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CAROLINA JOURNAL

Statewide Edition
December 2005 • Vol. 14, No. 12

www.CarolinaJournal.com

A Monthly Journal of News,
Analysis, and Opinion from
the John Locke Foundation

www.JohnLocke.org

Immigration Issue Reaching 'Critical Mass'

By RICK MARTINEZ
Contributing Editor

RALEIGH

Both the federal and state levels, the policy and rhetorical battle on immigration is, in the words of one North Carolina member of Congress, reaching "critical mass" as it pits those who support strict enforcement of current laws against those who advocate sweeping immigration-law reform.

During the 1990s, North Carolina had the fastest growing Hispanic population of any state in the nation, growing from 76,726 in 1990 to 378,963 in 2000. That's an increase of 393 percent. Four years later, the U.S. Census Bureau estimated the Hispanic population at 517,617.

Illegal immigration, primarily from Mexico, is responsible for the majority of that growth. The Washington D.C.-based Pew Hispanic Center has estimated that 300,000 people — roughly 65 percent of North Carolina's Latino population — are illegal immigrants, based on the Census Bureau's latest



Hispanic immigrants line up for services at the Mexican consulate on Six Forks Road in Raleigh (Photo by Don Carrington)

population estimates. No major Hispanic advocacy group has disputed Pew's calculations.

The rapid influx of illegal immigrants has created tensions in North Carolina. Earlier this year a heated public reaction against General Assembly

legislation that would have allowed some illegal immigrant students to pay in-state tuition at the state's 16 universities played itself out on talk radio and letters to the editor pages in the state's major newspapers. Additionally, State Sen. Hugh Webster (R-Alamance) in-

troduced a bill that would have denied state services to illegal aliens.

Both measures died, but the debate certainly hasn't. High-profile arrests of

Continued as "Immigration" Page 2

Racial/Ethnic Populations in N.C.

Group	1990	2002	%
Total Pop.	6,632,448	8,320,146	+25.4
Total White	5,036,958	6,178,210	+22.6
White Non-Hispanic	4,975,409	5,774,440	+16.1
Black Non-Hispanic	1,446,367	1,793,697	+24.0
American Indian	80,825	106,454	+31.7
Asian	53,102	140,491	+164.5
Total Hispanic	76,745	444,463	+479.1

Source: U.S. Census, 1990 and 2002

Influx of Hispanic Immigrants Hitting Schools Hardest

By KAREN WELSH
Contributing Editor

RALEIGH

A massive influx of immigrants, both legal and illegal, into North Carolina has thrust thousands of non-English speaking students into the public school system, leaving local teachers and administrators with a daunting task in their efforts to educate this expanding population.

"In the last 10 years, 1.4 million

new residents settled in the state," concluded a study by the Federation for American Immigration Reform (FAIR) in Washington D.C. "The equivalent of adding five Raleighs...[t]his large-scale population growth is bringing traffic, pollution, overcrowded schools and lack of affordable housing in the state, decreasing quality of life and straining vital natural resources."

FAIR's *Immigration Impact Report* also said the trend was seen some years

ago when, in 2002, statistics showed attendance in the Limited English Proficiency/English Language Learning instruction programs jumped 494 percentage points within 10 years.

And the numbers keep climbing. The United States Census Bureau estimates that the Latino population increased by 138,654 in North Carolina between the 2000 Census and July 1, 2004, from 378,963 to 517,617, a gain of nearly 37 percent, with an estimated 300,000 of

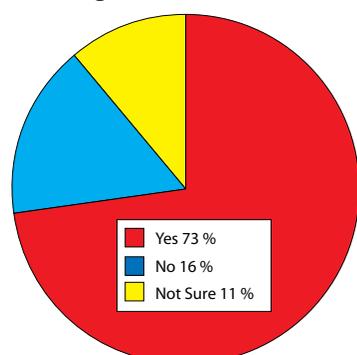
those being illegal immigrants.

The problem has become so acute that officials have named it one of the major challenges facing county government across the state.

"Hispanic and Latino residents are transforming county services," said a report taken from the Long-Range Planning and Visioning Project after the

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Do lobbyists have too much influence on legislation in N.C.?



John William Pope Civitas Institute Poll, November 2005

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The John Locke Foundation

200 W. Morgan St., #200

Raleigh, NC 27601

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www.JohnLocke.org

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

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Immigration Issue Reaching 'Critical Mass'

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illegal immigrant workers at Piedmont International Airport, Seymour Johnson Air Force Base and Cree Incorporated by Immigration and Customs Enforcement agents kept the volatile issue in the news.

On the federal level, U.S. Rep. Sue Myrick from North Carolina's 9th Congressional District plans to introduce legislation to tighten U.S.-Mexico border security. Last month she authored a bill that would withhold federal highway funds to North Carolina and five other states that accept federal taxpayer ID numbers as proof of residence when issuing driver's licenses.

In September, she introduced bills that would make a DWI conviction a deportable offense for illegal aliens, and increase the fine for knowingly hiring undocumented workers from the current \$250 to \$10,000 per alien. Critics say Myrick's gubernatorial ambitions have spurred her recent legislative activity, but she says it is because she feels a "critical mass" to do something has finally been reached among members of Congress.

As the political battle roils around them, illegal immigrants continue to flock to North Carolina for the same reason thousands of legal U.S. residents do: employment opportunities. Jobs in construction, agriculture, textile, manufacturing, maintenance, services, and hospitality are the attraction, according to Dr. Nolo Martinez of the Center for New North Carolinians at UNC-Greensboro. Many of those economic sectors have become dependent on immigrant labor, he said. Most notable is agriculture, the largest sector, which is responsible for \$62.6 billion of annual economic activity. Others agree with his assessment.

"If it weren't for immigrants, there wouldn't be an agriculture industry in North Carolina," said Paula Gupton Page, legislative director for the North Carolina Farm Bureau, "because picking tobacco is hot and hard, and harvesting Christmas trees is cold and hard. Farmers can't hire enough local people to do the work anymore." Paying the higher wages that would entice American citizens back into the fields doesn't make economic sense, she added, given low farm commodity prices.

The willingness of illegal immigrants to perform low-skill, labor-intensive jobs has created an economic dilemma. The low-wage jobs that illegal immigrants fill yield equally low taxes to state and local governments. The majority of taxes paid by illegals accrue to the federal government, while many public services they consume, such as education, are mostly funded by state and local government.

Comparing the costs of services provided to illegal immigrants with the benefits the workers provide is difficult.



The Mexican flag flying over the Mexican consulate on Six Forks road, signifying that the consulate is Mexican soil (Photo by Don Carrington)

A labyrinth of regulations prohibits an effective compilation of demographic and economic data.

Though not providing evidence on the cost vs. benefit debate, the Pew Hispanic Center's Rakesh Kochhar, Roberto Suro and Sonya Tafoya investigated the North Carolina immigrant in their study, "The New Latino South: The Context and Consequences of Rapid Population Growth," published this summer and available at www.pewhispanic.org.

The research team examined North Carolina, Arkansas, Alabama, Georgia, South Carolina, and Tennessee because of their pronounced Hispanic population increases in the 1990s.

Not surprisingly, most illegal immigrants are poor by American standards. The average annual earnings for an illegal Hispanic worker in these six southern states was \$16,000 in 2000, compared to the national Latino average of \$18,000. Thus, the poverty rate for illegal Hispanics in these states rose to 25.5 percent in 2000 from 19.7 percent in 1990. That represented a 30 percent increase compared with a 4 percent drop for Hispanics nationwide. A higher number of new Southern Hispanic residents rent their housing — 65 percent vs. 53 percent nationally. What's more, the number of people in Southern Hispanic households was significantly higher (3.8) than their white (2.4) and black (2.7) counterparts.

Pew determined that Hispanic immigrants coming to these six states are young, with a median age of 27 years, and predominately male (63 percent). Immigrants are also likely to be unmarried (51 percent). They have low education levels; only 38 percent of those in the six southern states arrive with a high school diploma. The Pew researchers also determined 57 percent of new immigrants do not speak English

well, or at all.

Conclusions drawn from the Pew profile may differ, but one impact is undeniable. The explosive population growth and limited English proficiency skills of the illegal immigrant are seriously challenging North Carolina's public schools. North Carolina is required to educate illegal immigrant children as a result of a 1982 U.S. Supreme Court ruling that each state has the responsibility of educating every resident child regardless of legal status. The ruling has some school districts busting at the seams.

Latino school enrollment in North Carolina increased 600 percent between the 1993 and 2003 school years, according to the Department of Public Instruction. In 2003-04, the most recent year for which data are available, Hispanic students numbered 88,335 out of 1,342,806 K-12 students in the state.

Using Pew's estimates that 65 percent of those children are undocumented, the illegal student count would number roughly 57,400. The John Locke Foundation, publisher of *Carolina Journal*, calculates that it costs taxpayers, on average, \$8,500 per year to fund the operational and capital costs of educating a child in North Carolina. That

translates into an expenditure of approximately \$487 million annually to educate illegal immigrant children, a cost that will continue to grow as the population increases.

The question North Carolinians are debating is fundamental: Is it worth it?

According to those who cite the Latino community's growing economic might, the answer is yes. The Selig Center for Economic Growth at the University of Georgia pegs the buying power of Hispanics in North Carolina at \$8.2 billion in 2005. The Selig Center predicts that number will grow to \$13.3 billion by 2010, one of the fastest growth rates in the nation.

In his book *Smart Economics*, Dr. Michael Walden, Reynolds Distinguished Professor of Agricultural and Resource Economics at North Carolina State University, points out immigrants, in effect, increase the number of workers paying Social Security and Medicare taxes since they pay those taxes while not receiving the benefits themselves.

Earlier this year, the Social Security Administration revealed it had collected \$329 billion in its "earnings suspense file" over the past 20 years, most of it from illegal immigrants who used phony Social Security numbers. Conservative estimates are that illegal immigrants pay

"If it weren't for immigrants, there wouldn't be an agriculture industry in North Carolina."

Paula Gupton Page
N.C. Farm Bureau

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Influx of Hispanic Students Hitting Schools Hard

Continued from Page 1

N.C. Association of County Commissioners School of Government met in Chapel Hill in August 2004. "Hispanic and Latino populations present social, cultural and fiscal challenges for county health and public education services. Counties are asked to help educate and assimilate the growing Hispanic population who come from different parts of Mexico, South America and Central America."

The 1982 Supreme Court decision of *Plyler v. Doe* forced public schools to provide both documented and undocumented youngsters a primary and secondary education. This "don't ask, don't tell" policy has overwhelmed school systems throughout the state and left them searching for solutions.

North Carolina State Board of Education Chairman Howard Lee says dealing with the huge numbers of immigrants coming into the state is extremely



challenging.

"It's very overwhelming," he said. "I get a lot of complaints from superintendents and principals from all over the state that tell me these children are interfering with the education process of the other children."

Jack Martin, Special Projects Director for FAIR said the children of illegal immigrants degrade instruction to American kids.

Not only do the children of undocumented workers put a strain in the classroom, Martin said, but these children also empty the pockets of valid North Carolina citizens who are responsible for footing the enormous bill.

"[The illegal immigrants] are breaking the piggy bank," he said. "In North Carolina it costs \$450

million for educating children. It's a big expense and the taxpayers are picking up the cost."

Martin's assessment isn't off base. In 2004, the United States General Ac-

counting Office estimated the per-pupil expenditure for illegal alien children was \$6,000.

Chairman Lee said there are also additional costs associated with educating immigrant children, including the support staff and social workers needed at individual school sites to help the children.

"It's a tremendous financial burden," he said. "It's being borne by the taxpayers who underwrite the cost of them."

There is more than money issues to consider. Lee said the problems with immigrant students are multiplying and growing within the state.

He said immigrant children who register for school only come to school on a sporadic basis, and there is a definite language barrier for those who attend.

"Most of the children are unable to speak English," Lee said. "And, in most instances, they are illiterate in their own language."

Currently the Charlotte-Mecklenburg School District is the hardest hit by immigrants, with more than 10 percent of their student body made up of non-United States citizens. He said one school in the district boasts more than a 60 percent immigrant student rate.

"They have the largest number of Latino-Hispanic students," Lee said. "They are performing very low on the

end-of-grade tests."

An article written by Franco Ordonez in *The Charlotte Observer* stated Katherine Meads, director of English as a Second Language (ESL) for the Charlotte-Mecklenburg Schools, has seen the number of students learning to speak English jump from 2,000 to 10,000 in the past 10 years.

In an educational article in the *San Antonio Express-News*, writer Lucy Hood said the immigrant numbers in many states, including North Carolina are critical and there needs to be a response.

Unfortunately, Chairman Lee said, there is no ready solution to the mounting problem. "We don't know," he said. "There aren't many options. We are very uncertain as to what we are going to do at this time. It's very hard to know if there is a breaking point at some point and what our response will be."

FAIR said the only way to stop the wave of immigrants into the state is to go after the parents by enforcing a program of document verification and changing laws to eliminate illegal immigrants and bring legal immigrants more slowly into the country.

"Our policies are aimed at stopping the flow of illegal immigrants," Martin said. "We need to discourage them from coming... and creating conditions that would encourage illegal immigrants to go back home." CJ

Immigration Issue Reaching 'Critical Mass' in North Carolina

Continued from Page 2

a minimum of \$7 billion per year into Social Security and Medicare.

Some feel that these benefits don't outweigh the costs, however. One is Debra Conrad-Schrader, vice chair of the Forsyth County Board of Commissioners. To her, the economic benefits of illegal immigration don't begin to outweigh the \$400 million in bonds her county school board is requesting to build schools and finance renovations over the next 10 years, mostly due to the influx of extra students, many of them Hispanic.

The Hispanic population in Forsyth County has increased 55 percent during the past four years. Hispanics now comprise 14 percent of the district's 50,477 students. The influx of illegal immigrants in Forsyth has made Conrad-Schrader a supporter of a bill by U.S. Rep. Myrick to curb illegal immigration. "We've seen a large influx of undocumented workers in our towns and it's definitely put a strain on all aspects of resources that cannot be addressed locally," she said.

Conrad-Schrader is about to get her wish. Leaders in the U.S. House promise action this year on bills that strengthen enforcement of current im-

migration law. The U.S. Senate will take up two very different immigration bills early next year.

The Secure America and Orderly Immigration Act of 2005 (S. 1033/H.R. 2330) is sponsored by Sens. Edward Kennedy (D-MA) and John McCain (R-AZ). The Comprehensive Enforcement and Immigration Act of 2005 (S. 1438) was introduced by Sens. John Cornyn (R-TX) and Jon Kyl (R-AZ).

Both bills would tighten border security in order in an effort to stop the flow of illegals into the U.S. The Kennedy-McCain plan relies heavily on technology and diplomacy while the Cornyn-Kyl bill relies on manpower.

The Cornyn-Kyl bill would add 10,000 new Border Patrol agents, authorize 10,000 agents to investigate employers who hire undocumented workers, and add 10,000 new beds to detain illegal aliens.

However, it is the handling of the estimated 11 million illegal aliens already living in the United States that is expected to generate the most fireworks. The Kennedy-McCain bill would allow illegals to stay in the U.S. on the stipulation that they pay a \$2,000 fine and submit to a security and medical background investigation. They would then be issued a new temporary work

visa that can be renewed for up to six years. At the end of that period, the alien must return home or be in the pipeline for a "green card" that would grant permanent status.

Under the Cornyn-Kyl legislation, illegal aliens would be forced to return to their country of origin and re-enter the U.S. through existing legal channels. Illegal immigrants will have up to five years to depart the U.S. Those who leave quickly will be eligible to return through a new temporary worker program. Unlike the Kennedy-McCain bill, it does not provide an avenue for permanent legal status.

Lindsay Taylor of U.S. Sen. Elizabeth Dole's office says Dole has not decided which legislation to support, but that border security is Dole's top priority. U.S. Sen. Richard Burr has signed on as a co-sponsor of the Cornyn-Kyl legislation. Myrick said she hasn't yet decided on either bill but she characterized the Kennedy-McCain bill as an "amnesty" bill.

Ron Woodard, founder of the immigration-reform group NC Listen, believes enforcement of existing laws, including employer sanctions, must be tried before any guest-worker plans are established.

His position is similar to that

advocated by Mark Krikorian of the Washington D.C.-based Center for Immigration Studies. The group says the solution to illegal immigration is a combinations of consistent, across-the-board enforcement of existing law, illegal immigrant deterrence, and increased deportation.

Often not reported is that immigration has become a hotly debated issue within the Hispanic community itself. Support for illegal immigrants among U.S.-born Latinos diminishes with each new generation. When Pew asked Latinos whether undocumented workers help the economy, 46 percent of U.S. born Hispanics said no. In its survey of Hispanic attitudes toward immigration, Pew found that the younger the U.S. born Latino respondent, the less support expressed for illegal immigrants. And now, some Mexican-Americans are participating in citizen border patrols along the California-Mexico border.

Latino advocacy leaders say they want a resolution because the issue of illegal immigration threatens to take the focus off other Hispanic concerns. For the first time in its history, the nation's leading Hispanic advocacy group, the National Council of La Raza, is supporting immigration-reform legislation, specifically the Kennedy-McCain bill. CJ

Butterfield and Watt criticized Bill Bennett in September

Black Congressmen Decline to Condemn N.C. State Professor

By SHANNON BLOSSER
Contributing Writer

Two North Carolina congressmen who were quick to criticize former U.S. Secretary of Education Bill Bennett for comments he made on his nationally syndicated radio show in September about aborting black babies have refused to comment on a statement made by a former NCSU professor that all white people should be exterminated.

Rep. G. K. Butterfield and Rep. Mel Watt, the two black members of North Carolina's congressional delegation, have been silent about comments made by Kamau Kambon, who is black, at a panel discussion in October at Howard University's law school about Hurricane Katrina relief. In comments televised live by CSPAN, Kambon said that all white people should be exterminated.

Bennett, secretary of education during the Reagan administration, said in reaction to a caller on his "Morning in America" program that to reduce crime one conceivably could "abort every black baby in this country and your crime rate would go down," but that any such policy would be "morally reprehensible." Bennett is white.

A press representative for Butterfield's office said the congressman had had not heard about Kambon's

statements, which received national attention. A spokeswoman for Watt said the congressman had no intention of making a comment about them.

Their position contrasts with statements that Butterfield and Watt, chairman of the Congressional Black Caucus, made after Bennett's comments.

"While we support First Amendment Rights, we simply cannot tolerate statements and [radio] shows that are replete with racism, stereotyping, and profiling," Butterfield said at the time. "Mr. Bennett's statement is insulting to all of us and has no place on the nation's public air waves."

Butterfield and congressional colleagues sent a letter to Salem Radio Network President Greg Anderson urging suspension of Bennett's syndicated radio program in the wake of comments made in response to a caller's suggestion linking abortions to the solvency of the Social Security program.



U.S. Rep. Mel Watt, D-12th



U.S. Rep. G.K. Butterfield, D-1st

"I am outraged and it is difficult for me to understand how an individual granted a network show could utter such an insensitive statement in 21st Century America,"

Butterfield said. "I am even more appalled over the fact these comments come from a man who served as Secretary of Education under President Reagan."

In addition to serving as education secretary, Bennett served as the national director of drug control policy under President George H. Bush. Bennett's conservative commentary syndicated radio program is heard by about 1.25 million people on 115 stations across the country, including stations in Los Angeles, Chicago, Boston, Philadelphia, Dallas, Atlanta, Denver, Phoenix, San Diego, and Minneapolis.

Watt had similar comments. "However, it's obvious that these kinds of outrageous comments will continue unless there are economic consequences

to those who make them," Watt said. "I, therefore, call on all radio station owners who carry Bill Bennett's show to immediately terminate the show and if they fail to do so, I call on his sponsors and advertisers to withdraw their advertising dollars."

Butterfield and Watt are not the only ones in Congress who criticized Bennett's comments, but who have remained quiet about those made by Kambon. According to a Library of Congress search of the 109th Congress, there have been no resolutions introduced in the House or the Senate to condemn Kambon's comments.

That is a sharp contrast to actions taken after Bennett made his comments. Two resolutions were introduced — one in the Senate and one in the House — to condemn Bennett's comments. Senate Resolution 262 was introduced by Sen. Frank Lautenberg, D-N.J., and was cosponsored by six other Democrats, including Senate Minority Leader Sen. Henry Reid, D-Nev.

The Senate resolution said "the Senate believes that such statements are unbecoming of a former Cabinet Secretary."

House Resolution 473, introduced by Rep. Bobby Rush, D-Illinois, with 13 cosponsors, called Bennett's statements "bigoted" and "ignorant." *CJ*

Economic Developer Questions Targeted State Incentives

By PAUL CHESSER
Associate Editor

In a case of swimming against a tsunami of opinion among his professional peers, the leader of a state economic development agency has announced his support for the elimination of certain targeted tax breaks for individual businesses.

