

while those living in a town or city might receive this service, paid with municipal property and other taxes. Municipalities also might use some tax dollars to provide a higher quality of fire protection, which might translate into lower homeowners insurance rates.

"Importantly, this means that whether a jurisdiction is ranked high or low in cost of government is not the end of the debate over fiscal policy — it is merely the beginning," Lowrey said. "Citizens of North Carolina's cities and counties must decide whether the services they receive are worth the price they and their fellow taxpayers (residential and business) are paying in local taxes and fees."

Work on this year's report was complicated by a number of localities not filing audit reports with the state in a timely manner. Two counties — Graham and Hoke — and 29 municipalities are not covered by the report; the localities still had not submitted data to the state more than a year after it was due.

The cost of local government

Dare County residents paid the highest total in taxes and fees to local government (\$4,149 per capita). The counties of Mecklenburg (\$2,687), Brunswick (\$2,419), Currituck (\$2,398), and Durham (\$2,181) also rank in the top five in revenue collected per capita by county and municipal governments. The results for several of these counties reflect their popularity as vacation destinations. Second homes and resorts appear on local tax registers. Because many owners or renters do not live in these dwellings year-round, however, such localities typically have small permanent populations. High tax values divided by a small permanent population will produce a high

per-capita tax burden.

Residents in the counties of Yancey (\$770), Gates (\$822), Caswell (\$859), Greene (\$877), and Jones (\$882) paid the lowest average amounts in taxes and fees to local governments.

As per capita personal income varies widely across the state — from a high of \$45,483 per person in Mecklenburg County to a low of \$21,770 in Warren County — looking at tax burdens as a percentage of personal income produces somewhat different results. Dare County again leads the way with county and municipal revenue accounting for 11.69 percent of per-capita personal income.

Second through fifth were the counties of Brunswick (8.23 percent of per-capita personal income), Bladen (8.13 percent), Hyde (7.84 percent), and Currituck (7.41 percent). By comparison, taxes and fees collected by local governments accounted for 2.92 percent of per-capita personal income in Onslow County. Next lowest were Jones and Alexander counties at 3.05 percent and 3.12 percent of per-capita personal income, respectively. In 23 counties, total collections were at 4 percent of per-capita personal income or less.

Among the 33 municipalities with a population of 25,000 or greater (see table), Charlotte residents again paid the greatest in taxes and fees to support local government, with combined city and county revenue coming to \$2,587 per person. The next highest tax and fee burdens were in Asheville (\$2,258), Chapel Hill (\$2,253), and Wilmington (\$2,125). Results for Wake Forest could not be calculated, as it did not file its audit report with the state as required. It is not included in the table on this page.

The entire *By the Numbers* report is available on line at johnlocke.org/policy_reports/. CJ

Contamination Could Delay Yadkin Jail Project Further

BY SARAH OKESON
Contributor

YADKINVILLE

RBC Bank approved a \$7.3 million loan to Yadkin County for a new jail near land contaminated by leaking gas tanks, even after county officials questioned whether the environmental paperwork submitted for the loan was accurate.

Engineer Randy Darden, who filled out an environmental ques-

tionnaire required for the loan, didn't respond to a question asking whether there had been any known spills, leaks, or other releases on neighboring properties within 2,000 feet of the site. He also didn't respond to a question about whether any contamination plumes or flows were moving on the site.

Darden told *Carolina Journal* that he didn't answer those questions on the loan paperwork because he didn't know the answers.

"There was no answer to the question," Darden said. "It was sent in to RBC, and I figured if they had any additional questions they would call."

Chad Wagoner, the chairman of the county commissioners, said the nearby land shouldn't be a problem if the bank isn't concerned about it. "If the people lending us the money are satisfied with it, I don't see it as an issue," Wagoner said. "They have a legal team much deeper than we do as a county."

Some county officials say this is no big deal, because the county would pipe in water for the jail. But opponents of the project think additional environmental surveys may be needed to ensure that the site is not contaminated. And questions remain about RBC's oversight of the loan application and approval.

Darden filled out the questionnaire on April 23, 2009, almost three months after RBC actually had agreed to lend money to the county. The money is being held in escrow and has not been distributed to the county because construction hasn't started. RBC agreed to make the loan using the 10-acre site for the jail and the building (after completion) as collateral.

Stephen Williams, a hydrogeologist for the N.C. Department of Environment and Natural Resources, said the former gas station at U.S. Highway 421 and Bethel Church Road is still an active site.

The agency tentatively has classified the petroleum released by leaking gas tanks as high-risk because of a nearby water supply well. DENR has asked the former owners, Ronnie and Brenda Harris, to assess the site.

The land was bought by the Department of Transportation when it widened U.S. 421.

"The state of North Carolina was to take care of all that when we sold it to them," Brenda Harris said.

Yadkin County plans to pipe in water for the jail and wouldn't be relying on wells.

An environmental

site assessment that the county had performed in 2007 by S&ME Inc. in Greensboro also identified the nearby contamination and said that it could affect the jail site.

Yadkin County commissioners talked about how accurate the environmental paperwork was at a meeting on May 4, 2009, and voted unanimously to contact RBC and "express the desire" to provide additional documentation or resubmit another questionnaire.

"My belief is that there's a high likelihood of contamination on the jail site," said Kevin Austin, a commissioner who has opposed building the jail on the site the county has chosen. "It's irresponsible for us as county commissioners to know that and ignore that."

Then-County Manager Stan Kiser told commissioners at their May 18, 2009, meeting that he had contacted RBC and talked with Mary Nash Rusher and Jeremy Fisher.

"It was reported that the legal counsel of RBC does not want to get involved with the legal issues of the county," the minutes state. "RBC is satisfied with the environmental report, and the loan remains available."

Kiser and Fisher, a director of public and institutional banking for RBC, did not return phone calls. Rusher, the managing partner for the Raleigh office of Hunton & Williams, declined to comment.



Environmental questions about the loan application were unanswered. (CJ file photo)

COMMENTARY

Another Bizarre Durham Initiative

If you're looking for a source of odd public-policy ideas, go no further than Durham. The latest from the city and county that brought us the Duke lacrosse case, attempted to impose an obviously illegal impact fee for school construction, and let its yard-waste dump burn for a month, is a proposal to make rides on its bus system free.

One would think that even considering an increase in local government spending during a severe economic downturn that's causing large budget deficits would be a nonstarter. But this is, well, Durham, so there's a chance it will happen.

"While I know it's tough economic times, I think it needs to be on the table," the Durham *Herald-Sun* quoted Durham Mayor Bill Bell as saying during a recent city council budget retreat.

"We keep talking about the whole issue of poverty in this community, and the whole issue of jobs. I daresay a fare-free system will facilitate the ability of people without transportation to get to jobs."

The Durham Area Transit Authority takes in about \$2.8 million a year in fare revenue.

Some obvious problems: The model that Durham

is looking at is Chapel Hill, which made its bus service free a few years back. The two communities are not equivalent. Chapel Hill is a college town, with a permanent population of about 55,000 that grows by nearly 30,000 college students during the school year. Durham is the state's fifth-largest city, with a year-round population four times that of Chapel Hill, and a prestigious university with half of UNC-Chapel Hill's enrollment.

And it's not as if Durham's bus service isn't heavily subsidized. In 2008, fares covered only 16 percent of Durham Area Transit Authority's operating expenses. DATA already offers free rides to those under 12 and over 65; such

passengers account for 15 to 20 percent of ridership.

Bell's suggestion also shows confusion about the purpose of transit. Not everyone who currently rides the bus in Durham is poor. There's a real danger that the philosophy motivating Bell's remarks risks creating — enhancing, really — a public perception that bus systems exist merely to move poor people around.

Local government types want to use transit to get people out of their cars and rely on buses to get to work. Transit also is a key element of the Smart Growth agenda,

which aims to remake cities. In Durham, that means attracting so-called "choice riders," those who can afford to drive, to ride buses.

That's not going to happen, though, if people who can afford to drive believe, as the British art rock group Fatima Mansions put it some years back, that "Only Losers Take The Bus."

Unfortunately, that's what Bell essentially is saying, and

in a manner that's only slightly more subtle than Fatima Mansions put it.

To put it another way, if DATA is truly offering a valuable service, why would it give it away to everyone, even

to those who easily could afford to pay the current \$1 fare?

Bell talks about living in tough times, and the lack of jobs, while not recognizing that in the Great Recession, the now-unemployed include many people with considerable skills, people who have a mortgage, a car, and are now just trying to hold on. A free bus ride to work doesn't help if you don't have a job. In fact, it makes things worse, as your taxes and fees would rise to support a free bus system.

Only in Durham, the land of bizarre government. CJ

Michael Lowrey is an associate editor of *Carolina Journal*.



MICHAEL
LOWREY

Did Durham
Mayor Bill Bell
really mean that
only losers
take the bus?

How Low Will Mecklenburg's Commercial Property Values Go?

By MICHAEL LOWREY
Associate Editor

A recent sale of a large commercial property in Charlotte is highlighting concerns about the value of properties throughout Mecklenburg County. The issue has become more important as the county prepares for countywide property revaluations next year, reports *The Charlotte Observer*.

In March, IBM's former University City campus was resold. The \$42 million price for the 1.9 million-square-foot group of buildings was about one-third of the property's tax value.

County officials are aware that commercial property values are lower now than they were several years ago. The more interesting question is whether they are lower now than they were in 2003, when the county last revalued properties. Or put another way, is the sale of the former IBM property an isolated low sale, or does it represent a deep general decline in commercial property values in the county?

