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CAROLINA JOURNAL

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STATEWIDE EDITION

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FOR TRANSPORTATION CASH

State officials eye toll roads and a pay-per-mile odometer tax

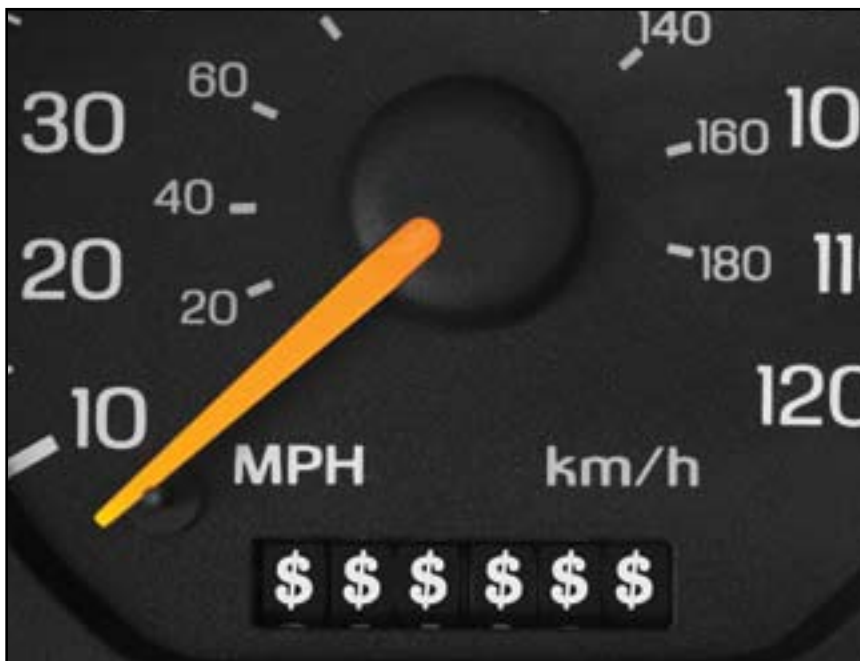
BY MITCH KOKAI
Associate Editor

RALEIGH
A vote this month could pave the way for N.C. drivers to pay higher taxes and fees, tolls on some of the state's busiest roads, and a new charge tied to every mile they drive.

The state's 21st Century Transportation Committee is scheduled to vote Dec. 10 to recommend those changes to the new General Assembly.

"You've seen the goal, basically

to take the [state road transportation] system from a D rating to a B rating over 10 years and to give us a truly effective multimodal transportation network, and with that, to reduce congestion and improve the efficiency and productivity of the system, to increase safety, and to improve the environment," said Stephen Zelnak, a Martin Marietta Materials executive who chaired the committee's financial group.



A proposal that lawmakers could consider in 2009 is a tax on car mileage, to be assessed every year when a car is inspected. (CJ graphic)

Most of the committee's recommendations involve more concepts than numbers, said Chairman Brad Wilson. "There's lots of level of detail that could have been included in some of these recommendations, but the committee discussed ... trying to strike a balance between furthering a concept and idea and not invading the purview of the General Assembly in developing the details around some of these no-

tions."

Wilson described committee ideas as "a menu of options." If lawmakers like the menu items, drivers would dig deeper into their pockets to address part of the \$64 billion price tag N.C. transportation officials have assigned to projects scheduled through 2030.

Continued as "Lawmakers," Page 2

Is Fairness Doctrine On A Hit List?

Speculation increasing that new Congress will seek its reinstatement

BY KAREN McMAHAN
Contributor

DURHAM
Speculation over whether Congress might reinstate the Fairness Doctrine, which the FCC repealed in 1987, and possibly extend its reach beyond traditional broadcast media to include the Internet has been growing over the past several months.

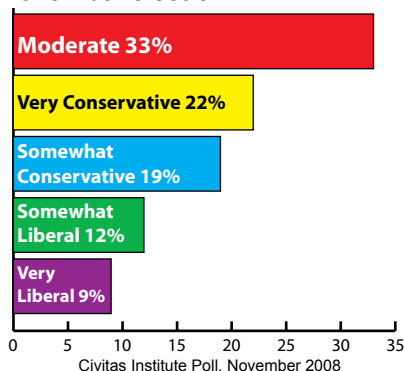
Conservative radio talk show hosts, including Rush Limbaugh, Mark Levin, and Laura Ingraham, have expressed concern that Democrats might step up efforts to renew the FCC policy known as the Fairness Doctrine as a way to correct what liberals view as a lack of diverse views in media coverage of important public issues.

Sen. Chuck Schumer, D-N.Y., exacerbated these fears on Election Day when he said during an interview on Fox News that radio stations should be "fair and balanced."

"The very same people who don't want the Fairness Doctrine want the

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What was the political ideology of North Carolinians who voted in the November election?



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Lawmakers Search for Road Funds

Continued from Page 1

The 21st Century committee's proposals would cover only a fraction of that cost. Earlier this year, Wilson urged his colleagues to develop a plan he dubbed "10 for 10." It would identify at least \$1 billion a year in new funding sources for the next 10 years.

Charge per mile

The newest idea is a fee tied to "vehicle miles traveled," charging drivers based on the number of miles they drive. A VMT fee would help the state cope with declining revenues from the state fuel and highway-use taxes, which provide more than 80 percent of the N.C. Department of Transportation's budget, Wilson said.

"Both of those taxes are in steady decline and will not serve to meet the needs of North Carolina in the future," he said. "So if we want to still subscribe to the philosophical approach that North Carolina has taken since 1921 — that is, 'user pays' — we will need to discuss and decide how is it that we are going to measure use going forward. That brings you to a discussion of 'vehicle miles traveled.'" Deciding to adopt a VMT fee is a first step, Wilson said. "Once you get your mind around that that's what you should do, then the devil's in the details."

The committee decided to include no VMT statistics in its final report, but a draft unveiled in early November suggested a charge of ¼ cent to ½ cent per mile for passenger vehicles.

The driver would pay \$25 to \$50 for every 10,000 miles he drives. The charge would be tied to the mileage recorded when the driver has his car inspected each year. "The fee — depending on the range, of course — would generate somewhere between \$165 million [and] \$330 million annually," Wilson said during the Nov. 5 meeting, when the VMT was first discussed in detail.

In that draft, trucks would face a higher charge: 1/2 cent to \$0.02 per mile depending on the truck's weight. Depending on the fee structure, those charges could generate another \$40 million to \$80 million for the state.

Wilson emphasized to the committee that the numbers printed in the draft were designed as a starting point. Some committee members wanted to know how the new fee would affect drivers already paying inspection fees, vehicle registration fees, and property taxes for their cars. "We will run a hypothetical, trying to use an average property tax rate, make

an assumption on vehicle miles traveled, add in the inspection fee and the registration fee, so you could see what that total might look like in an average situation."

Some VMT supporters like the fee as an alternative to the gas tax. North Carolina drivers could end up paying both, Wilson said.

"Does this [VMT] replace the fuel tax?" Wilson asked colleagues in early November. "Well, the answer is, 'It could, but probably not.' But it might be a combination of vehicle miles traveled and fuel tax. The point is: If this is an approach North Carolina wanted to move to, that's the kind of question

the General Assembly ultimately would have to answer. You would want to do a lot of math to understand exactly what you are accomplishing."

Among the math problems to be answered is the average number of miles people drive each year on North Carolina roads. The model used in the Nov. 5 public presentation assumed an average of 12,000 miles. That model "excused" 2,000 miles from the new fee, Wilson

said. "We're going to validate that," Wilson explained. "It may be 12,000 [miles]. Somebody said it could be as high as 18,000."

The 21st Century committee decided later not to move forward with those calculations, Wilson said. Committee members did not want to delve too deeply into legislators' decisions about the details of the new VMT, he said.

Lawmakers would be forced to decide how many miles — if any — they would exempt from the new fee, Wilson said.

Committee discussion also raised questions about how the new fee would exempt miles N.C. drivers accumulate outside the state.

There's also a "social equity issue," said committee member Nina Szlosberg, who also is on the N.C. Board of Transportation. "[There are] concerns about it disproportionately hurting low-income families who might have to travel farther to get to their

work," Szlosberg said. "Having some sort of mechanism in that recommendation [could] mitigate for that, and that may be starting with a bucket of miles that everybody gets so that they're not harmed in any way."

Despite her concerns about social equity of the new charge, Szlosberg asked colleagues to recommend that the Assembly consider a local-option VMT. The committee accepted



Will lines at toll plazas, like these in Florida, become a daily event for North Carolina motorists as they travel on the state's highways? Could be, if a legislative study committee has its way.

A draft proposal for a tax on mileage suggested that motorists in North Carolina pay 1/4 cent or 1/2 cent per mile for a passenger vehicle, or \$25 to \$50 for every 10,000 miles put on a passenger vehicle

Continued as "State Lawmakers," Page 3

State Lawmakers Search for Ways to Augment Highway Funds

Continued from Page 2

that idea with little debate Nov. 19.

Committee members also have questioned how a VMT charge would affect a taxi driver or the owner of a delivery truck. Wilson responded that future discussions could include a ceiling on charges or some sort of graduated scale for the charge. The committee left those details to state lawmakers.

Other taxes and fees

Drivers across the state also could pay a higher sales tax to help fund roads and other transportation projects. The 21st Century Transportation Committee will recommend a local-option sales tax of up to 1 percent for counties, cities, and metropolitan regions.

Adding the words "up to" before "1 percent" eased at least some concern for committee members involved with another piece of legislation called House Bill 2363, dubbed the "intermodal bill." It would allow a number of local communities to seek voter approval for half-cent sales tax increases devoted exclusively to transit projects.

Intermodal bill supporters raised fears that a new local-option transportation tax could compete with their idea. "I would not like to see us put local governments in the position of pitting the road people against the transit people for this referendum," Rep. Becky Carney, D-Mecklenburg, told colleagues.

A late addition to the committee's recommendations would dedicate \$170 million each year to fund an "intermodal initiative."

Another recommendation on the table is an increase in the Highway Use Tax owners pay when they buy their cars. The committee suggests raising that tax rate from 3 percent to 4 percent over a two-year period. The committee also suggests investigating a differential scale based on cars' fuel efficiency.

The full 1 percent increase could generate \$200 million each year, but Wilson cautioned colleagues to remember that estimate is based on the state's collection history. "Automobile sales are probably the worst they've ever been since the invention of the automobile, and as a result we see declining revenues now — dramatic — with the current Highway Use Tax."

A cap on North Carolina's gas tax rate would disappear in July under current state law. The 21st Century Committee had discussed Nov. 5 a recommendation to urge lawmakers to move forward with scrapping the gas tax cap. Legislators enacted the cap in 2006 following a steep increase in gasoline prices. "As a result of the cap, North Carolina has not received \$430 million in fuel tax revenue that it would have received otherwise," Wilson said.

Two weeks later, the committee decided to remove that recommenda-



A new I-85 bridge over the Yadkin River to replace the current one (the lower bridge above) is one project being discussed. It has a \$400 million price tag. (Photo courtesy Salisbury-Rowan Economic Development Commission)

tion from its list. Members decided they did not need to recommend a step that's already part of existing state law.

North Carolina could charge different taxes for gasoline and diesel fuel in the future, and drivers would see their vehicle registration fees more than double during the next three years, if lawmakers adopt other recommendations.

The current fee is \$28. Once the three-year increase is complete, drivers would pay \$58 for registration. The higher fee could raise \$195 million each year.

Lawmakers might also consider changing the registration process. "You may also consider whether you charge on the basis of weight for the passenger vehicle," Wilson said. "That was the contrast between the Prius and the Hummer ... whether or not there should be any differential in registration cost based on the weight of passenger vehicles."

Road bonds

The committee removed all numbers from its earlier discussion of a statewide bond package to "accelerate construction on high-traffic, high-congestion roadways." The earlier draft suggested a bond package of \$2 billion to \$3 billion.

"This idea is and needs to be left on the table, recognizing we really don't know what the debt capacity of the state is presently, what it might be in the future," Wilson said. "We have the transition in the Treasurer's office."

Outgoing State Treasurer Richard Moore has issued reports in recent years warning lawmakers against borrowing too much money. Moore emphasized the need to keep state debt levels low enough for North Carolina to maintain its AAA bond rating. Sen. Janet Cowell, D-Wake, succeeds Moore in the Treasurer's office in 2009.

Drivers could see some fee increases based on inflation. The committee has endorsed a recommendation to index registration, title, and driver's license fees to the Consumer Price Index.

"Those fees would automatically change on a periodic basis," Wilson said. "You would have to define the period, of course, without requiring legislative action, as it does now. As you know, if you want to raise the driver's license fee [now], the General Assembly has to take action on that specifically."

The committee recommends turning all of Interstate 95 into a toll road and adding tolls on I-77 from South Carolina to the I-40 interchange in Statesville.

Committee members have also recommended that the Assembly seek permission to add tolls at the state border on every interstate highway.

"We all know how long it takes to get permission from government, whether it's federal or state," Carney said Nov. 5. "I personally would like to see us move all of these interstates forward in the discussion to budge Washington off of that to let us toll all of these interstates border to border."

By Nov. 19, the committee dropped a proposal to add tolls to all urban loop roads. Some committee members noted their fears that tolls paid by drivers on one urban loop could be diverted to projects in other parts of the state.

The one specific project mentioned during the discussion was a new bridge over the Yadkin River proposed for Interstate 85 north of Salisbury. It could cost more than \$400 million, Wilson said. Funding for that bridge could be tied to a bond package. The new bridge could also be built with toll road funding or with help from the federal transportation budget, Wilson said. The federal option was most popular with committee members. "The point is we've got to a

figure out a way to pay for the Yadkin River Bridge," Wilson said.

Using existing funds

Along with new taxes and fees, North Carolina could get more money for transportation projects within the existing state budget. One option involves ending transfers of highway money to pay for the state's other bills.

The committee will also recommend freeing up millions for transportation projects by shifting funding for the N.C. Highway Patrol and driver's education, along with eliminating a money transfer linked to sales tax exemptions for N.C. DOT purchases.

The 21st Century Transportation Committee is pursuing more than just funding ideas. The group has been trying to find ways to "clear out unnecessary regulatory underbrush," Wilson said earlier this year. Ideas include "improved long-term planning" and "improved management and execution" by the transportation department and other agencies.

Discussion about higher taxes and fees ignores a key issue, according to Joseph Coletti, John Locke Foundation fiscal policy analyst. "First, we need to figure out what we're paying the money for," Coletti said in an interview with *Carolina Journal*. "That's one of the problems we have with our transportation budget. We raise all this money from drivers, but we don't put all the money into roads for those drivers."

"We spend money on mass transit," he said. "We spend money on ferries. We spend money on a number of things. So the first thing is let's make sure that we're spending the money we already have on roads. Then we can talk about how we fund those."

Coletti supports additional toll road options, but he dislikes the idea of a local-option sales tax for transportation. He offers mixed reviews to the suggestion of a new charge for "vehicle miles traveled."

"The gas tax is becoming a less efficient means of raising revenue, and so if you switch to vehicle miles driven, especially if you do it based on weight of the vehicle or something like that, you could replace the gas tax revenue with a vehicle miles tax," he said.

Instead of replacing the gas tax, it looks as if the 21st Century Transportation Committee wants to add to that tax with the new VMT charge, Coletti said. "They're always talking about how do we raise more money, not how do we raise the existing amount of money better. Especially with the numbers they were throwing around — ¼ cent to ½ cent per mile — that would only raise about half the money of the existing gas tax. Whatever they're talking about right now is an addition to the tax drivers already pay." *CJ*

Another idea being discussed is raising the vehicle-registration fee from \$28 to \$58

Greensboro Voters Nix Retrofit of Old Auditorium

BY SAM A. HIEB
Contributing Editor

GREENSBORO
Greensboro voters might have turned down a \$50 million bond to retrofit the city-owned War Memorial Auditorium, but there's still plenty of public money waiting to be spent on the immediate area surrounding the deteriorating auditorium.

Fifty-seven percent of voters rejected the bond, which was the only Greensboro municipal bond on the Nov. 4 ballot to fail. Voters approved a \$134 million street improvement bond, a \$20 million parks and recreation bond, and a \$1 million housing bond.

Although the other bonds passed, Greensboro City Council members acknowledged that a \$50 million bond was a lot to ask of voters in tough financial times.

"I was never optimistic that the bond would pass in this economy," said council member Robbie Perkins. "So we'll do the best we can with the facility, and if it continues to deteriorate, then we'll be faced with the difficult decision of having to shut it down."

Backers of the bond say the auditorium, which opened in 1959, is rapidly deteriorating beyond repair. They said the sound system is ruined, the plumbing backs up, and the air-conditioner needs to be replaced.

According to a Web site supporting the bond, the retrofit was "critical to maintaining a key component of the Greensboro Coliseum Complex," which is described as the "leading economic generator" for the Triad, bringing in more than \$100 million in economic impact.

But a fact that city leaders grudgingly recognize is the coliseum complex is a perennial money loser, as the city has contributed \$2 million from its General



Interior of Greensboro's aging War Memorial Auditorium. (Photo courtesy Greensboro Coliseum)

Fund to help with operating expenses the last two fiscal years.

"Everybody can argue that all day," said council member Zack Matheny. "I've looked at it as an overall economic generator for the community."

Matheny found it "shocking" that the auditorium bond was the only bond that failed, considering the fact that voters turned around and approved considerable debt for the area surrounding the supposedly crumbling entertainment venue. The transportation bond includes \$7.5 million for a "streetscape project" along the section of Lee Street and High Point Road on which the coliseum complex sits.

The \$20 million parks and recreation bond includes \$12 million for a regional aquatic center that would be used for competitive swimming and diving meets. The bond's approval is surprising because it drew criticism from residents and local media for being hastily put together. The aquatic center, which had been turned down twice by voters, was tacked onto the bond at the last minute after City Council member

Mike Barber pressed for it.

The city hasn't figured how the swim center's upkeep will be financed, nor do they have a location. However, the city has purchased, at a cost of \$3.2 million, the site of a former Canada Dry bottling plant that sits next to the coliseum complex, and both Perkins and Matheny said the property would be an ideal site for the swim center.

Such plans are all part of the city's aggressive approach to revitalizing the Lee Street-High Point Road corridor, which has gained a reputation as an area rife with crime and prostitution. Along with the Canada Dry property, city officials also want to buy the Coliseum Inn, a rundown motel that sits across from the coliseum complex.

The city released a draft of even more ambitious plans last month that called for "reinvestment and use in the High Point Road / West Lee Street corridor" that calls for a "series of three key villages" that would drive economic development.

One would be a university / mixed-use village in conjunction with the city's five universities. Another would be a sports, recreation, and fitness village "related primarily" to the coliseum complex and UNCG. A third would be a hospitality village related to Koury Convention Center and Four Seasons Mall, and an office park and significant concentration of hotels closer to Interstate 40.

Perkins makes no apologies for the city's role in revitalizing the High Point Road / Lee Street corridor.

"The City Council's got to provide leadership," Perkins said. "The city has to step it up on High Point Road, or they can kiss it goodbye. It takes a little bit of guts in this environment, but it also shows that you're looking toward the future." *CJ*

Despite Reforms, State's Problems With Mental Health Persist

BY CJ STAFF

RALEIGH
North Carolina's mental-health reformers will miss the boat if they focus solely on the structure of the mental health system, according to a new John Locke Foundation Policy Report.

"Reforms first adopted in 2001 have yet to deliver on the promise of improved outcomes for those with serious mental illness," said report author Joseph Coletti, JLF fiscal and health care policy analyst. "The problem has less to do with the system's structure and more to do with the separation of decisions about money from decisions about care."

That separation has led to problems for "local management entities," the groups established earlier in this decade to replace old area mental health agencies, Coletti said.

"These state-funded LMEs are unaccountable to any one government, and they're unaccountable to market forces," he said. "This has led to issues such as one LME paying its director \$319,000 a year to manage care for 4,700 people. The lack of accountability led to another LME neglecting to spend one-

third of its state budget one year, then spending the same amount within six months the following year — with no documentation showing a need for the great fluctuation in spending."

The solution to mental health-care problems involves neither a return to the pre-2001 mental health system, nor the increased consolidation supported by Gov. Mike Easley and his top Health and Human Services administrators, Coletti said.