Michael McMahon, executive director of the Rhode Island Economic Development Corporation, wrote on Oct. 6 that he agrees with the decision in the *Cuno v. DaimlerChrysler* case, in which the Sixth Circuit Court of Appeals ruled that some tax breaks granted by Ohio violated the Commerce Clause of the Constitution. The U.S. Supreme Court in September said it will consider the case. McMahon's opinion article was published by the *Providence Journal-Bulletin*.

"Rhode Island is not subject to the rulings of the 6th Circuit," McMahon wrote, "but we support the Supreme Court's decision to review the case, so that there will be one set of rules for all regions. In the spirit of that level playing field, we hope the high court will uphold the ruling against these types of tax credits."

"Instead of cannibalizing our neighbor states we should be cooperating with them in regional job-creation efforts that bring economic development and benefits to the entire area."

Michael McMahon

Rhode Island Economic Development Corp.

The appeals court ruled in *Cuno* that a franchise tax credit based on a business's investments in Ohio was unconstitutional, because it discriminated against investment out of state. That was considered inhibitive to interstate commerce, a power that the Constitution reserves for Congress to regulate.

Opposition to tax incentives for companies is unusual among economic developers, who as a group generally endorse any tools that governments can offer to make business more attractive and less costly. McMahon said the response to his article has been mostly favorable, although it's been from those who are already on the record in opposi-

tion to incentives.

In a telephone interview with *Carolina Journal*, McMahon called himself a "recovering investment banker" who was fairly new to economic development, and who sees the incentives war waged between states as destructive.

"This was an issue where the conclusion we came to was at two levels," he told *CJ*. "From a national public policy, it's really a zero-sum game. From a Rhode Island perspective, we have a smaller checkbook." In his opinion piece, McMahon said incentives "don't really create new jobs."

"They may make the difference in a company's decision of where to

open a plant, make an investment, or expand operations," McMahon wrote, "but though in one instance that might mean more jobs for Ohio...it comes at the expense of investment in another area...a gain for one state means a loss for another."

McMahon told *CJ* that he is not opposed to all economic incentives made by governments or quasi-government agencies — only those that amount to payouts to private businesses with little in lasting benefit to the state. For example, he cited workforce development and training dollars as one acceptable strategy to lure businesses.

"To me that's a good incentive," he said. "Well-trained workers stick around."

"Instead of cannibalizing our neighbor states," he wrote in the *Journal-Bulletin*, "we should be cooperating with them in regional job-creation efforts that bring economic development and benefits to the entire area."

But in the hyper-competitive world of incentives competition among the states, McMahon agreed that a federal solution — which could be partially addressed by the *Cuno* case — might be the only way to produce such regional cooperation. *CJ*

Head of Northeast Partnership Helps Self in Business Dealings

Watson plans to work with Randy Parton's entertainment group

By PAUL CHESSER

Associate Editor

RALEIGH

A deal arranged by North Carolina's Northeast Partnership president Rick Watson to work with country musician Randy Parton is not the first case in which Watson has tried to become involved with a company that his public agency is trying to help.

Watson, who leads many variations of the partnership, has in the past sought either a personal investment stake or other benefits from the businesses he has tried to help locate in northeastern North Carolina. He currently plans to work both for the partnership and Moonlight Bandit Productions, a company owned by Parton that is building an entertainment theater in Roanoke Rapids.

According to a report in *The Daily Advance* of Elizabeth City November 9, Watson helped draft legislation that got \$500,000 in state money for the promotion of Parton's theater project. The newspaper said Watson plans to work for both the Partnership and Parton for 18 months, until he becomes fully employed by Parton. The partnership enlisted a consultant, former state attorney general and U.S. Sen. Robert Morgan of Lillington, to determine whether Watson's dual employment posed a conflict of interest. Morgan concluded that it didn't.

The partnership is one of seven regional state economic development agencies that is funded by the state. State law prohibits public funding that benefits a government employee, or a private



Rick Watson, executive director of North Carolina's Northeast Partnership, at the groundbreaking ceremony for the Randy Parton theater in Roanoke Rapids on Nov. 11. (Photo by Don Carrington)

organization that the employee is involved with. *The Daily Advance* reported that Morgan found no problems related to Watson's dual employment because "no public funds will be expended or benefits provided to the private entity." It isn't clear whether Morgan was aware of the \$500,000 allocation for the project when he wrote his opinion.

Watson has been alleged in the past to have sought personal benefit from companies that have received help — supposed to be provided for free — from the Northeast Partnership. In 2001 and 2002 Watson proposed that biotechnology company CropTech give ownership equity to the partnership in exchange for helping the now-defunct business get financial incentives. The

partnership would put up little, if any, of its own money in exchange for a significant ownership stake. The company rejected the proposal.

Carolina Journal reported two years ago that Watson and others sought a personal stake in an ethanol plant in 2002 that a Raleigh businessman wanted to build in Martin County. And in a series of articles in *The Daily Advance* in May 2003, officials of DataCraft Solutions alleged that partnership representatives tried to get a 15 percent stake in their company in exchange for services from their side business.

The DataCraft executives claimed they were told that Watson owned 50 percent of the side business and would "close deals" for DataCraft — which

would have been an apparent violation of Watson's contract with the partnership.

Earlier this year *CJ* reported that Watson was an investor in a fingerprint technology company that received funding from the state's Tobacco Trust Fund, according to sources with direct knowledge of the project. Watson worked on obtaining the funds for Privaris, Inc., despite his personal financial stake in the company, creating an apparent conflict of interest.

Watson has created several non-profit organizations, which he says are private, that are related to the original Northeastern North Carolina Regional Economic Development Commission created by the state in 1994. The first spinoff became North Carolina's Northeast Partnership, which is how it is presently identified after at least two name changes.

In addition to the Commission and the Partnership, Watson created other affiliated organizations: North Carolina's Northeast Committee of 1000; North Carolina's Northeast Economic Development Foundation; and the North Carolina's Northeast Partnership for Financing — created last November.

Watson in 2003 also changed some key provisions to the Partnership's articles of incorporation. He greatly broadened the official "purposes" of the organization to include any activities outside of economic development. He also removed the Department of Commerce as the recipient of all the Partnership's assets should it be dissolved, leaving the decision with the board of directors.

Watson in the past has cited the private nature of the organizations related to the original Northeastern Commission as reasons for not complying with public records requests. *CJ*

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Monday, August 22, 2005

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NC Delegation Watch

Dems want withdrawal

U.S. Reps. David Price, D-4th, and Brad Miller, D-13th, outspoken critics of the Bush administration's handling of the war in Iraq, introduced a joint resolution Oct. 24 directing the president to submit a detailed plan to Congress for ending the occupation of that country, including a quick initial drawdown of U.S. troops.

Price said in a statement that... "while we should never have started this war... and although no ideal option for ending it is available to us now, the October 15 (Iraq constitution) referendum vote offers the best opportunity we are likely to have to begin the process of withdrawal credibly and hopefully...."

"If our presence in Iraq is truly not for Iraq's oil or for a permanent staging area for military operations in that part of the world, we need to say so," Miller said. "We need to state clearly that we do not intend a long term occupation of Iraq, and that Iraqis will decide their own future."

Burr and Dole support Alito

Both U.S. Sens. Richard Burr and Elizabeth Dole of North Carolina praised President Bush for his choice of 3rd District Court of Appeals Judge Samuel Alito for the Supreme Court.

"As the Senate now proceeds with the confirmation process, I am hopeful Judge Alito will receive a fair, dignified hearing followed by an up-or-down vote on the Senate floor," Burr said.

"Samuel Alito is an excellent choice...." Dole said. "Throughout his distinguished legal career, he has demonstrated the qualities that one wants in a federal judge — a strong intellect, fair-mindedness, and a commitment to the philosophy of judicial restraint."

Earlier in the month, after the much-criticized (and subsequently withdrawn) nomination of Harriet Miers, Burr delivered comments similar to those he said about Alito: "I am hopeful that she will receive a fair, honest hearing followed by an up-or-down vote on the Senate floor." But the *Washington Times* characterized Dole's response to Miers's nomination as "chilly."

"As the nomination process moves ahead, I look forward to reviewing Ms. Miers' qualification and her views on the proper role of the judiciary," Dole said. CJ

18 states now in the combine

States Join to Streamline Sales Tax Collection

By STEVE STANEK

The Heartland Institute

CHICAGO
An 18-state network for the voluntary collection of taxes on goods sold over the Internet or through the mail has been created by the Streamlined Sales Tax Project (SSTP), a step project members hope will lead to a national sales tax collection program.

At a June 30 meeting in Chicago, project officials, including state lawmakers and industry representatives, decided 11 states would oversee the network and provide incentives for retailers to participate voluntarily. Incentives would include free software to calculate, collect, and remit taxes on Internet sales and a one-year amnesty for companies that may owe taxes on past online sales to any of the participating states. The software and amnesty would be offered beginning in October.

"This was a landmark meeting for the whole effort," said Stephen Kranz, a spokesman for the SSTP and tax counsel for the Council on State Taxation, an industry trade association that is promoting the project.

The 11 states — Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, North Carolina, Nebraska, Oklahoma, South Dakota, and West Virginia — have amended their sales tax laws to comply with project rules and definitions of taxable items. Six of the seven other states in the network — Arkansas, North Dakota, Ohio, Tennessee, Utah, and Wyoming — have not made the necessary amendments but plan to do so.

The remaining state, New Jersey, brought its sales tax law into project compliance after the June 30 meeting. It did not fully comply, however, until after the 11 states were designated to oversee the network.

Internet and mail order retailers that agree to collect and remit taxes will do so for sales originating in any of the states that have amended their laws to fully comply with the SSTP standards. "Originating" refers to the location of the buyer.

The National Governors Association and National Conference of State Legislatures released a report in July 2004 that estimated state and local governments lost as much as \$16 billion by not being able to tax Internet sales.

No Longer Needed?

Some taxpayer groups doubt the need for the SSTP.

"The SSTP was started by states that feared they would lose revenue to Internet sales. Since then, there are now software solutions that even a one-person business with a Web site can get to compute sales tax in every ZIP Code in the country," said William Ahern,



spokesman for the Tax Foundation in Washington, DC.

"So in one sense the SSTP is obsolete," Ahern said. "The need for it is gone. No state should bother trying to change its tax rates or sales tax rules to accommodate some other states, because the private marketplace has solved the problem."

One company that offers such a solution, and has been certified by the SSTP, is Avalara Inc., based in Bainbridge Island, Washington.

Technology Seen as Solution

"From my perspective, the simplification is in the technology," said Rory Rawlings, Avalara's founder. "No matter how simplified they make the laws, they're still very complicated for small business owners to comply with. The answer is in technology and not in policy."

Rawlings said his company's Web-based product, which works with most small-business accounting software packages, starts at \$9.95 a month. Prices climb from there, depending on the number of sales transactions a business makes each month.

As an SSTP-certified vendor, Avalara Inc. is responsible for the accuracy of the tax collections and remittances, Rawlings noted. Any mistakes would be covered by Avalara. That holds true for other certified vendors as well. Seven vendors have been certified already.

Others Doubt Technology

Rich Prem, director of global indirect taxes for Amazon.com, said, "Technology isn't a silver bullet to resolve the real administrative burdens facing both large and small Internet sellers. I believe that the real benefit of the technology solutions being developed by companies like Avalara will be to enable even the smallest of Internet sellers to be able to collect sales tax on Internet sales, once the more than 7,600 sales and use tax regimes are appropriately streamlined."

He added, "Amazon's position is

that if the system is truly simple, and if the states follow through on their commitments relating to certified service providers and certified automated software that would largely eliminate the costs and burdens of collecting sales taxes, then sellers of all sizes should be able to comply."

Loss of Tax Competition Feared

Ahern said he fears nationwide enactment of the SSTP would reduce tax competition between states or between communities within states. In Chicago, Illinois, for instance, the sales tax climbed to 9 percent on July 1. In many Chicago suburbs, the tax rate is 6.5 percent.

"That 6.5 percent rate helps restrain Chicago's rate," Ahern said. "The city's rate would probably be even higher if the suburbs' rates were higher."

States Keep Sovereignty

Kranz, though, said tax competition would remain under the SSTP.

"The agreement says wherever a product is delivered is the jurisdiction that gets to impose the tax," Kranz said. "A jurisdiction could tax something or not tax it. And the tax could be whatever the jurisdiction wants."

Alaska, Delaware, Montana, New Hampshire, and Oregon do not have state sales taxes and would not have to impose them under the SSTP. (Some Alaska communities have their own local sales taxes.)

Without a destination-based tax system, Kranz said, "every company that sold online should set up in one of the states without a sales tax. Some people think an origin-based system is a good approach, because companies will relocate where there is no tax. We think it would be a race to the bottom." CJ

Steve Stanek (stanek@heartland.org) is managing editor of *Budget & Tax News*, in which this article first appeared. Visit them at www.heartland.org.

Apex Doctor Thrives in Practice that Doesn't Accept Insurance

By CAROLINA JOURNAL STAFF

RALEIGH

Dr. Brian Forrest of Apex has opened a medical practice that he thinks is the health-care model of the future, because he declines to accept health insurance payments for his patients. He was recently interviewed by *Carolina Journal's* Donna Martinez about how he conducts business and where he thinks health-care trends are going.

Martinez: First of all, talk about your medical practice in Apex and why it's different from the traditional medical office that we're used to encountering.

Forrest: Our office in Apex has been open now for about three years, and when we first opened, I made the decision not to accept any health insurance contracts and to basically accept payment at time of service. My initial goal, I thought, was going to be to help serve people who fell through the cracks, who potentially did not have insurance, people that were normal cash-pay patients that often were in a position that they could not afford health-care insurance, and they really had to pay for insurance — or for medical bills — out of pocket.

What I found over the last three years that's very interesting is that about 75 percent of my patients have some form of third-party medical insurance, and they still choose to come to our practice because of some of the unique features and the way we can practice medicine differently — by not accepting insurance and not having the overhead staffing and administrative costs associated with filing insurance.

Martinez: So it sounds like you have chosen to take the approach that gets you out of the traditional model that is very heavy in paper work, dealing with third-party companies, etcetera.

How does that benefit you as a business person, as a doctor who's a business professional?

Forrest: I think one of the key ways it benefits us is that, before I started this practice, I had worked in a couple of different places and, even in residency, I remember that we were often asked to see 15 to 16 patients per half day. And in the private world of medical practice, patient visits have been shown to be increasing by 7 percent every year. Here in Raleigh, the average is between 20 and 30 patients per day.

Martinez: Really? That's incredible.

Forrest: I really wanted to not be pushed that hard. I know a lot of patients feel frustrated, they feel they get sort of herded in and out of offices. They sometimes wait for 50 minutes and

get seen for five by their provider.

So what I really wanted to do is flip that around, not just for the patients, but also for me, so that I felt like I had time to spend with a patient.

One of the major things that you would notice at our office is that a full-schedule day for us is usually 10 appointments. Then we leave the rest of the day open for walk-ins for our patients so that if they're sick, they don't have to necessarily wait two or three days to get in to see their health-care provider.

Martinez: What I think is interesting about this is, it really seems to be creating a one-to-one relationship between the patient who is consuming health care and the patient actually paying [for] health care. That's very different from what most of us are used to dealing with, where we have an insurance carrier, we pay a co-pay, a deductible, but we never really know what the cost of the services are that we're consuming.

Do you see your patients paying more attention to what they're actually buying?

Forrest: We certainly do. When I was at Wake Forest, I actually did sort of an observational study myself where I talked to practice managers and actually looked at the cost of doing business per se for medical practice. And the interesting thing I found is that the average charge for just an average visit was around \$93. However, the amount of money that it took these practices to collect their bill was about \$50 per patient visit. So that meant that out of the \$93 they charged, \$50 of that was going to overhead.

The other issue is collections. A lot of times, insurance plans and patients who can't pay or whatever, a lot of the times your collections are less as well. So, in this observational study, the average amount collected was only \$39 and these practices were spending \$50 per patient to collect \$39. Well, obviously, if you do that math it means the practice managers were saying, "See more patients, see more patients."

What was happening was, we were actually losing more money, because what I have found is that, for my type practice, per provider, we're saving about \$210,000 a year in practice overhead. What we simply do is reinvest that back into the practice, such that we can reduce our fees, and our fees are about 50 to 80 percent less than the traditional



Dr. Brian Forrest of Apex may have hit on the health-care model of the future.

practice because of being able to have low overhead by getting rid of these administrative costs associated with insurance.

Martinez: You believe this is the model of the future, and as you also know, in late 2003 Congress created health savings accounts. The goal was to have more people have access to health-care coverage. Those [health savings

accounts] are basically where you have a high-deductible, but low-premium insurance policy in which, if you have illness or an accident, you are covered, but the individual actually pays for more of the day-to-day things.

Are you seeing patients who are coming in, who are accessing that health savings account model?

Forrest: Absolutely. We've had two types of patients. We've had patients who come to us initially because they know about our type of care and also that they know about — they already have — a health-care savings account and they know that with our model, they will be able to save a substantial amount of money each year. And then the other phenomenon that we have is, a lot of our patients who are self-employed and who have maybe been buying their own health insurance out of pocket with copay coverage. After they are seen at

our office for a while, they realize — it dawns on them — that they could be saving thousands of dollars a year if they would switch to a health-care savings plan.

Martinez: This does seem to be one of these classic, win-win situations. It sounds like patients are getting more time with you as the medical professional, also at a lower cost, and you feel good about the service that you're delivering. Is that a fair representation of it?

Forrest: I think so. I think patients have had a very, very positive response to this.

The insured patients value the increased access and the ability to spend more time with their physician. The uninsured patients certainly appreciate the fact that they're getting charged a fraction of what they normally would.

I think one of things is that people really think that routine health care is a lot more expensive than it is — because of the health-care premiums they are paying. But it's really not.

Martinez: Dr. Forrest, I understand you are enlisting other doctors, that you are finding a lot of interest from other medical professionals in moving towards this model, are organizing folks.

Forrest: Well, I'm not organizing per se, but I'm certainly being sought out. I have probably met with dozens of doctors over the last year who have wanted to go out to lunch, who have wanted to do things — basically to get together and talk about this model. And several have put those into place and there are several new ones in Wake County starting now. CJ



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State School Briefs

Bush urges better schools

The Bush administration has begun to ease some rules for the controversial No Child Left Behind law, *The Washington Post* reported, opening the door to a new way to rate schools, granting a few urban systems permission to provide federally subsidized tutoring and allowing certain states more time to meet teacher-quality requirements.

"These actions amount to a major response to critics who have called No Child Left Behind rigid and unworkable," *The Post* reported.

U.S. Secretary of Education Margaret Spellings announced a pilot program where interested and qualified states can submit proposals for developing growth models that follow the "bright-line" principles of No Child Left Behind.

Secretary Spellings made the special announcement during an address to the Council of Chief State School Officers' (CCSSO) Annual Policy Forum in Richmond, Va.

"A growth model is not a way around accountability standards. It's a way for states that are already raising achievement and following the bright-line principles of the law to strengthen accountability.

"We're open to new ideas, but we're not taking our eye off the ball. There are many different routes for states to take, but they all must begin with a commitment to annual assessment and disaggregation of data."

Projects unfinished in CMS

After Charlotte-Mecklenburg voters shot down a massive bond referendum that would have built new schools and renovated old ones, *The Charlotte Observer* reported that nine city schools are still waiting for renovation projects that voters had already approved over the last eight years.

According to the newspaper, "the schools are caught in a twilight zone created by controversial bond tactics and shifting political winds. For instance, renovations to Northeast Middle School near Mint Hill were approved in 1997, 2000 and 2002.

Charlotte-Mecklenburg Schools says the work won't be finished until 2009, stalled by controversy over construction priorities. Meanwhile, soaring construction costs have eroded the budget, causing CMS to scale back." CJ

Designed to help NCAE

Teacher Pay Decision Rewards Political Ally

By JIM STEGALL
Contributing Editor

RALEIGH

Gov. Mike Easley's decision to grant teachers an across-the-board \$525 pay raise was a reward for the teacher's union that has supported him in the past but now needs his help.

The spending plan was structured and timed to help the North Carolina Association of Educators, a key political ally, reverse its decline in membership and to keep the union on the governor's team for future legislative and electoral battles.

The recently passed budget bill authorized a raise in the teachers' salary schedule of about one-third of one percent. However, a little-noticed provision in the budget also set aside \$170 million over the next two years as a contingency appropriation, for addressing issues in teacher pay. Language in the bill directed the governor to "analyze the current state public school teacher salary schedule, trends in salaries, and the current disparity between North Carolina teacher pay and the national average to determine how teacher pay affects the state's ability to recruit and retain highly qualified public school teachers" with a goal of improving educational opportunity and outcomes for North Carolina's schoolchildren. The bill directed the governor to come up with a plan to reduce the pay disparity using the contingency appropriation funds.

According to the bill, Easley was to consult with the speaker of the House and the president pro tem of the Senate before implementing his plan. Once the three leaders agreed on a plan, no further legislation would be needed to begin spending the money.