Commercial properties make up about a third of the county's property tax base.

"We don't know where they're going to end up relative to 2003, but they are definitely off from the peak in 2006," said Chuck Hicks, who's head-

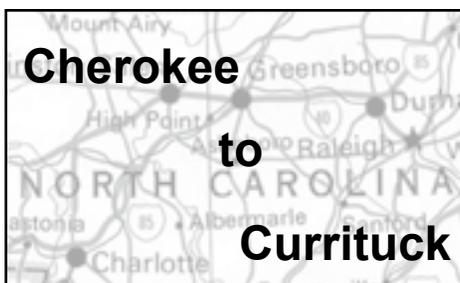
ing the county's revaluation team.

"It's been a downward trend ever since. If the trend continues, then things are looking rough for commercial real estate."

Guilford garbage collection

Guilford County continues to work on a plan to collect garbage in unincorporated portions of the county. County officials hope to have the details worked out by the end of the year, writes the *Greensboro News & Record*.

Currently, those living in unincorporated portions of the county must either contract for garbage collection privately or drive waste to the landfill themselves. County staff are concerned that some people are disposing of their garbage illegally, either by dumping it in woods and gullies or burning it. In response, the county would take over garbage collection, with residents paying for the service through additional taxes. The county plans to bid out the service, with a single low bidder to serve all unincorporated areas.



"There are a lot of gaps in service right now," said County Commissioner Kirk Perkins.

Not all county commissioners favor the county assuming responsibility for trash collection.

"It's government coming into people's lives where it doesn't belong," said Commissioner Billy Yow. "It also shuts smaller hauling businesses out if they can't service the whole county. Why put people out of those jobs?"

Yow would have the county health department deal with those dumping garbage illegally.

Some residents question the move toward county trash collection.

"There's no way anybody from the county or people they hire can do it better or cheaper for me than me just hauling it myself," said Jim Scott, who hauls his own garbage to the dump. "But they'll still charge me for it."

RDU newspaper rack ruling

A federal appeals court has upheld a lower court ruling requiring Raleigh-Durham International Airport to allow newspapers to place coin-op-

erated racks in the airport's terminals. The publishers of the *Raleigh News & Observer*, the *Durham Herald-Sun*, *The New York Times*, and *USA Today* originally sued the airport in 2004, contending that the airport's policy violated the First Amendment.

Newspapers currently are sold at RDU, though only at newsstands and gift shops. The newspapers sought to install racks to serve travelers who wanted a paper before or after the stores were open and to increase awareness of their products.

The airport refused to allow the racks, citing security concerns, aesthetic considerations, purported congestion racks would create, and the loss of airport revenues from newsstand and gift shop sales.

The appeals court found these concerns, while legitimate, did not outweigh the newspapers' right to have at least some racks at the airport.

"Because the government interests asserted to justify the ban do not counterbalance its significant restriction on protected expression, we affirm," wrote Judge Allyson Duncan for the 4th U.S. Circuit Court of Appeals.

The appeals court also let stand a lower court order requiring the airport to pay the newspapers' legal fees.

The airport is considering whether to appeal the decision further. *CJ*

North Carolina Candidates Gearing Up for Battle in Swing Districts

Continued from Page 15

eral Assembly in September shortly after the state Board of Elections opened an investigation into his campaign finance activities, including payments for luggage and children's clothes that Harrell wrote off as campaign expenditures.

Leadership shakeup

Regardless of whether Republicans score victories in November, the General Assembly's leadership will undergo significant changes. Long-time Senate Majority Leader Tony Rand, a Democrat, resigned Dec. 31, and Sen. David Hoyle, the Democratic co-chair of the powerful Senate Finance Committee, isn't seeking re-election.

Rand's seat is safe for Democrats, but experts predict that Hoyle's district will switch hands. Four Republicans have filed in the primary.

"The fact that you've got that many Republicans filing is an indicator of the expectations for the outcome," said N.C. State University political science professor Andrew Taylor. "The Republicans don't win the Senate without winning Hoyle's seat."

Republicans also hope to put a dent in Democrats' power structure in the legislature by defeating House Majority Leader Hugh Holliman, a Democrat from Davidson County.

Holliman narrowly won re-election in 2008, but he had to spend \$340,000, compared to the \$15,000 raised by his Republican opponent Rayne Brown.

Two Republicans, Fred McClure and Brown, have filed this year.

"Holliman barely hung on in a terrible year for Republicans [in 2008]," Davis said. "That shows how vulnerable he is, especially in a good year for Republicans."

Western showdown

Spring is alive in the Carolina mountains, but it hasn't brightened the prospects of three potentially vulnerable Democratic incumbents — Steve Goss of Watauga County, Joe Sam Queen of Haywood County, and John Snow of Cherokee County.

Goss, an ordained Baptist minister, will have to fight to keep the seat he barely held onto in 2006 and 2008. Registered Republicans outnumber Democrats by 11 percentage points in the district.

Three Republicans are vying to take the seat Queen narrowly won in the last two elections. Even though Queen outspent his opponent 4-to-1 in 2006, he won with only 51 percent of the vote that year and 54 percent in 2008. The district's demographics heavily favor the GOP.

In the southwestern corner of the state, Republicans Jimmy Goodman and Jim Davis are undaunted by Snow's six-year reign. Even though the district has more voters registered Democrat (39 percent) than Republican (36 percent), Snow has had to spend three or four times as much as his opponents in the last three elections to win. *CJ*

Sen. David Hoyle's seat seen as key for GOP Senate takeover

RACES TO WATCH (Democrats Listed first)

SENATE

Senate-8: David Redwine vs. Bill Rabon or Bettie Fennell
Senate-9: Jim Leutze vs. Michael Lee or Thom Goolsby
Senate-10: Gordon Vermillion or Dewey Hudson vs. Brent Jackson or Chris Humphrey
Senate-24 *: Tony Foriest vs. Rick Gunn
Senate-25: William Purcell vs. Jason Phibbs
Senate-43: Annette Carter vs. Will Neumann, Kathy Harrington, Ken Bowen, or James England
Senate-45: Steve Goss vs. Daniel Soucek or Jeffrey Elmore
Senate-47: Joe Sam Queen vs. Ralph Hise, Tamera Frank, or Andy Webb
Senate-50: John Snow vs. Jimmy Goodman or Jim Davis

HOUSE

House-1: Bill Owens vs. John Woodard
House-3 *: Alice Underhill vs. Norman Wesley Sanderson
House-4: Mott Blair vs. Jimmy Dixon
House-6: Arthur Williams vs. Bill Cook
House-9: Marian McLawhorn or Gordan Hart vs. Stan Larson
House-10: Van Braxton vs. Stephen LaRoque
House-22: William Brisson or Robert Jacobs Brooks vs. John Szoka
House-25: Randy Stewart vs. Jeff Collins
House-34: Grier Martin vs. J.H. Ross, Brian Tinga, Steve Henion, or Jamie Earp
House-41: Chris Heagarty vs. Tom Murry, Todd Batchelor, or David Sloane
House-49: Lucy Allen vs. Glen Bradley
House-51: Jimmy Love vs. Mike Stone
House-77: Lorene Coates vs. Harry Warren or Lauren Raper
House-81: Hugh Holliman vs. Fred McClure or Rayne Brown
House-88: David Munday vs. Mark Hollo
House-93: Cullie Tarleton vs. Jonathan Jordan
House-112: Jim Proctor vs. Alan Toney, Jim Wayne Newton, Mike Hager, or Dennis Davis
House-116: Jane Whilden vs. Timothy Moffitt
House-118: Ray Rapp vs. Sam Edwards
House-119: R. Phillip Haire or Bruce Friedman vs. Dodie Allen

* Races with a Libertarian on the ballot, Barry Coe in Senate 24 and Herb Sobel in House 3.

Lawsuits Await Cities, Counties Funding Employee Abortions

By DAVID N. BASS
Associate Editor

RALEIGH
Republican state House Leader Paul "Skip" Stam has a message for local governments that plan to keep funding elective abortions with taxpayer dollars: a lawsuit is coming.

Stam made the pledge minutes after the Wake County Board of Commissioners voted March 15 along party lines to restore the county's policy of covering medically unnecessary abortions in health care plans. Democrats on the board managed to reinstate the coverage after Commissioner Harold Webb, at home recovering from a stroke, phoned in his vote.

"There will be [a lawsuit], but in which county it will be and what month is a tactical question for whoever the lawyer and plaintiffs will be," Stam said.

The Wake County Republican also had strong words for the four Democrats who voted to re-fund the procedure. "They've taken themselves down a path to a very minority status at the request of a Planned Parenthood lawyer," he said.

CIGNA HealthCare provides Wake's health insurance plan, which also covers contraception and vasectomies. The 3-3 tie vote by the commission Feb. 15 lets stand a decision by county staff to pay for abortions only for medically necessary reasons, such as to save the mother's life.

Stan Norwalk, a Democrat, took exception to that vote and offered a resolution March 15 restoring the funding. *Carolina Journal* learned that Wake Democratic Party Chairman Jack Nichols wrote the resolution for Norwalk. Nichols also is the top lawyer for Planned Parenthood Health Systems



Tony Gurley, Republican chairman of the Wake County commissioners, first raised the abortion issue before county staff eliminated the benefits administratively. (CJ photo by David N. Bass)

in Raleigh.

Wake taxpayers have footed the bill for about a dozen abortions since 1999, according to county staff.