"Giving more power to overseers in Raleigh would just add another layer of bureaucracy to the system and put another obstacle between good managers and their clients," he said. "Instead, the state should allow LMEs more flexibility to use programs that work."

One example of a success story involves Piedmont Behavioral Health, the LME for Cabarrus, Davidson, Rowan, Stanly, and Union counties, Coletti said.

"A state-level Medicaid waiver allows this LME to control its state, local, and Medicaid funds," he said. "This gives Piedmont Behavioral Health flexibility to adjust payments to providers to match services with consumer needs better."

"This LME's management also has the ability to pay claims sooner than Medicaid can, and it has incentives to find good care at an appropriate rate," Coletti said. "Extending this waiver to other LMEs would help consolidate care management and payment in a single source close to the person in need of care."

Other changes would also produce benefits, Coletti said. "The state could encourage competition by allowing care managers to cross artificial geographic service boundaries," he said. "That could improve efficiencies and help spread best practices more rapidly. In addition, more crisis intervention teams could help improve both the community-care

system and public safety. Third, the state could expand access and lower costs by easing restrictions on the ability of non-psychiatrists to offer psychiatric services."

Until changes are made at the local level, it would be counterproductive for the state to rush cost savings linked to consolidation of state mental hospitals, Coletti said.

"State officials have already said they'll need to keep Raleigh's Dorothea Dix Hospital open until at least 2011," he said. "Dix would handle patients for whom the new Central Regional Hospital in Butner will have no room. Dix could remain open indefinitely, and the state should adjust staffing and training at its mental hospitals to the evolving role of hospitals as crisis centers with some long-term patients."

Coletti recommends flexibility that would lead to "evolutionary changes," not "radical departures from the current path." "Recommendations in this report change incentives for participants in the system, not their behavior," he said. "These incentives should redirect the state mental health system's focus to customers and outcomes rather than process and rules." *CJ*

*JLF report
urges state
to allow flexibility
with programs
that work*

Henninger: Facts Are 'Endangered Species' in Political Debate

Wall Street Journal writer says bad info driving out good info

BY MITCH KOKAI
Associate Editor

CHARLOTTE

Facts have become an "endangered species" in American political debate, a change that leaves voters without the tools they need to make informed decisions, *The Wall Street Journal's* deputy editorial page editor says.

"Facts are at risk," Dan Henninger said at a John Locke Foundation luncheon Nov. 10 that was dedicated to analysis of 2008 election results. "Facts are an endangered species. And if I'm right, then our system of politics is in trouble as well."

Henninger contended that the 2008 election showed evidence of a form of "Gresham's Law." That law posits that "bad" or cheap money chases "good" money out of circulation.

"It first occurred to me that a Gresham's Law of information might be happening — bad information driving out good — when people started asking me the same question after I would give a talk," Henninger said. "Invariably, someone would get up and say, 'So tell me, where do you get your facts?'"

The people asking the question were seeking good sources of reliable information, Henninger said. "They'd come to believe that they either didn't have access to the facts or that they no longer could trust the traditional sources of factual information."

In one week in October, Democratic



"Facts are an endangered species. And if I'm right, then our system of politics is in trouble as well."

Daniel Henninger
Wall Street Journal

presidential nominee Barack Obama ran 50,000 thirty-second television ads, the equivalent of running ads on one television station back to back for 17 straight days, Henninger said. Nielsen Research reported that Obama ran nearly 1 billion Internet ads during the campaign. "And yet for many voters he remained a mystery," Henninger said. "How could that possibly be?"

Access to facts is critical, Henninger said. "Observable, testable facts are the way people in our intellectual framework and tradition think or learn to think," he said. "But maybe that's changing. For a system rooted in observable facts to function, the parties to it have to share a minimum level of agreement about the facts. This is called trust, and trust is fading."

That includes trust of the media, Henninger said. "My colleagues and I in the news business are as mistrusted and disbelieved as any other major American institution," he said. "MSM — mainstream media — for many people has become a synonym for b.s."

At least part of the problem is linked to the absence of facts in news coverage, Henninger said. The average person trying to make sense of the day's news encounters a "world of spin, analysis, and high-velocity opinion,"

he said.

"What if all opinion comes to be based on an opinion, that is based on an opinion, that is based on nothing more than another opinion?" Henninger asked. "At that point, it seems to me, you've arrived at a point close to Gresham's Law of information — bad or half-baked information, rumor, or gossip driving out good information."

Henninger traces the declining importance of facts in news reporting to the 1960s and 1970s, when hundreds of afternoon newspapers began shutting down. The surviving newspapers, considering television news a "mortal threat," decided they couldn't compete with the nightly TV newscasts in delivering straight, fact-based reporting, Henninger said.

Instead, newspapers began to rely increasingly upon news "analysis," he said. The concept of "spin" became more prevalent within news reporting. "It was about this time that many newspaper readers began to feel that they were the ones being spun," Henninger said. "It got harder to read a story, figuring out where the facts were, and where was the analysis?"

Readers looked for new ways to find their information, Henninger said. "They're going to Web sites that

are more congenial to their politics," he said. "How can you blame them? If you know that you're going to be spun by the news, why not just jump into a comfortable washing machine and be spun to the left or spun to the right, according to whichever you prefer?"

"But, you know, something valuable and I think very American is being lost as more people take refuge in the political massage parlors of the Left and Right," Henninger said. "What's getting lost is the good old American tradition of making up your own mind."

Many people today simply serve as "cheerleaders for somebody else's opinion," he said. "Punching up the Web or a talk show to find out what one is supposed to think is replacing the much harder work of thinking for one's self. This is the road, it seems to me, to groupthink, or maybe to bluelink and redthink."

This trend leads the political process to bog down, just when America needs good responses to Islamic fundamentalist terror, hostile nations seeking nuclear capability, and the global financial structure in crisis, Henninger said.

Facts need to return to the debate, Henninger said. "What I'm talking about is a common set of facts around a subject about which we can all reasonably agree," he said. "It is inside that set of facts where we work and try to reasonably work out our political differences. That's the way the system used to work. Absent that, I think, politics really becomes mostly just acts of faith."

Without a change, voters will base their decisions on continually shrinking pieces of information, he said. "I think it's entirely possible that [in] the 2012 election, people will be voting mainly on the basis of what they read in headlines on the Web. That's all they'll know." CJ

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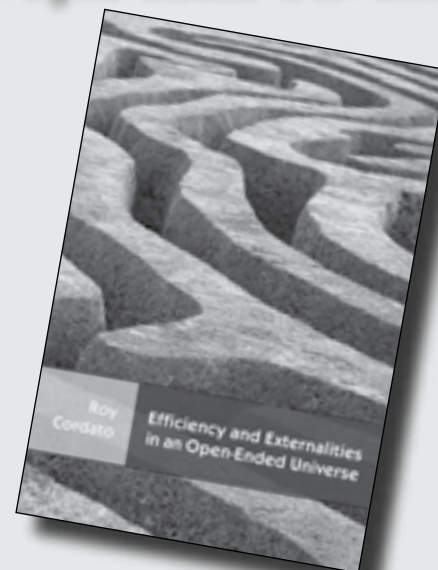
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By Roy Cordato
Vice President for Research
John Locke Foundation

Efficiency and Externalities in an Open-Ended Universe



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

Israel Kirzner
Cato Journal

www.mises.org

N.C. Briefs

Chatham corridor 'radical'

Chatham County landowners would bear the costs of a "radical" land-use plan designed to benefit a small, politically connected elite. That's the conclusion of a new John Locke Foundation Regional Brief.

"Chatham County's proposed Corridor Overlay District would impose dramatic restrictions on people's freedoms and property rights," said report author Dr. Michael Sanera, JLF Research Director and Local Government Analyst. "The ordinance would result in a large-scale coercive wealth transfer. Whether intended or not, it would have a 'Robin Hood in reverse' effect, benefiting the rich at the expense of the poor."

County commissioners are considering the Corridor Overlay District plan, which is billed as a tool for maintaining Chatham's rural character, protecting open space, promoting economic development, and improving property values. It would "strictly control" use of privately owned land along 60 miles of the county's major roadways, Sanera said.

"The proposed district ordinance would allow county government to take control of more than 23,000 acres of private land without having to pay the land's owners," he said.

JLF: Reject tax hikes

Voters overwhelmingly rejected local tax increases in 15 counties Nov. 4, prompting a renewed call from John Locke Foundation analysts for local governments to resist putting the tax hikes on the ballot.

"County commissioners are offering a range of reasons to justify higher tax rates, from school construction needs to other types of capital expenses to farmland preservation," said Dr. Michael Sanera, JLF Research Director and Local Government Analyst. "Our reports show these county governments could address their needs by setting better priorities with existing resources."

Many counties point to local schools as they plead with voters to support the tax referendums, Sanera said.

"The numbers don't back up the argument," he said. "Many of these counties have had local inflation-adjusted per-pupil school funding outpace student population growth during the past five years. In a number of cases, state and federal spending has jumped dramatically as well."

Board Member Didn't Disclose Tag Store

Tag-renewal store franchise obtained during Hunt years

BY DON CARRINGTON
Executive Editor

RALEIGH

In an apparent conflict of interest, Elizabethtown businessman D. M. "Mac" Campbell Jr. owns the only vehicle and license plate renewal office in Bladen County while he also serves as a member of the N.C. Board of Transportation.

Campbell failed to disclose that he owns a business that is a contractor for the DOT's Division of Motor Vehicles. As a member of the board, Campbell is required annually to complete a Statement of Economic Interest and submit it to the State Ethics Commission. His latest statement, received by the commission in March 2008, did not make any reference to the license plate contractor, Top Value Auto Parts Inc.

Campbell did list on his economic statement that he rented real estate to DMV. That property is the local N.C. driver's license office, a separate operation staffed by DMV employees. DMV has leased the property since 1996.

Originally established as True Value Auto Parts Inc., the company name was changed to Top Value Auto Parts Inc. in 1996. Corporation records from the N.C. Secretary of State's office show Campbell as president of the company when it was formed, and the company's most recent annual report filed in June also lists him as president.

DMV documents show that in May 1993 Campbell submitted by fax an application for a motor-vehicle license plate agency to Jim Bennett in Gov. Jim Hunt's office. The fax cover sheet came from Campbell Oil Company, one of the businesses Campbell owns. Campbell's signature appeared on the cover sheet. Stewart G. Norris, as vice president of True Value Auto Parts Inc., signed the application.

"I am owner and manager of True Value Auto Parts, Inc. (NAPA) in Elizabethtown and plan to operate agency along with parts business," Norris stated on the form. While Norris might have been a part owner in the business, documents on file with the N.C. Secretary of State's office show that Campbell was president of the same company.

Reached at the business Nov. 5, Gail Norris, the wife of Stewart Norris, confirmed that Campbell owned Top Value Auto Parts, a NAPA franchise.

A CJ Online story published Nov. 6 first reported Campbell's failure to list his apparent conflict of interest. The same day a CJ reporter approached Campbell at the regularly scheduled DOT board meeting in Raleigh.

Campbell would not answer any



D.M. "Mac" Campbell Jr. at a recent meeting of the N.C. Board of Transportation. (CJ photo by Don Carrington)

questions, but he handed the reporter the following statement:

"It has been brought to my attention that I have overlooked listing my 30 percent ownership in Top Value Auto Parts, which has had a license plate agency contract with DMV since 1993, on my Ethics Statement. I have contacted the Ethics Commission to report this oversight and began immediately to amend my statement. I regret this oversight on listing my ownership in this company, which I have no day-to-day involvement. I have not received any compensation from the company in any form."

When told of Campbell's failure to disclose his tag business, DOT spokesman Ernie Seneca said, "Disclosure on the form is between the individual and the Ethics Commission. You would need to talk with the commission."

Ethics Commission Executive Director Perry Newson told CJ he is aware of the situation, but that he would not comment on the matter. Gov. Mike Easley

appointed Campbell to the DOT Board in 2001 and reappointed him in 2005. Campbell is a member of the board's Motor Vehicles Committee. Easley's press office has failed to respond to requests from CJ to comment.

Campbell filed a revised economic interest statement Nov. 11 listing his ownership in Top Value Auto Parts. Campbell said he owns 30 percent of the company and lists himself as president.

Campbells in the news

Campbell and one of his sons, D. McQueen Campbell III, have been the focus of other recent CJ news stories. Easley appointed McQueen Campbell to the North Carolina State University Board of Trustees. Campbell is chairman of the board and had a role in approving first lady Mary Easley's recent 88 percent pay raise to \$170,000 annually. Easley also appointed McQueen's brother, Brian Campbell, to the North Carolina Aeronautics Council.

McQueen Campbell has admitted coordinating Easley's 2005 purchase of a \$550,000 coastal building lot that Carteret County officials valued at \$1.2 million a year later. McQueen Campbell also worked for the company that owned the waterfront development.

The family owns at least six aircraft, and McQueen Campbell has admitted flying the governor for campaign purposes as early as 2000. Easley's 2000 and 2004 campaign reports show no payments to the Campbells or any of their companies for flying services. Mac and McQueen Campbell both failed to list their aircraft businesses on their Statements of Economic Interest. Both have refused to answer questions about campaign, business, or recreational flying activities involving Easley. CJ

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

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

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

Speculation Grows That Congress Will Reinstate Fairness Doctrine

Continued from Page 1

FCC to limit pornography on the air," he said. Schumer said it was inconsistent to have the government intervene in a commercial enterprise in one area but not in another.

In February 2005, Democrats attempted to revive the Fairness Doctrine through H.R. 501, the Fairness and Accountability in Broadcasting Act, sponsored by Rep. Louise Slaughter, D-N.Y. Among the bill's 22 co-sponsors were Democratic Reps. Charles Rangel of New York, George Miller of California, John Conyers of Michigan, and Dennis Kucinich of Ohio.

A communiqué on Slaughter's congressional Web page says the FAB "will force broadcasters to provide balance and diversity in their news coverage and meet their public interest obligations to their local communities. It will also reinstate the Fairness Doctrine to ensure that broadcasters afford reasonable opportunity for the discussion of conflicting views on issues of public importance."

Though the FAB bill did not become law, conservative critics worry that Democrats might succeed in their efforts now that they have won not only a larger majority in Congress but also the presidency.

Localism

The Fairness Doctrine isn't the only potential weapon in the liberals' arsenal. The Center for American Progress, headed by John Podesta, former chief of staff to former President Bill Clinton and leader of President-elect Barack Obama's transition team, is behind a concept called media localism.

In its "Metric for Local Media Diversity," CAP advocates for tougher media regulation and increased local accountability over radio licensing. The group wants the FCC to mandate greater diversity in both media content and media ownership. CAP advocates complained in a 2007 report on political talk radio that the "absence of localism in American talk radio markets" has led to a dominance of conservative over liberal talk.

CAP is pushing the FCC to examine "all media outlets that serve the local media market, including print, broadcast, cable, and Internet media" to determine the level of media diversity that supports local democratic engagement and public access to "sources of information which educate and inform all Americans."

Podesta was reported to have selected Henry Rivera to head Obama's FCC transition team. A recent article in the *American Thinker* reported, "Rivera's law firm is also the former home of Kevin Martin, the current FCC chairman. Martin is himself an advocate of more stringent localism requirements." The article also said, "Obama needs only

three votes from the five-member FCC to define localism in such a way that no radio station would dare air any syndicated conservative programming."

However, once it was learned Rivera was a lobbyist, he was chosen to lead the National Science Foundation transition team. Nonetheless, he remains a part of the FCC transition team chaired by Kevin Werbach, assistant professor of legal studies and business ethics at Wharton, and Susan Crawford, professor of communications and Internet law at the University of Michigan.

Both Werbach and Crawford participate in and are fans of virtual or online worlds, according to GigaOM on its post Nov. 18. Werbach is "a hardcore World of Warcraft player," and Crawford is big fan of *Second Life*.

These selections might signal an intent toward greater media regulation. The GigaOM post speculated that Werbach and Crawford "will craft strategic policy positions relevant to online games and worlds, including broadband usage, content regulation, etc." The blog post ends by saying, "for perhaps the first time, FCC policies will be drafted by a team who clearly understand the potential of online worlds in a fundamental, and first-hand, way."

James Egan, writing in *Massively.com* on Nov. 19, echoed a similar sentiment, praising Werbach and Crawford as "seasoned Net Neutrality advocates."

"It's a positive sign that individuals connected with the FCC and its policies really understand how people are using technology to socialize, collaborate, and play," Egan said.

Federal regulation of media content began in 1927 with passage of the Federal Radio Commission. In 1934, Congress passed the Federal Communications Act, giving the FCC the power to license and oversee broadcasters according to "the public interest, convenience or necessity."

In 1949, the FCC instituted what is commonly referred to as the Fairness Doctrine, which had two mandates. First, broadcasters were required to seek out and cover controversial issues of public interest in the communities they served. Second, broadcasters were to provide an opportunity for contrasting views on such issues to be heard.

To enforce so-called fairness, the FCC could revoke a license or refuse to renew a license for any broadcaster deemed to have violated these rules.

According to a March 1997 report for the Cato Institute, "Chilling the Internet? Lessons Learned from FCC Regulation of Radio Broadcasting," Thomas Hazlett and David Sosa said both political parties at one time or another intimidated and punished media outlets for unfavorable coverage "through Fairness Doctrine complaints and license renewal challenges," notably the Nixon and the Kennedy-Johnson administrations.

Special-interest groups, such as environmental and antismoking activists, also used the Fairness Doctrine to restrain all types of speech including commercial speech, said Hazlett and Sosa, by mounting complaints against ads for automobiles, cigarettes, snowmobiles, toothpaste, and trash compactors.

Such abuses, the Cato report said, led the FCC in the mid-1970s to begin eliminating content controls and instead allow market forces to "achieve public interest goals." In 1981, further regulatory reforms took place. In 1987, the FCC, under the Reagan administration, abolished the Fairness Doctrine, concluding, "There was strong evidence that the Fairness Doctrine 'actually inhibits the presentation of controversial issues of public importance.'"

Less Regulation, More Access

Since the Fairness Doctrine was repealed in 1987, data show a "dramatic increase in the amount of informational programming," especially on controversial issues, precisely because broadcasters are free to do so "without fear of Fairness Doctrine challenges," Hazlett and Sosa said.

The world has changed dramatically since the 1980s. The Internet, satellite radio, and cable broadcasting, for example, have given consumers greater access than ever before to the most diverse content. Consumers have access to information all day and all week.

The notion that somehow media consolidation has limited access and led to less diverse content is absurd, analysts, broadcasters, and legal scholars say. "There are many more ways to

get out a message today," said Mark J. Prak, a Raleigh communications lawyer who represents broadcast, cable, print, Internet, and other media clients.

However much the Democrats might like to shut down conservative talk radio or control media content, Prak doesn't think they would prevail. Editorial intrusion whereby the government can tell broadcasters what issue or how much of an issue they should cover is clearly a First Amendment infringement, Prak said.

Prak also pointed out that Democrats during the Clinton administration voted to allow media consolidation.

Rick Martinez, director of news and programming for NewsTalk 680 WPTF in Raleigh, agreed. "There's more access than ever before to diverse programming, and much less regulation has led to more public affairs programming," he said.

"When I joined WPTF, I wanted to broaden and diversify the programming," Martinez said. For example, about six months ago, Bill LuMaye began inviting more guests on his 3-6 p.m. daily talk show, many of whom are Democrats who are as passionate in expressing their views as is LuMaye or his callers.

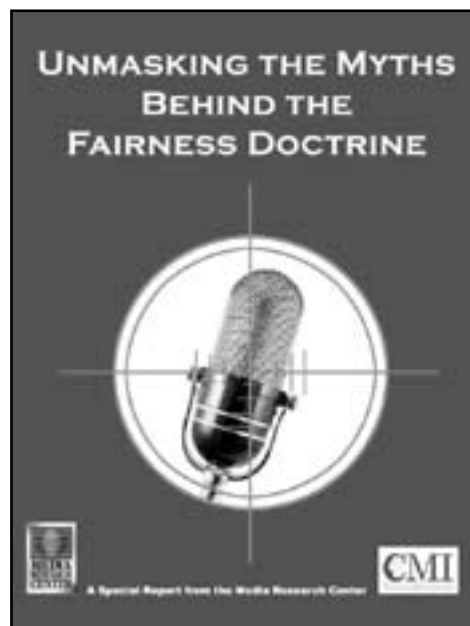
Martinez thinks that liberals mistake popularity for access, and because conservative talk is more popular than progressive talk radio, they think access to diverse viewpoints is limited.