Easley's education advisor, J. B. Buxton, convened a series of meetings to seek input from various stakeholders from the education establishment. Teachers groups; the N.C. Association of School Administrators; the N.C. School Boards Association; and the Public School Forum, a Raleigh-based education policy think-tank, were brought in for consultation.

But the final plan, announced Oct. 25 by Easley, reflected little input from any group other than the NCAE. Representatives of the administrators, the school boards, and Professional Educators of North Carolina (a nonunion professional association for teachers) had argued that the money should be targeted to problem areas such as beginning teachers' pay. The Public School Forum recently issued a report showing that North Carolina's average starting teacher salary of \$25,572 was lower than that of all five neighboring states.

Another idea that received broad

Analysis



North Carolina Association of Educators offices at 700 South Salisbury Street in Raleigh. (Photo by Don Carrington)

agreement was that some of the money should be used to keep veteran teachers on the job longer. The current pay scale tops out at 30 years. The School Boards Association called for some consideration of the idea of differential pay, that is, paying extra to attract teachers to hard-to-staff disciplines such as science, math, special education, and English as a second language. Other groups preferred to target school systems with high turnover rates.

In contrast to these ideas for targeting the money to specific problem areas, the NCAE argued for an across-the-board 2 percent increase in teacher pay, to be applied to the existing teacher pay scale this year and next year. Most participants in the meetings opposed the idea, because it failed to address the problems of new-teacher recruitment, loss of experienced teachers, and shortage areas.

NCAE President Eddie Davis declined to speak with *CJ* about the reasoning behind his organization's position. However, Dr. Myron Lieberman, chairman of the Education Policy Institute and one of the nation's leading authorities on education employment and teachers' unions has written that unions oppose plans to pay teachers differently because the proposals are "divisive within the union."

For example, Dr. Lieberman writes, "For every teacher awarded merit pay, ten others will want the union to file a grievance alleging that they deserve merit pay more than the teachers who received it." He stated that a union "must avoid internal controversy as much as possible."

Easley's plan satisfies the NCAE's desire to reward teachers equally by giving all teachers an extra \$75 a month for the remaining seven months of the school year. It also gives the union something it desperately needs to reverse its declining membership among classroom teachers — a tangible politi-

cal victory that directly affects teachers' pocketbooks.

By waiting until the school year was under way to announce the raise (rather than simply adding the extra money into the salary schedule at the start of the year) Easley also created a news event designed to focus teacher attention on the NCAE's accomplishment in wrangling an "extra" pay raise.

The union trumpeted its success in getting Easley to see things its way. An "action alert" on the NCAE website, posted the same day as the governor's announcement, said the plan was "a great victory for NCAE."

Although the NCAE routinely claims to represent 70,000 teachers across the state, recent reporting by *Carolina Journal*, the Public School Forum, and the Education Intelligence Agency show that the union's true membership is far lower and steadily declining.

The decline among actual classroom teachers is greater, as the union's demographics continue to skew toward retirees, student teachers, and school-support personnel such as janitors, bus drivers, and cafeteria workers. Since active classroom teachers pay the highest dues, their loss is a financial blow to the union.

Reaction to Easley's pay plan from the rest of the education community was muted. Few of the other organizations that had provided input while the plan was under development had any official statement to make about the governor's announcement. Dr. Ellen Greaves, executive director of PENC, applauded Easley's efforts and called the move a "good first step."

But she also pointed out that the state already has a Teacher Retention Task Force working on a plan to recruit and retain better teachers, and that teacher pay is "just one of the factors that affects whether someone becomes a teacher or remains a teacher." CJ

Burdensome Regulations Inhibit Participation in School Choice

By SAM A. HIEB
Contributing Editor

GREENSBORO

Court challenges and burdensome procedures have had dramatic effects on participation in school choice programs around the country, according to a report recently issued by the Friedman Foundation.

The report, *Using School Choice: Analyzing How Americans Access Educational Freedom*, was issued in October and it evaluates the process parents must go through to participate in school choice programs, rating each for ease of access and use. It also collects, for the first time, historical data on participation in school choice programs.

Greg Forster, author of the report and a senior fellow at the Friedman Foundation, writes that overbearing application procedures "can create barriers to participation if they are onerous or confusing."

Court challenges similarly discourage participation by placing a program's future in doubt.

"Where there is reasonable chance that a program might be cancelled on the whim of a judge, possibly in the middle of a school year, parents likely will take into consideration the disruption that might cause their children and the problems they might have dealing with their local schools after being forced to return there," Forster writes.

Of the 14 school choice programs rated in the report, five — Milwaukee's voucher program, Maine and Vermont town tuitions, Arizona's tax-funded scholarships and personal tax credit programs in Illinois and Iowa — are rated "excellent" for ease of access, while two, the Florida A+ voucher program and the Washington, D.C. voucher program, received "poor" ratings.

Under the Florida A+ program, the state assigns each public school a letter grade based on its performance in the previous school year. If a school gets an "F" grade, or has had one in any of the three previous years, students may apply for a voucher to attend a private school.

The program received its poor rating based mainly on a narrow two-week window to apply for a voucher. Adding to the difficulty is the fact that parents do not even know whether they are eligible until school grades come out.

While the number of students participating in the program has increased since 1999, the percentage of students participating has declined. One reason

is no schools were eligible for the program in 2000-01 or 2001-02, so no new students were able to enter the program during that time.

Still, even though there were eligible schools in every subsequent year, participation once again declined after a slight increase. Forster cites lack of media coverage as one reason for the decline.

"Because parents only have a two-week window to apply, media coverage is crucial," Forster said in a telephone interview. "If parents don't hear, then that two-week window is ticking and parents don't know it. Of course, as the program becomes old, it's going to be covered less."

But another major factor has been a court challenge to the program. Under Florida law, government programs are allowed to continue under court challenges if the state is appealing to a higher court. So the program had no real danger of being shut down

until the case reached the Florida Supreme Court in the summer of 2005. So the very real possibility of the program being ruled unconstitutional and being shut down may have depressed enrollment.

As of now, the Florida A+ program is still waiting on a decision.

"In the school choice movement, we're fairly experienced with courts not taking into consideration the fact that parents need an answer to plan their children's lives around," Forster said. "To the judges, it's less immediate."

Enrollment in other successful school choice programs around the country has been depressed by court challenges. When Milwaukee's voucher program allowed religious schools to participate in 1995, a court injunction kept them from doing so. In 1998, the Wisconsin Supreme Court ruled in favor of participation by religious schools. After the U.S. Supreme Court refused to hear an appeal of the case in November 1999, the program under went the greatest growth of any program in the country rising from 2.1 percent in 1997-98 to 20.5 percent in 2003-04.

Though several school choice programs have recently passed without legal challenges, Forster said that's not necessarily an indication that the courts will stay out of school choice issues, especially if the Florida program is struck down.

"Legal challenges to vouchers are going to be with us for a while," he said. CJ

"Legal challenges to vouchers are going to be with us for a while."

**Greg Forster
The Friedman Foundation**

Commentary

Unions Have Stranglehold — For Now

Results from the November election showcase the staggering political influence of teachers' unions. Nowhere is this more evident than in California, where the California Teachers' Association (CTA) has become a modern-day Goliath. Flexing powerful special-interest muscle and dispensing fistfuls of cash, the CTA seeks to squelch any challenge to its bureaucratic stranglehold on California's public schools.

This fall, three ballot initiatives pushed by Gov. Arnold Schwarzenegger could have chipped away at the CTA's mammoth influence. The first, Proposition 74, would have raised the work requirement for teacher tenure to five years. Currently, teachers receive lifetime employment guarantees after just two short years. Proposition 74 would have given California principals more time to weed out the state's weakest teachers, creating necessary job accountability. Yet, 55 percent of voters said "no."

The second measure, Proposition 75, would have protected teacher paychecks from union interference. Currently, the state must hire CTA members; dues are then automatically deducted from the paychecks of CTA teachers. These funds are used to support political candidates and initiatives favored by the union "godfathers," whether members agree or not. Proposition 75 would have ended this unseemly practice, requiring all public employee labor unions to obtain written member consent before using dues for political concerns. But this proposition was defeated by 53.4 percent of voters.

The third measure, Proposition 76, would have limited state spending on schools to the prior year's level of spending, plus three previous years' average revenue growth — a smart idea, given the fact that research continues to dispute any link between higher spending and student achievement. Yet, 62 percent of voters rejected these spending parameters.

Why were three sensible reform initiatives handed such stinging defeats? Consider the political war chest with which the CTA battles school reformers and their proposals. As the state affiliate of the National Education Association (NEA), the CTA receives millions of dollars for political activity; in fact, during the 2005 NEA convention,

the CTA was given \$2.5 million to defeat the governor's education initiatives. More money was slated to follow, with \$6.7 million allocated for California and New Jersey.

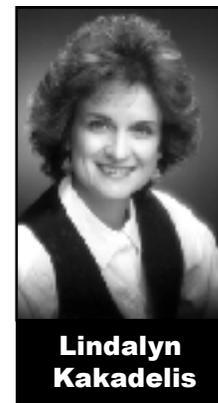
Unfortunately, Propositions 74, 75, and 76 join a long list of other good ideas stamped out by the union. The CTA has also lobbied successfully to prohibit California schools from hiring private firms to provide food, transportation, janitorial and landscaping services. Yet, studies show outsourcing cuts costs by 20 to 40 percent, making it a sound business practice. For the CTA, though, protecting union jobs is far more important than meeting the needs of schoolchildren.

But shouldn't *children* be the focus of our educational attention? A snapshot of California's academic performance reveals a system that is failing to educate students in the basics. Currently, more than 1,700 California schools fall short of Adequate Yearly Progress standards under *No Child Left Behind*.

Nevertheless, the union declares war on any threat to its way of life. The day after California's special election, CTA president Barbara Kerr issued the following veiled threat: "The teachers of California will not be silenced... No one should doubt that CTA and its 335,000 members have the will and the resources to stand up for students, our public schools and our profession."

Yes, teachers' unions have the will. And for now, at least, they have the resources — however suspect their collection of funds may be. But the fight to reclaim American education is only just beginning. Around the country, innovative schools and programs are pushing back against union power, steadily reclaiming the ideological ground. Eventually, market-based concepts like choice and competition will prevail. And as the inevitable union casualties continue to mount — in the form of falling test scores, enduring achievement gaps, and frustrated teachers — *we will* win back voters, and with them, America's schools. CJ

Lindalyn Kakadelis is director of the North Carolina Education Alliance.



**Lindalyn
Kakadelis**

School Reform Notes

Charters want lottery funds

According to a report in the *Asheville Citizen-Times* Nov. 21, charter school parents and administrators want state lawmakers to allow some lottery proceeds to go towards their school construction and other building needs. Current state law prohibits state money for the purchase or maintenance of buildings for charters.

Lottery money would enable charter schools to enhance teacher salaries, enrichment programs and develop better libraries, Jackie Williams, executive director of Evergreen Community Charter School in Asheville, told the *Citizen-Times*.

"We have a very, very tight budget," Williams said. "That means our teachers don't get paid as other state employees. The state spends less money on a child in a charter school than in another publicly funded school."

"I think it's a question of getting our political leaders to look at the situation and see the unfairness of the situation," said Ken Patterson, whose daughter attends Evergreen, to the *Citizen-Times*. "Legislatively, we need to talk to our politicians and get people to step up."

S.C. Gov. promotes choice

In an op-ed for *The Charlotte Observer*, South Carolina governor Mark Sanford said that when it comes to making the state more competitive and more successful in education, he has always firmly believed that parental choice in the market is critical.

"I am more convinced of that than ever after having seen firsthand how choice turned thousands of young lives around in places like Milwaukee and Cleveland," Sanford wrote for the Nov. 20 issue. "We owe it to those kids whose needs for whatever reason aren't being met by their current school to at least explore how these success stories might be duplicated here in South Carolina."

"It's important because at the end of the day, school choice is not just about its impact on those thousands of individual lives, but the fact that it has been instrumental in improving public education wherever it's been tried."

"Take Milwaukee, which saw its public school enrollment, graduation rate, per pupil funding and test results all go up after school choice was implemented there. The only thing that dropped over that same period was the dropout rate!" CJ

One and one don't add up

Charter Schools Judged Unfairly, Experts Say

By KAREN WELSH

Contributing Editor

RALEIGH

Two 2004 reports cast a disparaging light on charter schools in North Carolina, but critiques of those reports say they are riddled with error and fail to factor in the fact that charter schools intentionally target students who are failing to perform in traditional classrooms.

University of Connecticut Professor Robert Bifulco and Duke University Professor Helen Ladd for the Terry Sanford Institute authored one of those reports, finding that state charter schools are "lacking."

"Parents often expect charter schools to provide a stronger academic experience for their children than traditional public schools, but that is typically not the case," Ladd, a professor of public policy studies and economics told her campus newspaper. "Our study finds that charter school students perform less well on average in charter schools than they would have in traditional public schools and the negative effects of attending a charter school are large."

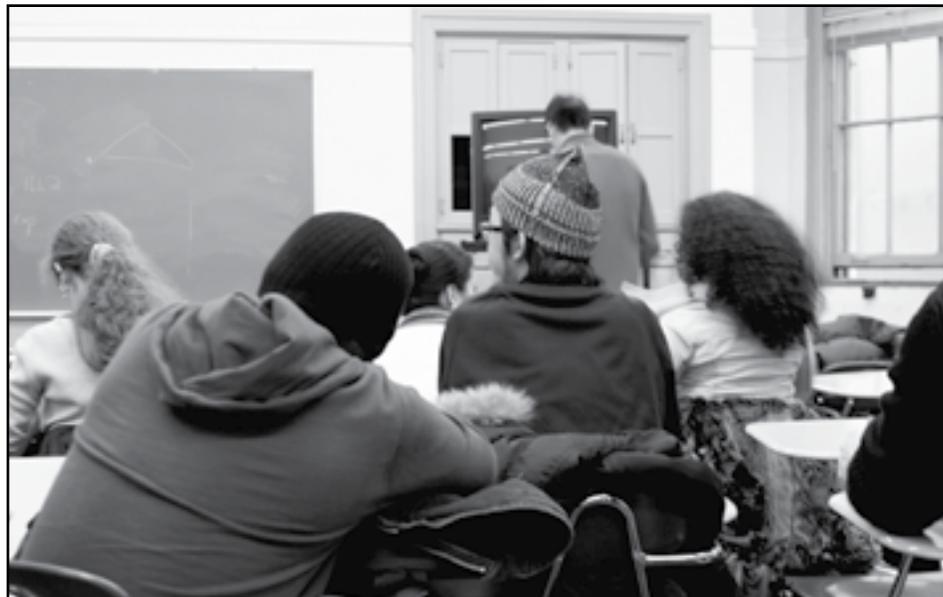
Another study, conducted by Caroline Hoxby, on behalf of the American Federation of Teachers, rendered similar findings.

North Carolina State University Economist Craig Newmark, however, said the models used for both studies were riddled with errors, consisting of mathematical and statistical materials omitted during the author's final calculations.

In a policy report entitled, "Another Look at the Effect of Charter Schools on Student Test Scores in North Carolina," Newmark questioned Bifulco and Ladd's findings, stating the report faced "serious problems."

Newmark said both Bifulco and Ladd's conclusions made him question the relevance of their public and charter school comparisons. "For example, the fact that charter schools have a much smaller percentage of gifted students than regular public schools is ignored," Newmark said. "In each year studied, the percentage of gifted regular public school students is at least 4 percentage points higher than in charter schools. In the last year of the study, 2002-2003, this percentage is more than three times that of charters: 13.62 percent for regular schools compared to 4.2 percent for charters. Failure to incorporate this fact into their study biases it against charter schools."

Newmark also found the same flawed premise in Hoxby's procedures. In a report entitled, "Reassessing North Carolina's Charter Schools: A Note on Caroline Hoxby's Findings," Newmark said the Harvard researcher did not take into account the higher number



Charter schools being criticized for having low-performing students, but reports fail to point out that many charter schools actively promote themselves to just such students.

of academically gifted students found in the regular public school system. "Her sample of North Carolina charter schools includes 11 schools targeting at-risk students while her sample of North Carolina regular public schools does not include any," he said. "When I modify her method to account for these two facts, I find that the proficiency of North Carolina charter school students is not significantly different from their regular school counterparts."

An "Innovation in Education" policy report by North Carolina Education confirms Newmark's facts. The study found the state's charter schools have more black and Hispanic students, fewer white pupils and a higher percentage of male students than traditional public schools.

"There seems to be a growing tendency for charter schools to attract pupils who were not thriving in their traditional public school environment. Charter schools also have a slightly higher percentage of special education children than non-charter schools. This occurs because some schools form specifically to serve special-needs students; alternatively, some children with learning disabilities choose charter schools because they are not well-served by their assigned public school."

Unlike Bifulco and Ladd, Hoxby admitted she overlooked some vital information in her first study. She reassessed the information and determined her methods were indeed biased when she compared charter schools against regular public schools.

"Charter schools for at-risk students seek out applicants with poor achievement, so they should not be criticized for having students whose achievement is low," Hoxby wrote in her second paper. "Put another way, if a school deliberately seeks out low-performing students, there is little or no information to be gleaned by comparing its outcomes to those of its matched

regular public school."

In the end, however, Newmark said Hoxby failed to reach the right conclusion. He criticized the latter report, stating the identifying factors were too restrictive and her strategies incomplete in at least two areas.

Unfortunately, the National Education Association and other educational organizations have latched on to the false findings and are using them to make a case against charter and school choice in general.

"In a study that followed North Carolina students for several years, professors Robert Bifulco and Helen Ladd found that students in charter schools actually made considerably smaller achievement gains in charter schools than they would have in traditional public schools," the NEA website states.

Despite the push to discredit charter schools in North Carolina, there are many who aren't biting. Sen. Edward Goodall, R-Mecklenburg said it's difficult to compare apples with oranges in these types of studies.

He said most assessments don't mean much in the charter school realm because those children need to be judged on a different criteria. "I'm not interested in their test scores," he said. "Instead, I'm interested in how much they've progressed from where they've started out. Targeting at-risk children cannot be viewed as a failure."

The "Innovation in Education" report agreed, stating North Carolina's charter schools are thriving, while providing more than 21,000 students across the state with proven and effective alternatives to traditional public schools.

"While it is true that students generally tend to come into charter schools at a lower achievement level than their peers in other public schools, charter pupils are gaining ground at a faster rate than other non-charter students," the study stated. CJ

New State School Superintendent Doesn't Mince Words

By PAIGE HOLLAND HAMP
Contributing Editor

On August 23, 2005, after eight months of legal wrangling, Dr. June Atkinson became the first female State Superintendent in North Carolina history. Dr. Atkinson has a long resume of accomplishments. . . teacher, author and 28 years with DPI . . . that qualify her to lead the state's education system. In addition, she brings an absolute candor about the state of education in North Carolina that will aid her in her task.

Dr. Atkinson doesn't try to manipulate the numbers, talk in circles to avoid hard questions, and she doesn't mince words. "We have a lot of work to do in North Carolina," states Atkinson, "Our NAEP scores for 8th graders have fallen below the national average and

according to the Manhattan Institute our graduation rate is a dismal 67 percent."

After losing time waiting for election results to be ratified, many might have complained, but Atkinson has jumped into the job with both feet. She says she is committed to making significant progress during her tenure in key areas . . . increasing the graduation rate to at least 85 percent, using technology to boost effectiveness and student outcomes, and ensuring educators at all levels have professional development opportunities.

Surprised to learn, after taking over in August, that 47 percent of

DPI employees have fewer than five years with the department, Atkinson is committed to providing development to build a strong organization by retaining talented employees that can provide statewide leadership, which she said is critical at all levels.

"Professional development for teachers is key to improved student outcomes," said Atkinson. "It's not fancy but it's effective."

She said she will promote national standards for professional development. "Just as other professionals must continually keep up in their fields, educators must invest in development or risk becoming dinosaurs," she said. She also said she believes educators must see this as part of their obligation to their profession and not an "add-on" in which they are forced to participate.

Every year

through national research educators discover more about how students learn. One essential tool in a modern education system is the way technology can positively increase student performance. Effective use of technology in the classroom is critical and if teachers don't know how to use it they lose significant opportunities for increased learning. Without professional development, many teachers don't know how to effectively use technology in their classroom.

Atkinson said that technology can provide options for learning that would otherwise be cost prohibitive. In addition, she said, technology can

provide choices for students and parents particularly at the high school level.

"There are many courses of study, for example some foreign languages like Chinese, that only a dozen or so students at a high school are interested in taking, but across a county you might have enough to fill three classes," she explained. "By creating online courses in conjunction with our Universities and colleges we can provide these options to the families we serve."

Another issue is the role technology can play in providing high school course options in rural or isolated areas. "We have worked with UNC to develop AG [academically gifted] level classes that can be offered online," Atkinson said. "We can expand the [UNC online teacher resource site] LearnNC concept to dramatically increase course options that are requested by students, but would be impossible, financially, to afford in a traditional classroom setting."