The policy isn't confined to Wake.

The state's most populous urban centers — including the Triangle, Triad, and Charlotte-Mecklenburg area — cover elective abortions into the second trimester. A number of local governments, including the Town of Apex and Cumberland County, subsequently have scuttled the coverage amid concerns that it violates a state Supreme Court ruling from 1981.

That decision, *Stam v. State of North Carolina*, found that the General Assembly never gave counties the au-

thority to use local tax dollars to pay for the procedure for indigent women. The American Civil Liberties Union and UNC-Chapel Hill School of Government have released separate legal

briefs arguing the ruling doesn't prohibit the coverage for health insurance purposes.

But Stam, who litigated the case three decades ago, said it gives "persuasive" evidence that abortion funding

in health care plans is outlawed. He added that commissioners who voted in favor of the funding don't "understand the history of this case."

Stam has taken aim at abortion coverage for teachers and state government employees, too. He offered a bud-

get amendment last year that would have banned abortion coverage except when the mother's life is endangered or in cases of rape or incest. But House Speaker Joe Hackney, D-Orange, ruled it out of order.

The amendment mirrored a federal version, sponsored by former Republican U.S. Sen. Mike DeWine of Ohio, barring federal employee health plans from paying for abortions. Since 1976, the Hyde Amendment has prohibited abortion coverage through Medicaid, though the health reform law recently signed by President Obama appears to have overturned that prohibition.

During a public comment period March 15, commissioners got an earful from both sides in the debate.

"I speak with women on a weekly basis as a result of their abortion. I can firmly say without a doubt that abortion hurts women, abortion hurts men," said Tonya Nelson, who runs a pro-life pregnancy center in Fuquay-Varina.

Melissa Reed, vice president of Planned Parenthood Health Systems, said that abortion coverage is standard in health insurance policies. "The decision to have an abortion is a difficult one, but I hope you can agree that it is a decision best left up to a woman, her doctor, her family, and her faith provider, and not the Wake County commissioners," she said.

Other speakers took aim at commissioners by name. Raleigh resident Art Wilson called comments Norwalk made to *CJ* about abortions saving taxpayer funds since they are cheaper than bringing a pregnancy to term "contemptible."

"You should be ashamed," Wilson said. *CJ*

Planned Parenthood attorney wrote resolution to restore abortion funding

Help us keep our presses rolling



Publishing a newspaper is an expensive proposition. Just ask the many daily newspapers that are having trouble making ends meet these days.

It takes a large team of editors, reporters, photographers and copy editors to bring you the aggressive investigative reporting you have become accustomed to seeing in *Carolina Journal* each month.

Putting their work on newsprint and then delivering it to more than 100,000 readers each month puts a sizeable dent in the John Locke Foundation's budget.

That's why we're asking you to help defray those costs with a donation. Just send a check to: Carolina Journal Fund, John Locke Foundation, 200 W. Morgan St., Suite 200, Raleigh, NC 27601.

We thank you for your support.

John Locke Foundation | 200 W. Morgan St., Raleigh, NC 27601 | 919-828-3876

Visit our Western regional page

<http://western.johnlocke.org>



The John Locke Foundation has five regional Web sites spanning the state from the mountains to the sea.

The Western regional page includes news, policy reports and research of interest to people in the N.C. mountains.

It also features the blog *The Wild West*, featuring commentary on issues confronting Western N.C. residents.

The John Locke Foundation | 200 W. Morgan St., Raleigh, NC 27601 | 919-828-3876

From the Liberty Library

• A profound malaise haunts Europe. On the one hand, everyone is aware that the continent no longer is in the forefront of anything, that it daily loses ground to other regions of the world, in economic growth, scientific research, influence, and power. Its population does not even reproduce itself.

On the other, it is seized with immobility, largely because those who now are comfortably well-off fear to lose their advantages and privileges.

In *The New Vichy Syndrome*, Theodore Dalrymple traces the malaise back to the two great conflicts of the last century, with their disastrous though understandable effects on self-confidence.

As a result of the recent past, Europeans no longer believe in anything other than personal economic security, an increased standard of living, shorter working hours, and long vacations in exotic locations. More at www.encounterbooks.com.

• Have you hoisted a sign at a tea party protest? Asked your congressman a tough question at a town hall meeting? Liked what you heard on talk radio? If so, then welcome to the Angry Mob.

In *That's No Angry Mob, That's My Mom*, talk radio host Michael Graham delivers an uproarious, full-throated defense of millions of typical Americans like his mom — ordinary people who worry that President Obama's statist policies are jeopardizing America's future. Learn more www.regnery.com.

• Throughout the 1980s and 1990s, conservatism possessed a vibrancy that resulted from spirited intellectual inquiry and open debate. However, in the years leading up to the 2008 elections, this energy seemed to fade. It was as if the conservative movement became less concerned with ideas and more concerned with the preservation of political power. The result, ironically, was a loss of power.

Patrick Garry in *Conservatism Redefined* examines how conservatives dug themselves into this hole, and how they can climb out. Unlike many conservative pundits, Garry does not propose a simple "rediscover our roots" credo. Instead, the book re-examines and renews conservative ideology, explaining how the classical ideals of conservatism can be used in new ways to address the concerns of citizens across the spectrum. More at www.regnery.com. CJ

Book Review

Two Offerings Chronicle John Edwards' Implosion

• John Heilemann and Mark Halperin, *Game Change: Obama and the Clintons, McCain and Palin, and the Race of a Lifetime*, New York: Harper, 2010, 448 pages, \$27.99.

• Andrew Young, *The Politician: An Insider's Account of John Edwards' Pursuit of the Presidency and the Scandal That Brought Him Down*, New York: Thomas Dunne Books, 2010, 320 pages, \$24.99.

BY DAVID N. BASS
Associate Editor

There I sat in Edenton Street United Methodist Church, one of downtown Raleigh's oldest houses of worship, on a beautiful Sunday morning in early July. Little did I know who was about to slip into a nearby pew.

The year was 2004, and presidential politics dominated the headlines. Five days earlier, John Kerry had tapped a first-term senator from North Carolina as his running mate, calling John Edwards "a man who understands and defends the values of America." Oh, and he has good hair, too.

I soon witnessed that perfectly coiffed mane in person. Edwards came in half-an-hour late, his wife, Elizabeth, and oldest daughter, Cate, in tow. And, of course, a hefty contingent of Secret Service personnel.

Edwards was poised, relaxed, confident. His family looked ideal. He was ready to become the next vice president of the United States. Who could have guessed the personal and professional death spiral that would follow after *The National Enquirer* exposed Edwards' smarmy affair with Rielle Hunter, a middle-aged campaign videographer with a penchant for bizarre mysticism?

The culmination of Edwards' slow-motion train wreck, at least so far, came in the beginning months of 2010. In January, journalists John Heilemann and Mark Halperin published a 448-page account of the 2008 election, *Game Change*, that portrayed John as an egomaniac and Elizabeth a psycho chick. One month later, Edwards' former top aide, Andrew Young, published his own exposé, *The Politician*. Any remaining scraps of Edwards' decency went out the window.

Readers fascinated by the inner workings of campaigns and politicians' cultic appeal will find the tomes a lively read. Their reliability is another question: *Game Change* uses anonymous sources, and a self-admitted impostor penned *The Politician*. Take them with a grain of salt, but still take them. They offer valuable insights into the anatomy of political scandal.

The salacious details aside, the most sickening part is how close Edwards, a moral deviant in the truest sense of the word, came to the vice presidency. That conclusion isn't based on his sexual sins alone, as vile as they are, but on his hypocrisy. He claimed to be a champion of the poor but lived a life of luxury and treated others with disdain.

During the 2004 primary, Edwards would call Young at night and complain about rubbing elbows with the common folk. "He especially hated making appearances at state fairs, where 'fat rednecks try to shove food down my face. I know I'm the people's senator, but do I have to hang out with them?'" Young writes.

So much for Edwards' signature spiel about the two Americas. Elsewhere, Young depicts his boss as a shallow, petty, and dishonest man. Edwards borrowed Young's new Chevy Suburban and put a dent in the bumper the size of a dinner plate. "The senator never said a word to me about it," Young writes. At another point, Edwards whined about not having a sport coat at a campaign rally to "make a show of peeling it off in front of the crowd."

Elizabeth also had uppity instincts, which often spilled into rage and cruelty. As Heilemann and Halperin describe in *Game Change*, a wide disparity existed between her public image and the private reality. "What the world saw in Elizabeth: a valiant, determined, heroic everywoman. What the Edwards insiders saw: an abusive, intrusive, paranoid, condescending crazywoman."

That rage only increased after learning of her husband's affair. Even then, Edwards maintained a shocking degree of egoism. He told Hunter to get an abortion. She didn't. Then he convinced Young to claim paternity of the baby girl, whom Hunter thought was the re-incarnated spirit of a Buddhist monk.

It was a last ditch effort to save his presidential ambitions, or at least earn him a spot in Barack Obama's administration. It flubbed in short order as Edwards first admitted the affair and then, two weeks before Young's book came out, paternity.