Ultimately, broadcasting is "a matter of delivering compelling content. If someone on the progressive side was as talented as Rush Limbaugh, they'd be successful. Rush is popular because he is first and foremost a broadcaster. Liberals listen to him even when they disagree because they find the content compelling," Martinez said.

Another problem is that liberals confuse commercial speech and political speech. "Talk radio is just a format, not a political or a news program, just as public radio is a format — a different business model," Martinez said.

"Commercial stations must consider the commercial viability of their programming and whether it serves their listeners' needs," Martinez said. While liberals complain about the popularity of talk radio, conservatives complain about liberal bias in newspapers as well as on network and cable TV.

Both Martinez and Prak said the debate over whether the Fairness Doctrine will be reinstated or other similar regulation is forthcoming constitutes political theater by both liberals and conservatives. Conservative policy analysts and legal scholars are adamant that any attempt at media content control would ultimately fail. Those in media consider their work to be a public trust, and they take it seriously, Prak said. As for broadening regulation to the Internet, Prak said the FCC has no jurisdiction over the Internet or Internet radio. CJ



The Culture and Media Institute did a special report on the Fairness Doctrine. It can be obtained in PDF form at their Web site, www.cultureandmediainstitute.org.

Herzlinger: Let Innovators Show the Way Out of Health Care Mess

RALEIGH — Regina Herzlinger, professor of business administration at the Harvard Business School, recently discussed consumer-driven health care during a John Locke Foundation Headliner luncheon in Raleigh. *Money* magazine has dubbed Herzlinger the “godmother” of consumer-driven care. She discussed health-care issues with Mitch Kokai for Carolina Journal Radio. (Go to <http://www.carolinajournal.com/cjradio/> to find a station near you or to learn about the weekly CJ Radio podcast.)

Kokai: This is a key issue. We’ve heard for years about health care and the challenges of health care, making sure people are insured and get access to care. How much is this new administration going to change what we’re used to?

Herzlinger: Politically, health care is known as the third rail of politics, so even politicians as adept as Bill and Hillary Clinton got electrocuted when they hit the third rail of health-care changes. But health care is a major issue for our economy, and there are two parts of it that will command attention. ... One of them is that our health-care costs make us globally uncompetitive. We spend 17 percent of GDP [gross domestic product] on health care. Countries with whom we compete spend 10 percent. We cannot point to quality excesses in our health-care system that would justify the enormously higher amount that we spend.

The second problem [the new president] will have to address is known as “job lock.” That is, most people receive their health insurance through their employer. Most of the uninsured are employed, but they work for companies that don’t offer health insurance. Those companies are, by and large, small companies. Small companies are the engines of productivity and job growth in the United States. The reason the small companies don’t offer health insurance is either they can’t afford it or it’s very difficult to buy.

So the president will have to confront the public policy problem that our employer-based health insurance system is forcing people to remain in jobs that they may not want in big companies only because those companies offer health insurance, whereas we would love for them to move to small companies. So the challenge ... is to slim down health-care costs and, secondly, to make it feasible to buy health insurance outside the employer base.

Kokai: Much of the debate seems to center around trying to get more people covered. Is that the issue we should really be focusing on — getting more people insurance coverage? Or is there another issue that we’re missing completely?

“The heart of making any industry better and cheaper is innovation. Crazy entrepreneurs come out of the walls, and they get better ideas about how to do things. ... The only way we will make health care both better and cheaper is if entrepreneurs are attracted to create innovations in this sector.”

*Regina Herzlinger
Harvard Business School*



Herzlinger: Of course, we are the richest country that ever existed in the world. We are a hugely charitable country. Of course, people who cannot afford health insurance should be able to have it. ... Everybody agrees with that. The underlying question is why don’t they have it? You know, even poor families — a very large fraction — have a car, and over 10 percent have two cars. So if the poor can have one or two cars, what about health insurance? The core issue is it’s much too expensive. It is beyond the means of even middle-class people. In Massachusetts, a health-insurance policy costs \$15,000. Median family income in the United States is \$50,000. If you can use only after-tax income to pay for that health insurance, \$50,000 after tax is \$37,000. Nearly half of your after-tax income would go for health insurance. People can’t afford to do that. ...

Obama would create a huge supermarket — national supermarket, U.S.A. Health Insurance — and he would stock that supermarket with health insurance policies that the U.S. Congress designs. And one of those might indeed be Medicare. Everybody who is uninsured can come and buy health insurance policies in this supermarket. McCain [had] a very different solution. McCain would give everybody who buys health insurance a \$5,000 tax credit.

That essentially means he’s giving you \$5,000. If you’re poor, you get the 5K. If you pay taxes, you avoid \$5,000 in taxes. Plus he would force employers to cash out the amount they now confiscate of your salary and my salary to buy health insurance and to give it to us. He is relying on a consumer-based market to make health insurance better and cheaper. Obama is relying on economies of scale — this big buyer forcing economies out of recalcitrant health

insurers. Very different philosophies, but addressed at the same problem.

Kokai: You’ve been dubbed the “godmother” of consumer-driven health care. Why is that a better model — consumer-driven health care — than what we’re used to?

Herzlinger: The heart of making any industry better and cheaper is innovation. Crazy entrepreneurs come out of the walls, and they get better ideas about how to do things — people like Bill Gates and Sam Walton and Michael Dell.

The only way we will make health care both better and cheaper is if entrepreneurs are attracted to create innovations in this sector. No entrepreneur is

going to be attracted to a market where the only place you can sell what you have to offer is a store run by Uncle Sam and the only product you can offer has to be vetted by the U.S. Congress. That is a space that attracts people who are interested in political maneuvering. Sam Walton, Bill Gates, Michael Dell — they wouldn’t be in that kind of space.

A consumer-driven market is quite different. As a consumer, I could buy anything I wanted. As a consumer, I bought an iMac.

As a consumer, I bought a Toyota. As a consumer, I bought a Trio. I made it possible for entrepreneurs with crazy ideas to appeal to me without having to go to the U.S. Congress and beg for permission to offer their products. *CJ*

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

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

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

For Charter Schools in N.C. High Demand and Long Waits

BY KRISTEN BLAIR
Contributor

At Woods Charter School in Chapel Hill, educators emphasize “academics and the life of the mind,” according to Principal Harrell Rentz. Such intellectual pursuit has an equally potent, if less tangible, partner: school cohesion, shored up by a strong emphasis on community, and a “high level of parental involvement,” Rentz says.

For many families, that’s a winning combination. This year, Woods has a wait list of 400 students. The school began accepting 2009-10 applications Oct. 15. “Another 350 applications and counting” have poured in already, said Heather Gallagher, Woods Charter’s admissions director. These numbers should soar higher still: “I would expect to reach close to 1,000 by the end of our enrollment period,” Jan. 15, Gallagher said.

Long charter school wait lists are an increasingly common reminder of the growing demand for these tuition-free public schools of choice. To ascertain demand, *Carolina Journal* contacted all 97 state charter schools between Nov. 5 and Nov. 12, just as schools were beginning or preparing for the 2009-10 enrollment process. Seventy schools responded to *CJ*’s wait list queries. One school declined to participate. Two schools with wait lists did not provide specific numbers.

At least 15,000 students are on 2008-09 charter school wait lists, *CJ* found. State numbers indicate the total is even larger. According to Jack Moyer, director of North Carolina’s Office of Charter Schools, 16,900 students are on charter school wait lists, or were not granted admission because of space constraints. That figure represents more than half of the 31,000 students who attended N.C. charter schools in 2007-08.

CJ data show 57 schools have 2008-09 wait lists. Twelve schools do not, although some had wait lists at the start of the year but placed students as space became available.

For a handful of schools, wait lists are extremely long. Franklin Academy in Wake County has 1,900 students awaiting spots. Pine Lake Preparatory in Iredell County has 1,612 students waiting for admission in grades K-6. Three other charter schools, all in Mecklenburg County, have wait lists topping the 1,000 mark: Children’s Community School, Lake Norman Charter School, and

Queens Grant Community School.

Not all charter schools attract intense interest. Some have short wait lists fewer than 30 to 40 students. Several have a surplus of applicants in some grades, but are not at full capacity. But for at least 24 charter schools, wait lists exceed 100 students.

School officials say the demand for spots is rising at a rapid, unabated pace. Kevin Green, assistant director of Children’s Community School, said, “Wait list numbers have gone up every year,” since the school opened. The school has a 2008-09 wait list of 1,241 students. The wait has not decreased even as other charter schools have opened nearby, Green said.

“School as community”

Many parents flock to charter schools to be a part of their children’s education. Ken Templeton, principal of Union Academy in Union County, said the “No. 1 reason people like to be here is they can be involved.” Union Academy, with a 473-student wait list, is “built on parent involvement.” It’s “one of the three basic tenets of the school,” Templeton said.

Parents volunteer 60 hours annually, supporting a belief in “school as community, rather than school as institution,” Templeton said.

Todd Havican, a charter school activist whose children attend Union Academy, affirmed the appeal of charter school connectedness. “Parents feel more in touch. ... Charter schools are more of a community school,” Havican said. In crowded urban school districts such as Wake and Mecklenburg, students are often “lost in a sea of people,” Havican said. “That’s not an indictment of the public school system.” But it’s easy to feel anonymous when “eight or nine school board members are accountable to tens of thousands of parents,” he said.

Parental involvement serves a practical purpose, too, helping charters conserve limited funds. Though they are public schools, charter schools operate with leaner budgets than traditional public schools and don’t receive capital funding for facilities. At Woods, administrators “bridge the gap with volunteers. ... Our parents run the school lunch program. We have one paid person,” Rentz said. Woods recently entered into a lawn maintenance agreement. Previously, the school relied on a “group of people showing up with lawn mowers,” Rentz said. *CJ*

More than 15,000 students are on the wait list for charter school spaces in N.C.

COMMENTARY

Testing Requires Rigor, Comparability

Two days after Election Day, state officials reported a significant drop in reading scores under the ABCs of Public Education, North Carolina’s testing and accountability program. Between 53 percent and 61 percent of elementary and middle-school students scored at or above “proficient” on state reading tests. Last year, the Department of Public Instruction reported that between 84 percent and 92 percent of public school students scored at or above proficient on state reading tests. What does the drop in reading scores tell us about the state’s testing program?

The sharp decline in pass rates suggests that the previous 10 years of reading standards have been low. Dr. Lou Fabrizio, director of Accountability Services for DPI, pointed out that, in past years, a student could answer about half of the questions correctly to achieve proficiency on state reading tests. Students could literally “guess their way” to proficiency.

Last year, a student would have to answer 65 percent to 75 percent of questions correctly to achieve proficiency. This change, not more “difficult” tests, produced the 30 percent drop in proficiency rates on state reading tests.

While the higher standards are a welcome improvement, the state should have raised standards years ago. Unfortunately, state education officials were content to exaggerate student performance year after year. Since 1992, the federal National Assessment of Educational Progress tests have shown that no more than 32 percent of North Carolina’s fourth-grade students and 31 percent of eighth-grade students scored at or above proficient on the NAEP reading test. Did state officials expect North Carolinians to continue to believe that 88 percent of fourth-grade students and 90 percent of eighth-grade students were proficient in reading, even when the NAEP indicated otherwise? Of course they did.

For years, state officials insisted that North Carolina had one of the best and most reliable

testing and accountability systems in the nation. When the state implemented a comprehensive program of education testing in 1996, state leaders declared North Carolina a national leader in implementing state-level accountability measures. Three years later, former Gov. Jim Hunt declared that, “we’re holding our schools accountable for results.” *Education Week* magazine says no state is doing more than North Carolina to put in place real and meaningful accountability measures.” Now state education officials admit that some of these

accountability measures have been neither real nor meaningful.

For years, the John Locke Foundation has been one of the strongest critics of North Carolina’s weak accountability standards, but it has not been alone. According to a recent *Carolina Journal* article by Mitch Kokai, Kati Haycock of the Washington, D.C.-based Educa-

tion Trust scolded state officials for establishing “bend-but-not-break” standards when it set up the ABCs Accountability program in the mid-1990s.

Haycock pointed out that the state maintained low standards year after year, rather than continue to raise standards as student performance improved. According to Kokai, Haycock concluded that state standards did not “give parents an accurate assessment of how well N.C. students stack up against peers across the country.”

The State Board of Education and DPI have failed to respond to years of criticism of the ABCs testing program’s lack of rigor and comparability. Even with higher reading and math standards, North Carolina has an accountability system that is beyond repair. It is time to scrap the current system and implement an independent, norm-referenced test that would allow North Carolinians to measure the state’s students against those throughout the country. *CJ*

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



TERRY STOOPS

School Reform Notes

Wake targets grad rate

The Wake County School Board wants every student to be graduating from high school by 2014, *The News & Observer* of Raleigh reports.

A 100 percent graduation rate is a tall order, considering that one-fifth of Wake County high school students aren't getting their diplomas now. But school board members agreed to that target Nov. 17 as part of an ambitious effort to raise expectations for students.

School administrators didn't say how they would try to reach the new goal. But the board will get a policy in December that could lay out what steps administrators might take to place more resources into some schools.

Wake County's graduation rate of 78.8 percent is higher than the state average of 70.2 percent. But the gap has narrowed. Wake's graduation rate was 82.6 percent in 2006.

Teachers and politics

Another Cumberland County teacher is facing possible discipline for espousing political views in the classroom, the *Fayetteville Observer* reports.

This time, it's a sixth-grade social studies teacher at Mac Williams Middle School who expressed disapproval of a Barack Obama presidency.

It's the second incident to become public in the county schools since last week's conclusion of a hard-fought presidential election. The first incident, a YouTube video of teacher Diatha D. Harris questioning a fifth-grader's support of John McCain, led to dozens of Internet viewers demanding the dismissal of the Mary McArthur Elementary School instructor.

The furor prompted June Atkinson, state superintendent of public instruction, to post an Internet statement advising callers to her office that the Harris video is a local issue.

In the latest local incident, Eastover parent Tenesia Jackson accused Mac Williams teacher Melissa Smith of disparaging an Obama administration after pupils voiced excitement at the prospect.

In a complaint to the school system, Jackson's daughter quoted Smith as telling the pupils "don't come crying to me" if the taxes paid by their parents go to "a 13-year-old girl for an abortion." CJ

County in the minority

Forsyth Mulls Nonpartisan School Board Race

By SAM A. HIEB
Contributor

GREENSBORO

The *Winston-Salem Journal* took a different tack from most major N.C. newspapers immediately after Election Day when it called for a nonpartisan Winston-Salem/Forsyth County Board of Education. The *Journal's* editorial addressed a debate that has been brewing in Forsyth County for some time.

"It may just be time for such school-board elections in Forsyth, one of the state's last holdouts for partisan school-board elections," adding it may be "worth the effort to try to remove party politics from Forsyth school-board elections," the *Journal* wrote. "That measure could help to remove politics from the board as well. It could also rejuvenate the board."

Forsyth County's unusual law

Ninety percent of school boards nationally are nonpartisan, and Forsyth County is the only metropolitan county and one of only 14 districts statewide that passed a local law allowing for partisan school board elections.

In order to make such a change, a member of the Forsyth County delegation to the General Assembly must introduce a local bill to lift the county's exemption to the state statute calling for nonpartisan elections. However, a member of the delegation would introduce such a bill only with the support of the current school board.

Communities Helping All Neighbors Gain Empowerment is aiming to prompt such change. CHANGE, which describes itself as a "non-partisan, multi-racial, multi-faith and multi-institutional organization" from "all economic backgrounds and a diversity of locations in Forsyth County," has started another petition drive in support of a push for nonpartisan school board races.

CHANGE leaders said they have gathered 10,000 signatures, a response that should inspire necessary legislative support. The *Journal* reported that state Reps. Larry Womble and Earline Parmon plan to introduce a bill lifting Forsyth County's 38-year exemption from state statute.

According to its Web site, CHANGE says education issues are by nature nonpartisan, requiring candidates to campaign actively and to be clear about their campaign issues, "rather than relying on party labels to guide their voting."

Nonpartisan school board elections also require voters to study candidates' positions on the issues actively and also prevent worthy candidates from being victims of straight-ticket voting, which many said played a major role in the recent election. Some observers also said straight-ticket votes hurt Sandra Mikush, who campaigned in 2006 as an independent with nonpartisan school boards as a major campaign issue.

Mikush lost her school board bid by fewer than 7,000 votes, despite an endorsement from the *Journal*, which wrote "she ought to have raised awareness of the need for officials here to consider making the school board nonpartisan."

Elizabeth Motsinger, a Democratic WSFCS school board member, said, "The idea of nonpartisanship in school boards is better than partisanship. Issues addressing school boards are not partisan issues."

Motsinger also expressed concern about the type of

candidate partisan elections attract.

"We might be attracting some different people who would want to run for school board," Motsinger said. "We might get people whose primary interest is education, but not particularly politics. People use school boards as a political steppingstone, and I don't think school boards should be seen as political steppingstones. It should be what is in the best interests of our children."

The reality of politics

On the other side of the issue, those in favor of partisan school boards think nonpartisan boards do voters a disservice, considering the fact that political parties are an important part of the nation's system of government.

"Candidates become members of political parties because the political party represents the essential views of the candidate toward government," WSFCS board member Buddy Collins wrote in an e-mail message. "Education is a political issue in which Democrats and Republicans differ greatly. I think voters are better served when they can vote for a candidate who shares their basic core values and identification."

In a phone interview, WSFCS Superintendent Don Martin echoed Collins' sentiment.

"Politics are politics. School board members that are nonpartisan are probably registered in some party or another," Martin said. "I think it's a theoretical construct that exempts school board members from the connotation that politics are dirty. The point is they're in politics. Politics is a way of people representing other people to make decisions and they have to make compromises in order to get majorities to move forward. The political

process does that."

Still, Martin does not endorse one system over the other. In Martin's 28 years as a professional educator, he has spent 14 years working with nonpartisan boards and 14 years working with WSFCS' partisan board. He doesn't see a difference in effectiveness.

"I think people who are willing to run for a school board are interested in kids and care about them and have a vested interest anywhere along the line," he said.

One can argue that, by any standards, the WSFCS partisan board has functioned effectively. WSFCS has a good relationship with the school board. Working together, the system has redistricted and introduced equity and magnet schools. Voters have passed three school bonds during its tenure, the latest a \$250 million bond approved by 65 percent of voters. WSFCS has a reputation for building quality schools on time, while its neighbors to the east, Guilford County Schools, failed to finish projects from a 2003 bond and had to carry them over to another \$412 million bond, which voters approved in May.

The party makeup of county boards of commissioners also plays a role, Martin said, and it certainly hasn't hurt matters any that Forsyth County's commission has been ruled by Republicans for several years now.

"The relationship to the county commissioners is real important," Martin said. "That alliance has been more positive than it's been negative." CJ



Free-Market After-School Art Program Plans to Expand in N.C.

Young Rembrandts operates in 27 states, serves 40,000 students

By DAVID N. BASS
Associate Editor

RALEIGH

Most elementary school art classes encourage students to experience the world of art through exploration and creativity. Bette Fetter, founder and CEO of Young Rembrandts, a free-market after-school program, says that's not enough to instill a love of art in children. For students to succeed, teachers also must provide guidance and step-by-step instruction.

"It's a notion accepted across the board in education: to give children information in the arts is to stifle their creativity," Fetter said. "Art is approached as something experiential, but we don't give children any structure or foundational information."

That's why Fetter launched Young Rembrandts in 1988. The privately funded, for-profit program is available



Instructors use a methodological approach that guides children from simple painting and drawing to complex images. (Submitted photo)

to public school students as an after-school class once a week. It operates as a franchise in 27 states and serves as many as 40,000 students each week.

Instructors use a methodological approach that guides children from simple painting and drawing to complex

images. Each lesson is based on a theme, such as African safari, and allows students to go from a blank sheet of paper to a complete picture.

"Our goal was to develop an approach that still allowed for a child's individual creativity," Fetter said. "By doing that, the kids have tremendous success and are able to draw at higher levels for their age."