If technology is used for some of the routine delivery of information, she said, teachers can be freed up to be facilitators of true learning and as relationship builders who will be attentive to the needs of children and their families.

Improving North Carolina's graduation rate will also be a focus for Atkinson.

"We must begin with the end at mind which would be a 100 percent graduation rate," she said, "and then set benchmarks to get to at least 85 percent within the next three years." She said that in the short-term educators must concentrate on the 9th grade, where the highest dropout rate occurs.

Across the state, where she has observed 9th grade academies that work helping transition students, there has been significant improvement, she said. But the long-term solution

is ensuring students are succeeding in elementary and middle school, she said. Students who are succeeding have a very low risk of dropping out, she added.

To that end Atkinson believes the NAEP results can provide the information needed to build a better curriculum.

"For example, with our reading curriculum, many of the kids can say and read the words," she explained, "but they are not reading for information. Just being able to say the words is not enough. They must understand and be able to utilize the information."

Atkinson said that if educators can truly teach students to glean information from what they read it would impact every subject.

"When I read for pleasure, which is what we have been promoting, in a couple months I remember very little," she said. "While we don't want to discourage reading for pleasure, we as educators must learn to teach reading for information in our classrooms."

Atkinson's energy and enthusiasm will go a long way in helping her achieve her goals for North Carolina, but she understands that she faces numerous challenges. The biggest, from her perspective, is "bringing all the players together."

"There are so many entities working in education across the state," she said. Atkinson said that in some areas of the state there are so many services that resources are being wasted through duplicated services, while in other areas of the state, there are few services at all.

The bottom line, she believes, is looking at the whole picture and doing what is best for all the children in North Carolina. Also, she is including a group often left out: parents. Her parent advisory committee will begin meeting in January. CJ



State School Superintendent
Dr. June Atkinson

John Locke
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WHAT WE BELIEVE

The John Locke Foundation believes that our society must return to our founding principles:

We are a **land of liberty** where natural rights of individuals precede and supersede the power of the state.

We are a **constitutional republic** in which government power is limited and employed for the purpose of providing legitimate public goods rather than for the benefit of insiders and narrow interest groups.

We are a **free market** in which persons, individually or collectively, have the natural right to sell goods and services to willing buyers, and in which the individual pursuit of economic opportunity benefits all.

And we are a **free society** where citizens solve social problems not only through government but also by working together in families, neighborhoods, churches, charities, and other private, voluntary organizations.

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www.JohnLocke.org



Attention City & County Officials

And others with an interest in local government issues

Here are some handy ways to track the latest news and research on local issues.

Updated daily, www.LocalInnovation.org, from the Center for Local Innovation covers such subjects as local taxes and budgets, land-use regulation, privatization, transportation, and annexation. Also, the John Locke Foundation is creating regional pages within www.JohnLocke.org. The first was "JLF-Charlotte" and our newest is "JLF-Wilmington." Both are regularly updated with original articles, links and lively weblog posts and comments by local residents. "The Meck Deck," the weblog on JLF-Charlotte, is fast becoming a community meeting place. "Squall Lines," the weblog on JLF-Wilmington, is continuing that tradition. Other pages are in the planning stages — so stay tuned!

John
LOCKE
FOUNDATION

CHARLOTTE

Bats in the Belltower**Beware the Facebook Police**

In November, the North Carolina State University bureaucracy was in high dudgeon over "FACEBOOK VIOLATIONS" and held a rush "town hall meeting to discuss recent alcohol violations found on <http://thefacebook.com>. Testimonies from the students involved and presentations from key administrators will begin the meeting." It seems an overzealous resident advisor went snooping through her residents' photos on the "Facebook" online looking for violations of the alcohol policy (and goodness knows what else), then went squealing to the authorities with her findings.

The Facebook is a private, online community specifically geared for college students. Through it they post information about themselves, link to their friends' Facebook pages, meet and greet friends' friends and others online, join groups of like-minded peers worldwide, and so forth. And they also post photos of themselves and their friends.

NCSU's student newspaper, *Technician*, reported on the "Facebook Violations" meeting. One "Paul Cousins from the Office of Student Conduct" was particularly incensed, reportedly telling students, "Either you drank or you didn't, it's pretty damn simple." He then "recommended the students take responsibility and admit either guilt or innocence when faced with their interviews," warning students, "We've been using photos for years — evidence is evidence" and "I can access your unity account under the right circumstances."

NCSU is usually not the first mover in academic Orwellianism, and it isn't so now. Other universities have the Facebook Police already. Fisher College in Boston expelled sophomore Cameron Walker for his Facebook comments about a campus police officer. A judicial affairs panel at Duquesne University found sophomore Ryan Miner guilty of "'sexual orientation' harassment" for comments he wrote on his Facebook page.

Also, UNC-Greensboro *Carolinian* columnist Luke McIntyre wrote recently that "in Cone Hall a resident was charged with drinking in the dorm [after] the resident in question took pictures of herself drinking and posted them online, conveniently linked to her Facebook account. From there her Community Advisor (UNCG's phrase for RA) saw them and she was written up." CJ

UNC Center Gets Around to Discussing Poverty*Executive Director John Edwards pushes effort to get capital income taxed the same as wages*

By SHANNON BLOSSER

Associate Editor

CHAPEL HILL

Several months after the Center for Poverty, Work and Opportunity was announced, the center and its executive director former U.S. Senator and Democrat Vice Presidential candidate John Edwards have begun to get busy on its charge of addressing poverty issues in the United States.



John Edwards

Since it was announced in February, the center, which is part of the UNC-Chapel Hill School of Law, has been focused on holding forums, town hall meetings and panel discussions most of which have been held at UNC-Chapel Hill. Edwards also was the featured speaker of an Opportunity Rocks college tour sponsored by the Center for Promise and Opportunity, a Washington-based think tank.

The Opportunity Rocks tour took Edwards across the country to speak to college students at 10 colleges in October, including UNC-Chapel Hill.

In each of those events, Edwards, a potential presidential candidate in 2008, has tied the poverty issue around the devastation caused in New Orleans and other parts of the Gulf Coast by Hurricane Katrina. Other stops on the tour

included the University of Michigan, Harvard University, Yale University, and the University of Texas.

On the Web site for the Opportunity Rocks tour, Edwards says, "We have all seen the wreckage of Hurricane Katrina — people packed into the [Louisiana] Superdome and convention center with only the clothes on their backs. We've all asked what brought them there. Many things did, but one of them was poverty. Widespread poverty existed before Katrina and it will persist after the Gulf region is rebuilt, if we let the images that we've watched on the news fade from our memories as they fade from our television screens."

At UNC-Chapel Hill, Edwards has hosted several forums and panel discussions aimed on solutions to getting more people out of poverty.

One of the forums was a town hall discussion between Edwards and former Republican Vice Presidential candidate and former Secretary of the Department of Housing and Urban Development Jack Kemp. The two discussed tax options and other solutions to poverty in front of a crowded Elizabeth Price Kenan Theatre on Oct. 31.

"I think there is a hunger in this country for big ideas and where this country needs to go," Edwards said. "People are looking for a big vision."

During the discussion, Edwards advocated a plan to tax capital income the same as wages, calling it a fair and the right thing to do. He also advocated an increase in the minimum wage say-

ing that the current rate is a "national embarrassment."

Edwards said his plan to reduce poverty by increasing taxes were a way to "level the playing field."

"We don't treat wealth differently than work," Edwards said. "Taxing one differently than we tax the other doesn't make sense."

During the discussion Kemp dismissed Edwards' plan to take capital income the same as wages. He said it had been tried before and was the main reason for the recession in 1988. "It is not ordinary income," Kemp said. "You are taking a risk."

Edwards, however, continued with campaign themes that he had during his own presidential bid and his run with Sen. John Kerry for president in 2004 claiming that there were two groups in America — the haves and the have nots. He said the tax code was a reason for that problem.

"It feels inherently wrong to most people," Edwards said about not taxing capital income the same as wages.

Besides the Edwards-Kemp town hall discussion, the Center has also hosted a one-day conference in November on poverty issues.

Edwards was joined in the panel discussion by Jared Bernstein of the Economic Policy Institute, Ray Boshara of the New America Foundation, Tim Kane of the Heritage Foundation, Anna Berger of Change to Win, and William Julius Wilson of Harvard's Malcolm Weiner Center for Social Policy. CJ

Broad Says Farewell, Details Her Accomplishments

By BRIAN SOPP

Editorial Intern

CHAPEL HILL

Outgoing UNC President Molly Broad gave her final address before

Board of Governors members in November detailing what she considered were her accomplishments during her term.

Broad gave the speech during the BOG's Nov. 11 meeting. She will retire as the UNC system president on December 31. The next day, former Clinton Administration Chief of Staff and former Democratic U.S. Senate candidate Erskine Bowles will officially take over as president.

Broad plans to take a year off before assuming a position at the UNC-Chapel Hill School of Law in January of 2007.



UNC President Molly Broad

"The joy of this profession derives from being a part of something bigger than any person or thing that literally transforms lives," Broad said. "I want each of you to know what an honor it has been to serve beside such an incredible team."

In her remarks, Broad returned to themes from her inaugural address eight years ago where she emphasized the need to build access and quality, improve the public schools of North Carolina, and improve the North Carolina economy.

During her eight-year tenure, Broad said expanding access was the BOG's "highest goal." During that time enrollment has grown by 37,000 students and the minority growth rate has been double that of the overall growth rate. From 2004-05 the UNC system grew by 6,600 students to a total of 196,248, the fifth consecutive year the system's enrollment grew by more than 6,000 students.

Broad said many of those accomplishments were made possible because

of the legislature and other state leaders. "I have been amazed by how much we have accomplished," she said.

Broad also talked about one of her biggest political victories — the passage of the 2000 higher education bond — during her speech. The 2000 bond, which was the largest bond referendum American higher education history played a vital role in the growth of the UNC system, she said.

Broad urged the BOG to "continue to make capital investment" because "growth in access still hinges on space." In this new global economy Broad said "we must invest more capital in every student and faculty worker to increase productivity." The UNC system has also seen growth in the research field. Since 1997, approximately 250 degree programs have been added and research contracts and grants have more than doubled, growing to over \$1 billion.

Broad was also proud of the founding of a Washington office. She said the office would help to promote UNC interests in Washington. CJ

GAO Wants Transfer Process Streamlined to Decrease Costs

By SHANNON BLOSSER
Contributing Editor

A recent report by the Government Accountability Office says the transfer process used by universities could increase taxpayers' costs and should be streamlined.

The recommendation was part of a report requested by Republican higher education leaders in both the House and the Senate as Congress continues to consider reauthorization of the Higher Education Act. Specifically, the GAO wants the Higher Education Act to include legislation to require higher-education institutions eligible for financial aid funding from the federal government to issue a statement regarding the school's credit transfer policy.

According to the GAO's report, students across the country encounter problems when attempting to transfer credits from one institution to the next. Some institutions, according to the report, accept only credits from regional accreditation agencies and not from national accreditation agencies.

A regional accreditation agency is more likely to accredit colleges in states that typically border each other, while national organizations focus on specialized institutions and have more recently attempted to align their curriculum with more traditional four-year colleges, the report says.

In 2001, 40 percent of students entering college during the 1995-1996 academic year attended at least two institutions during the next six years. Each year the federal government spends more than \$20 billion on higher-education programs. In 2004, the spending was \$21 billion.

"A student's inability to transfer credit may result in longer enrollment, more tuition payments, and additional federal financial aid," the report says. Data is not available to suggest what the costs would be on the federal government and taxpayers, the report adds.

Sen. Mike Enzi, R-Wyo., chairman of the Senate Health, Education, Labor and Pensions Committee, said the Higher Education Act included some of the recommendations from the GAO report.

"It's important that we give students some assurances that they will not

have to repeat classes they have already taken when transferring to another school — and that we provide them help to find out where their credits will be accepted," Enzi said.

The report found that 69 percent of higher-education institutions had some form of an agreement with institutions in regional accreditation agencies. Some institutions also have agreements through state legislation or other statewide initiatives to allow for transfer of credits between institutions within a state.

In 1996, the N.C. General Assembly approved legislation that required the Board of Governors and the State Board of Community Colleges to work on a credit transfer plan between institutions within the community college system and the university system.

North Carolina is also ahead of the GAO report on the recommendation to provide

information about transferring credits. In 1995, the Assembly passed a bill to require the Board of Governors and the community college system to develop a plan to provide students with information on transferring credits among community colleges and between community colleges and the UNC system.

The GAO report says graduates who transfer credits from a community college on average take 10 more credits and extend their college careers by three months more than students who don't transfer credits. Additional tuition, the report says, could be \$150 per credit hour for a public institution and \$520 for a private institution.

Rep. John Boehner, R-Ohio, chairman of the House Education and Workforce Committee, said the report shows that the rules need to be more flexible for today's college students, who are more apt to transfer than before.

"[I]t has become more important than ever to ensure that college students are free to transfer from one institution to another without unfairly losing credit for quality courses they have completed," he said in a statement. *CJ*

Shannon Blosser (*sblosser@popecenter.org*) is a staff writer with the John W. Pope Center for Higher Education Policy in Chapel Hill.

"A student's inability to transfer credit may result in longer enrollment, more tuition payments, and additional federal financial aid."

General Accounting Office
report on university
transfer policies

Commentary

Will UNC Ever Be Diverse Enough?

Last April, UNC-Chapel Hill released its "Chancellor's Task Force on Diversity" report, 58 pages in length and loaded with eight big recommendations for making the Chapel Hill campus more diverse. And in his State of the University speech, Chancellor James Moeser devoted several paragraphs to this subject, saying that "Diversity is a key component of our academic plan," and lauding "improvement in the diversity of our full-time permanent faculty."



George C. Leef

Alas, UNC-Chapel Hill is not yet diverse enough. The Task Force report recommends, for example, that the university increase the number of "minorities" in executive, administrative and managerial positions. That might be accomplished through a heavier emphasis on "diversity" in hiring and promotion.

Like most discussions of diversity, the focus is all on how to achieve more diversity, with it being simply assumed that this is a desirable goal. But is it? Exactly why would the university be better if it had more "minority" administrators? What is it about "diversity" that makes it the Holy Grail of education leaders these days?

The closest I can come to an answer seems to be along these lines: Since the goal of the university is to educate students and knowing about the diverse world in which they live is a vital component of education, it follows that the more the university resembles the world, the better will its students be prepared for a productive and harmonious life. If that's true, then UNC-Chapel Hill has quite a way to go. Its "global mosaic" is certainly lacking representatives from many nationalities, cultures, religions, philosophies, etc.

Is it really true, though, that people will learn to be better citizens of the global village if they have been educated in an institution that has maximized its "diversity?"

One way of approaching this question would be to ask if there is any evidence or reason to believe that students who attend highly diverse institutions are better equipped to deal with the world than are students who attend colleges where diversity is not treated as a value for its own sake.

There are, for example, many

historically black colleges and universities, where there is little or no effort made to recruit a "diverse" student body, hire a "diverse" faculty, create a "diverse" cur-

riculum, and so on. Are the graduates of those institutions handicapped in some way by the lack of "diversity" around them as they go about their studies? Does a Shaw University graduate necessarily have trouble in dealing with whites, Asians, Hispanics, and others who differ from him in countless other ways?

The answer to that question, I believe, is a strong "No." That is because people don't have to learn about all the details of other people's lives and background — something that is impossible, no matter how devoted we are to "diversity" — in order to interact positively with them. Shaw students understand it. So do students from Brigham Young and Yeshiva, just to name two more non-diverse schools. You don't need an education at a college that consciously attempts to make sure it has the right percentages of each minority group to be able to interact with people from different races, religions, etc.

It's the great conceit of modern liberalism that if good things are to happen, they have to be arranged by authorities. Contrary to all evidence, they believe that we need economic planning, health care planning, retirement planning and so on, done for us by government. The diversity movement is just the latest variation on that theme: if we are to have a harmonious society, government needs to engineer schools so that they replicate society in miniature.

The better approach, both in economic and social policy, is to allow things to happen spontaneously, based on individual action. Freedom works remarkably well.

Diversity initiatives have become the badge of honor among education administrators, but if they abandoned them and went back to basing decisions on merit instead of factors that supposedly make schools diverse, they'd be making the right move. *CJ*

George C. Leef is the executive director of the Pope Center for Higher Education.

Course of the Month

Normal American Values Equal Social Deviance in NCSU Courses

Most remarkable thing occurred this semester. Two separate students, independently of each other, sent Course of the Month exams from two separate sociology classes at North Carolina State University. Both students complained about Marxist proselytizing and unabashed anti-Americanism and anti-capitalism in their classes. More remarkable still is that both students have the same instructor, Dr. Margaret Terry.

Having looked over their exams, CM agrees with them. Dr. Terry seems to have abandoned all pretense of addressing the titular issues of her classes and devoted herself full-bore to Marxist indoctrination.

The test questions are shrill, brimming with socialist sloganeering, the material highly dubious, the list of multiple-choice answers chock-full of communist and anti-American canards, and the wording so leading as to be doubly insulting to students' intelligence.

But don't take our word for it. See the tests for yourself: www.johnlocke.org/site-docs/Social_Deviance.

The two classes are "Social Deviance" (Sociology 206) and "Agriculture and Rural Society" (Sociology 241). According to NCSU's Course Catalog [http://www2.acs.ncsu.edu/reg_records/crs_cat/directory.html], "Social Deviance" is ostensibly to cover "Social processes in the creation and maintenance of deviant populations: classification, objectification of social meanings, functions of subcultures and social outcomes of the deviance-ascription process. Includes core sociological concepts, methods, theories."

But a reading of the Terry's exams show that to her, "social deviance" is American government, American industry, American ideals, America's founding, and free-market capitalism, and therefore the "deviant population" is anyone who supports them. Without exaggeration, Dr. Terry is teaching that social deviants are *normal, everyday Americans*.

One thing all "deviants" have in common, according to Dr. Terry in Exam Four — be they academics (question 15), military personnel (18), members of Congress (23) or

just members of society in general (9) — is, in a recurring "correct answer" on the exam, "mindless obedience to the political and economic propaganda machine."

One thing Terry decidedly does *not* demonize is the former Soviet Union. According to Terry, (18, Four) "the U.S. spent billions of dollars each year to *convince itself and the American public of the dangers of Soviet aggression* and of the inferior

U.S. position in the arms race" (emphasis added) because the "U.S. capitalists were battling an ideological foe" and because "[i]f Soviet social-economic ideas became global, then capitalists would lose global private-profit-making."

What about "Agriculture and Rural Society"? It supposedly covers "[a]pplication of sociological con-

cepts, methods, theories and styles of reasoning to major social problems facing rural America."

But instead, it is mostly about blaming white racism for communist ideas not taking hold in America. See, for example, question 14 from the exam, to which the answer for credit is "True": "Many whites expressed their superiority over non-Whites and defined *them, rather than the capitalists*, as the enemy" (emphasis added). Even though capitalists, per question 18, "were the cause of their bony fingers."

Question 38 holds that the following are true: that "U.S. elites chose the nativist route [meaning the race-based "exclusionary nativist attitude" which, according to Question 37, the Ku Klux Klan "helped to make ... 'respectable' in the U.S.]; it was less threatening to them than the left-leaning route" and "The alternatives presented by those who opposed capitalism were real. The belief that the U.S. could move toward a European-style socialist government was not far-fetched."

Much more information on these courses can be found at Course of the Month online, www.PopeCenter.org/course_month. CJ

Jon Sanders is research editor for the John Locke Foundation.



Jon Sanders

Commission Examines Higher Education's Role in 21st Century

By SHANNON BLOSSER
Contributing Editor

RALEIGH

A group of higher-education leaders has been organized to examine the role of higher education in the 21st century. It will release a report next year.

Commissioned by the Department of Education, the Commission on the Future of Higher Education includes 18 members, including professors, university presidents, business leaders, and government officials. Former North Carolina Gov. James Hunt is the only former elected official on the commission.

What is being termed as a "national dialogue," the commission is the brainchild of Secretary of Education Margaret Spellings. She hopes the commission will look at how to improve higher education while meeting the needs of an increas-

ing global economy. The commission is expected to release its recommendations to the public in August.

The commission has already met once, in October, since it was announced in September during a press conference in Charlotte. Its next meeting is scheduled for Dec. 8, 9 in Nashville, Tenn.

During the first meeting, Spellings outlined the charge for the commission and what she expected over the next several months as the membership works toward a future for higher education. The questions Spellings wants answered in the report include how accessible is higher education, why the cost is rising so rapidly, and how well are institutions preparing students for the workforce.

"It's time to examine how we can maximize our investment in higher education, including our federal dollars," Spellings said. "We all have a responsibility to make sure our higher education system continues to spur innovation and economic growth and gives more Americans the chance to succeed in the new knowledge economy."

Unlike K-12 education, Spellings said, few studies exist about the quality of higher education. She also said many people do not pay attention to how taxpayer money is being spent at colleges and universities.