No one in *The Politician* comes off clean, least of all Young. Edwards might be a two-timing slime ball, but his former aide is equally culpable. Young lied and put his family through the

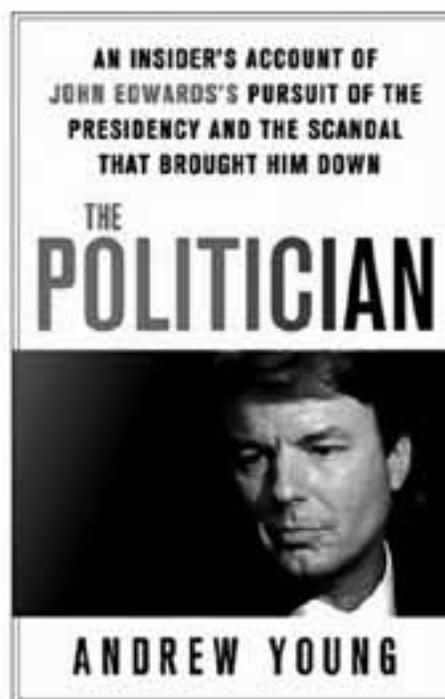
ringer, all for money. Then, when the cash dried up, he went to a publisher and laid out the scandal in print — hardly the actions of a white knight. There's no moral compass, only greed and political expediency.

That's the enduring lesson of the Edwards saga. When Machiavellianism dominates, everyone becomes a buck passer. Young felt justified in falsely claiming paternity because Edwards was destined to save the country. Billionaire heiress Bunny "Money" Mellon felt justified bankrolling Edwards' affair because he was the reincarnation of Robert Kennedy. Edwards felt justified cheating on his cancer-stricken wife because every powerful man is entitled to a little fun.

The law of sowing and reaping eventually caught up with him. When Edwards walked into that church in 2004, he was at the peak of his political game.

Six years later, he's a political pariah, faces potential jail time if charged with and convicted of funneling campaign donations to his mistress, and has ruined his family. He has no one but himself to blame.

Pity the nation that elects such men to office. CJ



History Is More Than Just the Recorded Past and Old Documents

History is much more than the accumulation of facts. Facts indeed are necessary, but the historian makes something of the facts and offers an interpretation of the past. History is more than applying scientific theories on human behavior and claiming, for instance, that class interest primarily influenced all human behavior throughout time (scientific determinism).

Important historical questions always are complex, and scientific determinism reduces the human experience to something that is, well, not human. History is more than offering an opinion. Historians must do research and provide evidence for their interpretations.

The study of history is important because it helps people develop what historians label a "historical consciousness." It helps form an identity, and if studied properly, history draws us out of ourselves and forces us to

consider the experiences of all historical characters, groups, and nations. History also helps us understand people and societies and the effect of change in both.

We know what history is not. We know why history is important. But what is it?

Historian John Lukacs writes that no definition will do completely. He offers the following "good description": "History is the memory of mankind."

He contends that history is more than the recorded past: It is the remembered past, and it is what is not recorded or remembered. It always is growing and will be larger by the time you finish reading this commentary. Think about this. History is much like a human life. Each individual has a personal history. Some of it is recorded in legal documents, diaries, and letters.

A lot of it is remembered. (You have childhood memories.) And much

of one's life may not be recorded or even remembered (but it's still part of history).

With each day, a personal history becomes bigger and relies heavily on memory. Documents, for example, tell us facts, but they trigger memories that make for a more complete history. Imagine if you forgot everything, Lukacs ponders. Yes, you could walk. Yes, you could talk. Yes, you could sleep.

But, would you walk through a window instead of a door? Would you talk to a tree instead of a person? Would you know where and when to sleep?

As I wrote last month, philosopher Soren Kierkegaard argues that the past truly is the only thing we know. The present only is a second when past and future meet, and the future is unknowable. (Faith can inform our opinions about the future, but we don't know. The past helps us predict the future, but again, our predictions are based on the only thing

we know: history.) Even in science fiction novels, authors use the past tense when describing the future.

When Lukacs writes that history is the "memory of mankind," he means that in more than a general sense. He includes individuals' histories, for the latter comprise the former.

A letter you write to a family member is as important to the history of mankind as a memo issued by the president.

Both are a part of something bigger. By reading a letter from an ordinary person in the late 1800s, one can, for instance, understand a little regarding, among many things, the concerns and fashions of that day.

I remember the stories that my grandmother told me about life in the cotton mills during the early 1900s. I did some research to learn more. Many documents confirmed my grandmother's stories, but I realized, as Lukacs writes, that history is more than documents.

Simply put, all lives are historic and, as Lukacs writes, "components of history of their times." CJ

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



TROY KICKLER

Both the remembered and the unremembered make up our history

Stay in the know with the JLF blogs

Visit our family of weblogs for immediate analysis and commentary on issues great and small



The Locker Room is the blog on the main JLF Web site. All JLF employees and many friends of the foundation post on this site every day: <http://www.johnlocke.org/lockerroom/>



The Meek Deck is the JLF's blog in Charlotte. Jeff Taylor blogs on this site and has made it a must-read for anyone interested in issues in the Queen City: <http://charlotte.johnlocke.org/blog/>



Squall Lines is the JLF's blog in Wilmington. A group of JLF staffers and coastal friends keep folks on the coast updated on issues facing that region of the state: <http://wilmington.johnlocke.org/blog/>



Piedmont Publius is the JLF's blog in the Triad. Greensboro blogger and writer Sam A. Hieb mans the controls to keeps citizens updated on issues in the Triad: <http://triad.johnlocke.org/blog/>



The Wild West is the JLF's blog in Western North Carolina. Asheville's Leslee Kulba blogs in this site, designed to keep track of issues in the mountains of N.C.: <http://western.johnlocke.org/blog/>

YOUR HOME ON THE WEB FOR NORTH CAROLINA PUBLIC POLICY

Creating your own personal **Key Account** at www.JohnLocke.org is a great starting place for tracking the critical public policy issues facing North Carolina.

Each day, your **Key Account** searches a comprehensive database of JLF reports, briefing papers, news articles, press releases, and events notices to display timely information about the issues of your choice. It's an excellent tool for those drafting legislation, researching policy issues, preparing news stories, planning political or lobbying campaigns, or seeking information with which to be an informed voter and citizen.

Visit www.JohnLocke.org and create your personalized **Key Account** today!



Short Takes on Culture

Mark Sanford Didn't Stay True

• *Staying True*
By Jenny Sanford
Ballantine Books

Jenny Sanford's book, *Staying True*, is about more than her husband and how he made the phrase "hiking on the Appalachian trail" into a national joke. It is also about how she fell in love with a man who helped save the family farm after his father's death and her hopes for their life together.

Mark Sanford, the now disgraced governor of South Carolina, turned his restlessness into a political career. He won a congressional seat after Jenny served as his campaign manager. She did most of the parenting. He had his aides call her when he was going to be home late instead of calling her himself. When she got her tubes tied shortly after the birth of their fourth son, he was in Washington.

"My independence gave Mark tacit permission to leave that day, and, I can't help wondering, later as well," Jenny Sanford writes.

Her husband cheated on her and then begged for her permission to see his mistress. When the affair became public, Sanford moped after his Argentine fling on national television.

The Sanfords tried to reconcile, but in the end Jenny had had enough.

"He was not concerned about my feelings," she writes. "I had become an abstraction to him, an obstacle, and whether I forgave him or not was irrelevant to what he would do next."

— SARAH OKESON

• *Intellectuals and Society*
By Thomas Sowell
Basic Books

If you're a regular reader of Thomas Sowell's work, it can't surprise you that he takes a dim view of the role "public intellectuals" play in society.

Sowell's recent book, *Intellectuals and Society*, spells out some of the ways in which intellectuals and their "vision of the anointed" have harmed the country over the years.

"The intelligentsia have changed the high achievements and rewards of some members of society from an inspiration to others into a source of resentment and grievance for others," Sowell writes.

"The intelligentsia have largely ignored or downplayed the things in which Americans lead the world — including philanthropy, technol-

ogy, and the creation of life-saving medicines — and treated the errors, flaws, and shortcomings that Americans share with human beings around the world as special defects of 'our society.'"

Sowell also tackles the implications of the elitist intelligentsia in education. "In the schools and colleges, the intelligentsia have changed the role of education from equipping students with the knowledge and intellectual skills to weigh issues and make up their own minds into a process of indoctrination with the conclusions already reached by the anointed," he writes.

Sowell doesn't attribute this negative influence to evil intentions or stupidity. He says intellectuals simply respond to incentives.

— MITCH KOKAI

• "Crazy Heart"
Directed by Scott Cooper
Fox Searchlight Pictures

"Crazy Heart" is easily the best movie in the last year. Jeff Bridges does an absolutely astounding job as its main character "Bad Blake," but it's the depth of the movie's message that really speaks to the American people and the problem with our government.

Bad lived a bad life. He's an alcoholic. He married and divorced more times than the viewer can count. He hasn't seen his son in nearly 20 years. Yet he holds hope for the future. He meets a woman presumably half his age and falls in love.

Like any story about an alcoholic or addict, eventually he has to face the consequences of his addiction. Bad does. That's the moment that has meaning in today's political world.

American politicians are addicted to spending. Look at our president. He can't do anything without promising someone cash. There are grants for education, grants for labor, handouts to banks, car companies, and a treasure chest in his Recovery and Reinvestment Act. Remember, much of that spending was started or approved by Republicans, so both parties are culpable.

"Crazy Heart" reaches its climax after Bad vomits in his bed following a bender. What has to happen to drag our leaders from their drunken stupor? Hopefully, we'll still have a country left once they sober up.

— ANTHONY GRECO CJ

Book review

Newberry Blasts Push to Socialism

• Tommy Newberry, *The War on Success: How the Obama Agenda Is Shattering the American Dream*, New York: Regency, 2010, 252 pages, \$24.95.