It's a method that Fetter hopes will excite parents in North Carolina. Young Rembrandts classes could be available in Raleigh, Durham, Charlotte, Gastonia, and some rural regions of the state in the coming months. The program already serves 500 students a week in Guilford and Forsyth counties.

Marilyn Culp oversees the program in the Triad. She decided to

launch a franchise after learning about the methods Young Rembrandts uses. "I am a self-identified nonartist, which is one of the reasons I feel so strongly and passionately about the program, because the principles of art instruction it espouses are great," Culp said.

Culp serves in a managerial role and hires teachers for each class. She has classes operating in 30 schools in Guilford and Forsyth counties, with as many as 2,000 students participating at one time. Three new classes are starting in Greensboro and one in Winston-Salem for the 2008-09 school year.

Plans for the Triangle include territories in Raleigh and Durham representing a combined 200 elementary schools and 450,000 elementary students. Franchise opportunities are also available in Charlotte and Gastonia.

Kaye Shaver, assistant principal at Claxton Elementary in Greensboro, said that Young Rembrandts has been a "rewarding addition" to the school. "Students are enthusiastic about their art classes and often stop me in the hallway to proudly point out their displayed work," she said. "The fundamental techniques of drawing they are taught in Young Rembrandts increases their creativity, self-expression, and communication."

Parents are also pleased with the program. "My kids are thoroughly enjoying the classes this fall," said Bethany Carter, a Greensboro parent with two children enrolled in the classes. "Nowadays we spend so much time running here and there getting our children to extracurricular activities that I am thrilled to have them offered at school."

Go to www.youngrembrandts.com to learn more. CJ



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State School Briefs

Web warning for teachers

Offensive posts on Facebook, MySpace, and other networking sites can cost Charlotte-Mecklenburg Schools employees their jobs, a district official warned in a memo sent to more than 19,000 employees Nov. 18.

The warning reinforces what one elementary-school teacher learned the hard way: She was suspended and recommended for firing recently after a WCNC reporter showed CMS officials her Facebook page listing "teaching chitlins in the ghetto of Charlotte" as one of her activities.

Four other teachers faced milder penalties for pages that showed "poor judgment and bad taste," *The Charlotte Observer* reported.

Even if such postings are done on personal time and intended for limited viewing, they can diminish an employee's professional reputation and cost them the respect of colleagues, students, and parents, Chief Operating Officer Hugh Hat-tabaugh wrote.

NewsChannel 36 found the pages by searching Facebook for people who listed CMS as their employer. The teachers in question did not use a privacy setting that would have blocked general access to their information.

The station found photos of female teachers in sexually suggestive poses and a black male teacher who listed "Chillin wit my n--as!!!" as an activity. CMS would not specify which of those pages brought discipline.

CMS pares magnets

The Charlotte-Mecklenburg school board made sweeping changes in its magnet schools recently, ending months of debate over programs that were once the hallmark of local school desegregation efforts, *The Charlotte Observer* reports.

The board largely followed recommendations that Superintendent Peter Gorman offered in October for eliminating unpopular or ineffective magnet programs and modifying others.

The magnets were created as desegregation tools in the 1990s, but board members re-evaluated their role now that Mecklenburg schools are no longer under court order to desegregate.

CMS serves about 18,000 of its 134,000 students in magnet programs. The changes will cost about 2,800 students their current school assignments. CJ

JLF study documented effectiveness

Merit-Based Pay Miffs Teachers' Unions

Despite improvement in test scores, system termed 'unfair'

BY DAVID N. BASS
Associate Editor

RALEIGH

Guilford County Schools' program of merit-based pay for teachers has produced improved test scores and graduation rates, but teachers' unions call the model unfair and instead support across-the-board salary increases for school personnel.

Two years ago, Guilford County became the only school district in the state to use a comprehensive pay-for-performance strategy. The program, called Mission Possible, was designed to attract and retain qualified teachers and reward them for hard work in the classroom. It offers recruitment incentives from \$2,500 to \$10,000 and retention bonuses from \$2,500 to \$5,000 for teachers who produced above average results in low-performing, low-income schools.

A mix of federal, state, and local money funds the program. It stands in contrast to the approach taken by most N.C. school districts, which typically use a system of uniform salary increases and bonuses, regardless of individual teacher performance.

While districts tend to shy away from performance-pay strategies, North Carolina has dabbled in similar statewide initiatives in the past. Instructor bonuses are tied to the results of the ABCs of Public Education, an end-of-year testing program. Teachers get \$750 in bonuses if their school meets growth expectations on the tests and up to \$1,500 if it exceeds growth expectations. The strategy does not offer incentives to individual teachers for performance improvement, as Mission Possible does.

A John Locke Foundation report released in September explored the performance of the 30 Guilford County schools that participated in the Mission Possible program last school year. Terry Stoops, JLF education policy analyst, concluded that the schools fared better in several performance benchmarks.

"Teacher and administrator turnover has decreased, the percentage of schools that met No Child Left Behind performance standards increased, and the percentage of students who met North Carolina testing standards increased," Stoops said. "Graduation rates are on the rise, and the school climate has improved considerably."

The North Carolina Association of Educators, however, criticized the

National teachers' unions, such as the NEA, oppose merit-based teacher pay, calling it a 'scheme' that forces teachers to compete rather than cooperate

initiative. "It's not fair, and it begins to pit teacher against teacher," said NCAE Associate Executive Director Kelvin Spragley, according to *The News & Observer* of Raleigh. "All teachers should be paid more, and that will entice more people to the profession in all subjects."

National teachers' unions also oppose merit-based teacher pay. The National Education Association, which ranked North Carolina 26th among the states in average teacher salary for the 2004-05 school year, called it a "scheme" and said it forces teachers to compete rather than cooperate.

But supporters of merit-based pay said that strategies such as Mission Possible generate many benefits. "Mission Possible allows us to leverage federal and local dollars to recruit and retain qualified teachers in our hardest-to-staff areas," said Amy Holcombe, senior director of the program. "If we were to disperse our available funds using an across-the-board teacher pay model, it would dilute our ability to offer attractive salary incentives to the teachers in our areas of greatest shortage."

In response to the NCAE's position that merit-based teacher pay is unfair, Holcombe said, "Our job as a school system is to do what is best for our students. In order to achieve that goal, we need to examine issues from the perspective of equity, not equality."

Positive outcomes

An evaluation of Mission Possible by the University of North Carolina at Greensboro found improvements in a number of areas. Faculty turnover and short-term suspensions fell. Graduation rates, performance composites, and test scores increased.

The schools participating in the program, all of which are low-income, still lagged behind district averages in Guilford County. Stoops said that trend is expected because the schools have been in the program for only two years.

"Most schools in Guilford County don't have as many at-risk students as those participating in Mission Possible, so the difference isn't surprising," he said. "It's also going to take a little time for the program to get in the groove."

Other research indicates that teacher morale has increased as a result of the program. The 2008 North Carolina Teacher Working Conditions Survey showed improvements in four domains of teacher satisfaction: time, facilities, leadership, and professional development.

Guilford County's performance-pay approach is particularly significant since it is the most comprehensive of its kind in North Carolina, Stoops said. Charlotte-Mecklenburg Schools, the state's second-largest school district, has a longstanding bonus program that awards teachers and administrators based on various criteria, but most districts tend to favor a uniform pay structure.

"Other school districts are watching how Guilford performs," Stoops said. "The results of the program are going to generate a lot of attention in the coming years."

New set of leaders

Political changes brought about by the 2008 elections could affect merit-based pay in North Carolina and around the nation.

In an interview with The Associated Press, Governor-elect Beverly Perdue, a Democrat, indicated that she is open to the idea of giving teachers incentives for joining rural schools. Her Web site says districts should have the freedom "to work with their teachers to develop promising recruitment and retention incentives with monies from the Disadvantaged Students Supplemental Fund and Low Wealth Fund."

Perdue's Republican opponent in the election, Charlotte Mayor Pat McCrory, supported paying more to teachers who specialize in high-demand subjects. Perdue, who was endorsed by the NCAE, won the race 50 percent to 47 percent.

President-elect Barack Obama also has indicated support for merit-based teacher pay. Obama's Web site says that under his plan, "Districts can reward teachers who work in underserved places like rural areas and inner cities. And if teachers consistently excel in the classroom, that work can be valued and rewarded as well." CJ

Notre Dame Scholar Ralph McInerny Explains Neglect of Great Books on College Campuses

BY JANE S. SHAW
Contributor

RALEIGH

Why do modern humanities professors hate the Western canon, the Great Books that once defined a liberal arts education? Ralph McInerny, a professor of philosophy and medieval studies at Notre Dame University and also the author of the popular Father Dowling mystery series has an answer.



Ralph McInerny

McInerny spoke at a lecture Nov. 6 in Charlotte. The Intercollegiate Studies Institute and the John W. Pope Center for Higher Education Policy sponsored his talk.

Hostility to Great Books doesn't stem just from relativism, or, in McInerny's words, the idea that it's as important to teach *Tarzan* as *Hamlet*, or the claim that classical scholars push the works of "dead white males" in order to control society. The reason, McInerny said, is that most of the Great Books "were written under Christian auspices."

The religious underpinning is obvious in the works of authors such as Dante, but also "inescapable" in those of Chaucer and Shakespeare. The non-Christian parts of the canon, such as those by Plato and Aristotle, were written under the assumption that

Providence, or a divine mind, governs human life.

This is an idea that many modern academics cannot stand, McInerny said.

McInerny, who is known especially for his work on Thomas Aquinas, has taught at Notre Dame since 1955. A man of enormous energy, he is also the author of more than 50 novels. Before his lecture, he taught a class at Belmont Abbey College on Pope Benedict's controversial Regensburg address in 2006.

A central element of his talk was the story of an initially successful attempt to restore the classics of Western civilization. This was the Great Books movement that occurred in the 1930s, and that had a strong following through the 1960s.

At that time, a few individuals, such as Robert Hutchins, Mark Van Doren, and Stringfellow Barr, sought to determine the most important writings underlying modern civilization and to promote their study. This "great revival of liberal arts education" occurred at a number of schools, including Columbia University, the University of Chicago, and St. John's College, McInerny said.

The revival was a reaction to the direction that higher education had taken. Beginning as far back as the 1870s, Harvard had shifted to a system of electives, allowing students to take almost any classes they wanted—choosing from what McInerny called a "smorgasbord" of courses. The Great Books project of the 1930s was designed to counter this intellectual fragmentation. The fragmentation only increased after the upheavals of the 1960s.

Although successful, the revival didn't last. McInerny suggested that

the movement had a weakness. Some supporters of the Great Books movement didn't really grasp, or, at least, they did not express, the fundamental reasons why the works were great. For example, Harold Bloom, a prominent literary critic, defended the best literary works in his book *The Western Canon*. But it appeared that Bloom simply liked those books better than others.

McInerny doesn't see the Great Books this way, so he devoted a segment of his talk to what elevates Great Books. He focused on fiction, which represents an important part, but not the totality, of the Great Books. The classics include many works of nonfiction, such as philosophy, religion, and economics.

Fiction draws its power from forcing an individual to face a dilemma, McInerny said, a predicament that becomes more complex with each step taken. Crucial choices are imposed on the character: He or she finds it difficult to do the right thing. The character's decisions matter because the interest of the story depends on the fact that we are "answerable for what we do."

Some fiction is better than other fiction. McInerny offered a rule of thumb for what makes fiction into literature—re-readability. "Literature is anything that you read again," he said.

Fiction does not have to be a religious viewpoint to be literature. For the Christian, McInerny said, there is a system of eternal reward and punishment for one's decisions, but fiction does not require a divine Providence to make clear the seriousness of the dilemma facing the protagonist. From all good stories, "we're going to learn something about being a human being."

That doesn't mean that all literature equals a Great Book. There is a hierarchy, McInerny said, based in part on objective criteria such as how the authors deal with diction, character, plot, and setting. More profoundly, literature deals with "what it is to be a human being... the meaning of human existence." The books most highly ranked on those measurements are Great Books.

McInerny covered many other aspects of our cultural heritage in his speech. But the overall message was this: Great works reveal the meaning of human existence. Because many of the greatest works do so in the context of a divine purpose, they are disdained on campuses today.

It will not be easy to restore respect for them, but some people are trying. McInerny appeared to want those in the audience to become part of that restoration effort. "It's something we have to make happen; individuals have to do it," he said. CJ

Jane S. Shaw is the president of the John W. Pope Center for Higher Education Policy.

Campus Briefs

The 'Dumbest Generation'

The Pope Center sponsored a lecture by Mark Bauerlein at UNC-Chapel Hill on Nov. 19. Bauerlein is an outspoken critic of today's over-digitized youth culture and author of the book *The Dumbest Generation: How the Digital Age Stupefies Young Americans and Jeopardizes Our Future; Or, Don't Trust Anyone Under 30*.

Bauerlein's goal was not to berate today's students for their reliance on digital messaging and their obsession with social networking but rather to help them make wiser choices (and maybe read some books). The title of his talk was "Wise America: An Antidote to Wayward Teens, MySpace Addicts and Bibliophobes." The UNC-Chapel Hill College Libertarians co-sponsored the talk.

Bauerlein earned a doctorate in English at UCLA in 1988. He has taught at Emory since 1989, with a break in 2003-05 to serve as director of the Office of Research and Analysis at the National Endowment for the Arts.

The event was part of a broader Pope Center project to encourage students to make sure that they aren't part of "the dumbest generation."

In addition to bringing Bauerlein to speak, the Pope Center conducted a General Education Course Survey at UNC-CH earlier this year. The aim of the survey was both to demystify the process of finding interesting general education classes and to help counter the intrusion of politics into education that has been found often at UNC-Chapel Hill.

The result was a slate of classes, taught by 18 specifically identified professors, that are challenging, intellectually involving, and where students will not be barraged by narrow political viewpoints.

The survey was adapted from a questionnaire conducted by the American Council of Trustees and Alumni. In addition to asking whether the faculty member was unbiased and open to student viewpoints, questions on the survey also addressed academic rigor, the professor's availability during office hours, and whether the course materials were interesting. The Pope Center has started asking NCSU students to take the same survey. CJ

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

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It also features the blog Squall Lines, featuring commentary on issues confronting coastal N.C. residents.

COMMENTARY

Unintended Consequences

Decisions often have unintended consequences. One such decision is the subject of a new paper, "Griggs v. Duke Power: Implications for College Credentialing" recently released by the Pope Center and the Center for College Affordability and Productivity. Authors Bryan O'Keefe and Richard Vedder make a strong case that the 1964 Civil Rights Act and a Supreme Court case interpreting it (*Griggs v. Duke Power*) have had unforeseen consequences: a huge increase in the demand for college degrees.

Not college education. College degrees.

The Civil Rights Act made it illegal for employers to practice employment discrimination. While Congress debated the legislation, critics argued that its language might be read as outlawing employment testing if it seemed to give an unfair advantage to minority applicants. To address that concern, a section was added allowing employers to use "professionally developed ability tests" so long as they were not "designed, intended, or used to discriminate."

With that new language, it appeared to be legitimate for a company to give all applicants the same aptitude test to sort the more skilled from the less skilled. That isn't how things turned out, though. General aptitude testing soon was made legally perilous for employers, and they replaced it with increasing reliance on educational credentials.

In 1971, a Supreme Court decision changed the meaning of the Civil Rights Act. *Griggs v. Duke Power* was about the legality of employment tests the company administered to job applicants. The tests were professionally developed, and the company had no intention of discriminating against any applicant.

Nevertheless, the court ruled against Duke Power, reading into the statute qualifications the legislators had not included. Specifically, the justices ruled that even an apparently neutral employment test would be illegal if it had a "disparate impact" (that is, if significantly more minority than white applicants failed) and if the company could not prove that there was a "business necessity" for using the test.

Thus, businesses were court-

ing trouble with the Equal Employment Opportunity Commission if they used aptitude tests to screen applicants generally. Tests for very particular skills were all right (and are still widely used), but testing as a way of evaluating applicants for overall trainability was legally perilous.

No employer wanted to be taken to court by the EEOC. So how could employers legally screen prospects?

O'Keefe and Vedder argue that since *Griggs*, employers have more applicants screened by educational credentials. They write, "Applicants for many jobs are now required to have a college degree. Seldom is that done because the work is so demanding that it couldn't be done by a person who didn't go to college, but instead it is a means of screening out presumably less trainable applicants."



GEORGE LEEF

The logic is easy to grasp — it takes some persistence, discipline, and mental ability to get a college degree. For many jobs, those traits are a useful approximation of the skill level the employer is looking for.

Therefore it's now common for companies to advertise jobs, stating that it is a requirement for applicants to have a college degree, without caring what the degree is in or how well the student did. O'Keefe and Vedder support their thesis with evidence showing that the earnings differential between workers with college degrees and workers without them had been fairly stable before *Griggs*, but began increasing steadily after it. That is consistent with the idea that *Griggs* brought about an increase in demand for college credentials as a proxy for trainability and a safe substitute for general ability testing.

If their argument is right, and I believe it is, the United States is spending a vast amount of money on college just to help employers figure out which people are worth considering. Because the law has ruled out less costly ways to screen job applicants, students, parents, and taxpayers have to foot the huge bill for college credentialing. CJ

George C. Leef is director of research for the John W. Pope Center for Higher Education Policy.

N.C. State Student President Rejects 'Liberal Propaganda'

By JENNA ASHLEY ROBINSON
Contributor

RALEIGH

An unusual thing happened at NCSU this fall. The president of the student government decided not to distribute a voter-registration package — because it was too liberal.

In a recent mailing to the North Carolina State University Student Government, the United States Students Association included nearly 15,000 flyers that included policy recommendations from leftist groups (detail shown below). The association instructed its member schools to give the flyers to all new voters registered on campus. Voter registration drives were frequent and active before the November election.

The flyers included postcards that the voters were expected to mail in, signaling their interest in causes such as global warming and universal healthcare. The USSA sternly told its chapters that their voter registration efforts would be judged by the number of mail-in letters. The flyers were created by an organization called Generation Vote, a "national alliance of young people who work on issues at the local level."

Conservative members of NCSU's student government, including its president, said they did not intend to distribute the flyers. Jay Dawkins, president of the student body, called the flyers "blatant liberal propaganda targeted at our campuses in a thin veil of 'nonpartisan activism.'"

Dawkins, who once headed the school's College Republicans, notified T. Greg Doucette, president of the University of North Carolina Association of Student Governments. Doucette, also an N.C. State student, is a libertarian and thus opposed to government intrusion.

The flyers came to NCSU because the University of North Carolina Association of Student Governments recently rejoined USSA, which is a member of Generation Vote.

The USSA, founded in 1947, bills itself as the largest student association in the United States. On its face, USSA advocates for student issues, especially for greater access to education. While its policies might have government-intervention overtones, they are focused on

student issues.

The association has a lot of other goals, too. The association seeks to promote "a just society in which generations of representative leaders understand their power and engage and empower diverse communities to create social change." Pursuing this goal, apparently, the association joined with Generation Vote, which wrote the flyers.

Generation Vote pushes what it calls a "youth agenda," which is a list of causes that it wants youths to support, not necessarily issues of direct interest to youth. Of the agenda's nine planks, only "quality and affordable education" is clearly a student issue.

Besides USSA and other youth organizations, members of Generation Vote include Planned Parenthood, the Center for Progressive Leadership, Choice USA, and the NAACP. Generation Vote is a project of the Tides Center, a nonprofit foundation that promotes what it calls social justice.

When Dawkins viewed the flyers sent by Generation Vote, they were all about



bigger, more interventionist government. "Take a close look at the groups, issues, and politically charged questions on these cards. I think you'll see why, as a conservative, I'm highly alarmed," he wrote in a letter.

Doucette said that his experiences with USSA throughout the past year had prepared him for the latest effort. "I'm not surprised at all," he said. "I'm disappointed in the politicization of something as simple as voter registration."

Because of the controversy, officers of the Association of Student Governments will consider leaving USSA, Dawkins said. "We've quickly found that the staff of [USSA] are going to spread their liberal propaganda regardless of our influence. I'll be personally making the motion to end our membership in the organization at the next ASG meeting." CJ

Jenna Ashley Robinson is the campus outreach coordinator of the John W. Pope Center for Higher Education Policy.