"And as a result, we're missing valuable information on how the system works today and what can be improved," Spellings said. "For instance, at the U.S. Department of Education, we can tell you almost anything you want to know about first-time, full-time, degree-seek-

ing, non-transfer students. The trouble is that over half of today's college students are nontraditional students."

Charles Miller, a private investor who is the former chairman of the University of Texas system's Board of Regents, is leading the commission. Two university presidents — Charlene Nunley of Montgomery College and Robert Mendenhall of Western Governors University — also serve on the commission.

Nunley cochaired a committee that reported to the Maryland General Assembly in November 2003 about accessibility issues in higher education

in the state. The paper, "At risk: Access in Higher Education," in general addresses increased enrollment demands at institutions, capacity issues, affordability, and statewide issues in Maryland. In the report, the committee recommended that

Maryland make need-based financial aid a priority, as well as supporting capital needs projects at institutions among other recommendations.

"Maryland, like other states across the country, must confront a very difficult public policy issue — how do we accommodate a growing number of students who want to attend a public institution of higher education," the report says. "The current capacity of our institutions is already stretched. As this [Joint Chairmen's Report] Report reveals, any methodology used to predict future demand leads to the same conclusion — unless steps are taken to address the problem, Maryland will end up excluding a large number of students or will be unable to serve these students in the way they need to be served."

Also on the committee is Richard Vedder, an economics professor at Ohio University, who was written about the high costs of higher education in his book *Going Broke By Degree*, where he outlines some of the reasons why he thinks higher education costs have soared. Vedder was also the keynote speaker at the Pope Center Conference in October.

"...[S]o I am pondering with renewed intensity issues relating to our system of colleges and universities," Vedder said at the recent Pope Center Conference about his appointment to the commission. CJ

Shannon Blosser (sblosser@pope-center.org) is a staff writer at the John W. Pope Center for Higher Education Policy in Chapel Hill.

"It's time to examine how we can maximize our investment in higher education."

Margaret Spellings
U.S. Sec'y of Education

Case invites abuse by administrators

Recent Court Decision Undermines Rights of Student Journalists

By GEORGE C. LEEF

RALEIGH

Throughout their history, college newspapers have mostly enjoyed the same rights under the First Amendment as have other newspapers. A recent decision by a federal appellate court, however, jeopardizes their freedom.

Here are the facts: In 2000, Margaret Hosty was the editor of *The Innovator*, the student newspaper of Governors State University (GSU), located just west of Chicago. Like many student newspapers, *The Innovator* was supported mainly by student fees. That fall, Patricia Carter, the university's Dean of Student Affairs, told the company that printed the paper that in the future, school officials would review each issue before it could be printed. She took this action despite written GSU policy stating that the student staff of the paper would "determine content and format of their publications without censorship or advance approval."

The reason why the GSU administration decided to trample upon both its own policies and the freedom of the student journalists was simple — it didn't like the criticism it often received in the pages of *The Innovator*. But could the school legally engage in prior restraint of the paper? The laws of the United States have been strongly against prior restraint, no matter who is displeased with what's being written.

Hosty sued Carter and the federal district court that heard the case sided with her on the two big issues in the case. It found that Carter did not have "qualified immunity," which protects government officials from liability for civil damages where they could not

reasonably know that their actions would violate the rights of others. Carter's conduct was deemed so brazen that she was denied immunity. On the other issue, whether *The Innovator* and its staff were protected against censorship by the university, the court also agreed with Hosty.

GSU appealed to the Seventh Circuit Court of Appeals, but a three-judge panel upheld the district court's decision. GSU then requested a rehearing in front of all the judges on the court — an *en banc* hearing — and hit the jackpot. The Seventh Circuit decided *en banc* that Carter should enjoy qualified immunity because it was unclear that she was doing something wrong. Why? Because the court said that under a 1988 Supreme Court ruling involving a high school newspaper, it was permissible for school officials to exercise such



control. Then, to make matters much worse, the court decided the Supreme Court's ruling about high school newspapers should also apply to college papers.

Therefore, the result of the case was not only a victory for the officious Dean Carter, but also a precedent that can be used by other college and university administrations to silence unwanted criticism from student writers and editors. The best that free speech advocates can hope for now is that the Supreme Court will hear *Hosty v. Carter* and reverse the Seventh Circuit's decision.

The Supreme Court decision that provided the grounds for the about-face in *Hosty* is *Hazelwood v. Kuhlmeier*. That case was about the degree of control it was permissible for a high school to take concerning a student paper published

as part of a journalism class. The Court reasoned that because that high school paper was entirely subsidized by the school, officials had the right to determine its content lest people think that viewpoints expressed in the paper represented the viewpoints of the administration.

Whether or not that's a sound reason for allowing officials to control the content of a high school paper, college newspapers should be treated differently. First, the student fees that in part support college newspapers are not the same as institutional funding in high school. While students usually don't have a choice in paying activity fees and the funds are allocated by the university, that is different from direct university funding. The university is simply acting as a conduit for a portion of the money the paper needs to operate.

Second, no one would reasonably conclude that opinions expressed in a collegiate newspaper necessarily reflect the views of the administration — particularly since those opinions are often critical of the administration.

Decisions by appellate courts in the past have treated collegiate papers as being entitled to First Amendment protection. This case throws those protections into question and invites university officials like Carter to flex their muscles whenever they don't like what they read.

Student newspapers can play an important role on campus and shouldn't be subject to administration censorship. *CJ*

George C. Leef is executive director of the Pope Center for Higher Education Policy. Visit PopeCenter.org for more information about its programs.

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Town and County

No to Asheville parking deck

Asheville's plans to build a five-story, downtown parking deck have apparently been derailed. Opposition from residents of an adjoining apartment building caused that site's owners, officials of the Catholic Church, to rethink their desire to sell to the city.

"We're not going to dictate from Charlotte what happens in Asheville if it goes against the best interests of the parish and our parishioners," Richard A. Lucey, lawyer for the Diocese of Charlotte, said to the *Asheville Citizen-Times*. The diocese's decision came after tenants of the Battery Park Apartments, a 122-room former luxury hotel that now provides subsidized rental housing for senior citizens, protested. The parking deck would have been only 15 feet from the Battery Park.

The city's next step is unclear. Merchants continue to push for the city to address a lack of downtown parking.

"The city made a commitment to the merchants of the Grove Arcade," Michael Forde, co-owner of Four Corners in the Grove Arcade said to the newspaper. "We need parking now. As it is, people are limited to the two hours on a meter. ... On a daily basis I hear people say they have to rush back to their car because the meter is about to expire."

Wilmington sewage leaks

Wilmington officials are planning to hire an engineering company to review the city's wastewater collection system. The review was prompted by three significant sewage spills since the beginning of July.

"Pretty clearly, we've got a system with a lot of problems, and it appears they're structural," Larry Cahoon, a professor of biology and marine biology at the University of North Carolina Wilmington, said to *The Wilmington Star*.

Two of the three leaks occurred when aging pipes corroded through. The third spill — a leak that came about when a coupling holding two pipes together failed — released three million gallons and was believed to be the worst in the city's history.

City officials acknowledge that the city has a significant amount of piping that is nearing the end of its design life. Cahoon recommended that the city upgrade the system and not simply conduct patchwork repairs. *CJ*

Municipalities Plan to Push Annexation in 2006

By DONNA MARTINEZ

Associate Editor

RALEIGH
Annexation, the controversial government power that cost Fayetteville Mayor Marshall Pitts his job in November, will likely be a top legislative priority in 2006 for the North Carolina League of Municipalities, the president of the group says.

The power to forcibly annex citizens into a town or city's jurisdiction is a municipal authority that should be retained, said A. Everett Clark, mayor of Marion, in McDowell County. Clark was elected to the group's top post in October and will lead the association of more than 530 cities and towns for a one-year term.

"Sometimes — and all of these cases are a little different — but sometimes you almost have to do some of that [annexation] in order to move on," Clark said in an interview before Pitts' defeat. The Fayetteville mayor was the chief backer of the contentious involuntary annexation of Cumberland County residents into Fayetteville. Many of the affected residents were opposed. They eventually lost a two-year legal battle to block the action. On Sept. 30, the annexation took effect and the city gained about 46,000 residents and 20,000 parcels.

Clark said that he prefers to bring people into a city or town voluntarily, but that it's nearly impossible to get unanimous support. The challenge for officials is to make annexation a "win-win situation" that's good for the city and those being annexed. "I think sometimes we try to do too much at one time. I think it needs to be done in an orderly fashion," Clark said.

In Fayetteville, 27 square miles were gobbled up by the city in what locals dubbed the "big bang." *The Fayetteville Observer* reported that newly annexed residents will owe 21 months work of city taxes in one year, while some could wait as long as 16 years to receive full city services.

North Carolina is one of only seven states that permit forced annexation. All that's required is for the municipality to follow a relatively simple administrative process: notify the public, prepare and adopt a report, and hold public meetings. The ease with which it occurs has spurred the creation of citizen activist groups around the state, composed of residents angry over having no input into a decision that directly affects their pocketbook.

Visitors to www.stopncannexation.com are greeted with a masthead touting the effort to "end involuntary annexation abuse in North Carolina." The home page also contains "League Watch News," a reference to the league's endorsement of the state's liberal annexation law.

The league's 2006 Municipal Legislative Goals and Policies document, which was approved by the league's



Board of Directors on Aug. 11, 2005, expresses unequivocal support for the policy. The document states that municipalities should use the authority "in a fair and reasonable manner." However, the contents also make clear the league's intent is to block efforts to curb local government power and, in the process, give citizens the ability to rebuff annexation efforts they do not support.

"The League will continue to oppose changes in the law, either statewide or local, which would weaken the present annexation procedures or restrict annexation authority. The League will oppose new incorporations that are primarily for the purpose of preventing annexation by an existing municipality," the report states. (emphasis in original document). "We think that it has been good," Clark said of current law. "If we don't have the authority to do that... I think we would become somewhat stagnant and not be able to grow."

Eminent domain, the power of government to forcibly take a person's private property and use it for a public purpose after providing just compensation, is also likely to be a key discussion area next year, Clark said. This summer's Supreme Court decision in *Kelo vs. City of New London* has put eminent domain power on the radar screen for property rights supporters across the political spectrum. The ruling gave local governments the right to take private property from one person and give it to another private person or entity for economic redevelopment.

Clark said neither the league's board nor its members have adopted an official position on *Kelo*, but the group is "pretty satisfied" with current North Carolina law, which, "has worked well for us through the years." He emphasized that he considers property rights

a serious issue but was not prepared to comment on the call by the John Locke Foundation, publisher of *Carolina Journal*, for an amendment to the North Carolina constitution to ensure state law isn't changed to allow governments to engage in expanded "takings" for economic development.

Locke Foundation Legal and Regulatory Affairs Policy Analyst Daren Bakst explained the rationale for an amendment in his Oct. 17 Spotlight paper, *Property Rights After Kelo*. "Amendments to any constitution should be added very rarely and under extreme caution," Bakst wrote. "However, it is hard to imagine a time when a constitutional amendment is more appropriate than now. The new amendment would not be creating a new right or doing anything even remotely controversial. In fact, all it would be doing is to reaffirm the meaning of a fundamental right that was so important to our founders that they included it in the Bill of Rights."

Though Clark declined to comment, league Executive Director Ellis Hankins hasn't been shy on the subject of *Kelo*. Writing in the July issue of *Southern City* and on the league's web site, he argued that a legislative response to the Supreme Court decision is unnecessary. Yet that same month, while participating in a roundtable discussion in Raleigh on the NBC 17 public-affairs program "At Issue," he acknowledged it would be a "reasonable concern" that legislators might change North Carolina law to provide local governments the expanded power over property owners.

Clark was willing to comment on his personal view of property rights and how it affects his role in leading Marion. "My take on it is that we shouldn't take property from one individual and give it to another private entity," he said. *CJ*

*A tale of two cities***Kinston's and Hickory's Airline Stories Reveal Industry Trend**

By MICHAEL LOWREY
Associate Editor

CHARLOTTE

Earlier this year, a regional airline affiliated with Delta Airlines began service to Kinston and Hickory. For the two communities, the new flights represented a payoff to long years of effort to hard work trying to lure an airline back to town.

Delta's Hickory gambit failed, while service to Kinston is doing well.

The difference is not some sort of government subsidy or advertising that Kinston provided or Hickory didn't provide but rather in markets. Kinston, effectively represented a new, not previously served, market for Delta. Hickory travelers already could fly Delta from Charlotte and enough weren't willing to pay a premium for less frequent service closer to home.

Like many smaller cities, Kinston and Hickory have a long history of airline service — until relatively recently that is. The airline industry, like all industries, changes over time.

By the late 1990s, the long-standing instrument of choice for serving smaller cities — small turboprops, often seating 19 passengers — became increasingly unprofitable and were largely withdrawn from use over time.

"Unless entirely new airframe and powerplant technology is developed, the traffic floor for supporting air service... will continue to move toward one which can sustain at least three 70-seaters a day," stated airline consultant Mike Boyd recently on his company's website.

Many communities just can't generate that sort of traffic, and have lost their scheduled airline service as a result. In North Carolina, five of the 14 communities with scheduled air service in 1998 were without it five years later.

Most of the cities that lost service have since actively sought replacements and been willing to provide generous incentives to sweeten the pot. Some have had success; late last year, Delta Airlines announced that it would start service to Hickory and Kinston from its Atlanta hub in the spring.

Unfortunately for Hickory, the party didn't last long. Delta Airlines ended service to Hickory on Nov. 30 only seven months after it began and despite extensive advertising and other incentives by the city to promote the flights. The carrier cited low load factors,

high oil prices, and Delta's Chapter 11 bankruptcy filing.

Hickory officials contend they did all they could to market the service.

"We did our part. We made travelers aware of the service," Hickory Mayor Rudy Wright said to *The Charlotte Observer*. "It was up to Delta and the fliers to get together and get the tickets sold. In a nutshell, that's where the frustration is, because that didn't happen."

Wright noted that 80 percent of Delta frequent flyers in Hickory were aware of the flights and those that used the service were happy with it.

Hickory's problem lay 38 miles away to the southeast as the crow flies or about

an hour by car. It's Charlotte/Douglas International Airport, and the vastly larger number of travelers it attracts. More passengers means both more flights and larger aircraft used. In the end, not enough people — Delta was only filling 40 percents of its seats out of Hickory most of the time it offered the flight — were willing to pay enough money to sustain the service given the lower-priced and more-frequent service only an hour away.

With Hickory's air service disappeared again, Kinston's flights are doing well despite Kinston being a smaller city than Hickory. Kinston's airport also doubles as the Global TransPark. The most notable improvement — lengthening the runway from 7,500 feet to 11,500 feet — made in the transformation into the GTP was also not critical in attracting Delta. Kinston's previous runway configuration was more than adequate to support flight. Indeed, Hickory's main runway is only 6,400 feet long.

Rather, Kinston's appeal to Delta is regional. A significant number of people live in the area east of Interstate 95 and north of Wilmington and south of Norfolk. The region has no dominant metropolitan area though, making it more difficult for airlines to market to. Indeed, US Airways used to serve Kinston — and three other cities less than 35 miles away. Eventually, Kinston lost out, though US Airways still retains their flights to nearby New Bern, Greenville, and Jacksonville from Charlotte.

Delta, however, had not previously served any of the four eastern North Carolina cities. It chose to essentially serve the region through Kinston, one of the most centrally located of the four airports and the only one without current service. CJ

**Commentary****Issues That Can Win**

As you read this, the municipal elections of '05 in North Carolina will have been interpreted and spun in any number of ways.

There was no statewide mandate on educational bonds; some passed, but the largest in state history, the Charlotte/Mecklenburg bond, failed. While Durham passed eight bonds, Orange County voted down a new school tax.

Although the school bond message seemed mixed, by and large, school referendums passed without debate.

Education, it seems, is still good politics.

In Fayetteville, the mayoral race, for better or worse, was decided by a con-

troversial "forced annexation" of 42,000 residents. Citizens were not pleased and showed that displeasure at the ballot box by electing a new mayor who made annexation a key issue.

Even in tiny Columbus, NC, potential annexees became so animated that they helped unseat two incumbents. Many city councils would do well to pay attention to this developing issue. Citizens do not take kindly to being ignored or excluded from the annexation process.

And in truth, many cities across the state take a more inclusive route in expanding their city limits. But the coming legislative races of '06 will probably have a number of candidates running to stop the policy of "forced annexation" in North Carolina. Even the North Carolina League of Municipalities has vowed to set annexation as a top legislative priority in 2006.

As we head into '06, the House races will heat up. Local officials considering runs for the House hopefully will take the issue of local control seriously. There was great hope in '02 and then again in '04 that the freshman class of legislators, many from city and county posts, would reverse the unfunded mandates that have choked cities and counties statewide.

And surely, they reasoned, we would see an end to the local pay for Medicaid. But as of July 1 of this year, North Carolina became the only state in the nation that continues to force counties to

pay 15 percent of the state's portion of Medicaid.

Many city council members and county commissioners will step up to the plate on this issue, but will they have the collective courage to take a stand? Were I to be in that list of souls aspiring to join the ranks of the House, these would be the issues that I believe would win in any district:

1) Reform Medicaid by capping what counties pay. The state should assume the responsibility and pick up savings in waste, fraud and abuse.

2) End the "temporary" tax hikes. Did anyone really believe they were temporary?

3) Buck the trend of providing corporate

welfare through lucrative incentives. Corporate handouts fall back on the tax-paying consumer.

4) Demand ethical behavior in government and end the use of "slush funds".

5) Stop borrowing money from highway trust funds to pay for other projects. Revenue generated for roads should go there.

6) Allow driver's licenses only to folks with legal residency status. If you have a visa, your driver's license expires when your visa does.

7) Enact a Taxpayer Bill of Rights. One has been offered for years, but never enacted. This would only allow growth in state spending to equal population growth and inflation.

8) Close the loophole that allows cities to take property using eminent domain for private development. All such cases should only be for "true" public purposes, not for concocted economic development reasons.

By sticking to these issues beyond the campaign we can make a difference. In the end, we all want North Carolina to stay strong. By restoring local control and demanding ethical, responsible state government, we'll be a far more attractive state for businesses nationwide. CJ



Chad Adams

Chad Adams is vice chairman of the Lee County Board of Commissioners and director of the Center for Local Innovation. Visit www.LocalInnovation.com.

Local Innovation Bulletin Board

Regs Hike Housing Costs

House prices in many communities, especially in urban areas on the East and West coasts, have soared in recent decades. A paper written by Edward Glaeser, Joseph Gyourko, and Raven Saks for the National Bureau of Economic Research says increased regulatory barriers are the cause.

The authors analyzed 316 metropolitan areas of the continental United States, where the average home price increased 1.7 percent faster than general inflation.

Before 1970, structure costs represented about 90 percent of the value of a home in most areas, but since 1980, the cost of land and obtaining regulatory approval has shrunk the importance of building costs as a factor in home prices.

In the Northeast, the nonstructure component of house value exceeded 40 percent by 1990. By 2000, the pattern had spread to 27 metropolitan areas, including San Francisco, where structure costs represent no more than 30 percent of home value.

The evidence points toward a man-made scarcity of housing because the supply has been constrained by government regulation as opposed to fundamental geographic limitations, especially in the last two or three decades. Zoning has become more restrictive over time, while local public officials and judges become increasingly sympathetic to community and environmental concerns with new housing developments.

The authors argue that a main cause of this burst in legal barriers is that the fraction of Americans owning their own homes has risen in the past 40 years, giving homeowners more political clout. Additionally, rising education levels and other political battles have made community members more adept at using courts and the press to battle against developments.

Conservation easements

Conservation easements are an increasingly popular way to preserve open space. The easement is a legally binding agreement between a landowner and a nonprofit land trust or government agency that prohibits most development.

Landowners are compensated for the easement through cash payments, often including public money, or tax breaks.

Congress, however, is considering reducing or eliminating the tax

deductibility of conservation easements. The problem is that some conservation easements amount to abusive tax shelters, with assigned valuations that are excessive.

Dominic Parker, of the Property and Environment Research Center, suggests some public funding mechanisms that encourage full accountability and transparency while also providing trusts with flexibility.

One key is to increase the oversight of the easement appraisal process. The nonprofit Land Trust Alliance has proposed an accreditation system that would certify land trusts that want to receive donated conservation easements. Certified land trusts would use only accredited appraisers.

Parker also suggests replacing federal tax breaks with a competitive grant program that requires trusts to raise matching funds from private sources and local governments. Ideally, 75 percent or more of the total cost of the conservation easement would be paid by the recipient organization.

Living wage ineffective

"Living wage" laws requiring employers to pay more than the minimum wage do little to improve the standard of living for low-income families, economists Yelowitz and Toikka say.

They used government data to determine the effect of the ordinances on earnings, income, and government assistance levels. Unlike many studies focusing on poverty levels, the authors examined total income—cash income and benefits—to determine the full effect on standard of living.