BY MELISSA MITCHELL
Contributor

When I first started reading Tommy Newberry's book, *The War on Success: How the Obama Agenda Is Shattering the American Dream*, I thought, I hate this book! I cannot review it. It presented all of the scary things that Obama and the Democrat-led Congress are doing that have the potential to destroy our great country. But, thankfully, I stuck with the book. In presenting the negative, Newberry lays the groundwork to present positive actions that can offset the agenda of the current administration.

"For two decades, I have devoted my life to figuring out what separates the successful from the unsuccessful, the winners from the losers," says Newberry, a motivational speaker and best-selling author. To answer this question, he worked with thousands of entrepreneurs and realized how important these individuals are to this country. He became disturbed by then-candidate Barack Obama's "divisive rhetoric and his subsequent punitive policy proposals," which confused Newberry. He is also confused by Obama's anti-business attitude.

His research shows that Obama possesses the qualities that are common in most successful people. "These individuals set what seem like unrealistic goals," says Newberry. Through his unlikely rise, from the Illinois state Senate, to the U.S. Senate, and then to the presidency in just a little over four years, Obama has realized the American dream of success and amassed great wealth.

Yet Newberry notes that Obama is proposing policies that will prevent others from realizing the same goals.

Newberry provides the reader with "Be Street Smart: Master the Statist Vocabulary List," defining "statist" as "one who believes in the superiority of government over individual citizens."

The vocabulary list also allows the reader to understand how the stat-

ist thinks, providing statist definitions for words like capitalism (the deliberate exploitation of the poor and middle class by the wealthy).

"Socialism sounds really nice," states Newberry. "Sounding best to those who understand it the least." He points out that socialism directly contradicts Biblical principles and includes a chart called "Socialism vs. the Bible," explaining why he believes the Bible and Judeo-Christian values continually are under attack.

Tommy Newberry is concerned about the future of the United States, but he is optimistic. He points out that "staying positive does not mean remaining passive."

Throughout the book, he uses the analogy of the frog that is put into cold water and lulled into complacency as the water warms, never noticing that he is being cooked. Newberry no longer thinks that this analogy applies to Americans; in fact, he sees Americans as frogs ready to jump out of the water.

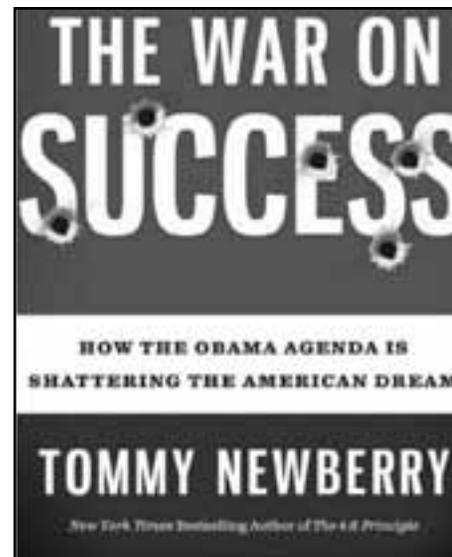
Unlike many current conservative authors who merely point out what is happening in the U.S. while offering few concrete calls to action, Newberry provides the reader a simple, five-day plan to help them get started as grassroots activists. He feels that one of the biggest misconceptions today is that "complex problems require complex solutions."

He counters by saying that simple is always better, pointing to the massive health care bill as an example of how Washington does not understand this concept.

Newberry opens with a letter to President Obama, taking him to task for his anti-business attitudes that are contrary to American free-enterprise traditions. In all caps, Newberry beseeches the President to "STOP THE WAR ON SUCCESS!"

Although Newberry opens on a negative note, he ends the book on a positive with letters from the American Dream Letter Writing Contest, which he sponsored. Written to children and grandchildren, these heartwarming letters tell the stories of hard-working family members who have made this country what it is today.

I was glad that I did not put this book on the shelf to gather dust. CJ



Fall of Auto Industry a Tale With as Many Questions as Answers

• Paul Ingrassia, *Crash Course: The American Automobile Industry's Road from Glory to Disaster*, New York: Random House, 2010, 306 pages, \$28.00.

By GEORGE STEPHENS
Contributor

RALEIGH

In 2009 General Motors had nearly 100,000 employees, 6,240 dealers, 60 vehicle models, a strong union, and a culture of arrogance stemming from years of dominance of the industry. While insiders believed that the company was indestructible, it was in dire financial difficulty. GM and Chrysler had closed 22 factories between 2004 and 2008, and they planned to close 16 more by 2011. More than 3,000 dealerships were eliminated or scheduled for it.

As a result, GM was being analyzed, "diligenced," by wonkish whiz kids who didn't know "a pound of potatoes from pound-feet of torque," according to *Crash Course*, Paul Ingrassia's detailed history of the ascent and collapse of the industry. These outsiders were staff to a presidential Automotive Task Force.

Chrysler sought bankruptcy protection and was given 30 days by the leader of the free world to partner with eager Fiat. GM took bankruptcy and emerged majority-owned by the U.S. government. Ford chose to go its own course without a government bailout.

The American taxpayers' contribution to the "rescue" included \$50 billion for GM, almost \$16 billion for Chrysler, and \$40 billion for GMAC (GM's financial arm). Included in the payouts: parts suppliers, pension guarantees, and tax credits for GM. The total tops \$100 billion, which, as Ingrassia points out, is enough to buy 5 million

cars. GM bondholders had legal, contractual first position in repayments to the company. Nevertheless, some of the value simply was transferred by the government to the union pension fund by government fiat. The Canadian and German governments put up additional funds for Chrysler and GM operations in their countries.

Classical economic theory holds that enterprises must be allowed to fail, to experience "creative destruction," because they own assets which need to be re-organized. The Constitution does not decree that there be a General Motors, Chrysler, or Ford, nor does it allow Congress to spend money on them or any business enterprise. There is no longer a Pierce Arrow, Studebaker, Hudson, or Willys-Overland, and government did not rush to save them. Chrysler bought Willys and its Jeep model and has enjoyed great success with those vehicles.

Ingrassia, who was for 25 years the auto industry reporter for *The Wall Street Journal*, describes both colorful and dull company and union leaders. His is a complicated tale, full of questions. How did the Japanese make

better cars, and how were they able to manage American autoworkers better than Americans did? Why did the American auto companies make high-wage, high-pension, overpriced health-insurance contracts with the United Auto Workers union and repeatedly give in to its demands without a fight, resulting in uncompetitive production costs?

This reviewer wonders how the 535 automobile engineering experts in Congress had the expertise to calculate the Corporate Annual Fuel Efficiency standards setting mileage mandates for the cars available to consumers. How did lawmakers determine that they had the legal authority to decree those standards? What effect did the standards have on vehicle design, especially crashworthiness and horsepower? What effect did they have on sales?

The bailout came almost exactly 100 years after Henry Ford launched the Model T and Billy Durant founded General Motors in Dearborn, Mich. The intervening century saw enormous twists and turns in the makeup of the domestic auto industry — driven more by consumer desires than government dictates. By 1927, GM

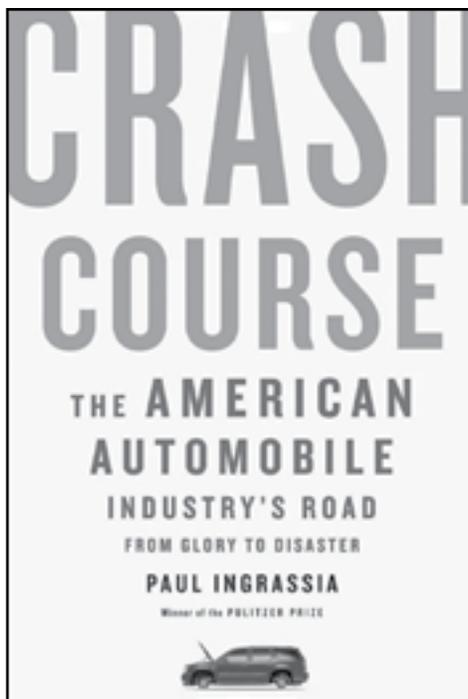
passed Ford as the nation's largest car company. In 1936 and 1937, the UAW staged a sit-down strike in Flint, Mich., and won recognition from GM. The late 1950s witnessed the "tail-fin" era, and Ford's Edsel was launched, only to flop. Compact cars were introduced in 1960, "muscle cars" in 1964. An Arab oil embargo caused gasoline prices to increase, boosting the sales of fuel-efficient Japanese cars.

In the late 1970s, the Japanese began making cars in the United States (many of the plants were in the South) and proved to be good managers of their workers, whom they included in production decisions. In 1985, GM introduced the Saturn brand with much success, and the other companies also had some good years.

By the early 1990s, the Sport Utility Vehicle boom began, soon followed by a surge in pickup sales. These "light trucks" weren't subject to CAFE mileage restrictions, so carmakers could build them larger and give them more powerful engines; consumers snapped them up.

Daimler-Benz acquired Chrysler in 1998. GM got into home-mortgage lending in 2002. Ford lost \$12.6 billion in 2006 and borrowed \$23.6 billion for a turnaround effort, remaining beholden to government. Chrysler was sold to Cerberus at a loss. By September 2008, losses mounted for all the companies. The collapse of Lehman Brothers crashed the stock market, and auto sales dwindled. GM and Chrysler said they soon would run out of money without government aid, and President Bush diverted bank-bailout funds to them.