Opinion

Ayers-Like Social Justice Prominent at UNC School of Education

Social justice, in its broadest definition, is the extension of the principles of "justice" into every aspect of human existence. Depending on its implementation, such an idea could possibly have merit. But as it is implemented in the United States today, it is a justification for Marxist and radical-left designs.

This subversive philosophy has found a home in the university education schools that teach the nation's K-12 teachers.

Social justice pedagogy (the method of teaching social justice) is a way of thinking and teaching intended to undermine authority and objective reasoning, with a goal of underclass-inspired political upheaval.

The movement's philosophical foundations are derived from the writings of the Brazilian Marxist educator Paulo Freire. Its American version was influenced greatly by Columbia University professor Maxine Greene.

The pedagogy's best known popularizer is William Ayers, a former member of the violent 1960s Weatherman radical group, who is now a University of Illinois professor, and an associate of president-elect Barack Obama.

A brief look at the UNC-Chapel Hill School of Education indicates that social justice pedagogy might soon become the dominant philosophy among the faculty.



JAY SCHALIN

Social justice pedagogy is very apparent in UNC-CH's graduate school curriculum, particularly in the educational leadership program. The program's mission statement includes "social justice" as one goal. It also says:

"While we believe that school leaders must be proficient in a wide variety of technical skills and tasks to be successful educational administrators, we are first and foremost concerned with ... an agenda of social action which removes all forms of injustice."

Thus, the most important thing in the program is to create "learning communities" that support the social justice agenda. This agenda includes changing the way candidates for advanced degrees think. Kathleen Brown, the director of the education school's leadership program, wrote a 2004 article about "transformative learning," one of the underpinnings of social justice pedagogy.

Brown wrote, "[b]y exposing candidates to information and ideas they may resist and by assisting them to stretch beyond their comfort zones, a critique and transformation of hegemonic structures and ideologies can occur."

Can this be anything other than political indoctrination? Brown openly urges professors to embed such ideological manipulation into every class.

It is not just Brown's leadership program that has been corrupted.



Consider EDUC 678: Cultural Studies and Education, taught by James Trier. Much of the course uses popular films to illustrate the major ideas of communist theorists such as Antonio Gramsci,

Theodor Adorno, Georg Lukacs, and Max Horkheimer.

The inclusion of these particular communists is significant — in the 1920s they initiated the movement to weaken the capitalist countries of the West from within via gradual cultural change. In a 2007 *American Thinker* article, writer Linda Kimball noted that Gramsci and Lukacs both "concluded that the Christianized West was the obstacle standing in the way of a communist new world order."

The social justice movement has even gained traction in a discipline presumed to be purely objective: science education. The official UNC-Chapel Hill School of Education biography of Eileen Parsons, an assistant professor of science education, notes that: "Her research and scholarship diverge from and call into question the universalistic view of science. This perspective of science includes beliefs that the validity of a scientific account is objective and resides in the physical world itself; factors like power, culture, race, gender, and ethnicity of the participants involved in and learners of science are irrelevant."

Professor Parsons is teaching that the validity of science — the study of the physical world — is not

primarily dependent on the physical world! She suggests the validity of science depends on whoever is doing the studying. This is nonsense.

The above are just a few glaring examples of how the concept of "social justice" has permeated the Chapel Hill education school culture. It would likely take many months of research to uncover all of the egregious examples in the curriculum. However, the names and phrases of the social justice movement are omnipresent on the syllabi of many UNC professors: Freire, Gramsci, John Dewey, "white privilege," "racism," "equity," "class," "the banking model of education," "racial identity," "hegemony," "critical theory," and most of all, "social justice."

Not every professor appears to have enlisted in the social justice movement — but enough have to exert a powerful influence on the present and future of North Carolina's educational system. And there is no reason to suspect that things are better at any other UNC education school or private college.

And yet the entire establishment in North Carolina refuses to see the naked emperors in our education schools. The school deans, the university administrators, the university system's general administration, the Board of Governors, the media, and the politicians all utter not a peep of condemnation. Have we truly become a people who will not defend our own culture? CJ

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

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The **MISSION** of NCHÉ is to:

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Town and County

Fayetteville bus service

Fayetteville has made changes to its bus service, effective Dec. 1, with the aim of ensuring that buses operate in a timelier manner. The revisions are a stopgap measure, with a broader overhaul planned for next year, the *Fayetteville Observer* reports.

A consultant surveyed 700 Fayetteville Area System of Transit riders last year and found their most common complaint about the transit system was that buses didn't operate in a timely manner.

"The buses have to run on time, or nobody can get anywhere on time, and people won't ride them," said Linda Devore, chairwoman of a city task force studying bus issues.

Almost all of FAST's routes were tweaked. Typical changes included eliminating redundant or rarely used bus stops. Some routes also were altered to avoid making left turns, avoid crossing railroad tracks, or operate less frequently.

Fayetteville City Council rejected a call for a public hearing on the changes. A hearing will be conducted, however, on the forthcoming more far-ranging overhaul of bus service planned for next year. A consultant is to make recommendations in the spring.

Asheville BID?

Asheville is drawing up a new master plan for downtown, and one of the options being considered is establishing a business improvement district, an area that pays extra property taxes in exchange for extra services.

To inform local business owners about how BIDs work, the city and downtown groups brought in representatives from the BIDs in Chapel Hill, Charlotte, and Greensboro, the *Asheville Citizen-Times* reports.

BIDs typically work through a nonprofit organization, which receives the extra property tax revenue and uses it to provide additional services. The arrangement has become increasingly popular in recent years. There are about 800 BIDs nationally, including 46 in North Carolina.

Greensboro's BID, for example, uses a portion of its tax receipts to hire a 10-person cleaning crew to remove litter and graffiti.

Whether downtown Asheville business owners buy into the concept remains to be seen. Not all business owners have bought into the concept, and downtown property values have improved in recent years. CJ

Pinehurst, Pinewild Feud Over Annexation

Group files suit to fight efforts by Village of Pinehurst to annex the gated community of Pinewild

By KAREN WELSH
Contributor

Two idyllic communities, situated in the heart of North Carolina, have come to fisticuffs over involuntary annexation in a dispute that might lead to a "Case of First Impression" in the U.S. Supreme Court.

About 80 percent of the residents living in 745 homes on 1,200 acres in the private, gated community of Pinewild want their counterpart, the resort town of Pinehurst, to keep its hands off them and have banded together into the movement to Stop the Taking of Pinewild (StTOP).

Lawyer Gene Boyce recently filed a multimillion-dollar constitutional claim lawsuit in the state court system on behalf of StTOP, seeking \$54 million in just compensation to pay for assets acquired in what Pinewild officials term a hostile takeover to put more revenue in the Village of Pinehurst's coffers.

"The United States Supreme Court has said many times that one's right of privacy and security is the most important aspect of being an owner of the property," Boyce said. "They use the metaphor phrase that the right of privacy is 'the most important of the sticks in the bundle of property rights.'"

The question Boyce is posing to the court is whether Pinewild, a hamlet on the outskirts of the Village of Pinehurst, is considered an "involuntary annexation" or a "taking" by the Village of Pinehurst.

"Pinewild is unique, and there's no precedence on the part of this case," Boyce said. "I have completed many hours of research, and I cannot find a case of this kind. A judge needs to declare the answer. The people of Pinewild need to know. It is a federal question that needs to be answered in the United States Supreme Court. I have high hopes that it's a 'taking' and I should win."

Boyce said the bad blood between the entities began in the early 1980s, when Pinewild's lawyer requested voluntary annexation by the Village of Pinehurst. Pinewild was turned down after the Pinehurst Town Council decided Pinehurst did not want to bear the expense to bring the infrastructure of water, sewer, and roads to the developing community. Residents moving into the area purchased the services and, when they were finally in place, Boyce said, Pinewild decided to make the move on a forced annexation.

StTOP first filed a suit in federal court to stop the annexation. However, North Carolina's annexation law reads in favor of municipalities. The case was dismissed without prejudice, allowing Pinewild to file a constitutional claim in the state court system.

Pinewild is no longer contending the annexation, per se, but is asking the Village of Pinehurst to give Pinewild back the millions of dollars it had invested in water and sewer lines and 21 miles of road built over the past two decades.

RALEIGH

Boyce said the "taking" immediately will decrease property values and put the private community into the public domain.

"I look at this as a taking of the property and assets," Boyce said. "I look at this of taking away the Pinewild resident's privacy, and that's the most important and outstanding right of ownership. This move will depreciate the value of the property at least 14 to 17 percent. The people of Pinewild then lose their private status and lose control of the streets that they paid for with their own money."

Pinewild resident Lydia Boesch has been fighting the forced annexation for more than three years. She said the unfair law is tantamount to "painting a house with a hammer."

"These statutes aren't the tools that you use when annexing a town that already has all of their services," she said. "It's just not right."

She said citizens living in Pinewild are most concerned about losing their autonomous voice and privacy. "Under state law, all of Pinehurst's regulations and ordinances will apply to Pinewild," Boesch said. "Anything they say will go. Once we're in, they will have us at their mercy. We lose control. We are no longer a self-determining community. All of our power passes to them. It's just unreal."

She said Pinewild's day in court ultimately is about democracy and fundamental fairness.

"They are using annexation as a tax grab," Boesch said. "That's primarily what they use it for. It's a revenue-generating device. It's repugnant, and we have promised our supporters that

we will pursue this as long as it takes to be heard on both the federal and state level," she said. "We are ready to go all the way to the United States Supreme Court."

Boesch said it's the best investment they've ever made. "It's a good cause," she said. "It's a great cause, and we have the people in our community with money, time, and brains. They've picked on the wrong people. The Village of Pinehurst didn't know whom they were dealing with when they decided to mess with our community. We've got to have a voice. We're making a huge noise."

Michael J. Newman, lawyer for the Village of Pinehurst, said he's tired of all the rumors and scare tactics that have taken on a life of their own during this particular annexation. He said the procedure is in place to promote orderly growth in an area and that StTOP can try as it might, but that it will not prevail because the law is on Pinehurst's side. He insisted that Pinewild has already lost on the federal court level and will lose again on the state court level.

"The annexation is not a 'taking,'" Newman said. "The state law is very clear. Pinehurst complied with state annexation laws and was proper in all respects. The lawsuit does not have any bearing on annexation, whatsoever, and will not affect the date of annexation. It will occur sometime in the early summer. We are estimating June 2008, based on the average length of time."

He said the Village of Pinehurst declined Pinewild's early request for annexation because a certain threshold of urban population needed to be attained before annexation procedures began. He said a "notice of intent to annex" was sent to all residents of Pinewild after this number was met.

"We didn't wait until they had all their services," Newman said. "There are strict rules and regulations that have to be followed, and it is a statutory prerequisite that we needed to wait." CJ



Ill feelings began when Pinehurst refused to annex Pinewild in early 1980s



Light-gray counties have defeated local-option taxes since 2007; dark-gray counties have passed local option taxes since 2007. (CJ graphic)

November Elections Bring Local-Tax 'No' Votes to 48

By DAVID N. BASS
Associate Editor

RALEIGH

N.C. voters shot down more than a dozen local tax referenda Nov. 4, bringing the total number of counties to reject the tax increases since November 2007 to 48.

The results were similar to past elections, when voters rallied against a proposed quarter-cent sales tax and 0.4 percent land-transfer tax by wide margins. Critics of the taxes say a slumping economy and troubled real-estate market are contributing to voter aversion.

"The public has told their local governments time and time again that the land-transfer tax is not the answer," said Julie Woodson, a spokeswoman for the N.C. Association of Realtors, a group that has lobbied hard against the tax. "It's unfair because it singles out one group of people to pay for infrastructure to benefit everyone."

Supporters agree that economic woes are contributing to the tax increases' failing record. "It's probably not a real good time to ask for additional taxing authority. That's especially true with the land-transfer tax, considering the mortgage industry troubles," said Todd McGee, communications director for the N.C. Association of County Commissioners.

About two-thirds of voters in Polk and Tyrrell counties voted against the land-transfer tax. The tax would have tripled the tax cost of selling a home in each county. Proposed land-transfer tax increases have failed all 23 times counties have considered them.

The quarter-cent sales tax fared no better. All 13 counties with the tax on the ballot voted it down by an average of 69 percent. Caswell, Cherokee, and Mitchell counties rejected the tax by 80 percent or more. The margin of defeat

was closest in Hertford County, where the sales tax went down by 53 percent to 47 percent.

A 1 percent meals tax in Durham County also failed by a three-fourths margin. If passed, the tax would have funded recreational and cultural projects in the county.

Since the General Assembly made the local-option taxes available in 2007, only eight counties have approved the sales tax and none the land-transfer tax. Cumberland County rejected the sales tax last year but then approved it May 6. Some counties have tried to pass one or both taxes multiple times without success. Henderson County, for example, has rejected the land-transfer tax once and sales tax twice.

Other counties have scheduled special elections for the tax referenda. After a notification problem forced the land-transfer tax off Clay County's ballot, county commissioners rescheduled the vote for Aug. 29, the Friday leading into Labor Day weekend. Although turnout was low, voters still rejected the tax by 61 percent.

Heavy voter turnout had an impact on the results as well, Woodson said. "People came to the polls because they are frustrated, especially because of the economic downturn, and anything that would eat into their equity is not going to pass," she said.

The Association of County Commissioners and some local elected officials have faced criticism from real-estate groups and other organizations for allegedly using public funds to push the tax increases.

County governments are free to spend public money to educate residents about potential tax increases, but they are prohibited from using such funds to lobby actively for passage of the new taxes. CJ

Some have criticized local governments for using public funds to push passage

COMMENTARY

Learning to Do More With Less

The coming budget year presents some familiar challenges for local governments. Essentially, they're going to have to learn to do more with less.

The economic reality is not unlike the situation in 2002, when local governments faced a decline in revenues and also an aggressive state government that took millions in promised revenues. But this year is different in many ways as citizens are loath to accept tax increases and accountability expectations are much higher.

Amidst this sea of uncertainty, there are those who say local governments don't have that much control, as the state dictates so much of what they must do and how much they must pay. While there is a great deal of truth in such a belief, local governments can and should push legislative leaders to do more to protect local revenues and head off unnecessary tax increases.

First and foremost, city and county government should pass resolutions asking the state to disallow local financial incentives. These are chronic wastes of time and money at the local level. Such grants of taxpayer money inevitably go to companies already in the community, or are provided to companies moving from county to county, resulting in a net revenue decrease rather than a creation of jobs.

Worse yet, many of these companies have laid off employees, shut down, or gone bankrupt. In Lee County, Redman Homes received more than \$110,000 in grants. They've gone out of business. Moen Corporation was paid more than \$220,000 and has laid off hundreds of employees. And pharmaceutical giant Wyeth has been paid \$4.4 million, and has been approved for an additional \$1.8 million, even as they are now going through their second layoff period affecting another 100-plus employees.

The only company that has been brought to Lee County through incentives was Moore Machinery, scheduled to receive \$289,000. The great distance they traversed to make their move to Lee was from neighboring Chatham County.

Counties across the state talk of similar incentive stories. Had the legislature removed such giveaways, counties would have a great

deal more revenue and possibly much lower taxes to attract new businesses. Incentives haven't saved business and industry; they've simply lowered revenue. A resolution from counties could have a profound impact.

For counties, and some cities, passing a resolution in support of lifting the charter school cap could also be profound. The state currently has the cap set at 100, an arbitrary number based on the fact that North Carolina has 100 counties. The problem is that when a county like Wake can have 14 such schools, the rest of the state isn't so lucky.

Charter schools are poorly understood by most local officials, so here are some facts. Charter Schools cost local taxpayers zero dollars in capital costs. For counties that have growth issues requiring multimillion-dollar school construction projects, charters could save substantial money. They also offer parents a public school choice when the public schools might not be providing ample educational opportunities for students.

Duplin County has a graduation rate just shy of 60 percent. The folks who created the Francis Bacon Academy in Brunswick and Columbus counties decided a charter might be a good idea. But the state refused, and Duplin is faced with continued educational and financial woes. There were more than 20 bills introduced to raise the charter cap last year. A bit of a nudge could be instrumental.

Bringing statewide change from the bottom up isn't easy, but it's the way the system can work. Getting rid of the local portion of Medicaid was an uphill battle in spite of the fact that North Carolina was the only state in the country still doing it. But counties persisted, and the law was changed. It's time for local governments to step up and push for issues on behalf of their constituents. Pushing for zero-cost options like the charter school cap and getting rid of local corporate welfare is a good start. CJ

Chad Adams is vice president for development for the John Locke Foundation, director of the Center for Local Innovation, and former vice chairman of the Lee County Board of Commissioners.



CHAD ADAMS

Local Innovation Bulletin Board

Car-Free Daze in Seattle

Once again, Seattle officials have jumped on the eco-fads bandwagon, following other cities around the country in temporarily closing streets to normal traffic, a practice known as "car-free days." Some environmental activists think the closings represent an effective way to reduce global warming.

When asked whether CFDs motivated Seattle residents to drive less, or if the total number of pounds of carbon pollution was reduced, city officials had no answers, because they had not measured the effects of car-free days, nor do they have any plans to do so. They also have no idea what car-free days cost taxpayers, Environmental Watch reports.

There is anecdotal evidence, however, that the cost to the public might be substantial.

The largest cost is for labor. To close streets, city workers need hours of advance preparation to post signs along the closing routes and distribute notices to area residents.

Additional labor, such as putting up and taking down the temporary signs and installing traffic safety measures, is needed the day of the closings. City police devote extra hours to enforce the new rules of the road for that day.

The lack of results, or even effort to measure results, indicates that car-free days are more about symbolism than substance. Like other eco-fads, the idea's primary benefit appears to be making Seattle leaders look like they are green. However, when politicians grab onto trendy ideas, they forget that fads often do more damage than good.

ER myths

Uninsured patients are not responsible for the crowding of the nation's hospital emergency departments. Rather, insured patients represent the majority of the increased use of the emergency services over the past decade, says a new study published in the *Journal of the American Medical Association*.

Even medical researchers get that wrong, say the study's authors, who reviewed work in medical journals and found three common misconceptions about the uninsured and their use of emergency departments:

- The uninsured use the emergency department for nonurgent care.
- They are the leading cause of emergency room crowding.
- They use the emergency room disproportionately to their share of the population.

A higher proportion of patients with public insurance, such as Medicaid and Medicare, use emergency departments than the uninsured. The uninsured do represent a large percentage of patients in some hospitals where the surrounding city has high levels of uninsured residents. Uninsured patients are, however, less likely than insured patients to visit the emergency room for nonurgent problems. That's partly because it costs patients much more to go to the emergency room than to other types of care.

The number of visits to emergency rooms nationally rose by 19 percent from 1995 to 2005, even as the number of hospital emergency rooms fell by 9 percent.

The researchers found that emergency-room crowding had many causes. These included patients being unable to be transferred out if other parts of the hospital are full or understaffed. There is also a convenience factor of being able to get after-hour care or care when the wait to see a patient's own doctor is too long.

Reusable diapers

A recent British government report found that old-fashioned reusable diapers damage the environment more than do disposable diapers, *The Sunday Times* reports.

Researchers found that using washable diapers, hailed by councils throughout Britain as a key way of saving the planet, have a higher carbon footprint than their disposable equivalents unless parents adopt an extreme approach to laundering them.

To reduce the impact of cloth diapers on climate change, parents would have to hang wet diapers outside to dry year-round, keep them for years for use on younger children, and make sure the water in their washing machines does not exceed 140 degrees.

While disposable diapers used over 2.5 years would have a global warming impact of 1,212 pounds of carbon dioxide, reusable diapers produced 1,256 pounds of carbon dioxide on average. But if parents used tumble dryers and washed the reusable diapers at 194 degrees, the impact would spiral to 2,189 pounds of carbon dioxide.

As a result, the Department of Environment, Food and Rural Affairs is shelving any future plans for research on diapers. The department has instructed civil servants not to publicize the conclusions of the study and to adopt a "defensive" stance toward its conclusions. CJ

Global Credit Meltdown To Cost Raleigh \$730,000

BY MICHAEL LOWREY
Associate Editor

Raleigh will have to pay at least an extra \$730,000 on bonds it issued to build its convention center. The cost might go up from there, depending on conditions in the global credit market.