A family with two children can qualify for more than \$4,000 in assistance through the Earned Income Tax Credit (and even more in states with supplemental state-run EITC programs).

As earnings increase, recipients see benefits from these programs decrease dramatically; the marginal tax rate in the phase-out range for the EITC can reach as high as 21 percent, and the rate for food stamps is generally 30 percent.

Failing to include the loss of these benefits when evaluating the benefit of living-wage ordinances can dramatically inflate the perceived effectiveness. Specifically, the authors found that enactment of a living-wage ordinance decreased benefits assistance by \$34 per month, while increasing earnings by \$16 per month. CJ

From Cherokee to Currituck**Greensboro Puts an End to Inspection of Private Hydrants**

By MICHAEL LOWREY
Associate Editor

RALEIGH

The Greensboro Fire Department has stopped inspecting about 2,000 fire hydrants during the past year because of liability problems with private hydrants, the *News & Record* of Greensboro reports. The hydrants that haven't been inspected amount to about one out of every six of those in the city.

Ordinarily, the fire department checks hydrants twice a year. Two years ago, however, the city water and fire departments merged their databases. In the process, the fire department found that it had been inspecting private fire hydrants.

City fire hydrants are connected to the city's water mains. Private hydrants get their water from non-city mains. While the fire department can use the private hydrants to fight fires, they would be responsible for any damage done to private hydrants during inspections. With a hydrant costing \$1,500 to \$3,000, that's a risk the city isn't willing to take. The city will resume inspecting hydrants if the owners sign a release relieving the city of liability for any damage caused during inspections.

"We're asking owners of the private hydrants, and we're trying to find these individuals, to speak with them about it, let them know what we're trying to do and offer our services," Capt. Todd Tuttle said to the newspaper.

The city has obtained releases from most apartment complexes and is now trying to get permission from businesses. The city will again inspect private hydrants for which it has releases next year.

Balancing a small economy

North Carolina's major cities continue to be engines of job creation, drawing new companies while existing firms add new jobs. Many Charlotte, Raleigh, or Cary workers, though, don't live where they work, preferring instead to reside in smaller, outlying communities. The bedroom communities often have radically different daytime and nighttime populations, and similarly skewed economies.

Holly Springs is an extreme example of the trend. The Census Bureau estimates that the Wake County town's population dips by 34 percent during the day. Though the town has added a number of businesses in recent years, dining, shopping, and entertainment remain



limited without driving some distance.

"Holly Springs has been on the bubble, and Holly Springs is still on the bubble," Lisa Perla said to *The News & Observer* of Raleigh. Perla owns the Java Divine Coffee Bar in Holly Springs. Her daytime clientele is weighted toward stay-at-home moms.

"We still are not where we want to be," Holly Springs Mayor

Dick Sears said to the newspaper. "We're working pretty hard to fix that."

Beach assessment approved

The N.C. Court of Appeals has upheld a controversial beach erosion assessment on nearby property owners in New Hanover County to pay to stabilize an inlet.

Figure Eight Island is the barrier island situated north of Wrightsville Beach. While Wrightsville Beach is an incorporated municipality, Figure Eight Island is private property and administered by a homeowners' association.

In recent years, Mason Inlet, which is between the islands has been migrating to the south, eroding portions of Wrightsville Beach, adding land to Figure Eight Island, and reducing the navigability of Mason Inlet.

In the late 1990s, the Figure Eight Island Homeowners' Association joined with seven homeowner associations from Wrightsville Beach to form the Mason Inlet Preservation Group. MIPG developed an ambitious, multimillion-dollar plan to stabilize the inlet. It was so ambitious that MIPG wanted the county to be the lead sponsor of the relocation, using county hotel-motel tax money. The county would be repaid by a special county assessment on homeowners.

Raymond Clifton Parker, a landowner on the other end of Figure Eight Island, sued to have the assessment declared illegal as a tax for a private, not public, interest. Parker argued that the relocation mainly benefited specific landowners and not the public at large.

The Court of Appeals noted, however, that by its nature, the inlet relocation provided sufficient benefits to the public interests. The court identified the increased navigability of the inlet, additional sand on public beaches, increased flushing of tidal creeks, and greater ability to withstand hurricanes as public benefits sufficient to qualify the project even if a majority of the benefits did to go very specific property owners. CJ

Groups Want Taxpayers to Fund Farmland Preservation

By SAM A HIEB
Contributing Editor

GREENSBORO

To spend or not to spend? That's the question surrounding the issue of North Carolina's supposedly diminishing farmland. As with many land conservation programs, spending appears to be the answer.

Conservation groups will lobby the state next year for funding to preserve farmland. The nonprofit Land for Tomorrow, which describes itself as a "growing partnership of North Carolina organizations and citizens committed to advocating for state funding to protect places that matter to our citizens and communities," recommends that the state increase spending for conservation projects by \$200 million next year, \$22 million of which would go toward the preservation of farmland.

Land for Tomorrow would like to see that \$22 million guaranteed for five years, for a total of \$110 million. That's still not enough, said Kate Dixon, director of Land for Tomorrow. Any money the state puts up would hopefully be matched by the federal government.

"The challenge has been not having sufficient funding," Dixon said. "The federal government has had funding, but that requires a match and then the challenge is where does that match come from?"

The major component behind farmland preservation is the purchase of development rights. Under a development rights program, which is voluntary, land trusts or other agencies linked to local government, make an offer to a landowner to buy the development rights on the parcel. Ownership of land has a bundle of rights associated with that piece of land. These rights include the right to possess, use, modify develop,



The group Land for Tomorrow wants \$200 million spent next year on land conservation, with \$22 million going toward preservation of farmland. (Photo by Don Carrington)

lease, or sell the land

The right to develop a piece of land for residential, commercial, or industrial purposes is also a right within that bundle. The purchase of development rights involves the sale of that right while leaving all the remaining rights as before.

Once an agreement is made, a permanent deed restriction is placed on the property, which restricts the type of activities that may take place on the land in perpetuity. A fact sheet issued by the American Farmland Trust states that "most agricultural conservation easements are permanent. Most do not restrict farming practices, although some grantees ask landowners to implement soil and water conservation plans."

Naturally, the current agricultural value associated with land is substantially lower than the value that land has

for development. Farmers are offered what is described as "fair market value," which basically splits the difference between a parcel's value as a farm and its value as a commercial or residential development.

So where does the funding come from to leverage the federal money? You guessed it: taxpayers. Different areas around the country have come up with different ways to fund development rights programs. Virginia Beach, dedicated a cellular phone tax, a 1.5 percent increase in local property taxes, and some county appropriations for development rights. Several counties in Maryland use local real-estate transfer taxes supplemented by general fund appropriations.

Ironically, a major argument among advocates of development rights programs is they can help give farmers a tax break, especially on estate taxes by keeping the value of the land lower.

Though Dixon thinks preservation of farmland is a nonpartisan issue, she admits it will be tough to find funding in a tight state budget.

"We'll see next year, but obviously, as you know, the state budget is pretty tight," she said. "In terms of the interest in the purpose and the importance of this for the future of this state, there's pretty broad interest in the legislature. But as you know, there are a lot of needs in the state. It really isn't a partisan thing. I think people really see this as important for the environment and that we have a lot of industries that are really dependent on particular types of land and the quality of life that comes from clean air and clean water and places to go. Our tourism industry is really based on the beauty of our state."

N.C. Department of Agriculture officials not only support development rights programs, but think more action is needed to help save farmland. In March, the department released its Agricultural Development and Farmland

Preservation Strategy. The report cited federal statistics that showed 43 North Carolina counties with a decrease in the number of farms, 41 with a decrease in the amount of farmland and decrease in total cropland in 55 counties.

"Future opportunities for advancement in all the state's efforts may be better served with a reassessment of funding priorities and the allocation of resources to the protection and promotion of the family farm," the report reads. "Strategy plans and policy changes alone cannot sustain the family farm. Appropriating monies simply to acquire development rights or conservation easements on existing farms will not provide the support that families need to save the lands this state needs in the future..."

The best way to implement this strategy would be through land conservation agencies, said Jim Cummings, the department's environmental program manager.

"Of course, we would hope to contract with some of those land trusts and the soils and water conservation districts around the state to work with farmers to purchase development rights and conservation easements," Cummings said. "In my conversations with the commissioner, he's had no interest in building another bureaucracy but to work through existing agencies and organizations."

While this all may fine and good, the question is whether development rights programs are politically feasible. Maybe not, according to a report on development rights programs in South Carolina by Clemson University professor Vern House.

"Research findings indicate that public willingness to pay often falls short of the value of development rights," House writes. "These findings simulate economic behavior, whereas the PDR program will be determined by politics. The debate is likely to focus on the amount of funding to buy development rights, the criteria for targeting funds and whether a bidding process will be used."

Wendell Cox, principal of Demographia, an international public policy firm in St. Louis, is skeptical of the need to provide public funding to preserve farmland. The reason is simple: The United States is not running out of farmland.

"This deal where we're basically saying that the cities are chewing up the farmland—not a chance," Cox said. The amount of farmland in this country is huge compared to the amount of development. There simply is no threat."

Cox is also concerned about the possible long-term effects of such land conservation programs.

"As we continue to take land off the rolls for development, we are going to be driving the price of land up, which will make home ownership harder," he said.

CJ

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From the Liberty Library

• No issue was of greater concern to the delegates at the Constitutional Convention than that of slavery, historian Lawrence Goldstone writes in *Dark Bargain: Slavery, Profits and the Struggle for the Constitution*. It resounded through debates on the definition of treason, the disposition of the rich lands west of the Alleghenies and the admission of new states, representation and taxation, the need for a national census, and the very makeup of the legislative and executive branches of the new government. Goldstone chronicles the forging of the Constitution through the prism of the crucial compromises made by men consumed with the needs of the slave economy. As the daily debates and backroom conferences in inns and taverns stretched through July and August of that hot summer — and as the philosophical leadership of James Madison waned — Goldstone clearly reveals how tenuous the document was, and how an agreement between unlikely collaborators got the delegates past their most difficult point. Learn more at www.walkerbooks.com.

• If you think: Al Qaeda terrorists are likely to cross the Mexican border, suitcase nuclear weapons are a real threat, there was no link between al Qaeda and Saddam Hussein (and no WMD in Iraq), and that Halliburton made a fortune off Iraq...then you've accepted some of the most prevalent myths about the War on Terror. Or so says investigative reporter and terrorism expert Richard Miniter in his new book *Disinformation: 22 Media Myths That Undermine the War on Terror*, in which he punctures 22 myths about terrorism, al Qaeda, and the war in Iraq. See www.regnery.com for more details.

• They're slashing your tires, burning your lawns, heaving pies at Republican pundits, hurling racist epithets at minority conservatives, nursing nutty conspiracy theories, and pining publicly for the murder of President Bush. In *Unhinged: Liberals Gone Wild*, Michelle Malkin chronicles the bizarre world of leftists gone mad in their natural habitats: the mainstream media, academia, Hollywood, and Washington. *Unhinged* unmasks liberals who have completely abandoned rationality and reality. They've taken chainsaws and bayonets to campaign signs, run down political opponents with their cars, and set fire to political opponents in effigy. Also from Regnery. CJ

Terrorism and the Constitution**Jurists Critique Court's War on Terror Decisions**

• Peter Berkowitz, ed.; *Terrorism, the Laws of War, and the Constitution: Debating the Enemy Combatant Cases*; Hoover Institution Press, 2005; 196 pp.; \$15

By MAXIMILIAN LONGLEY
Contributing Editor

RALEIGH
In 2004, the U.S. Supreme Court decided three cases involving prisoners who had been locked up, under authority of the president, as alleged "enemy combatants" in the War on Terrorism. The *Padilla* case, involving a U.S. citizen arrested in the United States, was thrown out on a technicality. In the *Hamdi* case, the court said an American citizen captured in the Afghanistan war zone could be detained on presidential orders, but with the right to a hearing if he claimed he wasn't a combatant. The *Rasul* decision held that foreign terrorist suspects at the Guantanamo base in Cuba had the right to challenge their imprisonment in court.

Terrorism, the Laws of War, and the Constitution prints critiques by prominent jurists, and one layman, about the court's decisions, particularly *Hamdi* and *Rasul*. The contributions represent a diversity of viewpoints, from supporters of the court's decisions, to opponents, to a couple of contributors who question the very framework in which most people discuss the issue.

Seth Waxman, former solicitor general under the Clinton administration, opens up the anthology with a more or less supportive account of the Supreme Court's terrorism decisions. Waxman says that the high tribunal, by ruling as it did in the recent decisions, showed itself to be "a muscular, self-confident Court . . . operating within its core competency — defining the basic rights and obligations of parties under the Constitution." This has been a break from cases such as the *Korematsu* decision of 1944, in which the court said Congress could empower the president to banish citizens of Japanese descent from their West Coast homes.

Patricia M. Wald, a former federal judge appointed to the bench by Jimmy Carter and now an advisor to the Bush administration on weapons of mass destruction, echoes some of Waxman's points. Wald portrays the court's decisions as an understandable reaction to the executive's claim of being immune from judicial review for its detention and treatment of terrorist suspects. The lack of congressional guidance on the topic, and the "despicable abuses" by U.S. forces at Abu Ghraib, inspired the court to step in and impose some accountability, Wald says.

Two other contributors want the court to show more deference to the executive on national security issues. Professor Ruth Wedgwood of Johns



**TERRORISM,
THE LAWS OF WAR, AND THE
CONSTITUTION**
Debating the Enemy Combatant Cases
EDITED BY PETER BERKOWITZ

Wedgwood and Yoo ... in their respective analyses... chide the court for second-guessing the executive on national-security issues. Both commentators say that the Rasul decision is ambiguous, allowing federal courts to hear cases involving Guantanamo prisoners but giving lower courts little guidance on how to decide these cases.

Hopkins University specializes in international law and has held various consultant roles in the Bush administration. John Yoo, a law professor at Berkeley's Boalt Hall, once served in the Bush Justice Department.

Wedgwood and Yoo, in their respective analyses, applaud the court for giving the president some leeway to hold suspected terrorist combatants without trial. As Yoo says, "the Justices did not turn the clock back to September 10, 2001." At the same time, Wedgwood and Yoo chide the court for second-guessing the executive on national-security issues. Both commentators say that the *Rasul* decision is ambiguous, allowing federal courts to hear cases involving Guantanamo prisoners but giving lower courts little guidance on how to decide

these cases. To a lesser extent, this lack of guidance also characterizes the Supreme Court's *Hamdi* ruling concerning citizen detainees, when "the Court" (as Yoo says) "really just punted on the procedures to the lower courts and the executive branch."

This vagueness leaves room for federal courts to try to run the country's national-security policy, a task that Wedgwood and Yoo think is more appropriately left to the president alone. Wedgwood is worried about letting captured terrorist operatives litigate their cases: "An opponent on the battlefield or in the shadows of a guerrilla war may try to take advantage of the law-mindedness of a democratic state in order to gain a fatal advantage."

Benjamin Wittes is the only non-lawyer among the contributors. An opinion editor at the *Washington Post*, Wittes blames key players in the enemy combatant cases for failing to properly confront the complex issues posed by America's new war. Congress is blamed for failing to adopt legislation dealing with prisoners captured during the War on Terrorism. The Bush administration incurs Wittes' censure for its extreme claim of an unlimited detention power where terrorism suspects are concerned. The civil-liberties groups are blamed for an unrealistic insistence on applying peacetime legal standards, instead of balancing security with freedom.

Mark Tushnet, a law professor who teaches at Georgetown University, implicitly criticizes the presuppositions of the other commenters (besides Wittes). Tushnet complains that jurists look to the Supreme Court to interpret the Constitution in such a way as to create the ideal balance between national security and individual rights in the terrorism cases.

Tushnet calls this the fallacy of the "perfect Constitution." In actuality, Tushnet says, the Constitution was written to deal with the possibility of wars against nation-states, but does not speak to the new reality of wars involving nongovernmental terrorist groups. To adapt to this new reality, the Constitution should be changed by amendment, not by judicial interpretation. In this way, Tushnet says, the people themselves, exercising their right to self-government, will participate in the debate over how to fight to War on Terrorism.

Two of the contributors, tallying up the votes on the court, calculate that a majority of five justices (Scalia plus the four liberal justices) is prepared to rule in favor of Jose Padilla, requiring that he be either charged with a crime or released. Padilla is the U.S. citizen who was arrested at a Chicago airport and who has been held without trial ever since. The court is hearing his case this term. CJ

Thomas H. Hall: 'Internal Improvements' Result in Tyranny

"My present purpose . . . is to present a figure seldom heard of nowadays but one deserving a lasting place in the history of North Carolina."

In 1911, journalist Louis D. Wilson so described Thomas H. Hall, a congressman from Edgecombe County. Almost 100 years later, Wilson's statement still rings loudly.

Although born in Virginia, Thomas H. Hall (1773-1853)

called North Carolina home. With a medical practice in Tarboro, Hall was first elected to Congress as a Jeffersonian-Republican (1817-1825). In 1824, he lost his congressional seat. As a Jacksonian-Democrat, Hall regained it and served in Congress from 1827-1835. In Washington, D.C., Hall was on several committees, including chairing the Committee on Expenditures in the Department of the Treasury.

After his congressional career, Hall served in the N.C. Senate, practiced medicine, and farmed. In 1853, he died

in retirement.

Like his friends, John Randolph of Virginia and Nathaniel Macon of North Carolina, Hall vigorously opposed federal involvement in internal improvements — a term used for government-supported public works. Concerning this issue, Hall was immovable; he once proclaimed, "I never shall abandon my principles on this subject."

His principled stance should not be mistaken for senseless stubbornness, however. Hall believed, after much contemplation, that federal intervention in building transportation networks was unconstitutional and an infringement of the doctrines of dual sovereignty and separation of power.

The U.S. Constitution, claimed Hall, enumerated exclusive powers to the federal and state governments, and both had "appropriate spheres of actions, separate and distinct from each other." He was troubled particularly when Congress imposed taxes on all states for transportation projects exclusively in one state. Opposing such legislation in one 1830 congressional speech, Hall read from the N.C. Declaration of Rights (1776): "That the people of this State ought to have the sole and exclusive right of regulating internal government and police thereof."



Dr. Troy Kickler

In his opposition of federal-sponsored transportation projects, Hall avoided saying "internal improvements," for the term, he said, was "most comprehensive," including not only highways but also vehicles and their owners. "If Congress has the right to make, alter, end, or abolish our highways within the States . . . does not even a blind man see that the consequence must soon be an entire obliteration of all the power of the State authorities, and in that case our system of government is destroyed by consolidation?"

He also feared that, via internal improvements, legislators would redefine "general welfare"; if Congress could tax for the betterment of everyone, everywhere, Hall reasoned, then legislators had power to select outcomes and then raise whatever amount was needed to accomplish them. To Hall, corruption and abuse of power resulted from government having the means to accomplish any goal.

The conflation of the executive, legislative, and judicial branches also distressed Hall. Debate over the separation of powers doctrine was needless, for it was, he said, the "plainest part of the Constitution."

During an 1834 congressional speech, Hall warned his colleagues that

disregarding this doctrine, in effect, created a new form of government: "Instead of a Government of three centers, acting as mutual and salutary checks on each other, you unite the Executive, the Legislative, and Judicial into one, which is the very definition of despotism."

Hall believed federal internal improvement legislation led to tyranny: Government taxed everyone for the benefit of a few, powerful officials predetermined the logistics of transportation networks for personal gain, and such legislation invited logrolling sessions.

Exasperated by what he considered a "system of iniquity" and the federal government continually superseding its "proper sphere of authority," Hall urged Tar Heels to demand public officials to maintain records of "credit and debit, showing precisely what they pay for the article and what it yields." That's good advice for us today.

No one has devoted significant attention to Hall. For those interested in learning more about this North Carolinian and his ideas, the Registers of Debates in Congress is the best place to start. CJ

Troy Kickler is director of the North Carolina History Project.

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Short Takes on Culture

Time to Revisit Narnia

• *The Chronicles of Narnia*
By C. S. Lewis
HarperCollins Publishers

With the coming release of Walden Media's "The Chronicles of Narnia: The Lion, the Witch and the Wardrobe," rereading C. S. Lewis's classic tale is timely. How is it that 55 years after the book's release, *Narnia* still captures the human imagination?

It's no secret that Lewis's series contains Christian themes, but it is not the point-by-point Christian allegory some confuse it for. Edmund's treachery, condemnation, and salvation via Aslan's sacrifice are a kid-friendly interpretation of Christ's atonement for man's sin.

But, forgiveness, sin, and death are only the most serious themes woven into Lewis's story of the Pensevie children's adventure into the wardrobe. The four children's magical journey into a land filled with talking animals and cursed with eternal winter surrounds Lewis's Christian message with a fairy-tale adventure that captivates children and adults from the first page. Walden Media, in association with Disney, intend to remain faithful to Lewis's work. Douglas Gresham, the movie's coproducer and Lewis's stepson, promised not to strip Lewis's spiritual messages. The film premieres in theaters Dec. 9.