In February, 2009 new President Barack Obama formed his Automotive Task Force. The government was now in charge. CJ



BOOKS AUTHORED BY JLF STAFFERS



By John Hood
President of the
John Locke Foundation

Selling the Dream Why Advertising is Good Business



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

Choice
April 2006

www.praeger.com

Care about education reform?

Visit the North Carolina Education Alliance's
Web site at <http://www.nceducationalliance.org/>



The North Carolina Education Alliance is a project of the John Locke Foundation

COMMENTARY

The Fight For Control

The filing period has ended, and the candidates are off and running in the election of 2010. There is a lot riding on these elections, particularly for the state legislature. It's largely about control.

Republicans need to take six seats in the state Senate to wrestle control away from the Democrats who have held the majority for more than a century. Nine seats are needed to take back the state House, which Republicans controlled briefly in the mid-'90s. Many analysts say chances are good Republicans could take control of one or both bodies in 2010.

Republicans are energized and optimistic. For the first time, they've fielded candidates in all 50 Senate races. Democrats seem unruffled and confident they will do what they always have done: win handily and maintain control.

Aside from control of the state's budget, rules, regulations, and all things government, whoever wins control in 2010 also will control redistricting. Redistricting is that once-a-decade reapportioning to divide North Carolina's population into 120 House districts and 50 Senate districts. Whichever party has control can draw the districts to its advantage and secure a leg up over the minority party until the next census is taken in 2020.

With much at stake, we're seeing lines drawn, fights picked, accusations thrown, and interparty bickering. The tea partiers are rallying, the coffee breakers are pontificating, Libertarians are calling foul, Republicans are calling each other RINOs, and Democrats promise to take care of everyone with someone else's money.

In the meantime, unemployment is in double digits, we're among the highest-taxed states in the region, 30 percent of our kids can't graduate from high school, and 60 percent of those who do graduate can't do college-level work. Our roads are crumbling, bridges are dangerous, and some who were elected to serve the people are serving time.

Enough already! We are facing a critical time in our state. It's time for bold leadership, thoughtful decisions, and sound reasoning to get back on track. Nothing is more important than getting back to the principles that our country and state were founded on — of liberty, limited government, personal responsibility, property rights, individual freedom, competition, and free markets.

Whoever and whichever party wins in 2010 needs to apply those principles to the challenges facing our state today.

Government exists to protect rights, not take them away. Government has a role, but it must be limited. Its role is defined in our Constitution. The Constitution is a rulebook, not a list of suggestions.

Fiscal responsibility begins with sound budgeting, living within our means, and controlled spending. Taxes should be fair, equitable, and

understandable. Every taxpayer ought to be able to add up what they've paid. North Carolina's tax system originated in the 1930s and is in need of reform, but any reform should be revenue neutral, not an excuse to extract more money. Spending should be limited to essential services and prioritized by need.

Government can't be everything to everybody, nor should it. If we're going to provide for those who truly need help, we have to limit that help to those who truly need it.

Free markets, not government regulations, create jobs. Entrepreneurs, capitalism, and competition are what built the state's economy. They are the only things that will save it.

The Founding Fathers spoke of liberty, limited government, personal responsibility, property rights, individual freedom, competition, and free markets. That's the answer. We just need to get back to it. That's what we must demand from the 2010 elections. CJ

Becki Gray is vice president for outreach at the John Locke Foundation.



BECKI GRAY



EDITORIAL

Barack, The Cable Guy

Across North Carolina and around the country, thousands of small business owners and human-resources officials are scrambling to determine whether they can continue providing the health insurance coverage they've promised to millions of employees. Or if they'll have to offload workers to the government-approved "exchanges" that are a major component of ObamaCare.

This is one of the many costs the law will impose on workers and employers. Finding benefit packages that satisfy the letter of the law won't be cheap — in financial terms or in workers' freedoms.

Just as there's no truly competitive marketplace for residential electricity, natural gas, water and sewer service, and trash pickup, ObamaCare amounts to a government takeover of the medical industry. Much like utilities, insurance companies will be regulated heavily, price-controlled, and subjected to the whims of government functionaries — and you'll be forced to buy coverage from a government-approved supplier.

We could say, "If you like your cable company, you'll love ObamaCare," but that's unfair to the cable industry. After all, if you're dissatisfied with Time Warner, you can sign up for Dish Network or DirecTV, install fiber-optic lines, or watch tons of TV shows online.

By contrast, if the limited options under ObamaCare don't suit you, you're stuck with them. And the individual mandate in the legislation makes it illegal to opt out.

For example, some 8 million employees take advantage of high-deductible policies for catastrophic

coverage using Health Savings Accounts as a backstop (including *Carolina Journal's* publisher, the John Locke Foundation). At press time, it's unclear whether these plans can survive when ObamaCare kicks in.

The new law requires employer-provided health insurance to have a minimum actuarial value of at least 70 percent of all the benefits covered. Traditional medical plans — financed with premiums, deductibles, and co-pays — typically meet that standard.

Consumer-driven employer plans may not satisfy that mandate. In these plans, employees pay for routine treatments out-of-pocket — mainly from their tax-free HSAs — but often wind up spending less money overall because their premiums are lower. In 2009, the average family premium in a consumer-driven plan cost one-third less than its traditional counterpart.

Federal regulators have not said whether employees' HSA contributions will count in the actuarial calculations. If they won't, consumer-driven plans may not pass muster with the feds.

More than consumer-driven policies are at risk. Though the law has a grandfather clause, allowing insurance plans that were legal before ObamaCare passed to remain in force, changing any benefits or coverage in the plans could invalidate them, forcing workers into the government-regulated exchanges.

So if your insurance provider has to tweak co-pays or deductibles to keep its medical plans solvent, your health insurance could be illegal. March 21's House vote approving ObamaCare didn't end the debate over medical reform. It started it. CJ

EDITORIALS

N.C.'s Job Tax

Regulations stifle economic growth, innovation

The biggest tax on job creation in North Carolina isn't levied by the Department of Revenue. In fact, it isn't levied by any single department. It's levied by dozens of state agencies, large and small, every day.

The biggest tax on our economic development is North Carolina's antiquated, unwieldy, and expensive system of regulation. It raises the cost of buying land, breaking ground, forming contracts, hiring labor, acquiring raw materials, buying energy, shipping goods, and retailing services. Unwise regulation costs many businesses more than the state's high income-tax rates do.

These higher costs might be worth paying if North Carolinians received health and safety benefits balancing out the higher prices and lower wages these regulations impose on us. But such benefits often prove illusory.

There are at least three good reasons to believe that North Carolina's regulatory system costs too much for too little gain, and that reforming it would boost our state's competitiveness.

First, North Carolina business leaders consistently point to regulation as an impediment to growth. To be sure, some regulations are necessary to protect our rights and do meet a cost-benefit test. The point is that politicians shouldn't pretend regula-

tions are costless just because the price tag doesn't show up on the state's books.

The second reason to believe North Carolina's regulations are out of line is that there are many checks on government regulation commonly used in other states and at the federal level — including exemptions for regulations that affect small businesses adversely — that aren't present in North Carolina.

Finally, you can find a rationale for regulatory reform by zeroing in on one of our state's most sweeping regulations of the past decade: the so-called Clean Smokestacks Bill of 2002. The legislation required electric utilities to reduce emissions associated with the formation of ground-level ozone. Proponents said the rules would cost \$2.3 billion while producing significant improvements in North Carolina's air quality.

Instead, as JLF economist Roy Cordato recently demonstrated, the real cost of the Clean Smokestacks Bill will be at least \$3.2 billion. As for the benefits, Cordato found North Carolina's air has gotten cleaner in recent years, but so has everyone else's.

In short, this one regulation jacked up North Carolina's energy prices by hundreds of millions of dollars a year for no good reason. Like other regulations, it's a job-destroying tax. *CJ*

If Gall Were Gold

Legislators seeking taxpayer bailout

If you leave a pot of money in Raleigh too long, state legislators will try to get their hands on it for other purposes. Consider the North Carolina Escheat Fund.

Managed by the office of the state treasurer, the escheat fund holds unclaimed money such as abandoned bank deposits and uncollected inheritances. Traditionally the treasurer has held the money in trust, attempting to find the owners and return it to them while spending the investment proceeds on financial aid for in-state college students. Years ago, the General Assembly authorized the expenditure of the principal of the escheat fund, not just the investment returns, on financial aid. Since then, the value of the fund has dropped precipitously.

According to the treasurer's office, if present trends continue the escheat fund will drop from \$535 million last year to \$332 million in 2010 and \$135 million in 2011, disappearing altogether in 2012.

State Sen. Dan Clodfelter, co-chair of the Senate Finance Committee, told *Triangle Business Journal* that it had been a mistake for the state to dip into the fund's principal — pointing out that the money belonged to someone else.

There's more to the story than that. The General Assembly also voted to extend a \$22 million "loan" to the troubled Global TransPark project. As *Carolina Journal's* Don Carrington reported last month, the principal and interest on the loan now exceed \$37 million — and the TransPark has no realistic chance of repaying any of the money any time soon.

Policymakers took money belonging to someone else and spent it on their own pet projects. Now lawmakers are talking about compelling North Carolina taxpayers to bail state government out with general revenue.

If we could turn gall into gold, North Carolina would enjoy a perpetual surplus. *CJ*

COMMENTARY

Casting Insurers As Villains

If you want to know why President Obama, leaders of the Democratic Congress, and their allies in activist groups and the press are trying to sell their health care program by bashing insurance companies, you need only to look at a few numbers.