When issuing \$243 million in variable-interest rate bonds to finance construction of the center, the city hired Depfa, an arm of Germany's Hypo Real Estate Group, as the buyer of last resort for bonds. Depfa was the third-largest buyer of last resort last year for U.S. municipalities, backing \$1.7 billion of bonds issued in 2007.

Depfa ran into financial problems in late summer, and Hypo asked for a bailout from the German government in September. Depfa was downgraded by Fitch Ratings soon thereafter. Investors are unwilling to buy bonds backed by Depfa.

"Anyone with Depfa will have to replace their liquidity provider," Matt Fabian, managing director of Municipal Market Advisors, said to *The News & Observer* of Raleigh. Fabian noted that finding a replacement liquidity provider would be difficult under market conditions.

The terms of the bonds Raleigh issued make finding a replacement liquidity provider especially important. The interest rate Raleigh pays bondholders changes every seven days. The city is forced to pay a higher rate as long as it doesn't have a viable buyer of last resort. Should Raleigh be unable to find a replacement for Depfa within 90 days of the firm becoming nonviable, the bonds come due in seven years, not 30 years. That would force Raleigh and bondholders to negotiate a new bond agreement, the terms of which could be quite different from what Raleigh obtained in 2004 and 2005, when it issued the bonds.

W-S tree ordinance

Winston-Salem and Forsyth County are considering changes proposed by a special committee to the localities' tree ordinances. Although the committee spent 18 months working on its recommendations, its proposals remain controversial, the *Winston-Salem Journal* reports.

The key goals of the revised tree

ordinances would be tree maintenance, tree planting, and tree preservation. The proposal calls for 10 percent of commercial or multifamily sites to be set aside for trees, although the trees could be either existing or newly planted.

Some have questioned allowing the 10 percent set-aside to be met by planting new trees.

"I think it's very important because as a committee we looked at the benefits of trees and realized that it's the large, mature trees that provide the stormwater, water-quality, and air-quality benefits that we are all looking for," said Melinda Dunigan, past president of the Winston-Salem Neighborhood Alliance.

"You can't replace those benefits by planting a new tree. You have to wait 20 or 40 years for that tree to get to some size," she said.

Among the other changes proposed by the committee is a requirement that business owners properly maintain trees planted after 1988.

Wilmington panhandling

Wilmington is rewriting its panhandling ordinance after a saxophonist successfully challenged portions of its regulation in court. The ruling comes three weeks after city council rejected a proposal to limit the scope of the ordinance, the *Wilmington Star-News* reports.

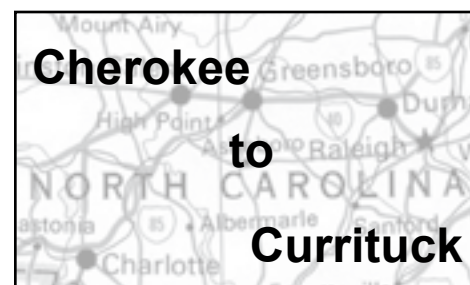
Peter Barbeau wanted to play his saxophone on street corners to earn a few extra dollars. He thinks of himself as a busker, a person who entertains in a public place for donations, and not a beggar. After being ticketed in July, Barbeau contacted the American Civil Liberties Union. The ACLU took Barbeau's case and argued in court that Wilmington's panhandling prohibition was too sweeping and violated Barbeau's First Amendment rights.

"Live music is considered to be protected speech," said Katherine Lewis Parker, legal director for the ACLU of North Carolina. "Soliciting donations is protected in some circumstances."

On Oct. 27, District Judge John Carroll agreed, holding that the city's ordinance restricted free speech and covered too broad a geographic area.

Wilmington had rewritten its panhandling ordinance in February 2006, with the aim of prohibiting aggressive panhandling.

The key goals of the revised tree



Fraud Indictments Prompt Needed Reform in Federal Program

Housing agency said to have relied too much on outside consultants

BY SAM A. HIEB
Contributor

GREENSBORO

The indictments of two former members of the Housing Authority of Winston-Salem and a private developer in a property-flipping scheme have triggered much-needed local reform and better transparency in a federal program dogged by corruption nationwide, officials say.

In an indictment filed in August, Ernest Pitt, Reid Lawrence, and Thomas Trollinger were charged with mail fraud and wire fraud. Pitt and Trollinger each face one count of money laundering, and Trollinger and Lawrence face one count of lying to federal investigators.

At the time the fraud was alleged to have occurred, Pitt was chairman of the HAWS Board of Commissioners.

Lawrence was executive director. Both Trollinger and Pitt were owners of East Pointe Developers, which specialized in residential development in the Winston-Salem area.

According to the indictment, Pitt and Lawrence engineered a sale of property from East Pointe to another development company, Wolfe Investments, and told the company's officials that buyers of homes Wolfe intended to develop would come from the HAWS home-ownership program, which is funded through U.S. Housing and Urban Development HOPE VI grant money.

However, no buyers were referred to Wolfe, and the company had trouble making payments on the mortgage loan. The property went into foreclosure. In a meeting of the HAWS board in October 2002, Pitt made a motion authorizing

Lawrence to enter into negotiations to buy the property in hopes of developing it for another HOPE VI project known as Happy Hills.

While the indictment notes that Pitt's motion did not authorize Lawrence to buy the property, Lawrence negotiated a purchase in May 2003 at a price of \$414,000, without the authorization of the HAWS board or HUD.

In the meantime, Trollinger bought the property out of foreclosure for \$285,000 with the intention of selling the property to HAWS at the original price of \$414,000. The indictment charges

that Lawrence was aware that the property was in foreclosure and that he tried to bid for it.

In August 2003, Lawrence directed that the \$414,000 be withdrawn from the HAWS general fund to purchase property, with Pitt and Trollinger splitting the profit.

Winston-Salem Mayor Allen Joines said the city became aware of the alleged scheme after the local HUD office refused to allow HAWS to reimburse itself for the cost of the land through a loan for Forsyth Economic Ventures Inc., a subsidiary of HAWS that sought to borrow the money to buy and develop the land.

Joines said he had heard community concerns about the purchase, but that he met with Lawrence and a HAWS lawyer and was assured those concerns were "just a technical issue." But HUD's refusal to approve the loan confirmed the city's suspicions, and the city hired a law firm to investigate the matter.

"We were giving them the benefit of the doubt until HUD made their determination about it. Once they made their determination, it confirmed our earlier concerns," Joines said in a phone interview.

The FBI was eventually alerted and began a criminal investigation.

"We pulled back when we heard the FBI was investigating," said Joines, who expects to be called as a material witness in the case.

HAWS released a statement saying it "will continue to work with our Board and HUD in determining the best solution in regards to the property commonly referred to as Lansing Ridge. We are seeking a solution that is in the best interest of all stakeholders, including HAWS, HUD, the current homeowners and the taxpayers."

In a phone interview, HAWS chief executive officer Larry Woods, who took over a year after Lawrence left with a buyout valued at \$100,000, said the

needed steps had been taken to restore HAWS' credibility with taxpayers.

Woods said the main problem was that HAWS had relied too much on outside consultants, so existing staff "had very little accountability or responsibility."

"We've put in a lot of monitoring and oversight to make sure past problems don't rear their heads again," Woods said. "We've changed our management approach. Basically, it was a top-down agency where executives made all the decisions."

Reforms include establishing tighter internal controls of financial record-keeping and operations and bringing in executive vice presidents to add another layer of oversight. Woods credited chief financial officer Martha Dorsey for "straightening out our records and getting our books in order."

The HAWS board was expanded to nine members, bringing in professionals in the legal and accounting fields. Subcommittees in finance and development have been established to approve property transactions before they go to the full board.

Other reforms include increased training of staff to expand their knowledge

"What we have now is an organization that mimics more of a business model than just a social group," Woods said.

Property-flipping schemes and corruption involving HUD funds have shadowed the department for years in both Democratic and Republican administrations. Audits conducted during the Clinton administration by HUD's Office of the Inspector General and the General Accountability Office revealed hundreds of cases of abuse throughout the country where local authorities spent hundreds of millions of dollars on fraudulent schemes, including a report on the Hope VI program in Puerto Rico that found \$5.4 million in ineligible expenditures, \$10.5 million of unsupported costs, and \$3.8 million in cost inefficiencies.

Another instance involved the former executive director of the Uvalde, Texas housing authority, who spent a total of \$563,000 of HUD funds improperly, diverting those funds toward projects unrelated to the programs, including the construction of an affiliate's apartment complex.

Allegations of corruption recently reached to the top when HUD Secretary Alphonso Jackson resigned in March after he drew attention to HUD's practices under his leadership during a speech to minority real-estate executives. The *Dallas Business Journal* reported that Jackson told the audience "how government works. Once you get the contract, they just keep giving the tax dollars. ... The most amazing thing I've ever seen is the amount of contracts we give out every day. One contract can make you wealthy." CJ

Reforms include tighter internal controls and more oversight by executive vice presidents

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He shows how respected scientists have been the victims of threats and vandalism for voicing skepticism about any aspect of global warming, how journalists regularly mislead the public by falsely claiming a consensus on global warming that does not exist, and how politicians and activists step over the line by clamoring that government "do something about" climate change. Learn more at www.regnery.com.

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'Muddy and inconclusive analysis'

Epstein Exposes Court's Errors on Property Rights

• Richard A. Epstein: *Supreme Neglect: How to Revive Constitutional Protection for Private Property*; Oxford; 2008; 169 pp; \$19.95

BY GEORGE LEEF
Contributor

RALEIGH
The Framers of the Constitution were acutely aware that politics, even in the highly limited democracy they envisioned, could be dangerous to private property. For that reason, they added the "takings" clause to the Fifth Amendment: "Nor shall private property be taken for public use without just compensation." Unfortunately, like so much other constitutional language intended to defeat political attacks on liberty and property, those words have proven inadequate.

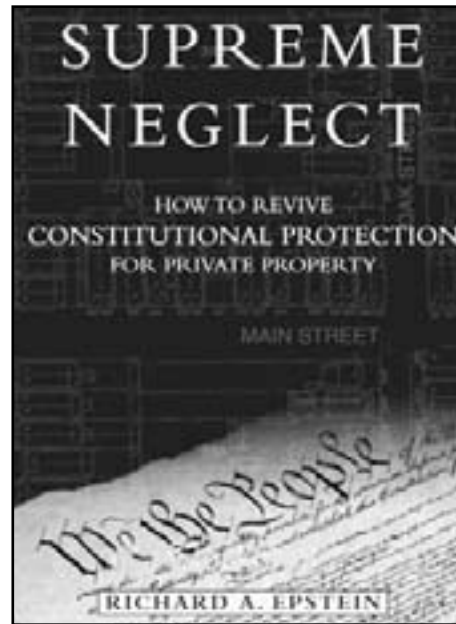
That is not to say that if the Takings Clause had been written differently, we would have avoided the widespread destruction of property rights that has taken place. The trouble lies not in its wording, but in the widespread belief shared by most politicians and judges that property rights must yield to a host of "social concerns."

No American scholar has invested more time in analyzing the legalities and consequences of the erosion of property rights than University of Chicago law professor Richard Epstein. Oxford chose wisely in asking him to author the book on property rights in their "Inalienable Rights" series.

Supreme Neglect is not a dry legal treatise. Epstein has a serious purpose in mind that a dry treatise would not serve: "to offer a roadmap for the revival of property rights in the United States and for the social improvement that this constitutional change should usher in." Anyone who wants to understand what is at stake in the war over property rights should start with this book.

Epstein has packed a lot into these 169 pages. He begins with a general discussion of the social benefits derived from owning private property, elaborating on the ways they facilitate social and economic progress by encouraging cooperation among people and directing resources to their most beneficial uses. Security in property rights allows people to find the ideal arrangements for the use, and the nonuse, of land. With private property, the owners reap the benefits of wise decisions and contracts, but equally suffer the losses if they act mistakenly. Throughout the book, Epstein contrasts the beneficial results that flow from private decision-making with the waste and folly we see when government interferes.

The taking of private property through eminent domain is a "signature" issue with Epstein and in the book he drives home the point that government seizures of real estate for anything other than very narrow public uses ought not



to be permitted. He was deeply involved in the 2005 Supreme Court case *Kelo v. New London*, in which a thin majority held that takings for "economic development" were permissible. Epstein argues that rather than looking to government action to catalyze economic growth, especially in economically depressed areas, Americans should demand more freedom to acquire, invest in, and profit from real estate. The *New London* project proves a stark lesson in government blundering. Despite the city's taking of private property that wasn't even necessary for its grandiose plan, it languishes for want of commercial interest.

Epstein also shows that where government does pay property owners some compensation when it seizes their land or reduces its value, the compensation is usually far from adequate to make them whole. That enables politicians to parade

in front of voters as great public benefactors for actions that do little good and for which the people probably wouldn't pay if they had to make full compensation. Hapless property owners are routinely victimized for cheap political stunts. Historic preservation is a good illustration. Heavy costs are imposed on those who own buildings that are designated as "historic," but how many people really care if some old property is maintained in its original, 19th century condition? Only a few, who probably would not be willing to buy the property so they could preserve it themselves.

What Epstein terms the "exaction game" comes in for sharp criticism, too. That is the nasty, extortionate ploy politicians have developed for compelling those who want to make use of their property to fund other public "improvements" having nothing to do with them. The author blames the Supreme Court's "muddy and inconclusive analysis of exactions" for allowing municipal governments to force developers to pay for art museums, low-income housing, day-care centers, and so on. On this issue, like all the others he tackles, Epstein shows judges the right path to take if they are interested in getting out of the mud.

Readers who expect to hear praise for such "conservative" justices as William Rehnquist and Antonin Scalia will be surprised to find that Epstein often criticizes them. His rigorous analysis steps on just about all the toes of Supreme Court justices past and present. Honest scholarship requires as much — the court has been getting property rights cases wrong for a long time. CJ

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

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Babe Ruth Hit His First Home Run and Pitched His First Win in N.C.

Babe Ruth hit his first professional home run and pitched his first professional win in North Carolina. To be exact, his legendary fame began in Fayetteville.

The owner of the minor league Baltimore Orioles, Jack Dunn, heard reports about a talented high school baseball player named George Herman Ruth. In one game, the kid hit a double, a triple, and a home run. He also struck out six opponents.

Dunn later witnessed this talent as Ruth played for St. Mary's Industrial School. So in 1914 Dunn signed the 19-year-old, just out of reform school, for \$100 a month. Dunn took a special interest in Ruth, who later became known as "The Sultan of Swat" and "The Babe" and "The Bambino"; Dunn realized the young man's potential (and was also held responsible by the Maryland courts for the young man's well-being).



**TROY
KICKLER**

Ruth received his nickname "Babe" during his first spring training. During the first practices, it was not uncommon for teammates to see the Orioles owner and managers, Ruth once remarked, almost leading him by the hand on the field. During one practice, Dunn escorted the player to the pitching mound. After seeing this special treatment and managerial overprotection, older and more experienced players sarcastically called and considered Ruth as Dunn's "babe."

Players also commented on Ruth's baseball inexperience and considered him a babe in baseball. Being called Babe so much on the field and at the Lafayette Hotel during the spring training of 1914, the nickname soon stuck.

It did not take long, however, for the team to realize that Dunn had signed a star. After arriving in Fayetteville, the team walked on the field only a few times; while it snowed in Baltimore, it rained steadily in North Carolina. By the Orioles' first Saturday in Fayetteville, the weather cleared up and allowed for a scrimmage. The team was divided into two squads: Sparrows and Buzzards. Ruth was

assigned to the latter and played shortstop. During the second inning, with his squad having a 4-1 lead, the green professional stepped into the batter's box.

The pitch was delivered to Ruth. He liked what he saw, and he hit it, as he later described, no differently than any other time: "I hit it as I had hit all the others, by taking a good gander at the pitch, as it came up to the plate, twisting my body into a back swing and then hitting it as hard as I could." That might be true, but he hit the ball in a way that nobody previously had done. According to spectators in Fayetteville, Ruth's home run went farther than Jim Thorpe's home run in 1910 at the fairgrounds.

Roger Pippin, a reporter for the *Baltimore American* and *Baltimore Sun*, wrote, "The ball carried so far to right field that [Ruth] walked around the bases." Pippin measured the distance at 350 feet. Today, such a hit, although far, is not extraordinary. But in 1914, with a baseball that traveled like "a dead apple," as Pippin wrote, the home run's distance was unprecedented.

Describing Ruth's hitting power, Pippin's stories, he recalled, were "so

unusual that the people in Baltimore thought I was having a drunken dream." Pippin, however, had witnessed the professional beginning of one of the game's greatest stars.

After his home run, Ruth took the mound during the sixth inning and impressed teammates and managers with his fastball. The Buzzards defeated the Sparrows, 15-9. Ruth had not only hit his first professional home run in Fayetteville, he had also earned his first win as a pitcher.

Dunn's babe had become "the prize rookie" of the training camps, and reports spread across the nation. In August 1914, the Orioles sold Ruth to the Boston Red Sox, and "the Babe" started his career in the big leagues. When he retired, his professional home run count was 714. The record stood until Hank Aaron broke it in 1974.

For more, consult Scotti Kent, *It Happened in North Carolina*, and H. G. Jones, *Scoundrels, Rogues and Heroes of the Old North State*. CJ

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

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Short Takes on Culture

Push the Button for 'Daisies'

• "Pushing Daisies"
ABC
Wednesdays at 8 p.m.

For those who are not familiar with the ABC comedy "Pushing Daisies," the premise will sound a bit bizarre.

Ned is a pie-maker and owner of The Pie Hole Restaurant. As a child, he learned that he can bring the dead back to life with a single touch, but if he touches that person again, they're dead dead.

This is where things get complicated. Ned brings his childhood sweetheart, Charlotte (also known as "Chuck"), back to life, but he cannot touch her again or (gulp!) she is gone forever.

The main cast of characters includes a quirky waitress (who is jealous of Ned and Chuck's romance), a brooding detective (who solves cases with the assistance of Ned and Chuck), and Chuck's two obnoxious aunts (who don't know she is alive). These characters inhabit a whimsical universe where there is often no distinction between the ordinary and extraordinary. "Pushing Daisies" is remarkable because it manages to make such a universe compelling and delightful, not contrived.

Indeed, the set, acting, dialogue, narration, storylines, and even the show's Web site are anything but conventional.

Of course, unconventional television often translates into small audiences, and "Pushing Daisies" is no exception. The show was nominated for 12 Emmy Awards in its first season, but critical acclaim can go only so far. So, give the second season of "Pushing Daisies" a chance before the show is pushing ... well ... you know.

— TERRY STOOPS

• "WALL-E"
Walt Disney Video
Directed by Andrew Stanton

Befriended by a resilient cockroach and enamored of the handholding in a musical, Wall-E is an endearingly emotive robot who falls in love with Eve, a visiting robot under a directive to prove that the Earth is habitable again. Enchanted by the sleek leading ladybot, a rusty but chipper Wall-E wins our hearts as he seeks hers.

Wall-E's Earth is a wasteland of consumer offal. Wall-E is apparently the final remnant of a class of 'bots tasked with cleaning and stacking all that garbage. Humanity blasted off centuries ago in a space-

craft that supposedly fulfills their every consumer need.

If the preceding sentence sounds silly, it is. The robots' romance is artfully presented in scenery approaching the sublime; the depiction of humanity, not seen until midway through the film, is its cardinal opposite. Everybody is an overgrown infant, immobilized in floating lounge chairs with holographic computer screens inches from their faces and straw-bearing drinks within flabby arm's reach, helpless, dull, and content.

The juxtaposition jars, but only briefly. By then, this winsome love story has captivated the viewer too much to care about the ridiculously overblown caricatures in the background. Wall-E and Eve are just too charming.

— JON SANDERS

• *The Leaders We Deserved (And a Few We Didn't)*
By Alvin Stephen Felzenberg
Basic Books

Barack Obama's most ardent supporters have no doubt that the 44th president will join the pantheon of America's greatest leaders.

Perhaps the heightened awareness of presidential greatness will turn people's attention toward this book, which offers a new take on the popular presidential ratings parlor game.

Anyone who has studied previous rankings knows the standard groupings: great, near great, average, and so on. Alvin Felzenberg's list offers more detail. He rates presidents in six categories: three internal (character, vision, competence) and three external (economic policy, foreign policy, preserving and extending liberty).