— JENNA ASHLEY
ROBINSON

Watch 'House' for the acting

• "House"
FOX Television
Tuesday nights

I've always thought consistently well-written scripts are the key in making a television show a hit. Then I watched "House," a medical drama starring British actor Hugh Laurie, and realized a gifted actor can overcome mediocre material. Laurie is best-known for comedic roles and as the dad in the "Stuart Little" movies, but his versatility shows as Dr. Gregory House, a drug-addicted, self-absorbed physician. House despises just about everyone. Most days that includes his ex-girlfriend—gorgeous Sela Ward of "Sisters"—even though deep down, he still loves her but can't forgive her fateful decision that caused his permanent disability and his reliance on pills.

The sarcastic House finds solace in three things, around which the show is built: his love-hate relation-

ship with Ward, working to save patients with mysterious illnesses, and making life miserable for his team of young doctors, one of whom is head over heels in love with him. It's a hokey premise, but Laurie pulls it off. Working with implausible story lines, unremarkable writing despite an Emmy for one episode, and silly inside-the-body graphics, he makes "House" compelling and fun, rather than morose and predictable. If you appreciate unique actors and haven't overdosed on "Doctor" TV, give "House" a try.

— DONNA MARTINEZ

Go with 'Galactica'

• "Battlestar Galactica"
The SciFi Channel
Fridays at 10 p.m.

The remake of the old 1970s science fiction melodrama "Battlestar Galactica" is worthwhile. Gone are the bad special effects, the campy characters, and disco look and feel. The new version is edgier.

The Galactica is an aging battleship scheduled to be decommissioned and turned into a museum when an attack occurs. Commander Adama, played by the brooding Edward James Olmos, assembles the remaining survivors into a ragtag fleet. The chain of command has been interrupted, and the only remaining member of the administration is Education Secretary Laura Roslin (Mary McDonnell), who is quickly sworn in as the new president of the survivors to ensure civilian leadership.

More than 47,000 survivors try to find Earth, and the storyline is laced with more real-life drama than the savviest sci-fi. There is a post 9/11 parallel and paranoia, in which we never know who may or may not be a "cylon" in our midst.

There is always angst between Adama, privately an atheist trying to keep morale high with a faux confidence of Earth's whereabouts, and President Roslin, dying of breast cancer, coming to the belief that she is the prophet-leader foretold in their pagan scriptures.

All of the characters are flawed and yet move forward in a time of crisis. The enemy, as metallic killing machines, are unemotional task driven droids — as human clones, reflective, wry and, well, human. If nothing else, the story keeps you guessing and pondering the "what ifs" of our own world.

— CHAD ADAMS CJ

'The Politics of Liberty'

Ward Shows Ideas Really Matter

• Lee Ward: *The Politics of Liberty in England and Revolutionary America*; Cambridge University Press; 2004; 459 pages; \$90

By BECKY AKERS
Guest Contributor

WASHINGTON

Reading philosophers who try to justify the thieving, deception, and murder that are government is a bit like hearing Jeffrey Dahmer dither over place settings and recipes. In each case, one longs to interrupt and ask, "Are you listening to yourself?"

Nevertheless, explaining and, worse, legitimizing the state occupied 16th- and 17th-century philosophers in England and Europe. Even as the beast they dissected exiled or imprisoned them and ravaged their countries with civil war, they worried about the intricacies of absolute monarchy. How exactly did God ordain it, and do men owe obligations beyond abject submission to their king? Is a monarchy not only absolute but unified, or does the sovereign share his power with "lesser magistrates"? If the latter, does the king's authority move with him from palace to Parliament, so that his partners in crime bask in the reflected glow? Is there room for contractual relations between a sovereign and his subjects? And is that contract voided when the sovereign becomes tyrannical? Is it even possible for a sovereign to be tyrannical? After all, if law proceeds from the sovereign and is to be obeyed rather than questioned, how can we mere mortals call some dictates just and others, well, dictatorial?

Not only did these policy-wonk questions intrigue pundits, they inspired such events in British history as the Long Parliament, the Puritan Revolution, the Commonwealth, etc. In *The Politics of Liberty*, Professor Lee Ward, who teaches political science at Campion College, University of Regina, correlates his philosophical history to the political one and coincidentally proves how very much ideas really matter.

He traces the development of thought, repellant though it is, on the extent and morality of the state's authority from Sir Robert Filmer, Hugo Grotius, and Thomas Hobbes through Samuel Pufendorf and such Whig philosophers as James Tyrrell, Algernon Sidney, John Locke, and Cato (i.e., John Trenchard and Thomas Gordon, authors of *Cato's Letters*). His book concludes with the transformation of these ideas by James Otis, Thomas Paine, Thomas Jefferson, and other Americans.

And thank Heaven they were transformed. Filmer argues unabashedly that the monarch is sovereign. Indeed, his king sits so far above the law that the royal nostrils may bleed. Filmer credits the Biblical account of Adam's creation



for this. Supposedly, when God gave Adam dominion over the earth (Gen 1: 28-29), Adam became a literal and utter dictator.

Never mind that the context of these verses is dominion over the natural world, not the political one. God is not establishing Adam as a sort of primeval Stalin; rather, Adam is humanity's representative, with God offering nature to mankind so that we may harness it for our advantage.

Ward next shows how Hobbes and Grotius fine-tuned Filmer's points. For example, they debate endlessly whether subjects have any right to rebel, even under the worst of conditions, including the threat of imminent death.

The early Whigs don't offer much refuge from such lunacy. James Tyrrell wastes time and energy proving that Adam's authority over his sons was a general one common to all fathers, rather than a specific right granted to Adam alone. He frets over whether human liberty is alienable and decides it is, though no man would be foolish enough to give away his freedom. Perhaps not, but some philosophers are foolish enough to abet those who steal it.

The Politics of Liberty explains some of the baffling reverence for government plaguing us today. Much of it can be traced to Filmer, Hobbes, and the other apologists for government whom Ward discusses. Their pernicious presuppositions still stalk among us like vampires. Understanding these presuppositions allows us to track the vampires to their lairs so we can drive stakes through their hearts. This book provides not only a map to the lairs, but the stakes as well.

CJ

Becky Akers (Libertatem@aol.com) writes for *The Freeman* and other publications.

Home-schooler's Project Becomes World War II Tribute

By HAL YOUNG
Contributing Editor

A North Carolina family's oral history project has culminated in a book, key roles in a feature-length documentary just released, and some unusual travel destinations.

"When it all began," said Scott Brown, the father, "we had no idea we'd end up on Iwo Jima."

What started as an assignment for their home-schooled daughter to learn her grandfather's part in World War II became the catalyst for a multiyear project involving dozens of veterans and a return to Guam and the volcanic island where they once served in the South Pacific.

The film, "The League of Grateful Sons," follows a group of veterans and their descendants as they revisit the battle scenes and retell the events that are now a part of their families' history. It is the first of several projects planned under the overarching "Faith of Our Fathers" initiative sponsored by Texas-based Vision Forum. Its president, Doug Phillips, also encouraged Kelly Brown to recast her history project in book form, and *On A Wing And A Prayer* was released in hardback this summer.

"I've never seen a documentary like this before, where the purpose is so plainly stated," Brown said. "Our major objective was to encourage sons to honor their fathers, and fathers to encourage their sons to recognize the role of Providence in their families' lives," said Brown, a Wake Forest pastor. "We took our cue from the book of Deuteronomy, verse 32:7 — 'Remember the days of old, consider the years of many generations. Ask your father, and he will show you; your elders, and they will tell you ...'"

"The really interesting thing about this project is it's a film completely made by families, for families, to encourage children to ask their fathers, and fathers to rise up and tell their children. We want people to run out of the theatre, saying, 'Where's my father? I've got to ask him ... Where's my daughter? I've got to tell her.'"

Scott's father, Bill Brown, grew up in Texas and had an early fascination with

aviation. When the war broke out, he volunteered for duty, eventually becoming a P-51 pilot, shipping out for the Pacific Theater, and serving the entire war from 1942 to 1945. Lt. Brown's service led him to the rocky Iwo Jima, about 600 miles from the home islands of Japan, where he flew missions from the island's air strip.

He was shot down in Tokyo Bay on March 29, 1945, and picked out of the water by an American submarine. When the war was over, Brown returned to civilian life.

Scott said he saw time was growing short with his father now in his 80s. "A few years ago I realized my father had many stories which we needed to record. I had my daughter go to him on a mission to learn those stories. It had come to me that there are a thousand to fifteen hundred of these men dying each day; after we started collecting the stories from my father, our church began celebrating Memorial Day to honor these men.

"And that's how the whole thing



Bill Brown with granddaughter Kelly on Iwo Jima

spun out. Doug Phillips came to speak. We started finding other guys who were there — we met [former Marine] Bill Henderson here locally. One of the first things we did for the film was fly him down to my father's home in Fredericksburg, Texas, and filmed the two of them talking there. That was in 2003."

This spring the project led several families and staff members to one of the world's

most exclusive and least glamorous travel destinations — Iwo Jima. Occupied by the United States for 23 years after the war, the island was returned to Japan in 1968 and remains uninhabited except for a single day each year, when veterans who fought there and their families are allowed a brief visit. This year's tour marked the 60th anniversary of the 1945 battle.

Time is short for the tour, as well. Besides being the site of a major setback for the Japanese during the war — Brown said their official version of the battle's history is "heavily spun" — there are more than 20,000 Japanese soldiers entombed in the caves, bunkers, and rocky soil of the island. When the last veteran dies, said Brown, the island will be made officially off-limits.

The trip this March included nearly 90 veterans, along with the team from the film project. They landed on the military airstrip in a chartered airliner and deplaned for visits to the beaches. "We got hundreds of stories," Brown said.

Bill Brown is now 82 years old and living in his home state of Texas. The family moved around after the war, though, and Scott, born in Alaska, grew up in California and went to college in the late 1960s. It was a critical time and place to be a student; did it affect his view of his father's service?

"Not really," he said. "My father had told us his stories from time to time, so we knew about it. Certainly the '60s were a time of dishonoring fathers, though I wasn't aware of it at the time. They were anti-authoritarian, anti-heritage, anti-male, anti-military."

He laughed gently. "I'm sure I was affected by it, being surrounded like that — but of course, World War II was a different kind of war. My father went to war to stop Hitler and Hirohito. There the enemy was clear; it wasn't so clear in Vietnam.

"I never correlated Vietnam with my father's war."

Production on the film was completed in time to premiere at the San Antonio Independent Christian Film Festival in October. Over 1,000 participants, including competitors from North Carolina, were on hand for the event. One student said the film was powerful — "Everyone in the room had tears," he said.

Now that Lt. Brown's story has been told on film, does his son foresee participating in any of the upcoming projects?

"Sure," he said. "I'm writing a book now about what my father told me on Iwo Jima." He's still grateful.

The film *The League of Grateful Sons* and Kelly Brown's book *On A Wing And A Prayer* are available from Vision Forum, San Antonio, Texas (<http://www.visionforum.org> <<http://www.visionforum.org>>) CJ

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- 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 NCHE, you can call the office at **919-790-1100** or visit the website at www.nche.com

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

Since 1991, Carolina Journal has provided thousands of readers each month with in-depth reporting, informed analysis, and incisive commentary about the most pressing state and local issues in North Carolina. Now Carolina Journal has taken its trademark blend of news, analysis, and commentary to the airwaves with **Carolina Journal Radio**. A weekly, one-hour newsmagazine, **Carolina Journal Radio** is hosted by John Hood and Donna Martinez and features a diverse mix of guests and topics. The program is currently broadcast on 18 commercial stations — from the mountains to the coast. The Carolina Journal Radio Network includes these fine affiliates:

Albemarle/Concord	WSPC	AM 1010	Saturdays	11:00 AM
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Burlington	WBAG	AM 1150	Saturdays	9:00 AM
Chapel Hill	WCHL	AM 1360	Saturdays	5:00 PM
Elizabeth City	WGAI	AM 560	Saturdays	6:00 AM
Fayetteville	WFNC	AM 640	Saturdays	1:00 PM
Gastonia/Charlotte	WZRH	AM 960	Saturdays	1:00 PM
Goldsboro	WGBR	AM 1150	Saturdays	12:00 PM
Greensboro/Burlington	WSML	AM 1200	Saturdays	12:00 PM
Hendersonville	WHKP	AM 1450	Sundays	5:00 PM
Jacksonville	WJNC	AM 1240	Sundays	7:00 PM
Lumberton	WFNC	FM 102.3	Saturdays	1:00 PM
Newport/New Bern	WTKF	FM 107.3	Sundays	7:00 PM
Salisbury	WSTP	AM 1490	Saturdays	11:00 AM
Siler City	WNCA	AM 1570	Sundays	6:00 AM
Southern Pines	WEEB	AM 990	Wednesdays	8:00 AM
Whiteville	WTXY	AM 1540	Tuesdays	10:00 AM
Wilmington	WAAV	AM 980	Saturdays	1:00 PM
Winston-Salem/Triad	WSJS	AM 600	Saturdays	12:00 PM

For more information, visit www.CarolinaJournal.com/CJRadio

Commentary

The Only Remedy for Kelo

Don't get too attached to your house. If the government wants to, it can take it from you and give it to another private party solely for economic development reasons. The purported reasons might be to create a higher tax base for your community or simply to make your city more attractive.

In *Kelo v. City of New London*, the United States Supreme Court held that these "economic development takings" are constitutional. There doesn't even have to be a likelihood that the taking will lead to an economic benefit. All that is required is the government's decision must be "rational."

As Justice O'Connor argues: "The specter of condemnation hangs over all property. Nothing is to prevent the State from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

While the United States Constitution no longer adequately protects property rights as a result of *Kelo*, states can protect their citizens by guaranteeing greater property rights through their own laws. North Carolina can provide these necessary protections through a new constitutional amendment.

The North Carolina League of Municipalities argues that a constitutional amendment is unnecessary. North Carolinians have nothing to worry about because state statutes are "crystal clear" and protect us from the *Kelo* decision.

It is true that there is no law that explicitly allows for statewide economic development takings. However, this is an incomplete examination of state law. The North Carolina legislature, even before economic development takings were deemed constitutional, passed a bill that explicitly permitted Charlotte to engage in economic development takings. Imagine what the legislature could pass now that economic development takings are constitutional.

The state's urban renewal law also gives so much leeway to the government that "enterprising" attorneys and local governments can easily use it as a pretext for economic development takings. This law does not cover blighted property alone. The government

also can take property that might become blighted.

Assume that current state statutes do protect us from economic development takings. This still would provide inadequate protection for North Carolinians. State statutes can easily be changed at the whim of political interests. If the United States Supreme Court gutted freedom of speech, would we feel a state statute protected freedom of speech in North Carolina? Of course not.

A state constitutional amendment is the only way to protect North Carolinians.

The North Carolina Constitution is the highest law of the state, and once an amendment has been passed, it will be difficult to change. To amend the state constitution, three-fifths of both houses of the General Assembly have to approve the change, and then a majority of voters must pass it.

Amending any constitution should be done rarely. However, it is hard to imagine a more appropriate time than now to amend the state constitution. Property rights are being threatened. An amendment would not create a new right, but simply would reaffirm a right that our nation's founding fathers explicitly listed in the Bill of Rights.

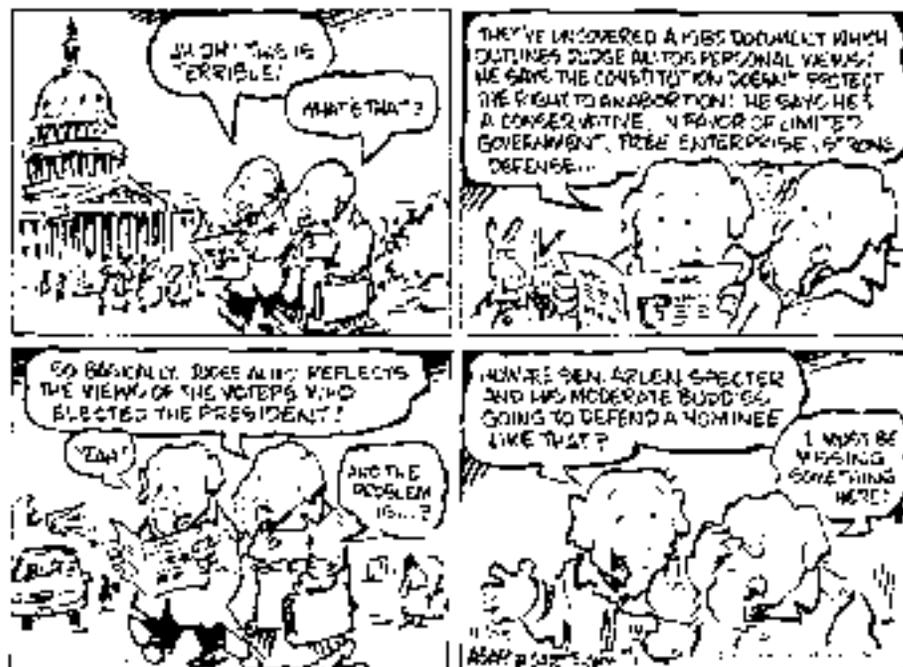
North Carolina also has the only state constitution, except for possibly New Hampshire, which does not expressly prohibit the taking of private property without just compensation. In other words, even if *Kelo* didn't exist, the state desperately needs a constitutional amendment to adequately protect property rights.

The foundation of the American dream is being able to rely on the government to legally protect our property. The government ensures that our hard-earned property won't be taken from us. After *Kelo*, this critical understanding between citizens and the government is in question. North Carolina should make it clear, through a constitutional amendment, that in our state, the American dream and property rights are very much alive. *CJ*

Bakst, an attorney, is legal and regulatory policy analyst for the John Locke Foundation.



Daren Bakst



Editorial

Congress Should Take Econ 101

"It is no crime to be ignorant of economics, which is, after all, a specialized discipline and one that most people consider to be a 'dismal science.' But it is totally irresponsible to have a loud and vociferous opinion on economic subjects while remaining in this state of ignorance."

Those words of economist Murray Rothbard are particularly suitable to recent pontificating about oil company profits. Congress is conducting hearings to investigate whether the profits are "excessive." As an aside, the 12-month average profit margin for oil companies is below the national average for all industries.

At the heart of this "state of ignorance" is a poor understanding of prices and their relationship to profits. The field of microeconomics is devoted to the study of these subjects and there are scores of textbooks by economists as ideologically diverse as Milton Friedman and Paul Samuelson, where one could go to lift himself out of this state of ignorance. Indeed, in economics this analysis is no more a question of ideology than is an understanding of how the heart interacts with the lungs. Yet, daily we hear expressed "loud and vociferous opinions" on these subjects by national and local commentators who have not spent five minutes actually studying the relevant science. Next, these same folks will be giving advice on how to treat cancer.

There is not enough space here to clear up all of the economic misconceptions that are coming from politicians and radio and TV commentators. But there is a consistent undercurrent to the mental void that is driving most of this chatter, namely that large oil-company profits are proof that gasoline prices have been too high; that oil companies have been "price gouging." Microeconomic principle of the

day: While market prices are a determinant of profits, the reverse is not true. Prices are set in the market by supply and demand. Profits are a by-product of this process. In a market with no price controls, prices of any product, including gasoline and oil, will move toward the level that ensures no shortages or surpluses, that is, where the quantity supplied equals the quantity demanded.

Profits are revealed after this process takes place. If this "equilibrium price" is above cost, profits will be earned — if it is well above cost there will be large profits. If these prices are only slightly above or possibly below cost, then profits will be low or even negative, there will be losses. There have been periods where the oil industry has suffered greatly — recently, the mid 1980s and the late 1990s — exactly because of this relationship between prices and profits. The point is that prices have been what they should be and consequently, profits are what they should be.

The term "shortage" refers to a situation where people cannot get all of the product they desire at the going price. For the most part there haven't been shortages of gasoline.

Higher prices in recent weeks have played an important social function. They encouraged people to economize on driving and to consume less gasoline. If oil and gasoline companies had succumbed to social pressures and had artificially lowered their prices to adjust their profits downward (ignoring their fiduciary responsibility to shareholders) they would have been pushing prices below market clearing levels.

At lower prices people would have economized less on their driving, creating gasoline shortages with queues and limits on purchases. This could only be appealing to those who think that Richard Nixon and Jimmy Carter were good presidents. *CJ*

To Quota or Not to Quota?

That's the issue facing N.C. State as it strives for more diversity

How's this for a preposterously misleading headline, from *The Independent Weekly* in Durham: "NCSU under investigation: Group that played a role in Michigan case limiting affirmative action says N.C. State has too many blacks, Latinos."

The organization in question, the Center for Equal Opportunity, most certainly does not express the view that N.C. State or any other university has "too many blacks" or "too many Latinos." The president, Linda Chavez, is the former staff director of the U.S. Commission on Civil Rights and former chairwoman of the National Commission on Migrant Education. She edited the American Federation of Teachers' journal *American Educator*. She is a passionate advocate for improving educational opportunities for black and Hispanic students in the United States.