I mean the numbers on health insurance profits.

The profit margin in health insurance is low, typically 4 percent or less. Blue Cross & Blue Shield of North Carolina posted a net margin of just over 2 percent last year. So the fact that Blue Cross is planning double-digit increases in its premiums next year does not identify the culprit. It just identifies the problem — excessive demand for medical services of marginal benefit, financed in ways that insulate patients from the real prices of the care they consume.

The numbers that really matter to Obama & Co. are the results of public-opinion polls. Consistently, they show that voters generally like medical providers and generally don't like health insurers. That's why the latter are being targeted. The Left needs villains to make their fictional account of health care inflation seem plausible.

You can see the problem clearly by looking at a poll Gallup did last summer. Asked about names or groups whose health care reform recommendations they had confidence in, 73 percent of respondents expressed confidence in doctors, and 61 percent said the same about hospitals. Even drug companies (40 percent) got a higher rating than health insurers (35 percent).

Since then, the only significant change in public sentiment has been a dramatic decline in public confidence in the ability of President Obama and Democrats in Congress to recommend the right course of action. Republicans started low on the scale and likely haven't improved their situation much. Voters have little faith in politicians of both parties at the moment, a sentiment that is both reasonable and reassuring.

I don't know how health insurers could improve their public image. But policymakers could do something, if they were so inclined.

The existing health insurance industry is the creation of government interference in the market. For decades, if people buy medical services with cash, it has cost them as much as 50 percent more than paying for the same services via an insurance claim, because of the income and payroll taxes applied to cash but not to insurance premiums.

In the absence of this distortion, health insurance probably would look more like other forms of insurance. Individuals and families would own their policies, rather than having employers make all the decisions and leaving workers feeling trapped in their jobs because they can't take their health plan with them if they leave. Individual and family subscribers would pay reasonable premiums, often fixed for multiyear terms, and most would file insurance claims

only rarely, after being in a serious accident or developing a major illness.

That's the direction employers and individuals are moving now, thanks to the proliferation of

consumer-driven health plans that combine high-deductible insurance policies with tax-free savings accounts from which patients pay for routine services. The John Locke Foundation decided years ago to offer two such plans to our employees, and we have experienced virtually no premium increase over the past two years.

We don't hate our health insurer. As consumer-driven health care continues to grow, other Americans may change their perceptions of health insurers, too. That's one reason the Left must destroy consumer-driven health care and impose government-run health care soon, before it runs out of villains to bash. *CJ*

John Hood is president of the John Locke Foundation.



JOHN HOOD

Polls show people like their medical providers

EDITORIAL BRIEFS

Innovation And Entitlements

Innovation is often presented as a means of controlling the costs of entitlements. Josh Barro of the Manhattan Institute argues that those making such arguments misunderstand the nature of these programs.

The two main entitlement programs are Social Security and Medicare.

"It's hard to imagine a simpler government program than Social Security, which involves taking money from some people and sending it to other people," says Barro.

"No amount of innovation will allow the government to send out a \$1,000 check at a cost below \$1,000."

The program also has little administrative fat; over 98 percent of its costs are the benefits checks it sends out.

"The only ways to save real money on Social Security are to send out smaller checks or fewer checks," says Barro.

Medicare and Medicaid, programs in which the government provides services, offer some scope for savings through innovation. Tort, tax, and insurance reforms could reduce the cost of health care somewhat, and thus reduce Medicare costs.

Unfortunately, most of the innovation in health care involves providing better care at a greater cost, not providing the same quality of care at a lower cost. Medicine also suffers from flat labor productivity, as it still takes about as many medical professionals to treat a patient now as it did several decades ago. This itself leads costs to increase faster than inflation, as wages rise to attract workers who might otherwise be attracted to fields with rising productivity.

Freedom and social well-being

The combination of greater economic and political freedom increases people's quality of life. Research suggests, however, that greater economic freedom is more likely to result in improved social welfare, writes Stephen F. Austin State University economics professor Michael D. Stroup for the National Center for Policy Analysis.

Stroup bases his research on commonly available measures of political freedom, Freedom House's political rights index, and economic freedom, the Fraser Institute's Economic Freedom Index. In both cases, Stroup valued the indexes for each country on a 1.0 (least free) to 10.0 (most free) scale. Social welfare was quantified using health, education, and disease-prevention measures.

In countries with little political or economic freedom, a one-unit increase in economic freedom is associated with a 1.3-year increase in life expectancy, a reduction in infant mortality by 16 deaths per 1,000 births, and a 10-percentage-point increase in the percentage of 2-year-olds vaccinated against diphtheria, pertussis, and tetanus. By comparison, a one-unit increase in political freedom results in a three-month reduction in life expectancy, reduced infant mortality by only four deaths per 1,000 births, and a negligible effect on the vaccination rate.

CJ



Then



Now

Gary Varvel
garyvarvel.com

How Can We Create Jobs?

Ask just about anyone what the top economic issue is in the country today, and they will say jobs, and it's easy to see why. Since the recession began in late 2007, 8.5 million jobs in the nation have been lost, and the national unemployment rate has jumped from 4.4 percent to 10 percent. Here in North Carolina the numbers are equally disturbing — 280,000 jobs lost and a jobless rate rising from 4.4 percent to over 11 percent.

So what can be done? With most economic forecasters predicting a slow increase in jobs — at best — what are the best ideas for giving people work and a paycheck?

As you might expect, there is a range of suggestions. At one end of the spectrum is the idea that the government should simply hire the unemployed. Certainly this could be done, but it would be costly. For example, if the government hired the 8.5 million unemployed and paid them the average salary (roughly \$40,000), the annual cost would be \$340 billion.

There are other issues with this approach. What jobs would the new government employees perform, and would every individual be qualified for his assigned job? Also, would the new government workers compete with private sector workers, thereby causing unemployment in the private sector to increase? In other words, would unemployment simply be shifted rather than being reduced?

Finally, how would the \$340 billion annual cost be financed? If it is paid for by increasing taxes, would those households paying more taxes reduce their spending and thereby cause other jobs to be cut? Or, if the program is financed through borrowing — thus adding to the national debt — would the government's higher debt load also slow economic growth and hike unemployment?

What about the idea of the government mandating a shorter workweek, meaning that companies would have to hire more workers to accomplish the same amount of work? This idea is appealing for two reasons. First, it would cost the government virtually nothing. And second, it would "spread the wealth" — here jobs — around to everyone.

Yet there are questions here, too. In the days when most jobs required a specific number of hours per week, a mandated workweek made sense. But today, more and more jobs are salaried without a specific number of hours attached. People work until the job is done. Obviously in these cases, a shorter required workweek doesn't apply.

In addition, if the same pay is to go with the shorter workweek, then this would increase the cost of workers, and businesses actually would be motivated to reduce employment. Conversely, if pay is to be cut along with hours worked, then the result is a reduction in everyone's salary.

Another tactic is for the government to use the tax code to encourage businesses to add jobs. This means reducing the cost to businesses of adding jobs by reducing certain taxes. For example, this could be accomplished by lowering payroll or corporate income taxes, or giving tax credits to firms that increase their work force.

Past experience with this kind of plan shows it can create jobs, but there are two concerns. First is the question of whether the jobs created using the tax reduction would have been created anyway without the tax cut.

It's hard to know. Second is the issue of how the tax reduction used to encourage new jobs is funded. If the government has to increase other taxes or go further into debt, then some economists worry this will slow economic growth and increase joblessness elsewhere.

Many economists think the best approach for encouraging jobs is for the government to do less! Have the government reduce taxes across the board, reduce spending, reduce the national debt, and effectively get out of the way of private entrepreneurs. The notion is smaller government equals bigger private sector. But the associated "political lifting" for this approach is extremely heavy.

So the policy options for boosting jobs couldn't be wider — from the government should do a lot more, to the government should do a lot less. But one conclusion is certain: there is no easy plan — no "silver bullet" — for getting us quickly back to job growth.

CJ

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



**MICHAEL
WALDEN**

Events Turn Burr from Vulnerable to Strong

A couple of months ago, Sen. Richard Burr's re-election campaign looked in trouble. His approval ratings were very low — under 35 percent in some polls. Republicans looked at North Carolina and saw the state turning a bluer shade of purple every year. In 2008, Barack Obama became the first Democratic presidential candidate to win here since 1976. A little-known state senator from Guilford County beat the hitherto political "rock star" Republican Sen. Elizabeth Dole by a comfortable 9 percentage points.



**ANDY
TAYLOR**

But that was so 2009. In the wake of Scott Brown's "Massachusetts Miracle" and the president's tanking poll numbers, Burr looks safer. National Democrats are now playing defense, not offense. They view their task as one of protecting what they have — holding on to vulnerable Senate seats in places like Arkansas, California, Colorado, Delaware, Illinois, Indiana, North Dakota, Nevada, and Pennsylvania — not grabbing what they don't. What's more, the three Democrats vying to challenge

Burr in the fall have yet to capture the imagination. The most widely known, Secretary of State Elaine Marshall, currently loses to Burr in a head-to-head by about eight points — her competitors, former state Sen. Cal Cunningham and lawyer and fundraiser Ken Lewis, do no better.

The Democrats continue to see some positives in Burr's numbers. And, to be sure, he is still generally below the 50 percent level in polls — although a February Rasmussen survey had him right at that level. This is a threshold generally considered an important warning sign for incumbents. The Democrats argue the public has not warmed to Burr because he is a critical part of the Republicans' obstructionist strategy in the Senate. This view was reinforced when Burr voted last month against a bill extending unemployment benefits. The legislation had been stalled by the cantankerous Kentuckian Jim Bunning's use of the "hold" — a practice senators can employ to stop a bill from coming to the floor.