Many Republicans will be happy to see that no Democrat ranks higher than sixth (FDR), and only three of them (Harry Truman and JFK are the others) make the top dozen. Meanwhile, Ronald Reagan ties Teddy Roosevelt for No. 3.

But the list has its flaws, even for those who approach politics from a conservative or classically liberal view. Felzenberg assigns perfect scores to top-ranked Abraham Lincoln, ignoring Abe's wartime attack on constitutional protections.

Felzenberg settles no debates, but his analysis will help readers ponder the qualities they would like to see in the best chief executives.

— MITCH KOKAI CJ

Book review

The Nonbarking Dog of Welfare

• Edgar K. Browning: *Stealing From Each Other: How the Welfare State Robs Americans of Money and Spirit*; Praeger; 2008, 226 pp; \$44.95 hard cover

BY GEORGE C. LEEF
Contributor

RALEIGH

In the Sherlock Holmes story "Silver Blaze," the key to Holmes' solution of the case was something that didn't happen—the dog that didn't bark in the night. Few people, such as Dr. Watson in the story, are inclined to think about the importance of things that did not happen, but we can make great mistakes if we fail to do so.

Professor Edgar Browning's new book, *Stealing from Each Other*, implores us to think like Holmes did and economists do when they contemplate opportunity costs, namely what we give up when we choose to do X rather than Y. Specifically, he wants us to consider the opportunity costs of our vast federal welfare system. What do we give up by the choice to have the federal government engage in widespread income redistribution?

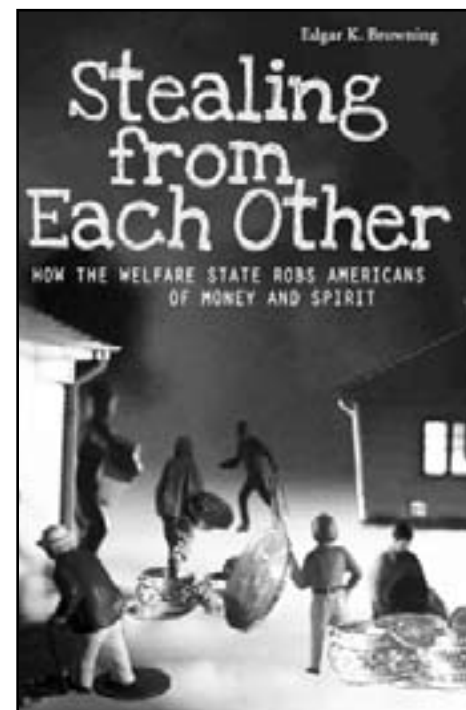
Browning's answer?: a great deal of output. He estimates that our GDP would be at least 25 percent larger if it weren't for our host of programs and taxes comprising the welfare system. He regards it as a bad tradeoff and makes a powerful case for abolishing federal income transfers and adopting a "just say no" policy toward any suggestions for more of them in the future.

Browning is fine with states running whatever welfare programs they want; he respects the Constitution's federalist plan. "A non-redistributive federal government," he writes, "would permit more of the productive potential of the American people to be realized." There's the nonbarking dog he wants us to concentrate on.

How does the welfare system cause us to lose output? Browning counts the ways.

First, welfare recipients are strongly deterred from working by the high implicit tax rates they face on income they earn. Browning walks us through a typical case: a single mother with children who lives in Pennsylvania. She is eligible for welfare benefits under various programs that amount to \$19,217. What if the woman finds a job and earns some money? Suppose she lands a part-time job and earns \$5,000 during the year. Is she \$5,000 better off? No—after factoring in the reductions in her benefits because of her earnings, she ends up with disposable income of \$18,253.

The part-time job actually makes her worse off. Browning proceeds to show that she would need to get a job paying \$30,000 per year before she



would end up financially better off than not working and living entirely at the expense of taxpayers. Even at that, her gain is less than \$700 for all the trouble of working.

It is no wonder that there has been little improvement in the living standards of the poor. They're essentially trapped in a barely tolerable existence of government handouts.

Is that just economic theory? Browning cites data showing that working among poor people has decreased as welfare has become more generous. "In 1960," he reports, "nearly two-thirds of households in the lowest income quintile were headed by someone who worked (at least part time). At that time, welfare expenditures were under 1 percent of GDP. In 2005, when welfare had increased to about 5 percent of GDP, the proportion of workers in the lowest income quintile had fallen by half."

For people with poor labor market skills, welfare has sawed off the bottom rungs on the ladder of success. It ensures that we have a more or less permanent class of idle, often resentful people. That circumstance is unhealthy, both economically and socially.

Social Security is another bad policy, when the hidden costs are considered. What people see—and politicians make sure they do—are the checks flowing from the U.S. Treasury to help grandpa pay his bills. What they don't consider is the fact that he would have most likely saved much more in the absence of Social Security. What if he had invested his taxes in stocks and bonds, providing more capital for the economy? Answer: He would enjoy a higher return than Social Security will pay and the economy would have grown faster.

Browning estimates that Social

Continued as "Stealing," Page 23

Stealing From Each Other Reveals the Nonbarking Dog of Welfare

Continued from Page 22

Security has reduced GDP by 5 percent to 10 percent. The higher rate of return on private investments would easily cover the cost of health insurance, the "need" for another vast federal program, Medicare.

There are other villains, too. Unemployment insurance taxes lower the paychecks of all workers to provide the funds that cover unemployment benefits for workers who lose their jobs.

Since the standard duration of eligibility is 26 weeks, many workers wait until their benefits are exhausted to look seriously for new jobs. There also is a perverse redistributive effect. Often it is lower-paid workers who have steady employment (retail cashiers, for example) and higher-paid workers who have frequent spells of unemployment (construction workers, for example). It's hardly equitable to tax the former for the benefit of the latter, but we do.

If we didn't have a government unemployment insurance system, workers would probably save money for the possibility of a layoff. That money, again, productively invested and therefore contributing to economic growth, would be theirs. It would be a nice nest egg for workers who go through their careers with little unemployment. On the other hand, unemployment taxes, such as Social Security taxes, do not accumulate wealth for the worker who pays them.

Browning's criticism of the minimum wage as a job destroyer is right on target. However, I think he goes astray in arguing that our immigration policy is essentially an income-transfer program from low-paid native workers to the business owners who employ immigrants.



He cites studies to the effect that by allowing immigration, native low-wage workers have their earnings reduced by about 4 percent. I'm sorry, but I cannot see that a failure to prevent labor market competition is the same as an income transfer program. Immigrant workers no more steal from workers who are U.S. citizens than imported goods steal sales from domestic manufacturers.

Otherwise, Browning's case is rock solid. Our 75-year dalliance with federal income redistribution has made us a poorer country than we would otherwise be. It has also made us a far more politicized and contentious one.

Browning observes, "By their nature, transfer programs ensure that people have diametrically opposed interests, and opposing interests are often divisive. Social Security pits the young against the old, the federal income tax positions the wealthy against the middle class, affirmative action sets whites against minorities, and so on."

Political bickering and demagoguery flourish in the hothouse of redistributive politics. James Madison's

counsel on the evils of faction comes readily to mind.

The redistributive state has the unhealthy (but, again, mostly unseen) consequence of encouraging rent-seeking and redistributive factionalism among society's nonpoor. People see welfare benefits flowing to the poor and think, "I pay a lot in taxes, so why shouldn't I get something, too?"

The result is that Washington, D.C., and the state capitals are overflowing with lobbyists grubbing political favors and subsidies for every imaginable trade association. Browning doesn't expressly make this point, but the existence of welfare for the poor provides the smoke-screen for welfare for the rich.

Like a magician misdirecting the attention of his audience, politicians made a big spectacle of their proclaimed "compassion" for the poor while slyly slipping billions to well-heeled interest groups.

Browning reads the minds of egalitarians who might downplay the sacrifice involved here because having more "stuff" — the GDP loss — isn't really important. Of course, some of the

increased output would be purchased by poorer people who would have higher incomes if we abandoned welfare, but there is more to higher productivity than just cell phones and sneakers.

Browning reminds readers, "Invariably, higher incomes are associated with better health and longevity, greater artistic as well as scientific achievements — it's not just about 'things.'" Among the benefits of greater overall societal wealth is increased security and ability to respond to unforeseen events. Had the people living around New Orleans in August 2005 been wealthier, they could have coped better with Hurricane Katrina.

I also must commend Browning for not making his book exclusively about the economics of redistribution. He also questions its morality. He contends that when the state taxes Person A in order to transfer the money to Person B, it is stealing.

The fact that it's accomplished through democratic politics doesn't change the morality at all. To those who are inclined to view wealth accumulation by free-market activity as morally suspect, Browning replies that on the market, rewards correspond to the individual's contribution to the betterment of other people's lives.

Come up with a product that millions want very much, and you earn a lot. If you do nothing, you earn nothing. Overall, that's pretty fair.

It may be politically impossible to escape from the quicksand of the redistributive state, but Browning has made it clear that everyone would benefit if we could do so — everyone except for the interest groups that have an interest in maintaining the status quo. There's the real problem. CJ

BOOKS AUTHORED BY JLF STAFFERS



By John Hood
President of the
John Locke Foundation

Selling the Dream Why Advertising is Good Business

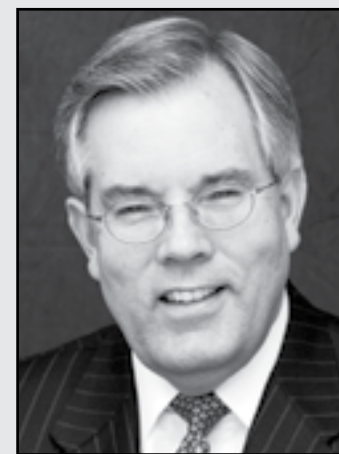
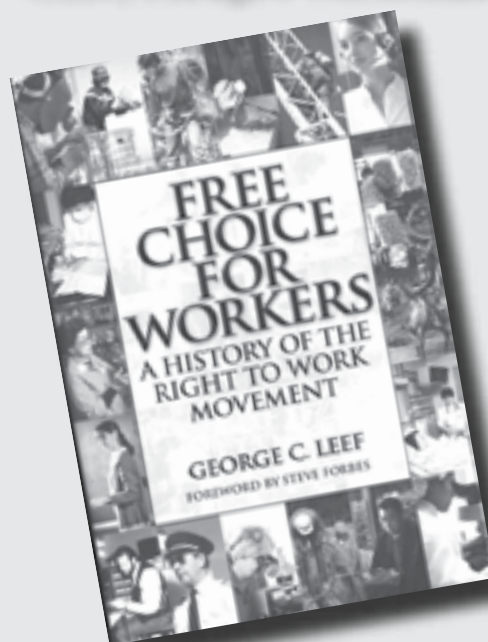


"[Selling the Dream] provides a fascinating look into the world of advertising and beyond ... Highly recommended."

Choice
April 2006

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Free Choice for Workers: A History of the Right to Work Movement



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COMMENTARY

GOP Hits Rock Bottom

The Republican Party hit rock bottom Nov. 4. The thrashing has led pundits to pronounce the demise of conservatism. But before they infer too much from the results of a single election, some perspective is in order.

Regardless of the spin leading up to Election Day, the final outcome was not surprising. This was the Democrats' year, and they won big. They claimed seven out of 11 governorships (including a Democrat takeover in Missouri), gained at least two dozen seats in the U.S. House and six seats in the Senate, and took a solid 365 votes for president in the Electoral College.

The situation on the ground only made matters worse for Republicans. Everything that could go wrong did go wrong for the GOP — most of it was self-inflicted. President Bush's popularity was akin to Hoover's in 1932. Gasoline prices were sky-high much of the year. A

mortgage orgy led to an economic crisis and a roller-coaster stock market. Even issues favorable to Republicans, such as foreign policy, were overshadowed by domestic concerns.

To make matters worse, the party's lineup of candidates in the primary was a loser. Unlike recent Republican primaries, there was no heir apparent. Instead, party faithful chose from a smorgasbord of personalities and philosophies — from the socially conservative but tax-raising Mike Huckabee to the tough-on-terrorism but womanizing Rudy Giuliani to the fiscally brilliant but crotchety Ron Paul, and everything in between.

One positive is that it made for good television (the debates were like watching pay-per-view wrestling for free), but it was devastating for party cohesion.

In the general election, John McCain failed to excite the party's base adequately. For all the hubbub about disenchanted Hillary Clinton voters sticking it to Obama, it was the Republicans who didn't galvanize. It wasn't until the waning weeks of the race that true conservatives started rallying around McCain, mostly out of Obama fear and Palin euphoria. Missing was the energy needed to win a gritty race

in an anti-GOP year.

The national disenchantment with the Republican brand translated to the state level, too. N.C. GOP candidates for federal office faced tough challengers and tough races. No contest typified that more than the brawl between Elizabeth Dole and Kay Hagan. Jesse Helms' old Senate seat now belongs to a Democrat for the first time in 35 years.

So, what should we make of the results? Many conservative pundits argue that big-government Republicans, not conservatives, were to blame. That's true. But we

shouldn't whitewash the situation, either. Americans elected the most liberal candidate ever to seek the top job. Envy and class warfare are potent political weapons, and Obama used them to great effect. In pulling the lever for Obama, voters hoped to get a piece of the pie at their fellow citizens' expense — a disastrous attitude for the prosperity of any society.

That being said, two years is an eternity in politics. Voters have short memory spans and even shorter tempers. If the economy continues to slide, or a terrorist attack occurs on the homeland, Obama could be in a vastly different position in 2010 and 2012. Mid-term elections historically break for the party that doesn't occupy the White House. That's the bittersweet blessing of being the loyal opposition: The guy on Pennsylvania Avenue gets blamed for everything.

In addition, Obama made soaring promises during the campaign, and it's doubtful he can fulfill half of them, even with an army of foot soldiers in Congress. He faces the balancing act of placating his far-Left constituents while pleasing the rest of Americans. It might work for a year or two, but reality eventually will set in.

In the meanwhile, conservatives should continue preaching the message of small government and individual liberty and responsibility. It's the right message, regardless of political wins or losses, and it needs to be heard, now more than ever. *CJ*

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



DAVID N. BASS



EDITORIAL

Highway Robbery

"Ten for ten" is what Brad Wilson, chairman of the state's 21st Century Transportation Committee, is after. That is a billion dollars a year in new revenue for transportation projects for 10 years. Whether the committee achieves Wilson's goal or not, it is sure to offer up a host of new taxes and fees for the General Assembly's consideration.

Among the extra taxes and fees the committee is talking about are:

- Increasing the yearly registration fee for cars from \$28 to \$58.
- A vehicle miles traveled fee. The idea would be to charge owners an amount each year based upon the number of miles they traveled. This would be in addition to the yearly registration fee. Exact details, such as the amount of the fee, and how and when it would be collected, are still being worked out.
- Increasing the Highway Use Tax owners pay when they register a vehicle from 3 percent of value to 4 percent.
- Abolishing the cap on the gasoline sales tax.
- More toll roads, with portions of Interstates 77 and 95 being prime candidates, as they carry a lot of out-of-state travelers going through the state.
- A 1 percent local-option sales tax for transportation.

Or as Rep. Nelson Cole, D-Rockingham, put it to the Associated Press, "This is a Christmas wish list."

To be sure, North Carolina's transportation system has a lot of problems. The overarching issue, though, isn't a lack of money. It's that the state does a poor job of allocating the funds it does have. Road money is seen as just another form of pork,

something that smooth political operators bring back to their communities. There's little to suggest that anything coming out of the 21st Century Transportation Committee will change that. Rather than bringing reform, putting more money into the system will simply postpone needed reforms.

All that's wrong with state transportation policy is neatly captured in contracts handed out this fall to build another stretch of Interstate 295 around Fayetteville. The portion that's already completed carries a mere 9,000 cars a day. The \$284 million stretch for which work will soon begin is projected to carry about 30,000 cars a day in 2020. "It's our turn now," Sen. Tony Rand, D-Cumberland, said to *The Charlotte Observer* about the N.C. Department of Transportation's decision to build the road.

Rand is hardly the only well-connected pol that's been busy feeding at the highway trough. Sen. David Hoyle, D-Gaston, is a major force behind the creation of toll roads in North Carolina. His interest was hardly academic, though. Hoyle successfully pushed for the Gaston County East-West Connector, a \$765 million road around the south side of Gastonia — a city that isn't growing — to be paid for by a combination of toll receipts and highway fund dollars.

While it's probably true, as Cole suggests, that the 21st Century Transportation Committee's list of proposed taxes is something that the legislature isn't likely to adopt in full, imposing any additional taxes and fees on N.C. drivers would be a mistake. The state should first make sure it's maximizing the bang it gets from its existing road bucks before asking drivers to pay more. *CJ*

EDITORIALS

Tax Proportionality

Regressivity and progressivity equally unfair

As it seems likely that “tax fairness” will be a matter of great dispute in Raleigh and Washington next year, now is a good time to offer a useful definition of the term.

To some on the Left, taxes are “fair” to the extent that they redistribute income from those who earned it to those who didn’t. To others, tax fairness is about inflicting pain in proportion to income, regardless of whether the proceeds go to transfer programs or are spent on public programs such as education and infrastructure. Essentially, either sentiment can be summarized as “Stick ‘em up!”

Virtually everyone agrees that regressive taxes — in which the tax burden varies inversely with income, wealth, or standard of living — are unfair. Fewer people agree that progressive taxes — in which the tax burden rises in proportion to income, wealth, or standard of living — are also unfair. Indeed, when left-wing activists employ the term tax fairness, they specifically mean progressivity.

But both regressivity and progressivity are unfair, for the same reason. They violate the principle of proportionality, which is the only sen-

sible principle for determining how citizens of a republic should share the cost of core governmental services.

Most of the time, arguments about tax fairness center on entitlements. They make up the vast majority of federal, state, and local spending. Regarding the question of how to apportion the cost of these basic governmental services, James Madison explained the answer quite well: “The moment you abandon the cardinal principle of exacting from all individuals the same proportion of their income or of their profits, you are at sea without a rudder or compass and there is no amount of injustice and folly you may not commit.”

The problem with progressive taxation is that, in the end, setting the relative rates boils down to an exercise of raw political power. Because of the temptations of envy, there will always be a political constituency for demagogues who promise to use the tax code to inflict pain or redistribute income.

Proportionality is a rule that guards against predation, be it of the poor by the rich or of the rich by the poor. CJ

Impediment to Reform

Occupational licensing laws add to health costs

Health care reform is largely a federal issue. But that hasn’t stopped state politicians and think tanks from discussing the issue at great length and offering proposals to improve health care access, quality, and affordability.

It’s largely a federal issue because the federal tax code determines the shape of the market for health insurance, and because Congress makes most of the key decisions about Medicare, Medicaid, and other federal programs that collectively pay about half the nation’s health-care bills.

However, there are some important reforms that state governments can pursue. For years, we’ve been writing about the deleterious consequences of state rules that limit patient choice and needlessly boost medical costs. Mike Munger, Libertarian candidate for governor, helped to spotlight one of these problems during his campaign appearances: occupational licensing in health care.

There are many routine medical services that nurse practitioners, physician assistants, and other non-

MDs should be allowed to deliver to willing patients. The proliferation of urgent care centers and “minute clinics” has been a promising trend in recent years, one that illustrates how consumer-driven health care can improve both the provision of care and its affordability. The movement could have been even broader, however, if the licensing rules weren’t so senseless.

By almost all accounts, the quality of services consumers get from nonphysician clinicians is at least on par with what they would get from a physician performing the same services. Dozens of peer-reviewed studies compare outcomes in situations where patients are treated by a physician, a physician assistant, or an advanced practice nurse. Outcomes appear similar.

Occupational-licensing laws written decades ago, at the behest of the very professions they are supposed to regulate, represent an impediment to health care reform that state governors and lawmakers can and should remove. CJ

COMMENTARY

Time to Close Freedom Deficit

Just in time for a worldwide economic crisis, there’s new evidence that North Carolina politicians have spent the past several years steadily weakening the economic freedom that once helped the state grow and prosper.

Researchers with the Pacific Research Institute and *Forbes* have just released the third edition of their U.S. Economic Freedom Index. The project ranks all the 50 states according to five sets of public-policy data: fiscal, judicial, regulatory, government size, and welfare (or transfer) spending. Since the PRI/*Forbes* report was first issued in 1999, North Carolina has posted one of the steepest declines in economic freedom in the nation, going from 17th best in 1999 to 36th in 2008.