What Chavez and CEO in general oppose is a policy of racial preferences in university admissions. Arguing that blacks or Hispanics with fewer qualifications or less preparation for success at a school like N.C. State should not be admitted instead of better-qualified, better-prepared whites or Asians is not the same as arguing that fewer blacks or Hispanics should attend N.C. State. The issue is how best to increase their

enrollment

As explained less tendentiously in a *News & Observer* story several days later, the probe into admissions practices at N.C. State involves the question of whether the university is using racial preferences today in a way that conflicts with the 2003 Supreme Court decisions in two University of Michigan cases.

The majority upheld diversity as a legitimate educational goal, in a case concerning admission to the law school, but struck down a numerical system in undergraduate admissions that automatically gave underrepresented minorities extra points.

CEO's research isn't really new but it is revealing. Author David Armor found that given black and white applicants with the same qualifications, the odds of the black student being admitted to NCSU were 13 times higher than the white's.

It's not clear what, if anything, the federal Department of Education will do in this case. The vast majority of North Carolinians, of all races, oppose naked racial preferences in university admissions.

Their continued use at N.C. State would seem to violate both judicial precedent and the will of the electorate. It should stop immediately. *CJ*

End That Goofy Funeral Tax

If we must keep the sales tax, don't apply it piecemeal

Dozens of tax-policy experts, hundreds of politicians, thousands of activists, and millions of taxpaying citizens are all saying that the tax code is complex and unfair. If everyone thinks this is the case, why is it still complex and unfair? Perhaps this little story about death and taxes will suffice as a partial explanation.

Don't worry, lefties. This is not going to be yet-another diatribe against taxing estates and inheritances. Instead, let's look at the case of state taxes on funeral services.

Current law in North Carolina requires funeral directors, morticians, and undertakers to levy the full retail-sales tax rate (7 percent in all counties except Mecklenburg where it is 7.5 percent) on the goods and services they sell. Customers must pay sales tax, in other words, on both the caskets they buy and the services required to bury their loved ones. The complexity here is that the first \$1,500 of expenses associated with funerals and burials has been exempt from sales taxation.

The North Carolina General Assembly, in its infinite wisdom, has "fixed" this problem. As of January 1,

2006, the goods sold by funeral directors, morticians, and undertakers will continue to be taxable but the services won't be. The \$1,500 exclusion goes away, so that consumers will start to pay tax, on what is taxable, from the word go.

So when you get a bill from your mortician, the coffins, grave markers, and other goods will bear a sales tax. But ambulance service, cemetery lots, burial fees, and death certificates won't be taxed. If the cost of hiring someone to move and bury the casket is included in the price of the casket, it will be taxed. If it is listed separately in the invoice, it won't be taxed.

The original tax policy towards funeral services was goofy. The new one is even goofier. If we are going to retain a sales tax, it should simply be applied to the entire bill presented to a retail customer — no artificial distinctions between goods and services, no arbitrary cap on liability, and of course no retail sales tax on the goods or services that funeral directors purchase business-to-business.

Or we can phase out the sales tax and tax the same tax base via a consumed-income tax. *CJ*

Commentary

Big Food the Next Lawsuit Target

"That will never happen."

Or so said a prominent academic researcher on tobacco use when I talked to him a few months ago about the dangerous precedent set by over-regulation. I had asked him why, if advertising bans and liability lawsuits were appropriate responses to cigarette marketing, the same theory couldn't justify restrictions and lawsuits against fast-food companies for causing obesity. "That will never happen," he insisted, saying that I was just repeating "the tobacco-company line."

Au contraire. Both in the United States and around the world, there are indeed serious efforts, from powerful lawmakers and litigation-happy interest groups, to wage a legal battle against Big Food similar to those waged for decades against Big Tobacco. The purported policy justification is also similar: given that government programs now account for a huge percentage of health care spending, taxpayers will be forced to shoulder huge costs for obesity-related illnesses unless regulators or courts step in to "protect" them.

The U.S. House of Representatives took the threat of such action so seriously that in October it passed the so-called Cheeseburger Bill. It stipulates that manufacturers, retailers, and other related businesses can't be held liable in court for damages associated with the consumption of any legal food product.

Unfortunately, the federal bill won't make this issue go away, not by a long shot. Those who see the legal assault on tobacco as a wildly successful model to emulate are not going to give up easily on the notion of replicating it against the far-larger target of food processors and restaurant chains. Their plan, already evident in a re-filed lawsuit against McDonald's in New York State, is to argue not that the food itself is the cause of obesity but rather than the industry's advertising practices are deceptive and injurious to public health.

The argument is flimsy at best. A comprehensive 1997 survey of worldwide research on the topic found that while advertising played a significant role in influencing brand preferences in highly competitive markets, its role in

influencing overall food consumption was limited. People don't eat crab cakes instead of rice cakes because advertisers have manipulated them.

The fundamental problem with the would-be ad prohibitionists' thesis is that it doesn't match up well with history. The recent upswing in childhood obesity has not occurred during a time of intensified TV advertising aimed at children, which has existed for decades.

In fact, American children are now gaining weight even as they watch somewhat less commercial television than previous generations did. Alas, that does not mean today's kids are playing outside more. They simply have many more commercial-free alternatives such as premium cable, tapes and DVDs, and video and computer games.

Another unfortunate fact for advocates of regulating food advertising is that their pet idea has already been done to the max — that is, in the form of outright bans of ads targeting children — in places such as Sweden and Quebec. The obesity rate of Swedish children differs little from that of, for example, British children. The same is true in Quebec vs. other Canadian provinces.

Furthermore, the line of causality from advertising to obesity must run through the intermediate point of eating more, or at least more calorie-laden, food. But there is surprisingly little agreement about this. Federal data reveal that average caloric intake of U.S. teenagers rose by only 1 percent from 1980 to 2000 while obesity rose 10 percent. Sedentary lifestyles seem to be the more significant factor.

It's better to be debating the effects of food advertising rather than blaming food itself. But despite recent congressional intervention, and contrary to the assurances of anti-tobacco activists, a major battle is still brewing over our freedom to eat and watch what we want. *CJ*



John Hood

Hood is president of the John Locke Foundation and the author of Selling the Dream: Why Advertising is Good Business, just out from Praeger. Contact him at jhood@johnlocke.org.

Editorial Briefs

Subsidizing old TVs

The Senate Commerce Committee, headed by Sen. Ted Stevens, R-Alaska, recently voted to spend \$3 billion on subsidies for people with old television sets. Even more startling, the massive new spending program is a part of the committee's contribution to the budget reconciliation bill, legislation that was intended to showcase Congress's new resolve on spending, says James L. Gattuso, a research fellow at the Heritage Foundation.

The subsidies are tied to ongoing efforts to complete the transition from the existing analog television broadcast system to a more advanced, digital system. Currently, U.S. broadcasters transmit in both modes, using previously licensed frequencies for analog broadcasts and a new spectrum given to them for digital broadcasts. When the transition is complete, the old frequencies are to be auctioned off and used for a host of new telecommunications services.

"We plan to provide a set-top box... to everyone who needs a box," Stevens said. Specifically, the legislation provides for the federal government to pick up almost the complete cost of the set-top devices, which would convert the digital signals to analog signals that can be displayed on existing television sets. It estimates the cost of converters will be \$50 to \$60 apiece. Consumers would be responsible for only a "co-pay" of \$10.

Ultimately, however, subsidies are the wrong thing to do, Gattuso said. There is no federal entitlement to analog television, nor should there be one. Viewers have been on notice of the transition for nearly a decade, and there is no reason for those who have prepared for it to subsidize those who have not.

Finally some data on "acting white"

There is a well-publicized aspect of black adolescent peer culture in which black teen-agers ridicule others for behavior regarded as characteristic of whites — referred to as "acting white." It includes ridiculing an interest in making good grades.

While often talked about, the "acting white" phenomenon has rarely been studied because reliable data on it did not exist. The recently released National Longitudinal Study of Adolescent Health, however, allowed National Bureau of Economic Research researchers Roland G. Fryer Jr. and Paul Torelli to construct an index that measured the popularity of students based on friendship networks within their schools.

Among white teen-agers, a correlation exists between higher grades and popularity.

Popularity among their peers also rises along with grades for black and Hispanic teen-agers but above a certain achievement level, the trend reverses. For blacks, popularity peaks at a grade-point-average of 3.5 and then declines; a black student with a 4.0 average has about as many black friends as a black student with a 2.9 GPA.

The threshold for Hispanics is much lower; popularity begins to decline at a GPA of 2.5, and a Hispanic student with straight A's is less popular among other Hispanics than one with a 1.0.

Researchers found the phenomenon mostly in public schools in which blacks are less than 20 percent of the students. It is nonexistent among blacks in predominantly black schools or those who attend private schools. CJ



Tax Reform Involves Tough Tradeoffs

With relatively little fanfare, the President's Advisory Panel on Federal Tax Reform recently issued its final report. The commission, headed by two retired senators and including several prominent economists, was charged with developing alternatives to the current income tax. However, they had to operate with one crucial restriction: any alternative had to raise the same amount of revenue as the current system.

As noted in the commission's report, the motivation for changing the federal income tax is a longstanding one. In the evaluation of many, the federal income tax is complicated and confusing, it discourages saving and encourages certain kinds of spending, and it can treat taxpayers with the same income differently.

There's also a component of the current federal income tax, called the alternative minimum tax (AMT), which is increasingly becoming an issue for many taxpayers. The AMT was originally designed to insure that high income taxpayers couldn't use available deductions and exemptions to end up paying no income tax. But because the AMT's income levels haven't been adjusted to account for inflation, today more and more moderate income taxpayers are being subjected to the higher AMT each year.

Correcting these and other issues with the federal income tax was the task of the tax commission. Many people think this job should have been easy. Just get rid of the complications, lower the tax rates, and bingo, job done!

Unfortunately, it's not that easy. Tax reform involves tradeoffs. The complexities in the tax code, in the form of deductions, exemptions, and credits, are there to reduce the tax bill of certain taxpayers. So if these tax benefits are reduced or eliminated, some households and businesses may pay more taxes.

Let me give you two examples examined by the tax commission, the homeowner deduction for

mortgage interest and the business deduction of employer provided health insurance. The commission recommended limiting both deductions, and they gave two reasons why.

First is pure cost. The commission estimates the business health insurance deduction costs the government \$225 billion annually in lost tax revenue, and the mortgage interest deduction is close behind, costing \$175 billion per year. By curtailing these deductions, the saved funds could be used to help eliminate the AMT and lower tax rates.

The commission also speculated that the tax benefits for mortgage interest and employer provided health insurance may motivate overspending on these items and contribute to the fast rising prices for both houses and health care.

So we're faced with a tradeoff. By limiting tax deductions, the President's tax panel was able to develop plans that reduced tax rates and removed the unpopular AMT. Therefore, if adopted, homeowners with expensive mortgages and businesses offering generous health insurance plans could end up paying more taxes, while others would pay less.

This situation illustrates a dilemma with tax reform. Any new tax plan that is required to generate the same amount of revenue as the current tax code will inevitably create winners and losers. This is the reason why any plan for major changes in the income tax faces a tough road when it gets to the political process. One astute observer says it takes a minimum of ten years before any new tax idea has a chance of being accepted.

So don't hold your breath for major tax changes! CJ

Michael
Walden

Walden is a William Neal Reynolds Distinguished Professor at North Carolina State University and an adjunct scholar with the Locke Foundation.

Paternalism Dying as People Become Own Experts

If 1989 was the end of the beginning for paternalism, 2005 is the beginning of the end.

Paternalism reached its apogee a half-century ago between the Great Depression and Lyndon Johnson's Great Society. Corporatism and socialism spread under the assumption that smart men in corporations or government could protect the rest of us from life's troubles.



Joseph Coletti

The elections of Ronald Reagan, Margaret Thatcher, and Pope John Paul II marked a turning point. Within a decade the Berlin Wall had fallen and students were facing down tanks in Tiananmen Square. These were the first victories against collectivist paternalism.

President George W. Bush started 2005 with a plan for private Social Security accounts. On Oct. 8, Delphi CEO Steve Miller declared that defined benefit pensions are an "anachronism," like tail

fins on cars.

In between, health savings accounts, which require greater responsibility for one's own care, passed one million subscribers. The Supreme Court's *Kelo* decision on property rights led to a greater push in states to protect those rights. And the peoples of Georgia, Ukraine, Lebanon, and Iraq demonstrated again the universal desire for freedom.

North Carolina is, again, behind the curve. Gov. Mike Easley has complained about the cost of Medicaid, but done little to improve or shrink one of the most expensive programs in the Southeast.

The number of charter schools approved in the state has reached the cap of 100 and legislation to raise the cap languished while parents in Mecklenburg County were denied the right to even consider smaller school districts. Easley vetoed a bill that would make it easier to recruit teachers from out of state because he wants to ensure the quality of the 46th best education system in the country.

Auctioneers must be licensed. Barbers must be licensed. Mattresses must be certified. But the General As-

sembly insists that it knows best how to invest our money — giving \$500,000 to a proposed theater in Roanoke Rapids, \$500,000 to promote the CIAA basketball tournament in Charlotte, \$2 million for a proposed ACC Hall of Champions in Greensboro, and \$7.5 million for an Advanced Vehicle Research Center in Northampton County.

Peter Drucker, the management guru, recognized the limits of paternalism decades ago. He has often written that the complexity of modern society makes paternalism less viable. The seemingly frivolous decisions we make at the Gap or in the cereal aisle allow us to make the bigger choices about where and how much to work.

With no change in the program, future Social Security beneficiaries are doomed to lower benefits even as future workers are doomed to pay higher taxes. The federal government would have to set aside a year's production from the entire country in an interest-bearing account in order to pay what it owes Social Security.

If nothing else, the president has shown that Social Security is no longer the third rail of American politics, the trust fund is a chimera, and paying the

promised benefits will require higher taxes or lower spending elsewhere. The alternative is to limit the government's obligations to future retirees and allow them to control their own money.

Just as paternalism is proving too expensive, it is also proving harmful. The FDA faces criticism for Vioxx, but not for the safe drugs it keeps off the market. Young girls become anorexic because they think they are fat, but Arkansas, Texas, and Pennsylvania are putting body-mass-index scores on report cards because since-discredited studies showed overweight and obesity to be the second leading cause of death.

The end of paternalism will ultimately come because Americans under 40 are comfortable with responsibility and choice. They grew up with cable television, empty homes after school, and computers. Those in college have grown up with the Internet. They truly have been experts since they were teenagers. To them, paternalism is not just a bad deal — it's condescending. CJ

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Air Force One Symbolizes The Soaring Spirit of Ronald Reagan

Many years ago my wife, Karen, and I were in Arlington National Cemetery. It was a heavily overcast day with thick fog, one of those surreal days where things seem to be appearing out of a mist, a day when voices from the past call to us.

A military funeral was taking place that day and the clop of the horse's hooves pulling the casket could be heard long before they came into view through the fog. It is a day I will always remember.

A few days ago, similar to that day years ago, Karen and I wound our way up the hill in Simi Valley, Calif., through a thick fog to the Reagan Library. This is also a day we will remember. We were there for the dedication activities for the new pavilion that now houses the Air Force One craft that Reagan and several other presidents used. Among the invited attendees were many people with whom Karen and I worked during our days in the Reagan administration.

The fact that anyone could take this massive plane apart, haul it across the horrible California traffic, and

pull it up a mountain to be housed in a spectacular three-plus-story building is remarkable. But it was no more amazing than the tenacity and due diligence to accomplish great and difficult things that Ronald Reagan

and the men and women who worked for him often accomplished, both in and out of office. Many of these men and women came to California to share this experience with Mrs. Reagan.

Many came to stand at the former president's gravesite and say a final, personal goodbye. As for me, having the privilege to serve, in some small way, this great man, changed my life.

Before he left office, President Ronald Reagan had said that he hoped "that this majestic aircraft would someday find a permanent home at the Reagan Library." A devoted group of visionaries, learning that this Air Force One was to be retired, wasted no time seeking a way to obtain this great part of American history and save it. In doing so, they made Reagan's dream come true.

It took four years for the plane to go from drawings to reality, with each

day presenting new challenges, raising the money, not the least of these. The plane was disassembled by the Boeing Co., towed in the middle of the night across four California freeways from San Bernardino to Simi Val-

ley. The day the cornerstone of the "Pavilion" was laid was during a ferocious windstorm...and 22 rattlesnakes tried to get in the way during the construction as well. Marine One was flown in on the

Library's South "White House" lawn. Then rain and firesstorms threatened the survival of the big plane and finally the Boeing Team had to reassemble the plane and lift Air Force One on its pedestals.

At last, the "Flying White House" was in its new home.

During his presidency, Reagan traveled 661,708 miles on this craft visiting 26 countries and more than 150 U.S. cities. Reagan believed in face-to-face diplomacy, and that is how he used this plane — to defend, discuss, and negotiate for peace.

I think that Reagan and this plane are both tremendous symbols of America at its best. They are both

representatives of a nation that loves freedom and yearns for others to hear its liberating song.

Perhaps Mrs. Reagan said it best:

"Ronnie always dreamed about bringing this plane to his Library. He knew it would attract people from all walks of life and inspire them to learn about the presidency and the lessons of liberty and democracy. As visitors step up to the door of AIR FORCE ONE, I hope they feel as Ronnie and I did each time we arrived on foreign soil in faraway countries or returned to the safety of American shores — thankful for our blessings."

A visit to the Reagan Library and the new Air Force One Pavilion are both wonderful experiences. I hope that many North Carolinians who find themselves in California on business or pleasure will include a visit to the museum in their plans. If they do, I'm sure they will come away feeling uplifted and full of the same optimism of the great man who worked to "take down walls" and believed that "America is too great for small dreams." CJ

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



Marc Rotterman

"Ronnie always dreamed about bringing this plane to his library."

Nancy Reagan
Former First Lady

Gov. Easley: Why I Skipped the Dolly Parton Gig (a CJ parody)

A letter to the citizens of Roanoke Rapids from Gov. Mike Easley:

On Friday, Nov. 11 the promoters of the Randy Parton Theater and Carolina Crossroads Music & Entertainment District held a groundbreaking ceremony for the project. I learned from news reports that the weather was beautiful and as many as 10,000 people attended the event. From news photos I concluded that Randy might be fun to hang out with and his sister Dolly would be fun to hug.

So with great weather, several celebrities, and so many jobs promised, many of you must have wondered why your governor was not there. There are several reasons.

Supporters claim the Phase 1 investment of \$129 million will create over 2,600 new jobs in theaters, retail shops, hotels and restaurants on a 130-acre site. Sure it will—the old if-we-build-it-they-will-come, “Field of Dreams” mumbo jumbo. My staff reviewed your feasibility study and concluded it essentially said that if people come to the project and spend enough money it would be feasible. Duh! That worked well with the Global TransPark. Besides, don’t you folks understand I am counting on



Country music superstar Dolly Parton (right) smiles as her brother, Randy Parton, speaks at the groundbreaking of his theater venture in Roanoke Rapids on Nov. 11. At left is sister Stella Parton. (Photo by Don Carrington)

citizens to spend all their discretionary money on our new lottery?

I also understood that at the event I would have to share the stage with a group of legislators led by Sen. Robert Holloman from Ahoskie. He claimed a key role in landing the project. I hope you remember that he was deeply involved in the shenanigans of former Congressman Frank Ballance. Some people refer to Holloman as an unindicted co-conspirator because Holloman’s church got almost \$400,000 through the efforts of Ballance. Neither Ballance nor Holloman

have told the public what the money was spent on. Do you really expect me to share the stage with this guy?

Then there is this fellow Rick Watson who is taking most of credit for landing the project. He calls himself the CEO of the North Carolina’s Northeast Partnership, an organization funded with your hard-earned tax dollars. The dude has a staff of less than 10 people, but his board of directors is paying him \$168,000 a year. I am CEO of the entire state government and only make \$121,391. Then I learned that his board

has also approved for him to moonlight for Randy Parton’s new company, Moonlight Bandit Productions. So I guess it would be OK for me to take a second job working for Dell Computer. Does that make sense to you? Do you really expect me to stand on the stage with Watson?

Now for that Randy Parton fellow — he looks cool with his ponytail and all the black leather — but my research shows that all he has going for him is the same last name as his sister Dolly. I can’t believe your city council is going to build a \$9 million theater and turn it over to him to run. I even heard that some of your local citizens chipped in to buy him a house. Are they crazy?

Finally your community leaders should know I don’t attend groundbreaking or other publicity stunts on Friday unless they are held near my weekend home on the coast at Southport. Anyway, I am not very optimistic about the success of your project, but as your governor I wish you good luck.

Sincerely,
Mike Easley

p.s. Let me know if Dolly makes it back to North Carolina. I would like to take her for a ride in my helicopter. CJ



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