Burr has been quietly effective, however. He has been working on a large legislative agenda with a particular focus on veterans and military personnel, tobacco, health care, and issues of direct concern to North Carolinians such as federal recognition for the Lumbees. He is now more than

the congressman who led the reform of the Food and Drug Administration. Elizabeth Dole, on the other hand, found it difficult to demonstrate much in the way of accomplishments during the 2008 campaign. Much of Sen. Kay Hagan's victory two years ago is attributable to the fact that Dole was seen by many independents — and even some Republicans — as having little impact in Washington.

Moreover, and again unlike Dole, Burr will not face the Obama turnout machine. It could be argued the president pulled in the state's 15 electoral votes as he rode Hagan's coattails two years ago — after all Hagan received the votes of about 107,000 more North Carolinians. But there is little doubt the Obama campaign's huge resources and its capacity to place an office in every nook and cranny of the state benefited all Democrats on the ticket that year. The president, of course, won't be on the ballot this time. As a result, his campaign apparatus is unavailable, and he won't be present to turn out core groups of Democrats — particularly young voters and African-Americans. In 2008 about 67 percent of registered African-Americans voted in North Carolina. This essentially matched the proportion of the white population that voted. In 2006, however, white turnout was about 10 percentage

points higher than the black equivalent.

Finally, Democratic fundraising has hit a bit of a wall. As is traditional for the governing party, Democratic organizations are still pulling in more money than their Republican counterparts. But their advantage is largely in the House. Burr's efforts have accelerated impressively. He has raised about \$7 million this cycle, and there have been a number of large fundraisers since he formally announced his re-election bid at the end of February. He has about \$4 million cash on hand. Of his Democratic opponents, Cunningham is best off, but he has only \$300,000 in the bank. The Democratic nominee will have to spend a lot to win the primary and then get in line behind a host of powerful and worried senators as he or she waits for handouts from the national party.

Whereas Burr once looked vulnerable then, he now appears quite strong. If things continue as they have over the first quarter of this year, he'll become the first person since Sam Ervin to hold onto North Carolina's Class III Senate seat. Not a bad accomplishment. *CJ*

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

Conservatives Need to Be on War Footing

As I write this column, Barack Obama has signed into law the issue that has and will define his presidency — health reform. After a year of stops and starts, imposed deadlines and rancorous debate, it appears that President Obama and his allies will prevail.

He will, in fact, have a victory. And where I come from, a victory is a victory.

Many of my Republican and conservative brethren view this partisan piece of legislation as the stake in the heart of the Left, and some are already measuring for new drapes in the office of the speaker of the House.

In fact, in some quarters of the Republican Party "irrational exuberance" has taken hold. Barack Obama and his presidency are being compared to that of Jimmy Carter.

That, in my view, is a mistake. Conservatives and Republicans

who underestimate President Obama do so at their own electoral peril. Unlike Carter, Obama is a true believer who understands that transforming policy translates into votes — and a citizenry who is more reliant on the federal government.

Also unlike Carter, Obama is a streetwise, tough politician who will not give an inch when it comes to his vision of a "New America" — one which is modeled after European socialism.

Starting today, the Obama administration will try and position the president as a modern-day LBJ — getting things done for the middle class and the poor. The administration, and its allies in the mainstream media, will echo Obama's belief that he is a transformative figure and that health care legislation is akin to the historic civil rights crusade of the 1960's.

And make no mistake about it — Obama's next agenda item is immigration reform, which — unless it is defeated — will broaden the Left's constituency, strengthen unions, and undermine the rule of law.

By the way, Obama and his team will not stop there. Those who oppose

Obama's policies openly will continue to be targets. First, the liberal establishment went after Rush Limbaugh; more recently, they've trained their sights on former Vice President Dick Cheney.

The newest devil for progressives and the Left is Glenn Beck, and by extension the Fox News network.

One only has to watch MSNBC and its commentators' rants against Beck, or read *The Washington Post's* two recent hit pieces on Beck — one by the discredited former *New York Times* editor Howell Raines, the other by Howard Kurtz, who hosts the CNN show "Reliable Sources," to understand how far the progressives will go to torpedo Beck and Fox.

Obama and his allies view governing and campaigning in the same context — "winning" means all-out war and by any means necessary. In contrast, Republicans view campaigns from a management perspective, separating electing candidates from the nuts and bolts of governing.

To compete and to win in 2010, Republicans and conservatives must outline and define what Obama has in store for this nation. And that is the

remaking of the nation as we have known it from its inception. We cannot count on a bad economy to propel us to a majority, or outrage over the health care bill.

Yes, both remain very important parts of the debate.

But we have an obligation in our messaging and advertising to illustrate in stark terms what "Obama's transformation" means to America, its families, traditions, and culture. In short, we must campaign against the Left as if we were at war.

One thing we know for certain is that Obama and his cohorts are committed to their ideology and they will do what it takes to stay in power. To win, we must understand our opponents and maneuver according to circumstance. *CJ*

Marc Rotterman worked on the national campaign of Reagan for President in 1980, served on the presidential transition team in 1980, worked in the Reagan administration from 1981-84, is a senior fellow at the John Locke Foundation, and a former member of the board of the American Conservative Union.

Hello, America, My Name is Johnny Edwards (a CJ parody)

BY HEDLEY LAMARR
CJ Celebrity Reporter

RALEIGH

We've heard from his mistress Rielle Hunter, we've heard from his soon-to-be-ex-wife Elizabeth, and we've heard from his former aide Andrew Young. Now he says, it's time for America to hear from him about the scandals from his 2008 campaign for president of the United States.

I met Johnny Edwards for the first time the day of our first interview, at his home on Figure Eight Island, near Wilmington, N.C. There were no rules for the interview — just a request that his words be his words and that I bring my cameras and take lots of photos. And some hair gel.

My first impression of Edwards, when he opened the door of his beach house, was that he is much more handsome than all those *National Enquirer* spy photos suggest. He was wearing a fresh white shirt and grey athletic shorts.

During the interview, our talks were sometimes interrupted by the presence of a creepy guy from across the street who kept coming to the front door trying to figure out who I was.

"Don't worry about him. He is known in the inner circles of North Carolina Democratic politics as the Wilmington Financier. He always wants to know what's going on in my life," Edwards said.

You have been silent for a while. Why now?

I feel comfortable talking now, because Rielle went public and made a statement admitting I was the father of her child. I didn't think I could ever speak until she did that.



Former U.S. senator and vice presidential candidate John Edwards, with friends, relaxes in casual attire at his Figure Eight Island home. (CJ spoof, made-up photo)

We should make it clear. You're not making a penny from this interview.

I am not making a penny from this interview, but I am going to have to figure out how to make some money soon. The divorce, the child support, the federal investigation are draining me.

Is Rielle OK with you doing this interview?

She is very supportive. She believes that it will help me be at peace and knows how important truth is to me — practical truth, spiritual truth, and convenient truth.

If you could have done anything

differently, what would it be?

The only big thing that sticks out is that I should not have asked Andrew Young to claim to be the father of my baby. I should have asked someone else who could have pulled it off with a little more credibility.

A great many people say you've ruined your political career, you've ruined your life. You don't see it that way?

I don't care what Andrew decided to title that book. I never really believed I was much of a politician. I mean, for crying out loud, John Kerry and I couldn't beat that redneck cowboy George Bush. And in 2008, I couldn't beat the "It girl" of the '90s ...

You mean Hillary Clinton?

... yeah, or that guy from Illinois who had less experience in public office than me! And both of them have worse hair.

OK, so you are now separated, and you obviously have a decent relationship with Rielle and your daughter. Why not just be with her at this point?

What I wanted was a variation from my Two Americas campaign theme. I wanted two families, but it didn't work out. I will probably end up with Rielle.

What are you like as a father?

It's great bringing another child into the world. But it is a bummer having to feed her and change diapers and stuff. I can't afford to hire any help. And it would have been a lot easier if Andrew were still around to do that kind of [expletive]. Like he did during the campaign before he ratted me out.

Now the *National Enquirer* is up for a Pulitzer [for its coverage of the scandal]. How do you feel about that?

I wish they would have used some better pictures of me. Or even asked me for a special photo session, like this one. They always shoot your bad side, you know.

OK, Johnny, it is about time to wrap this up.

Speaking of that, can I see the photos before you publish the story?

No, Johnny, but if you are unhappy with them you could call Larry King or Keith Olbermann and express your concerns.

OK, thanks.

CJ

Carolina Journal/Connects the Dots

Gov. Easley Got Pricely Lot at Bargain Price
Waterfront lot located in gated community on Bogue Sound

Taxpayers Fund Easley Coastal Trips
Majority of aircraft trips included leg to where Easleys own two homes

Questions Persist on Mary Easley's Initial Hiring
Hiring coincides with real estate deal and trustee reappointment

Ethanol firm officials indicted on various charges, 4

Clues Point to Undisclosed Air Service for Governor
Flights provided amount to \$200K a year, source says

NEW STATE ETH...

CAROLINA JOURNAL
A MEMBER JOURNAL OF NEWS ANALYSIS AND OPINION FROM THE BURT LOCKE FOUNDATION

TO SUBSCRIBE, GO TO CAROLINAJOURNAL.COM