During roughly the same period, as I have previously observed, North Carolina’s economic performance lagged the rest of our region and nation. Perhaps some commentators and apologists for the status quo would deny a connection between the two. I don’t.

Neither do the PRI/*Forbes* authors, who include two well-respected economists, a political scientist, and an historian. Rather than just pluck a measurement system for economic freedom among the states, the authors assembled extensive data sets on just about every facet of state and local policy and then constructed 35 alternative indexes, each differing from the others in the inclusion and weighting of relevant data. They then picked the index that best explained variations in state economic performance.

Econometric research included in the report found that the PRI/*Forbes* index explained 60 percent of the variation in local personal-income growth and 48 percent of the variation in employment growth.

In other words, economic freedom and economic performance are strongly related to each other. More generally, public policies matter. Rates of taxation, regulation, educational quality, and infrastructure investment influence business

decisions, consumer behavior, and the incentives to work, save, and invest. By no means are they the only important variables — natural resources, location, climate, demography, and other factors play an important role in shaping local economic competitiveness and performance. But government policies count for a lot. And North Carolina’s government policies appear to be a net drag on our economic growth.

Specifically, while North Carolina ranks 36th overall in economic freedom according to the new report, the biggest problem areas are size of government (41st) and judicial policies on tort reform and the security of contracts (39th). In the area of spending on transfers — programs that simply redistribute income from one group to another, rather than build broad public assets such as infrastructure — North Carolina ranks a little better at 21.

Which states rank highly in economic freedom? The Mountain West and Great Plains states often score well in the index, as do New Hampshire (8th) and Virginia (9th).

Our other neighbors and regional peers also have freer economies, including Georgia (11th), South Carolina (17th), Florida (28th), Tennessee (29th), and Texas (31st).

With a new administration and General Assembly about to take office, there’ll be lots of talk about projected fiscal deficits in the billions of dollars for state government and localities next year.

Pressure will mount, particularly among spending lobbies and the political establishment, to impose another round of costly tax increases to close budget gaps. But North Carolina leaders would be well advised to consider another yawning gap facing the state: our Freedom Deficit. It is measured in fewer jobs, lower incomes, and diminished freedom.

It’s time to start closing North Carolina’s Freedom Deficit. CJ

John Hood is president of the John Locke Foundation.



JOHN HOOD

EDITORIAL BRIEFS

Green Idealism

People who believe they have the “greenest” lifestyles are among the main culprits behind global warming, *The Guardian* reports. According to researchers, people who regularly recycle trash and save energy at home also are the most likely to take frequent long-haul flights abroad. The carbon emissions from such flights can swamp the green savings made at home.

The research is one of the first attempts to analyze how green intentions depend upon context. Researchers questioned 200 people living in England on their environmental attitudes and split them into three groups, based on a commitment to green living.

The researchers found that the longest and the most-frequent flights were taken by passengers who were most aware of environmental issues, including the threat posed by climate change.

“Green” lifestyles at home and frequent flying were linked to income, with wealthier people more likely to be engaged in both activities. The findings indicate that even those people who appear to be very committed to environmental action find it difficult to transfer these behaviors into more problematic contexts.

Researchers conclude that the “notion that we can treat what we do in the home differently from what we do on holiday denies the existence of clearly related and complex lifestyle choices and practices. Yet even a focus on lifestyle groups who may be most likely to change their views will require both time and political will. The addiction to cheap flights and holidays will be very difficult to break.” *CJ*

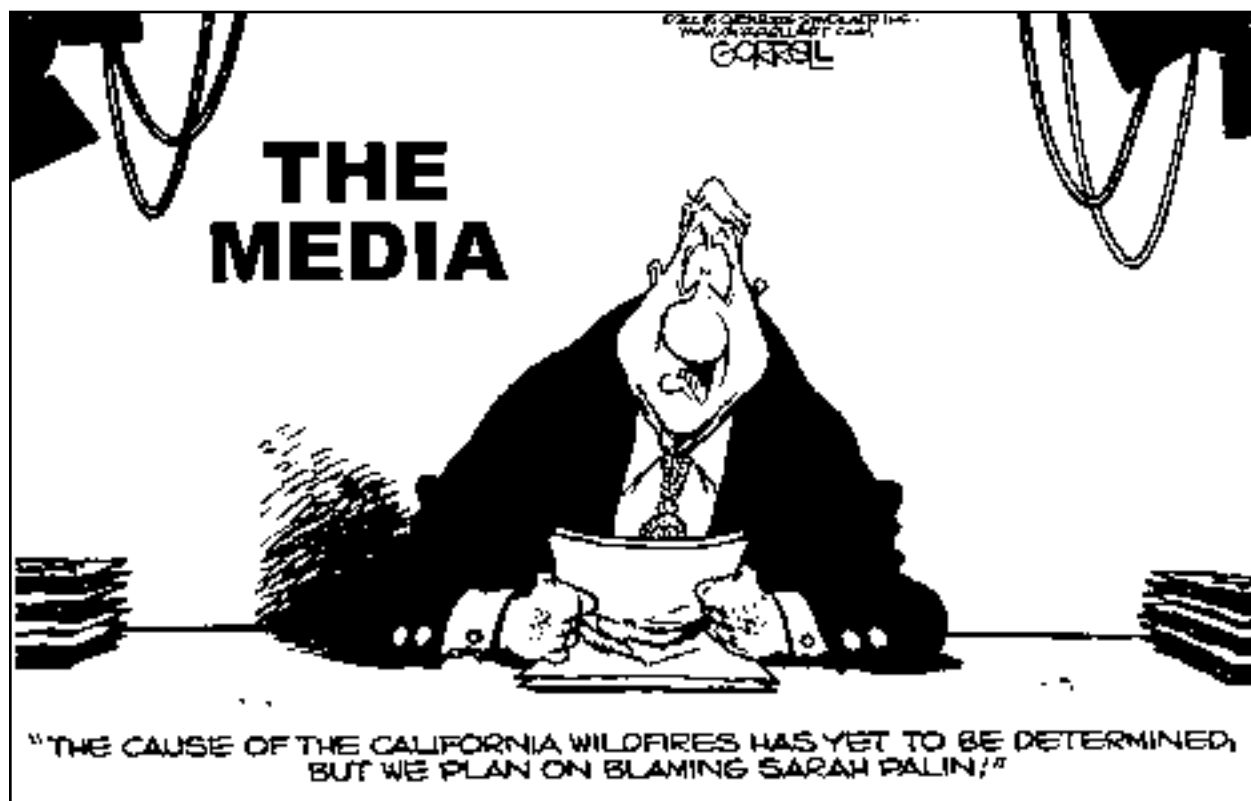
War on Emissions

In 1991, Norway became one of the first countries in the world to impose a stiff tax on greenhouse gas emissions. Since then, the country’s emissions should have dropped. Instead, they have risen by 15 percent, *The Wall Street Journal* reports.

Norway’s sobering experience shows how difficult it is to cut emissions in the real world. The country’s carbon tax was born in 1990, and even though the Norwegian industries argued that the levy would cripple their ability to compete internationally and threaten jobs, they complied.

Some of the heaviest opposition came from oil and gas companies. Drilling on the continental shelf has been the primary engine of economic growth in Norway since the 1960s, generating about 24 percent of the country’s annual gross domestic product. The government, however, didn’t budge, and levied a \$65 tax per ton of carbon emitted. In contrast, the cost of a permit to emit the equivalent of one ton of carbon in Europe’s current cap-and-trade system is \$35.

After the tax was passed, domestic oil and gas giant StatoilHydro was forced to rethink nearly every aspect of its drilling cycle. However, the government’s plan has backfired. StatoilHydro’s overall emissions have more than quadrupled, reaching 8.9 million tons annually. *CJ*

*Steering the Economic Ship*

As it is becoming more obvious the economy is in a recession, the federal government is taking steps to try to ease the economic pain. But how is the government doing this, and what are the possible pitfalls and costs?

The federal government has two broad strategies at its disposal to try to steer the economic ship. One, controlled by the Federal Reserve, is to manage the availability and cost of credit. The Fed uses this power to “lean against the economic wind” and promote steady economic growth with modest inflation.

This means that when the economy is booming and higher inflation is a threat, the Fed will increase the cost of credit — the interest rate — and strive to reduce lending and slow consumer spending. The purpose is not to decrease prosperity. Rather, the objective is to increase prosperity at a consistent, sustained rate.

The Fed moves in the opposite direction when the economy is slumping. Here the Fed lowers interest rates and increases the amount of money available for loans. The goal is to motivate consumers and businesses to borrow and spend more.

Can these actions work? They can, but there are some issues. A big one is that the Fed’s actions take time to gain traction — six to 18 months. Also, even if credit is available and cheap, people and businesses still have to want to borrow. To borrow, they have to have confidence about the economy. The Fed can’t necessarily create this confidence.

There’s also a possible cost of the Fed’s policies, particularly those designed to fight a recession. If credit is made too easy and too cheap, excessive borrowing can lead to higher inflation or to an investment “bubble,” as with technology stocks in the 1990s and residential housing this decade.

The other arm of the government’s economic policy is controlled by the president and Congress and operated through the spending and tax poli-

cies of the federal budget. The tactics are simple. To fight a recession, the government tries to put more money in people’s hands by cutting taxes and increasing public spending. Conversely, to subdue a boom, taxes are increased and spending curtailed.

An obvious question is where the government gets its money when it reduces taxes but increases spending. The answer: It borrows the money. In recent years, half the borrowing has come from domestic sources, and half from foreign sources. In the original conception of this policy, the borrowing would be paid off when the government eventually increased taxes and decreased spending during an economic boom. But it hasn’t worked out this way. So, running up the national debt is a cost of this strategy.

Beyond this cost, there is some question whether temporary changes in government taxes and spending work any magic. Some analysis indicates the government actions might give the economy a temporary push or pull, but if businesses and consumers know the changes aren’t lasting, they will modestly alter their behavior.

There’s also a concern, and some evidence to back it up, that increased government borrowing and spending simply substitutes for, or “crowds out,” private borrowing and spending, thereby leaving no net gain for the economy.

The federal government is using both strategies to fight the expanding recession. The Fed has lowered interest rates and increased credit. The government also has spent more money via a stimulus plan, while another stimulus shot is being discussed.

But so far, the economy hasn’t revived. Does this mean the government’s policies have failed? Or, would the economy be much worse without the policies? Or, as some well-regarded economists have argued, have the government’s actions to steer a steady course in the economy actually resulted in a choppier ride? The debate will continue long after this recession is over. *CJ*

Michael L. Walden is a William Neal Reynolds distinguished professor at North Carolina State University.



MICHAEL WALDEN

Recapping the 2008 Elections

Republicans and conservatives alike should offer their sincere congratulations and best wishes to president-elect Barack Obama. Sen. John McCain showed us the way in his eloquent and gracious concession speech.

Many serious challenges confront the president-elect. This is a time of great economic uncertainty for our country — while we are fighting two wars and have the threat of a nuclear Iran and the re-emergence of a more muscular and oil-rich Russia.

Conservatives differ with many of Obama's policy prescriptions for the nation. However, I believe it is incumbent upon us to acknowledge the historic nature of his victory.

It speaks volumes to the world that our democracy works and that the color of one's skin will not be a determining factor of how America makes its choice for commander-in-chief.

Conservatives should work with the new administration when there is common ground and oppose Obama and his friends in Congress on the left

when we believe they are going down the wrong road.

Republicans also must acknowledge that Obama ran the best and most disciplined national campaign of our lifetime. From my vantage point, as one who has worked in politics for nearly 30 years, the 1980 Reagan campaign was the gold standard of presidential campaigns.

President Jimmy Carter was defeated, and the Reagan revolution and realignment emerged.

On organization, message, and tactics the Obama campaign was the 1980 Reagan campaign on steroids. Obama and his team expanded the field of battle and defeated us in what had been normally reliable "red states" for decades.

Virginia had not voted for a Democrat for president since 1964, and Obama won North Carolina. That feat had not been accomplished by

Democrats since 1976 in the aftermath of Watergate and the election of Carter.

Political professionals as well as historians will study the Obama campaign for quite some time. The Democrats out-hustled Republicans on organization and campaign contributions and leap-frogged us on technology.

It has been reported that Obama's campaign had 3.8 million donors, raised more than \$600 million, and had more than 40 million volunteers on a database.

To top it off, the Obama campaign had more than \$100 million net cash on hand after the dust had cleared. Many of my Republican brethren have blamed our defeat both nationally and statewide on early voting.

It's as though they were not aware that early voting was a reality.

Organizationally, Republicans were behind the curve, relying on a 72-hour "get out the vote program" that was state of the art in 2004 but was antiquated and outdated by 2008.

Pundits are referring to the election as realignment. It was the worst defeat of Republicans since 1964, or certainly since 1976, they say. Some are arguing that this is the end of conservatism and the repudiation of 25 years of the Reagan doctrine and his policies.

I suggest that this was a "change" election and that the electorate was determined to go in another direction after eight years of President Bush.

As far as a realignment, I point out that after defeats in both 1964 and 1976, Republicans roared back to win the presidency in 1968 and 1980.

So take heart, my fellow conservatives, get off the floor and climb back in the arena. There is much work to be done. *CJ*

Marc Rotterman worked on the national campaign of Reagan for President in 1980, served on the presidential transition team in 1980 and worked in the Reagan administration from 1981 to 1984. He also is a senior fellow of the John Locke Foundation and a former member of the board of the American Conservative Union.



**MARC
ROTTERMAN**

Organizationally, Republicans were behind the curve, relying on a 72-hour "get out the vote program" that was state of the art in 2004 but was antiquated and outdated by 2008

Two Thanks (One Sarcastic) and 'Green' Basnight

To the editor:

Reference Karen Welsh's excellent "Grass Roots Move Against Annexations" in your October 2008 issue: Well done!

The thrust of the Fair Annexation Coalition has been to educate the public and our elected officials as to the details of our annexation laws and how they trample on the rights of the citizens of North Carolina. We have had good success in the House, as most representatives, once they understand what is happening, and why, agree that reform is necessary.

Why have they not realized this before? Well, that could be the thrust of an entirely different story — a part-time legislature, having to rely on staff and lobbyists for their information. For 50 years, the only folks talking to our elected officials have been the N.C. League of Municipalities, which has a vested interest in maintaining the status quo.

The reaction of the House members this year has been gratifying, as they overwhelmingly passed the Annexation Moratorium Bill. It is obvious the League has lost some influence, but it has responded by hiring a full-time public relations employee to work on their image, and also have hired a respected full-time lobbyist (raising their total to nine, to go along with their 95 paid professionals and \$10 million-plus budget.)

So, we can expect increased pressure from the

League lobbyists to make sure municipalities can keep their boots on the necks of unincorporated citizens.

It will be interesting to see how the Senate handles the pressure from citizens around the state to reform these annexation laws. The leadership has received some bad press from their action (or inaction) on several other issues, and a desire to improve that image may help annexation reformers.

Then again, maybe not. But it will be interesting.

Thanks to Ms. Welsh for her excellent article. By keeping the public aware of the inequities in not only this 50-year old law, but the inequities of the law's application, Ms. Welsh has done we citizens a large favor.

Doug Aitken
Fair Annexation Coalition

To the editor,

As a self described "green Democrat," I used to fret about the loss of farmland and open space to urban sprawl and overdevelopment. I saw it as destruction of God's property, but now I look at it another way: the venue through which the Democratic Party wins elections in the South.

I've noticed that conservatives have complained bitterly about Northern Virginia (NoVa) being "too liberal," not a part of "Real Virginia," or as John Sidney McCain's brother put it, "Communist." However, I'd like to point out to my disgruntled friends that this occurred due to the relocation of tens of thousands of

non-Southern people into NoVa.

Urban sprawl, also known as harmful growth, was the result of this liberal political trend. If conservatives had been far better stewards of GOD's Earth (the Earth is the Lord's property, not ours), whether by preserving farmland and open space, then NoVa would still be in your Republican column. The same is true for North Carolina, for look at Guilford, Forsyth, and Orange, and Wake Counties. All of them are centers of urban sprawl, and all of them trend or are trending Democrat.

So, I offer a hearty thank you, my conservative friends, for not caring about God's Earth, and allowing many thousands of liberals to destroy good land and vote Democrat down South! Your utmost desire for strip malls and subdivisions has brought many people who you politically oppose. Brilliant strategy.

Benjamin Holmes
High Point, N.C.

To the editor,

Does the state really have enough money for the \$15 million pier project in Nags Head? I think it is run through the aquarium system. Of course it will satisfy Marc Basnight's favorite color now — green. Three windmills, etc. (not cost effective). I'm sure this has nothing to do with it, but the location is 1/2 mile east of Marc's restaurant.

Barry Shannon
Kitty Hawk, N.C.



Dan Gerlach, Unfiltered: Turning Over a New LEAF (a *CJ* parody)

BY CLYDE WINSTON
Special Correspondent

RALEIGH

Ten years ago, tobacco companies agreed to a \$246 billion settlement to compensate states for the ill effects of smoking. North Carolina's share was about \$2.3 billion over 25 years.

Half of those funds go through the Golden LEAF Foundation, or the Long-term Economic Advancement Foundation. The other half of the money is divided between the Health and Wellness Fund and the Tobacco Trust Fund.

Golden LEAF, now headed by former budget adviser to Gov. Mike Easley Dan Gerlach, is charged with helping North Carolinians make the transition from a tobacco-dependent economy through grants and investments that will positively affect the long-term economic advancement of the state.

It gives priority in its grant-making to tobacco-dependent and economically distressed counties. The Golden LEAF 51-person staff occupies palatial headquarters in Rocky Mount.

But the faltering economy is threatening the inflow of funds from smokers. As people's disposable income diminishes, Gerlach fears they'll quit smoking and spend the money on something frivolous, like food and shelter. To prevent that, he's begun a new Golden LEAF marketing effort called "Smoke 'em if you got 'em."

CJ recently cornered Gerlach to ask him a few questions about the new marketing effort and his plans as head of the Golden LEAF Foundation:



Golden LEAF President Dan Gerlach, wearing his trademark tobacco lapel flower and brightleaf tie, announces the foundation's new marketing plan at a recent press conference. (A *CJ* spoof photo)

CJ: Now that you are the Big Kahuna at Golden LEAF, what are your top three priorities?

Gerlach: My first priority is to ensure the flow of money, which comes from smokers, after all, with our new marketing plan. Without their addiction, we can't do all the good we have been doing. Then, on a related front, I'm going to set up a pre-emptive strike against Lt. Gov.-elect Walter Dalton. Walter will take over as head of the Health and Wellness Fund. If he is successful in stamping out cigarette smoking, the tobacco companies will declare bankruptcy and my team will be out of business. My third priority is to be more sensitive to the needs of Senate boss Marc Basnight. If he wants a grant for a pet project, I will deliver.

CJ: Gov.-elect Beverly Perdue was the chairwoman of the Health Fund. Are you implying she didn't make a significant reduction in the use of tobacco and Dalton will?

Gerlach: If she had been successful in stamping out smoking, my organization would not have any money. The whole scheme depends on having enough smokers to keep the funds flowing. The tobacco companies don't really have any savings to make the payments to the states. Unlike Perdue, Dalton may take his job seriously. I can't take that chance. My future, er, the future of Golden LEAF, depends on it.

CJ: When Golden LEAF was set up, the public was told that its board was to make grant decisions independent of legislative leaders and the governor. Is that really how it's done?

Gerlach: You're kidding, right? Golden LEAF has no real obligation to the public. I suspect you are trying to trip me up here, so I think I will pass on that question.

CJ: Explain your personal experience with big tobacco.

Gerlach: I have no relationship with Big Tobacco. I'm just more concerned with the financial health of Golden LEAF, not the *actual* health of the individual smoker.

CJ: We hear you're planning a big inaugural party. Where is it going to be?

Gerlach: In Roanoke Rapids at the building formerly known as the Randy Parton Theatre. Golden LEAF put \$400,000 into the Parton Theatre. On behalf of the board and the staff, all I can say is I am sorry. *CJ*



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Tuesdays 6pm
Thursdays 6:30pm
Sundays 3:30am, 4pm,
6:30pm,
Sundays 8:30am
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